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

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 2020

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from _____ to_____.

Commission File Number **000-55450**

MEDICINE MAN TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Nevada	**46-5289499**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

4880 Havana Street
Suite 201
Denver, Colorado 80239
(Address of principal executive offices)

(303) 371-0387
(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 on each exchange on which registered
None	None	None

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

Common Stock, $0.001 par value per share
(Title of class)

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes ☐ No ☒

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 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post 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 Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

The aggregate market value of the voting and non-voting common equity (common stock) held by non-affiliates of the Registrant as of the close of business on June 30, 2020 was approximately $56.2 million based upon the closing sale price of the Common Stock on OTC Markets, Inc. on that date.

The number of shares outstanding of the Registrant's $0.001 par value Common Stock as of the close of business on March 23, 2021 was 42,169,041.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for our 2021 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Report") contains "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"), adopted pursuant to the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon our good faith assumptions, expectations and beliefs concerning future developments and their potential effect on our business. In some cases, you can identify forward-looking statements by the following words: "may," "will," "could," "would," "should," "expect," "intends," "plans," "strategy," "prospects," "anticipate," "believe," "approximately," "estimate," "predict," "project," "potential," "continue," "ongoing," or the negative of these terms or other words of similar meaning in connection with a discussion of future events or future operating or financial performance, although the absence of these words does not necessarily mean that a statement is not forward-looking. This information may involve known and unknown risks, uncertainties and other factors which may cause actual events or our actual results, performance or achievements to be materially different from the future events, results, performance or achievements expressed or implied by any forward-looking statements. There can be no assurance that future events, results, performance or achievements will be in accordance with our expectations or that the effect of future events, results, performance or achievements will be those anticipated by us.

Factors and risks that may cause actual events, results, performance or achievements to differ from these forward-looking statements include, but are not limited to, for example:

Risks Related to Our Operations

- our short operating history making it difficult to predict future results;
- our history of losses in prior periods and our inability to become profitable in the future;
- our ability to protect our proprietary rights;
- assertions of infringements of proprietary rights by us;
- competition resulting from Medicine Man Denver (as defined below) authorizing others to use the same proprietary processes we have a right to under the License Agreement (as defined below);
- our ability to compete effectively;
- current and future litigation;
- lack of available capital to execute our growth strategy;
- our ability to service and repay our indebtedness and risks related to default under our indebtedness;
- conflicts of interest involving our officers or directors;
- our executive officers devoting time to business ventures unrelated to the Company;
- our dependence on hiring and retaining qualified management and personnel;
- exposure to new or increased risks as a result of expansion into new jurisdictions;
- our inability to successfully identify and consummate future acquisitions or dispositions and realize benefits therefrom;
- costs associated with failed acquisitions and adverse effects on subsequent attempts to identify and consummate other acquisitions;
- exposure to new or increased risks as a result of acquisitions;
- economic conditions in the Unites States and the jurisdictions in which we operate;
- reductions or changes in consumer spending;
- consumer acceptance of cannabis products;
- product liability claims from injury suffered from our products;
- our ability to obtain and maintain required licenses;
- our failure to maintain adequate internal controls;
- cyber attacks, privacy breaches and other information technology risks;
- unforeseen or catastrophic events;
- inadequate insurance coverage to cover risk exposures;
- the COVID-19 pandemic;
- inaccurate assumptions or judgements used in preparing financial statements; and
- impairment of goodwill or other intangible assets.

Risks Related to Our Industry

- the manufacturing (cultivation) and sale of cannabis is illegal under federal law;
- our dependence on state law to conduct our business;
- compliance with federal, state and local laws in the jurisdictions we operate;
- uncertainty in the application of federal, state and local laws to our business;
- future changes in federal, state and local laws and difficulty or inability to implement or comply with them;
- unsafe concentration of heavy metals and other contaminants in our products;
- risks related to agricultural processes;
- our inability to source raw materials for our products;
- uncertainty regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis;
- uncertainty related to the regulation of vaporization products and related regulatory compliance burdens;
- the lack of scientific studies of the long-term health effects of the use of vaporization products;
- our ability to succeed as a relatively new player in a relative new industry;
- negative publicity related to the cannabis industry or our brands or business;
- our inability to deduct all of our business expenses;
- changes in tax and accounting requirement and difficulty or inability to implement or comply with them;
- opposition to the cannabis industry from other industries;
- our ability to comply with laws regulating money laundering, record keeping and proceeds of crimes; and
- our inability to protect our intellectual property or seek bankruptcy protection as a result of being in the cannabis industry.

Risks Related to Our Common Stock and Preferred Stock

- dilution as a result of future issuance of shares of Common Stock and other securities;
- the low trading volume of our Common Stock and potential future lack of a trading market for our Common Stock;
- fluctuation in and volatility of the market price of our Common Stock;
- limits of a stockholders' ability to buy and sell Common Stock as a result of Financial Industry Regulatory Authority ("FINRA") sales practice requirements;
- variations in our future financial results and its impact on the market price of our Common Stock;
- our Series A Preferred Stock, par value $0.001 per share (the "Preferred Stock"), our right to issue additional preferred stock, our classified Board of Directors and provisions of our Articles of Incorporation and Bylaws (as defined below) may delay or prevent a take-over that may not be in the best interests of our stockholders;
- the significant influence our management and principal stockholders have on matters requiring a stockholder vote;
- strains on our resources, diversion of management's attention and our ability to attract and retain executive management and qualified board members as a result of being a public company;
- the possibility that our Common stock and other securities are less attractive to investors as a result of being a "smaller reporting company;"
- our lack of experience operating as a public reporting company;
- our history of not paying dividend and not expecting to pay any dividends on our Common Stock for the foreseeable future;
- decreases in the value of the Preferred Stock as a result of a decrease in the value of our Common stock;

We discuss these risks and factors that could cause actual events, results, performance or achievements to differ materially from our expectations in more detail under "Item 1. Business", "Item 1A. Risk Factors", "Item 3. Legal Proceedings" and "Item 7. Management's Discussion and Analysis of Operations".

Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements in this Report are reasonable, we cannot assure stockholders and potential investors that these plans, intentions or expectations will be achieved. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. Considering these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

All forward-looking statements speak only as of the date of this Report. Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether because of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise. Stockholders and potential investors should not place undue reliance on these forward-looking statements.

PART I

ITEM 1. BUSINESS.

HISTORY

Medicine Man Technologies, Inc. ("we," "us," "our" or the "Company") was incorporated in Nevada on March 20, 2014. On May 1, 2014, we entered into a non-exclusive Technology License Agreement with Futurevision, Inc., f/k/a Medicine Man Production Corp., dba Medicine Man Denver ("Medicine Man Denver") pursuant to which Medicine Man Denver granted us a license to use all of the proprietary processes that they had developed, implemented and practiced at their cannabis facilities relating to the commercial growth, cultivation, marketing and distribution of medical and recreational marijuana pursuant to relevant state laws and the right to use and to license such information, including trade secrets, skills and experience (present and future) (the "License Agreement") for 10 years.

In 2017, the Company acquired additional cultivation intellectual property through the acquisition of Success Nutrients™ and Pono Publications, including the rights to the book titled "Three A Light" and its associated cultivation techniques, which have been part of the Company's products and services offerings since the acquisition. The Company acquired Two J's LLC d/b/a The Big Tomato ("Big T or The Big Tomato") in 2018, which operates a retail location in Aurora, Colorado. It has been a leading supplier of hydroponics and indoor gardening supplies in the metro Denver area since May 2001. The Company was focused on cannabis dispensary and cultivation consulting and providing equipment and nutrients to cannabis cultivators until its first plant touching acquisition in April of 2020. In 2019, due to the changes in Colorado law permitting non-Colorado resident and publicly traded investment into "plant-touching" cannabis companies, the Company made a strategic decision to move toward direct plant-touching operations. The Company developed a plan to roll up a number of direct plant-touching dispensaries, manufacturing facilities, and cannabis cultivations with a target to be one of the largest seed to sale cannabis businesses in Colorado. In April 2020, the Company acquired its first plant-touching business, Mesa Organics Ltd. ("Mesa Organics"), which consists of four dispensaries and one manufacturing infused products facility ("MIP"), d/b/a Purplebee's.

On April 20, 2020, the Company rebranded and conducts its business under the trade name, Schwazze. The corporate name of the Company continues to be Medicine Man Technologies, Inc. Effective April 21, 2020, the Company commenced trading under the OTC ticker symbol SHWZ.

On December 17, 2020, the Company closed on the acquisition of (i) Starbuds Pueblo LLC; and (ii) Starbuds Alameda LLC. On December 18, 2020, the Company closed on the acquisition of (i) Starbuds Commerce City LLC; (ii) Lucky Ticket LLC; (iii) Starbuds Niwot LLC; and (iv) LM MJC LLC under the applicable APAs.

On February 4, 2021, the Company acquired the assets of Colorado Health Consultants LLC and Mountain View 44th LLC under the applicable APAs.

On March 2, 2021, the Company acquired the assets of (i) Starbuds Aurora LLC, (ii) SB Arapahoe LLC, (iii) Citi-Med LLC, (iv) Starbuds Louisville LLC and (v) KEW LLC under the applicable APAs.

From December 2020 through March 2021 the Company completed a private placement of Series A Cumulative Convertible Preferred Stock ("Preferred Stock") for aggregate gross proceeds of $57.7 million dollars. In the private placement, the Company issued and sold an aggregate of 57,700 shares of Preferred Stock at a price of $1,000 per share under securities purchase agreement with Dye Capital and CRW managed funds as well as subscription agreements with unaffiliated investors. Among other terms, each share of Preferred Stock (i) earns an annual dividend of 8% on the "preference amount," which initially is equal to the $1,000 per-share purchase price and subject to increase, by having such dividends automatically accrete to, and increase, the outstanding preference amount; (ii) is entitled to a liquidation preference under certain circumstances, (iii) is convertible into shares of the Company's Common Stock by dividing the preference amount by $1.20 per share under certain circumstances, and (iv) is subject to a redemption right or obligation under certain circumstances.

In addition, on December 16, 2020, the Company issued and sold a Convertible Promissory Note and Security Agreement in the original principal amount of $5,000,000 to Dye Capital & Company, LLC. On February 26, 2021, Dye Capital & Company, LLC converted all outstanding amounts under the note into 5,060 shares of Preferred Stock.

The Company is focused on growing through internal growth, acquisition, and new licenses in the Colorado cannabis market. The Company is focused on building the premier vertically integrated cannabis company in Colorado. The company's leadership team has deep expertise in mainstream consumer packaged goods, retail, and product development at Fortune 500 companies as well as in the cannabis sector. The Company has a high-performance culture and a focus on analytical decision making, supported by data. Customer-centric thinking inspires the Company's strategy and provides the foundation for the Company's operational playbooks.

OUR CURRENT BUSINESS GROUPINGS

GROUP 1 – Products – This group currently includes our Success Nutrient, Big Tomato, Purplebee's, and Retail dispensaries.

Success Nutrients

Success Nutrients was incorporated in Colorado on May 5, 2015. Since inception it has been engaged in the manufacturing and wholesale and retail distribution of nine different plant nutrients for cannabis, each of which comes in three separate sizes and which has been primarily marketed to the cannabis industry, more specifically, cultivation experts and other growers in the cannabis industry.

The Big Tomato Hydroponics Retail

Two JS LLC, dba The Big Tomato operates a retail location in Aurora, Colorado. It has been a leading supplier of hydroponics and indoor gardening supplies in the metro Denver area since May 2001. It has established a reputation as a store that is fully stocked, has great pricing, and has a very knowledgeable staff. It has continued to provide thousands of indoor gardeners and commercial growers with top quality hydroponic supplies at the best prices. The store maintains an extremely large inventory of hydroponic and gardening supplies. The Big Tomato's website, TheBigTomato.com was created for the discriminating indoor gardener who is looking for reliable gardening help and customer service while at the same time enjoying great savings on the products they want to purchase. The website is supported by the Company's brick-and-mortar store located in Aurora, Colorado. Every sales staff member is an experienced grower that is trained to service customers and answer any questions. Products include indoor gardening products, grow boxes, grow lights, hydroponic systems, ballasts, bulbs, nutrients and additives, and other high-end hydroponic items.

Purplebee's

Purplebee's is our pure CO2 and ethanol extraction and manufacturing facility in Pueblo, Colorado. It produces cannabis products used in some of the leading edible products across the state. Purplebee's also produces high-quality vape cartridges and syringes. The Company purchases cannabis biomass, and trim from a large variety of cultivators in Colorado.

Dispensaries

As of the end of 2020, the Company had ten retail cannabis dispensaries under two banner names, Mesa Organics and Star Buds, in the greater Denver area and southeastern Colorado. As of March 3, 2021, the Company had 17 retail cannabis dispensaries. Our dispensaries sell a wide variety of cannabis products directly to tens of thousands of consumers. These products include loose flower, concentrates, edibles, pre-rolls, topicals, and other associated cannabis products produced by a large variety of cannabis vendors in the state.

GROUP 2 –Consulting and Licensing Services

In prior years, we generated revenues from our consulting activities as well as seminars we conducted for prospective clients interested in entering the cannabis industry. During 2016, we began to limit these seminars and devote our resources to what we consider to be higher upside activities, including private consultation services and related matters. We expect these services to augment our existing seminar offerings and over time replace most of our local seminar offerings. The company offers private consulting services, seminars on various cannabis topics, facility design, and new state licensing application support. The Company reserves the right to modify, offer new, delete, or otherwise change any of the elements without further notice.

GROUP 3 – Corporate Infrastructure and Other

This area represents the new resources that have been added to the company in anticipation of various acquisition transactions and corporate related costs, as well as any revenues from non-traditional sources.

MARKETING

We conduct our marketing efforts through web presence, loyalty programs, and promotions.

We are members of various industry groups and attend industry-based conferences which are helpful to advancing our brand and skill sets. We have also created a database of marketing collateral materials and resources. We will continue to market our licensing and related services through direct referrals from satisfied licensees or past clients, various web presence advertising options utilizing specific industry related web sites and Google ad words and additional measures we may choose to deploy from time to time. We also continue to coalesce interest and a presence within the industry through participation in various events and through direct promotion.

We continue to enhance our web presence (http://www.schwazze.com), including providing updates to our home page, and links to our SEC reports (through OTC Markets, Inc.) and industry partners.

In our retail spaces we promote products through our loyalty program and through product promotions.

GOVERNMENT REGULATIONS

Below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where we are currently directly involved, through our subsidiaries, in the cannabis industry. The Company is directly engaged in the manufacture, possession, sale, and distribution of cannabis in the adult-use cannabis marketplace in the State of Colorado.

The United States federal government regulates drugs in large part through the Controlled Substances Act, or CSA. Marijuana, which is a form of cannabis, is classified as a Schedule I controlled substance. As a Schedule I controlled substance, the federal Drug Enforcement Agency, or DEA, considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and a lack of accepted safety for use of the drug under medical supervision. According to the U.S. federal government, cannabis having a concentration of tetrahydrocannabinol, or THC, greater than 0.3% is marijuana. Cannabis with a THC content below 0.3% is classified as hemp.

The scheduling of marijuana as a Schedule I controlled substance is inconsistent with what we believe to be widely accepted medical and recreational uses for marijuana by physicians, researchers, patients, and consumers. Moreover, as of February 4, 2021 and despite the clear conflict with U.S. federal law, at least 36 states and the District of Columbia have legalized marijuana for medical use, although Mississippi's medical cannabis legalization measure is under challenge. Fifteen of those states and the District of Columbia have legalized the adult-use of cannabis for recreational purposes, although South Dakota's adult-use measure is subject to potential challenge. In November 2020, voters in Arizona, Montana, New Jersey, and South Dakota voted by referendum to legalize marijuana for adult use, and voters in Mississippi and South Dakota voted to legalized marijuana for medical use.

Unlike in Canada, which uniformly regulates the cultivation, distribution, sale, and possession of marijuana at the federal level under the Cannabis Act (Canada), marijuana is largely regulated at the state level in the United States. State laws regulating marijuana are in conflict with the CSA, which makes marijuana use and possession federally illegal. Although certain states and territories of the United States authorize medical or adult-use marijuana production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of marijuana and any related drug paraphernalia is illegal. Although our activities are compliant with the applicable state and local laws in Colorado, strict compliance with state and local laws with respect to cannabis may neither absolve us of liability under United States federal law nor provide a defense to any federal criminal action that may be brought against us. In 2013, as more and more states began to legalize medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal law and these state-legal regulatory frameworks.

Until 2018, the federal government provided guidance to federal agencies and banking institutions through a series of Department of Justice memoranda. The most notable of this guidance came in the form of a memorandum issued by former U.S. Deputy Attorney General James Cole on August 29, 2013, which we refer to as the Cole Memorandum. The Cole Memorandum offered guidance to federal agencies on how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states and quickly set a standard for marijuana-related businesses to comply with. The Cole Memorandum put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

On January 4, 2018, former U.S. Attorney General Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys, which we refer to as the Sessions Memo. Rather than establishing national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo simply rescinded the Cole Memorandum and instructed that "[i]n deciding which marijuana activities to prosecute... with the [DOJ's] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions." Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles."

On January 21, 2021, Joseph R. Biden, Jr. was sworn in as President of the United States. President Biden's Attorney General, Merrick Garland, was confirmed by the United States Senate on March 10, 2021. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland, will re-adopt the Cole Memorandum or announce a substantive marijuana enforcement policy. Attorney General Garland indicated at a confirmation hearing before the United States Senate that it did not seem to him to be a useful use of limited resources to pursue prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise.

Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of marijuana will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to marijuana (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. Currently, in the absence of uniform federal guidance, as had been established by the Cole memorandum, enforcement priorities are determined by respective United States Attorneys.

As an industry best practice, despite the rescission of the Cole Memorandum, we abide by the following standard operating policies and procedures, which are designed to ensure compliance with the guidance provided by the Cole Memorandum:

1. Continuously monitor our operations for compliance with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
2. Ensure that our cannabis related activities adhere to the scope of the licensing obtained;
3. Implement policies and procedures to prevent the distribution of our cannabis products to minors;
4. Implement policies and procedures in place to avoid the distribution of the proceeds from our operations to criminal enterprises, gangs or cartels;
5. Implement an inventory tracking system and necessary procedures to reliably track inventory and prevent the diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law,
or across any state lines in general;
6. Monitor the operations at our facilities so that our state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs or engaging in any other illegal activity; and
7. Implement quality controls so that our products comply with applicable regulations and contain necessary disclaimers about the contents of the products to avoid adverse public health consequences from cannabis use and discourage impaired driving.

In order to participate in either the medical or recreational sides of the marijuana industry in Colorado and elsewhere, all businesses and employees must obtain badges and licenses from the state and, for businesses, local jurisdictions. Colorado issues six types of business licenses including cultivation, manufacturing, dispensing, transport, research license and testing. In addition, all owners and employees must obtain an occupational license to be permitted to own or work in a facility. All applicants for licenses undergo a background investigation, including a criminal record check for all owners and employees.

Colorado has also enacted stringent regulations governing the facilities and operations of marijuana businesses. All facilities are required to be licensed by the state and local authorities and are subject to comprehensive security and surveillance requirements. In addition, each facility is subject to extensive regulations that govern its businesses practices, which includes mandatory seed-to-sale tracking and reporting, health and sanitary standards, packaging and labeling requirements and product testing for potency and contaminants.

Laws and regulations affecting the adult-use marijuana industry are constantly changing, which could detrimentally affect our proposed operations. Local, state, and federal adult-use marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our operations. It is also possible that regulations may be enacted in the future that will be directly applicable to our business. These ever-changing regulations could even affect federal tax policies that may make it difficult to claim tax deductions on our returns. We cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

EMPLOYEES

As of the date of this Report, we employ 244 full time and 27 part time employees and several specialty contractors providing support for various elements including retail sales in cannabis dispensaries, wholesale sales for our cannabis and non-cannabis products, manufacturing, cultivation, and general corporate.

None of our employees are represented by a labor union or a collective bargaining agreement. We consider our relations with our employees to be good.

COMPETITION

As we have expanded our business to cannabis cultivation, manufacturing and retail the number of competitors has increase. There are many competitors in each of these areas in Colorado and throughout the United States. We currently operate in Colorado. At the beginning of 2020 there were 572 retail dispensaries and 438 licensed medical marijuana stores in Colorado.

The Company and its subsidiaries will compete with a variety of different operators across the states in which it will operate. In the majority of such states, there are specific license caps that create high barriers to entry. However, in some markets, such as Colorado, there are few caps on licenses creating a more open marketplace. Our most direct competitors within Colorado include a number of operators such as The Green Solution ("TGS"), Native Roots, Green Dragon and LiveWell. The Company also views operators that have vertical operations outside of Colorado as potential strategic competitors related to our growth strategy, including Green Thumb Industries, Inc., iAnthus Capital Holdings, Inc., Acreage Holdings, Inc., and Curaleaf Holdings, Inc. Like the Company, these companies can realize centralized synergies to produce higher margins. In addition to operators, we also have a number of manufacturing competitors, including Columbia Care Inc., Craft Concentrates, WHT LBL Cannabis, Colorado Cannabis Company, and Spherex Inc.

Additionally, the Company competes with the unregulated black and grey markets. As the regulatory environment continues to be formalized and enforced, management believes there will be a major reduction of these operators.

Related to our Consulting and Licensing Services, we currently face competition from an increasing number of consulting service providers in the cannabis industry. There are at least twenty such consulting service providers in the market, not including law firms and other professional entities. We continually conduct competitive analysis, monitor their progress and presence in the industry while we work to maintain a leading position in the industry.

TRADEMARKS - TRADENAMES

We rely upon our various trademarks, trade names and intellectual property and will, in the future and as appropriate, develop such elements as we may determine valuable to our business. We also acknowledge that certain protections normally available to us related to design or other utility patents in the cannabis industry would not currently be enforceable under federal law. We attempt to protect our intellectual property via the deployment of non-disclosure agreements with both prospects and licensees. There are no assurances that these non-disclosure agreements will prevent a third party from infringing upon our rights.

The Company utilizes a combination of copyright, trade secret laws and confidentiality agreements to protect its proprietary intellectual property. We intend to aggressively register for patent protection if and when the federal government eliminates the cannabis prohibition. Intellectual property counsel has advised that any effort to register a patent relating to the cultivation of marijuana would currently be unsuccessful. (See Item 3).

INDUSTRY ANALYSIS

Nationally, the marijuana industry has continued to gain ground through the addition of many states and their passing of medical and or recreational provisions for the use of cannabis. While there certainly appears to be a trend towards acceptance of cannabis, there are no assurances offered that this business will be able to sustain itself over time if the Federal Government changes its current position related to state legalized operations.

As of February 4, 2021 at least 36 states and the District of Columbia have legalized marijuana for medical use, although Mississippi's medical cannabis legalization measure is under challenge. Fifteen of those states and the District of Columbia have legalized the adult-use of cannabis for recreational purposes, although South Dakota's adult-use measure is subject to potential challenge. In November 2020, voters in Arizona, Montana, New Jersey, and South Dakota voted by referendum to legalize marijuana for adult use, and voters in Mississippi and South Dakota voted to legalized marijuana for medical use.

While there have been many observations and prognostications relative to the recent elections, there has been no specific laws passed by the federal government to change the federal prohibition of marijuana.

Colorado has continued to set new sales growth-related records, generating about $2.22 billion in gross sales in FY 2020; up from the $1.79 billion recorded in FY 2019 noting many of those sales were related to adult use and the robust tourist industry. It is noteworthy that these record sales occurred in a marketplace during lower tourism and COVID-19.

While no assurances can be provided, we believe that over the next three to five years there will be many additional states adopting various types of cannabis legislation (medical and/or adult use) and if this happens, we believe that there will occur a certain tipping point by which the Federal Government will have to take some sort of stand on the legal status of cannabis. We also believe that due to the strong growth in the industry as a whole at the state level, the Federal Government will eventually de-schedule cannabis, similar to the alcoholic beverage prohibition repeal in the mid 1930's, and as motivated by its citizenry, decriminalize cannabis and regulate it under the auspices of some existing or newly formed agency.

Our Website

Our principal executive offices are located at 4880 Havana St. Suite 201, Denver, CO 80239 and the Company's telephone number is 303-371-0387. Our website address is www.schwazze.com. Information found on our website or any other website referenced in this Report is not incorporated into this Report and does not constitute a part of this Report. Website addresses referenced in this Report are intended to be inactive textual reference only and not active hyperlinks to the referenced websites. We make available free of charge through our website our Securities and Exchange Commission, or SEC, filings furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

There are a number of risk factors affecting the Company, its business and holders of Common Stock or Preferred Stock. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

Risks Related to our Operations

We have a relatively short operating history.

We have a relatively short operating history, which makes it difficult to evaluate our business and future prospects. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including those related to:

- market acceptance of our current and future products and services;
- changing regulatory environments and costs associated with compliance;
- our ability to compete with other companies offering similar products and services;
- our ability to effectively market our products and services and attract new clients/customers;
- existing client retention rates and the ability to upsell clients;
- the amount and timing of operating expenses, particularly sales and marketing expenses, related to the maintenance and expansion of our business, operations and infrastructure;
- our ability to control costs, including operating expenses;
- our ability to manage organic growth and growth fueled by acquisitions;
- public perception and acceptance of cannabis-related products and services generally; and
- general economic conditions and events.

If we do not manage these risks successfully, our business and financial performance will be adversely affected. Our long-term results of operations are difficult to predict and depend on the commercial success of our products, services and clients, the continued growth of the cannabis industry generally (and public acceptance of cannabis-related products) and the regulatory environment within which the cannabis industry operates. If the legalized cannabis marketplace does not continue to grow because the public does not increasingly accept cannabis-related products or government regulators adopt laws, rules or regulations that terminate or diminish the ability for commercial businesses to develop, market and sell cannabis-related products, our business and financial performance would be materially adversely affected. Additionally, even if the cannabis marketplace continues to grow rapidly, and government regulation allows for the free-market development of this industry, products and services competitive with those offered by us may enjoy better market acceptance. The legalized cannabis industry may not continue to grow and the regulatory environment may not remain favorable to participants in the industry. More generally, our products and services may not experience growing market acceptance, which would adversely impact our ability to grow revenue.

We have incurred significant losses in prior periods and there is no assurance we can generate profits; future losses could cause the quoted price of our Common Stock to decline or have a material adverse effect on our financial condition, our ability to pay our debts as they become due and on our cash flow.

We have incurred significant losses in prior periods. For the year ended December 31, 2020, we incurred a net loss of approximately $19.4 million and, as of that date, we had an accumulated deficit of approximately $42.3 million. We cannot make any assurances that we will generate profits in any particular year or at all in the future. Our ability to generate profits will depend on a number of factors and is subject to risks, many of which are beyond our control. Any losses in the future could cause the quoted price of our Common Stock to decline or have a material adverse effect on our financial condition, our ability to pay our debts as they become due, and on our cash flow.

We are dependent on enforcement of proprietary rights.

When entering into confidentially agreements with our employees, consultants, and corporate clients, we take what we believe are commercially reasonable steps to control access to and distribution of our technologies, documentation, and other proprietary information. Despite efforts to protect our proprietary rights from unauthorized use or disclosure, parties may attempt to disclose, obtain, or use our products, solutions, or technologies. We cannot be certain that the steps we take will prevent misappropriation of our solutions or technologies. Further, this is particularly difficult in foreign countries where the laws or law enforcement may not protect the Company's proprietary rights as fully as in the United States. As of the date of this report, we are shipping nutrients outside of the United States, but not conducting any operations outside of the United States or any territory thereof and have no current plans to do so except for possibly licensing or services deployment in Canada.

There can be no assurance that third parties will not assert claims of infringement against us.

Others may claim rights to the same technology or trade secrets we utilize now or may utilize in the future.

From time to time we may be subject to claims in the ordinary course of our business, including claims of alleged infringement of the trademarks, patents and other intellectual property rights of third parties by us or our clients. Any such claims, or any resultant litigation, should it occur, could subject us to significant liability for damages and could result in the invalidation of our contractual proprietary rights. In addition, even if we were to win any such litigation, such litigation could be time-consuming and expensive to defend and could result in the diversion of time and attention, any of which could have a material adverse effect on our prospects, business, financial condition and results of operations. Any claims or litigation may also result in limitations on our ability to use such trademarks, patents and other intellectual property unless we enter into arrangement with such third parties, which may be unavailable on commercially reasonable terms.

Our license agreement with Medicine Man Denver is non-exclusive.

On May 1, 2014, we entered into a non-exclusive License Agreement with Medicine Man Denver pursuant to which Medicine Man Denver granted us a license to use all of the proprietary processes that it had developed, implemented and practiced at its cannabis facilities relating to the commercial cultivation, marketing and distribution of medical and recreational marijuana pursuant to relevant state laws and the right to use and to license such information, including trade secrets, skills and experience (present and future) for 10 years. Medicine Man Denver has the right in its sole discretion to authorize third parties to utilize the intellectual property rights granted to us. This may result in our competing with third parties who are offering similar consulting services to prospective clients. If this were to occur, it could have a material adverse effect on our prospects, business, financial condition, and results of operations.

Competition in our industry is intense.

The cannabis industry is highly fragmented, and we have many competitors, including many who offer similar products and services as those offered by us. There can be no guarantees that in the future, other companies will not enter the market and develop products and services that are in direct competition with us. We anticipate the presence as well as entry of other companies in this market space and acknowledge that we may not be able to establish or if established, to maintain a competitive advantage. Some of these companies may have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales and marketing resources. This may allow them to respond more quickly than us to market opportunities. It may also allow them to devote greater resources to the marketing, promotion and sale of their products and/or services. These competitors may also adopt more aggressive pricing policies and make more attractive offers to existing and potential customers, employees, strategic partners, distribution channels and advertisers. Increased competition is likely to result in price reductions, reduced gross margins and a potential loss of market share.

Due to our limited financial resources, litigation could negatively impact our financial condition even if we have not caused damages to any potential claimant.

Litigation is used as a competitive tactic both by established companies seeking to protect their existing position in a market and by emerging companies attempting to gain access to a market. In such litigation, complaints may be filed on a variety of grounds, including but not limited to antitrust violations, breach of contract, trade secret, patent or copyright infringement, patent or copyright invalidity and unfair business practices. If we are forced to defend ourselves against such claims, whether or not meritorious, we are likely to incur substantial expense and diversion of management attention and may encounter market confusion and the reluctance of licensees and distributors to commit resources to us.

We have limited capitalization and limited funds available for operations and we will require additional financing to successfully implement our business strategy.

Expansion of our business will require capital expenditures. Our capital requirements will depend upon numerous factors, including the size and success of our marketing and sales network and the demand for our products and services. If funds generated from our operations are insufficient to allow us to grow as we hope to do, we will need to raise additional funds through public or private financing. No assurance can be given that additional financing will be available or that, if available, it will be obtained on terms favorable to us. If adequate funds are not available, we may have to reduce or eliminate expenditures and curtail or delay our growth strategy, including the expansion of our sales and marketing capabilities, which likely would have a material adverse effect on our prospects, business, financial condition and results of operations.

If we are unable to service or repay our term loan when due, the lender may execute on the collateral; we may be unable to satisfy the closing conditions to obtain the additional advance under our term loan.

Several of our wholly owned subsidiaries are borrowers under a Loan Agreement with SHWZ Altmore, LLC, as lender, and GGG Partners LLC, as collateral agent. The loan is secured by a security interest in substantially all current and future assets of the borrowers. We guaranty the payment and performance by the borrowers when due. If the borrowers and we are unable to pay the debt service or repay the term loan when due, the lender may, among other remedies, sell the collateral and use the proceeds to satisfy amounts owed under term loan. Further, the additional $5,000,000 advance under the term lean is subject to the satisfaction of certain closing conditions, including, but not limited to, that the Company has completed the acquisition of substantially all of the assets of an identified company. There can be no assurance that the Company will be able to satisfy the closing conditions and obtain the additional $5,000,000 advance.

The seller notes associated with the purchase of the Star Buds assets by SBUD LLC are secured by a security interest in substantially all of the current and future assets of SBUD LLC. If SBUD LLC is unable to pay the debt service or repay the seller notes when due, the sellers may, among other remedies, sell the collateral and use the proceeds to satisfy amounts owed under the seller notes.

Our officers or directors may have conflicts of interest.

Some of our executive officers or directors are employed on a full-time basis by or have financial interests in other businesses. Consequently, there are potential inherent conflicts of interest in their acting as officers or directors of our Company. For example, Brian Ruden, one of our directors, is the owner Star Buds outside the state of Colorado. Where a conflict of interest may arise, our Audit Committee and/or the full Board of Directors, with advice from outside counsel, reviews such conflicts. Although we believe that our related party transaction policy is currently adequate in guarding against material conflicts of interests, we cannot give any assurance that we are able to identify all material conflicts of interest.

Some of our current officers have other interests outside of our business.

While we have employment agreements for full-time employment with our executive officers, the employment agreements do not forbid our executive officers from allocating their personal time to other ventures and commitments. If the other business affairs of our executive officers require them to devote substantial amounts of time to such affairs, it could limit their ability to devote time to our affairs and could have a material adverse effect on our prospects, business, financial condition and results of operations.

We are dependent upon our management to continue our growth.

There are no assurances we will be able to grow or continue our growth. However, if we do grow and sustain our growth, we will need to significantly expand our administrative facilities which will continue to be required in order to address potential market opportunities. The rapid growth will place a significant strain on our management and operational and financial resources. Our success is principally dependent on our current management personnel for the operation of our business.

We may not be able to hire or retain qualified staff. If qualified and skilled staff are not attracted and retained, growth of our business may be limited. The ability to provide high quality service will depend on attracting and retaining educated staff, as well as professional experiences that is relevant to our market, including for marketing, technology, and general experience in this industry. There will be competition for personnel with these skill sets. Some technical job categories may experience severe shortages in the United States.

Our ability to deliver quality services depends on our ability to manage and expand our marketing, operational and distribution systems, recruit additional qualified employees and train and manage and motivate both current and new employees. Failure to effectively manage our growth would have a material adverse effect on our business.

We plan to expand our business and operations into jurisdictions outside of the current jurisdictions where we conduct business and there are risks associated with doing so.

We plan in the future to expand our operations and business into jurisdictions outside of the jurisdictions where we currently carry on business. There can be no assurance that any market for our products and services will develop in any such jurisdictions. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors if we expand into new jurisdictions, including, without limitation, economic instability, new competition, and additional, new or changes in laws and regulations (including, without limitation, the possibility that we could be in violation of these laws and regulations as a result of such changes). These factors may limit our ability to successfully expand our operations in, or export our products to or provide our services in, those other jurisdictions.

We may not be able to successfully identify and execute future acquisitions or dispositions or to successfully manage the impacts of such transactions on our operations.

A key element of our growth strategy in part involves identifying and making acquisitions of interests in, or the businesses of, suitable entities involved in the cannabis industry. Our ability to identify such potential acquisition opportunities and successfully acquire them is not guaranteed. Further, achieving the benefits of future acquisitions will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues.

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) the potential disruption of our ongoing business; (ii) the distraction of management away from the ongoing oversight of our existing business activities; (iii) incurring indebtedness; (iv) the anticipated benefits and cost savings of those transactions not being realized fully, or at all, or taking longer to realize than anticipated; (v) an increase in the scope and complexity of our operations; (vi) the loss or reduction of control over certain of our assets; (vi) the integration of new operations, services and personnel; (vii) unforeseen or hidden liabilities; (viii) the diversion of resources from our existing interests and business; (ix) potential inability to generate sufficient revenue to offset new costs; or (x) the expenses of acquisitions.

Further, there is no guarantee that acquisitions will be accretive. The existence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition could result in our incurring those liabilities. A strategic transaction may result in a significant change in the nature of our business, operations and strategy, and we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations. Additionally, we may issue additional equity interests in connection with such transactions, which would dilute a stockholder’s holdings in the Company.

Resources spent researching acquisitions that are not consummated could materially adversely affect subsequent attempts to locate and acquire other businesses.

It is anticipated that the investigation of each specific acquisition target business and the negotiation, drafting, and execution of relevant transaction agreements and other ancillary documents, disclosure documents, and other instruments, will require substantial management time and attention, as well as costs related to fees payable to counsel, accountants, and other third parties. Any such event may result in a loss to us of the related costs incurred therein which could materially adversely affect subsequent attempts to locate and acquire other businesses.

The general market conditions in the United States may have a significant impact on our business.

The success of our business is affected by general economic and market conditions. We will remain susceptible to future economic recessions or downturns, and any significant adverse shift in general economic conditions, whether local, regional or national, could have a material adverse effect on our prospects, business, financial condition and results of operations. During such periods of adverse economic conditions, we may experience reduced demand for our products and services, which will result in, among other things, decreased revenues and financial losses. In addition, during periods of adverse economic conditions, we may have difficulty accessing financial markets or face increased funding costs, which could make it more difficult or impossible for us to obtain additional funding if needed.

Changes in consumer spending may harm our business.

Consumer spending patterns, particularly discretionary expenditures for cannabis products, are particularly susceptible to factors beyond our control that may reduce demand for our products and our client's products. These factors include:

- low consumer confidence;
- depressed housing prices;
- decreased corporate budgets and spending and cancellations, deferrals or renegotiations of group business (e.g., industry conventions);
- natural disasters, such as earthquakes, tornados, hurricanes and floods;
- outbreaks of pandemic or contagious diseases, such as avian flu, severe acute respiratory syndrome (SARS), H1N1(swine) flu, Zika fever and coronavirus (e.g., COVID-19);
- war, terrorist activities or threats and heightened travel security measures instituted in response to these events; and
- the financial or operational conditions of the airline, automotive and other transportation-related industries and its impact on travel.

Reduced consumer spending could have a material adverse effect on our prospects, business, financial condition and results of operations.

Our success is dependent on consumer acceptance of cannabis products generally, and, specifically our products.

Our ability to generate revenue and be successful in the implementation of our business plan is significantly dependent on consumer acceptance of and demand for cannabis products generally, and, specifically, our products. Consumer acceptance will depend on several factors, including federal regulation of cannabis, availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If consumers do not accept cannabis products generally, or, specifically, our products, or if we fail to meet customers' needs and expectations adequately, our ability to continue generating revenues could be reduced.

We are subject to risks from products liability claims.

We face an inherent risk of product liability. For example, we could be sued if any product we sell allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts.

If we cannot successfully defend against product liability claims, we may incur substantial liabilities or be required to limit sales of our products. Even a successful defense of these hypothetical future cases would require significant financial and management resources. If we are unable to successfully defend these hypothetical future cases, we could face at least the following potential consequences:

- decreased demand for our products;
- injury to our reputation;
- costs to defend the related litigation;
- diversion of management's time and our resources;
- substantial monetary awards to users of our products;
- product recalls or withdrawals; and
- loss of revenue.

Our business is dependent on licensing.

Our business is dependent on us and our clients obtaining various licenses from various municipalities and state licensing agencies. There can be no assurance that any or all licenses necessary for us or our clients to operate their businesses will be obtained, retained or renewed. If a licensing body were to determine that we or a client of ours had violated applicable rules and regulations, there is a risk the license granted to us or a client could be revoked, which could adversely affect our operations. Further, in Colorado, licenses for cannabis operations are tied to a specific location. We lease substantially all of our locations and if we are unable to renew a lease, we would lose the license for such location. There can be no assurance that we or our existing clients will be able to retain their licenses going forward, or that new licenses will be granted to existing and new market entrants.

We cannot ensure that we will always be able to maintain adequate internal controls.

Effective internal controls are necessary for us to provide reliable financial reports and to help prevent fraud. Although we will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of our financial reports, including those imposed under U.S. securities law, we cannot be certain that such measures will ensure that we will always be able to maintain adequate internal controls over financial processes and disclosure. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our consolidated financial statements and materially adversely affect the value or trading price of our securities.

We may be subject to risks related to our information technology systems, including the risk that we may be the subject of a cyber-attack and the risk that we may be in non-compliance with applicable privacy laws.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology, or IT, services in connection with our operations. Our operations depend, in part, on how well we and our vendors protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism, theft, malware, ransomware and phishing attacks. Any of these and other events could result in IT system failures, delays or increases in capital expenses. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment and IT systems and software, as well as preemptive expenses to mitigate the risks of failures. The failure of IT systems or a component of IT systems could, depending on the nature of any such failure, adversely impact our reputation and have a material adverse effect on our prospects, business, financial condition and results of operations.

We collect and store personal information about our consumers and are responsible for protecting that information from privacy breaches. Some of our consumers purchase our product for medical use. There are a number of laws protecting the confidentiality of certain patient health information and other personal information, including patient records, and restricting the use and disclosure of that protected information. In particular, in the U.S., the Privacy Act of 1974 (the "Privacy Act'), the Gramm-Leach-Bliley Act (the "GLBA"), the Health Insurance Portability and Accountability Act ("HIPAA"), and the Children's Online Privacy Protection Act ("COPPA" and together with the Privacy Act, the GLBA, HIPAA, and COPPA the "U.S. Privacy Regulations"), the European Union's General Data Protection Regulation ("GDPR"), the privacy rules under Canada's Personal Information Protection and Electronics Documents Act (the "PIPEDA"), and similar laws in other jurisdictions, protect medical records and other personal health information by limiting their use and disclosure to the minimum level reasonably necessary to accomplish the intended purpose. A privacy breach may occur through a procedural or process failure, an IT malfunction or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated through employee collusion or negligence or through deliberate cyber-attack. Moreover, if we are found to be in violation of the U.S. Privacy Regulations, the GDPR, the PIPEDA, or other laws, including as a result of data theft and privacy breaches, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities and harm our reputation.

As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. While we have implemented security resources to protect our data security and information technology systems, such measures may not prevent such events. Significant disruption to our information technology system or breaches of data security could have a material adverse effect on our prospects, business, financial condition and results of operations.

We may incur losses as a result of unforeseen or catastrophic events.

The occurrence of unforeseen or catastrophic events such as terrorist attacks, extreme terrestrial or solar weather events or other natural disasters, emergence or continuation of a pandemic, or other widespread health emergencies (or concerns over the possibility of such an emergency), could create economic and financial disruptions, and could lead to operational difficulties that could impair our ability to manage our business. Our industry is new and our business is novel, and there is no precedent to indicate how our industry, or the Company, would be impacted by such an event.

Our insurance coverage may be inadequate to cover all significant risk exposures.

We will be exposed to liabilities that are unique to the products and services we provide. While we intend to maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs resulting from risks and uncertainties of our business. It is also not possible to obtain insurance to protect against all operational risks and liabilities. In particular, we may have difficulty obtaining insurance because we operate in the cannabis industry because, compared to non-cannabis industries, (i) there are only a limited number of insurers willing to insure companies involved in the cannabis industry, (ii) there are fewer insurance products available to companies involved in the cannabis industry, (iii) insurance coverage generally is more expensive for companies involved in the cannabis industry, and (iv) available insurers and insurance products as well as price change frequently. The failure to obtain adequate insurance coverage on terms favorable to us, or at all, could have a material adverse effect on our prospects, business, financial condition and results of operations. We do not have any business interruption insurance. Any business disruption or natural disaster could result in substantial costs and diversion of resources.

The COVID-19 pandemic could adversely affect our business, financial condition and results of operations.

The global outbreak of the novel strain of the coronavirus known as COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments or their impact on our financial results and condition. Thus far, the COVID-19 pandemic has not had a material adverse effect on our business, financial condition and results of operations.

Nonetheless, our business could be materially and adversely affected by the risks, or the public perception of the risks, related to the continuing COVID-19 pandemic. The risk of a pandemic, or public perception of such a risk, could cause customers to avoid public places, including retail properties, and could cause temporary or long-term disruptions in our supply chains and/or delays in the delivery of our products. These risks could also adversely affect our customers' financial condition, resulting in reduced spending for the products we sell. Moreover, any epidemic, pandemic, outbreak or other public health crisis, including COVID-19, could cause our employees to avoid our properties, which could adversely affect our ability to adequately staff and manage our businesses. “Shelter-in-place” or other such orders by governmental entities could also disrupt our operations if employees who cannot perform their responsibilities from home are not able to report to work. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19, could also lead to the complete or partial closure of one or more of our stores or other facilities. Although our dispensaries have been considered essential services and therefore have been allowed to remain operational, our adult-use operations may not be allowed to remain open during the COVID-19 pandemic.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent its further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect our business, financial condition, growth strategies and results of operations.

The estimates and judgments we make, or the assumptions on which we rely, in preparing our consolidated financial statements could prove inaccurate.

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses, the amounts of charges accrued by us and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We cannot assure, however, that our estimates, or the assumptions underlying them, will not change over time or otherwise prove inaccurate. Any potential litigation related to the estimates and judgments we make, or the assumptions on which we rely, in preparing our consolidated financial statements could have a material adverse effect on our financial results, harm our business, and cause our share price to decline.

Failure to execute our strategies could result in impairment of goodwill or other intangible assets, which may negatively impact profitability.

As of December 31, 2020, we have goodwill of approximately $53,000,000 and other intangible assets of approximately $3,100,000, which represents approximately 79% of our total assets as of that date. We evaluate goodwill for impairment on an annual basis or more frequently if impairment indicators are present based upon the fair value of each reporting unit. We assess the impairment of other intangible assets on an annual basis, or more frequently if impairment indicators are present, based upon the expected future cash flows of the respective assets. These valuations include management's estimates of sales, profitability, cash flow generation, capital structure, cost of debt, interest rates, capital expenditures, and other assumptions. Significant negative industry or economic trends, disruptions to our business, inability to achieve sales projections or cost savings, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets or in entity structure, and divestitures may adversely impact the assumptions used in the valuations. If the estimated fair value of our reporting units changes in future periods, we may be required to record an impairment charge related to goodwill or other intangible assets, which would reduce earnings in such period.

Risks Related to Our Industry

Cannabis remains illegal under federal law.

Despite the development of a cannabis industry legal under state laws, state laws legalizing medicinal and recreational adult cannabis use are in conflict with the federal Controlled Substances Act, which classifies cannabis as a Schedule I controlled substance and makes cannabis use and possession illegal on a national level. The United States Supreme Court has ruled that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes, and thus federal law criminalizing the use of cannabis preempts state laws that legalize its use.

A prior U.S. administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum which Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013 that outlined certain priorities for the Department of Justice ("DOJ") relating to the prosecution of cannabis offenses. The Cole Memorandum provided that enforcing federal cannabis laws and regulations in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis conduct in compliance with those laws and regulations was not a priority for the DOJ. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum. On January 4, 2018, U.S. Attorney General Jeff Sessions formally issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime", and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. Jeff Sessions resigned as U.S. Attorney General on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. It is unclear what impact this development will have on federal government enforcement policy. The uncertainty of federal enforcement practices going forward and the inconsistency between federal and state laws and regulations presents major risks for our business and operations. Any such change in the federal government's enforcement of federal laws could cause significant financial damage to us and our stockholders.

Under federal law, and more specifically the federal Controlled Substances Act, the possession, use, cultivation and transfer of cannabis is illegal. It is also federally illegal to advertise the sale of cannabis, or to sell paraphernalia designed or intended primarily for use with cannabis, unless the paraphernalia is authorized by federal, state, or local law. Our business involves the cultivation, production and sale of cannabis and cannabis products, and, therefore, violates federal law. Further, we provide services to customers that are engaged in the business of possession, use, cultivation and/or transfer of cannabis. As a result, law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against us, including, but not limited to, a claim of aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." 18 U.S.C. §2(a). As a result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

If the Federal Government were to change its enforcement practices, or were to expend its resources enforcing existing federal laws on those involved in the cannabis industry, such action could have a materially adverse effect on our operations, our customers or the sales of our products up to and including a complete cessation of our business.

It is possible that additional federal or state legislation could be enacted in the future that would prohibit us or our clients from selling cannabis, and if such legislation were enacted, the demand for our products and services, and those of our clients, likely would decrease, causing revenues to decline. Further, additional government disruption in the cannabis industry could cause potential customers and users to be reluctant to use our products and services, which would be detrimental to us. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Our business is dependent on state laws pertaining to the cannabis industry.

The federal Controlled Substances Act classifies cannabis as a Schedule I controlled substance and makes cannabis use and possession illegal on a national level. The U.S. Supreme Court has ruled that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes, and thus federal law criminalizing the use of cannabis preempts state laws that legalize its use. While there appears to be ample public support for favorable legislative action to legalize cannabis use and possession, numerous factors may impact or negatively affect the legislative process(s) within the various states we have business interests in. Any one of these factors could slow or halt use of cannabis, which would negatively impact our business up to possibly causing us to discontinue operations as a whole.

The voters or legislatures of states in which cannabis has already been legalized could potentially repeal applicable laws which permit the operation of both medical and retail cannabis businesses. These actions might force businesses, including our own and those of our clients, to cease operations in one or more states entirely.

We are required to comply concurrently with federal, state and local laws in each jurisdiction where we operate or to which we export our products. Various federal, state and local laws, regulations and guidelines govern our business in the jurisdictions in which we operate or propose to operate, or to which we export or propose to export our products, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of our products and of certain material used in our operations. Compliance with each set of these laws, regulations and guidelines requires concurrent compliance with other complex federal, state and local laws, regulations and guidelines. These laws, regulations and guidelines change frequently and may be difficult to interpret and apply. Compliance with these laws, regulations and guidelines requires the investment of significant financial and managerial resources, and a determination that we are not in compliance with these laws, regulations and guidelines could harm our reputation and brand image and have a material adverse effect on our prospects, business, financial condition and results of operations. Moreover, it is impossible for us to predict the cost or effect of such laws, regulations or guidelines upon our future operations. Changes to these laws, regulations and guidelines could negatively affect our competitive position within our industry and the markets in which we operate, and there is no assurance that various levels of government in the jurisdictions in which we operate will not pass legislation or regulation or issue guidelines that adversely impacts our business.

Our business is subject to a variety of U.S. laws, many of which are unsettled and still developing, and which could subject us to claims or otherwise harm our business.

We are subject to a variety of state and federal laws in the United States. In the United Stated, despite cannabis having been legalized for medical use in many states, and for adult recreational use in a number of states, cannabis meeting the definition of “marijuana” continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act. Following the passage of HB19-1090 in Colorado, we have elected to move into plant-touching operations in addition to non-plant-touching operations by acquiring several plant-touching businesses. As a public company involved in direct plant-touching activities, we may face additional scrutiny from the U.S. federal government or other regulatory agencies. Such scrutiny, and any investigation of our operations related to plant-touching activities, could have a material adverse impact on our prospects, business, financial condition and results of operations.

We are subject to risks related to unsafe concentration of heavy metals and other contaminants in our cannabis and nutrient products, and associated inconsistent treatment under state law.

Cannabis plants may absorb heavy metals and other contaminants from the soil that they grow in. Nutrient products are made from ingredients that may contain heavy metals and other contaminants. Heavy metals and contaminants are naturally found in the earth’s crust but may also be present as a result of, for example, pesticide use. Some contaminants, like heavy metals, are toxic to humans at even low concentrations. If our raw materials contain contaminants, they may transfer to our products. If the level of contaminants in our products exceeds permissible or safe levels, it may result in loss of inventory and possible harm to consumers of the products, which may expose us, among other things, to monetary losses, product liability claims and reputational risk.

In addition, state regulation of testing for, and permissible levels of, contaminants in cannabis products varies, making compliance difficult and costly.

We are subject to risks inherent in an agricultural business, including the risk of crop failure.

We work in the cannabis industry, which is an agricultural process. As such, our business is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, insects, plant diseases and similar agricultural risks that might affect us or our clients.

If we are unable to source raw materials in sufficient quantities, on a timely basis, and at acceptable costs, our ability to manufacture and sell our products may be harmed.

We rely on a limited number of suppliers of our raw materials used in manufacturing our products and they are all located in Colorado. We experience recurring cycles of oversupply and undersupply, to some extent due to seasonality, and, as a result, the price and availability of raw materials fluctuate. If we are unable to maintain a reliable supply of raw materials at competitive prices, we could experience disruptions in production or an increased cost of production. Market conditions may limit our ability to raise selling prices to offset increases in our raw material costs. Any of the foregoing could have a material adverse impact on our prospects, business, financial condition and results of operations.

There is uncertainty related to the regulation of vaporization products and certain other consumption accessories. Increased regulatory compliance burdens could have a material adverse impact on our business development efforts and our operations.

There is uncertainty regarding whether and in what circumstances federal, state, or local regulatory authorities will seek to develop and enforce regulations relative to vaporizer hardware and accessories that can be used to vaporize cannabis and/or tobacco. Further, it remains to be seen whether current or future regulations relating to tobacco vaporization products would also apply to cannabis vaporization products and related consumption accessories.

There has been increasing activity on the federal, state, and local levels with respect to scrutiny of vaporizer products. Federal, state, and local governmental bodies across the United States have indicated that vaporization products and certain other consumption accessories may become subject to new laws and regulations at the state and local levels. For example, in September 2019, the Trump Administration announced a plan to ban the sale of most flavored e-cigarettes nationwide. At the state level, over 25 states have implemented statewide regulations that prohibit vaping in public places. In January 2015, the California Department of Health declared electronic cigarettes and certain other vaporizer products a health threat that should be strictly regulated like tobacco products, and in September 2019, California’s governor issued an executive order on vaping, focused on enforcement and disclosure. Many states, provinces, and some cities have passed laws restricting the sale of electronic cigarettes and certain other tobacco vaporizer products. Some cities have also implemented more restrictive measures than their state counterparts, such as San Francisco, which in June 2018, approved a new ban on the sale of flavored tobacco products, including vaping liquids and menthol cigarettes.

The application of any new laws or regulations that may be adopted in the future, at a federal, state, or local level, directly or indirectly implicating cannabis vaporization products or consumption accessories could limit our ability to sell such products, result in additional compliance expenses, and require us to change our labeling and methods of distribution, any of which could have a material adverse effect on our prospects, business, financial condition and results of operations.

The scientific community has not yet extensively studied the long-term health effects of the use of vaporizer products.

Cannabis vaporizers and related products were recently developed and therefore the scientific community has not had a sufficient period of time to study the long-term health effects of their use. If the scientific community were to determine conclusively that use of any or all of these products poses long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation and significant regulation. Loss of demand for our product, product liability claims, and increased regulation stemming from unfavorable scientific studies on these products could have a material adverse effect on our prospects, business, financial condition and results of operations.

The cannabis industry and market are relatively new in the United States, and this industry and market may not continue to exist or develop as anticipated or we may ultimately be unable to succeed in this industry and market.

We are operating our current business in the relatively new cannabis industry and market, and our success depends on our ability to operate our business successfully and attract and retain clients. In addition to being subject to general business risks applicable to a business involving an agricultural product and a regulated consumer product, we need to continue to build brand awareness of our brand in the cannabis industry and make significant investments in our business strategy and production capacity. These investments include introducing new products and services into the markets in which we operate, adopting quality assurance protocols and procedures and undertaking regulatory compliance efforts. These activities may not promote our business as effectively as intended, or at all, and we expect that our competitors will undertake similar investments to compete with us for market share. Competitive conditions, consumer preferences and spending patterns in this industry and market are relatively unknown and may have unique characteristics that differ from other existing industries and markets and that may cause our efforts to further our business to be unsuccessful or to have undesired consequences. As a result, we may not be successful in our efforts to operate our business or attract and retain clients or to develop new products and services and produce and distribute these products and services to the markets in which we operate or to which we export in time to be effectively commercialized, or these activities may require significantly more resources than we currently anticipate in order to be successful.

We, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception.

We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. The perception of the cannabis industry and cannabis products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in the United States and in other countries relating to the consumption of cannabis products, including unexpected safety or efficacy concerns arising with respect to cannabis products or the activities of industry participants. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular cannabis product or will be consistent with earlier publicity. Adverse future scientific research reports, findings and regulatory proceedings that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for our cannabis products or those of our clients, which would affect our business. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could adversely affect us. This adverse publicity could arise even if the adverse effects associated with cannabis products resulted from consumers' failure to use such products legally, appropriately or as directed.

Certain events or developments in the cannabis industry more generally may impact our reputation.

Damage to our reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity, whether true or not. As we and our clients are producers and distributors of cannabis, which is a controlled substance in the United States that has previously been commonly associated with various other narcotics, violence and criminal activities, there is a risk that our business might attract negative publicity. There is also a risk that the actions of other companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact our reputation. The increased usage of social media and other web-based tools used to generate, publish and discuss user generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in regards to our activities and the cannabis industry in general, whether true or not. We do not ultimately have direct control over how we or the cannabis industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in developing and maintaining community relations and present an impediment to our overall ability to advance our business strategy and realize on our growth prospects.

We are unable to deduct all of our business expenses.

Section 280E of the Internal Revenue Code prohibits cannabis businesses from deducting their ordinary and necessary business expenses, forcing us to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a cannabis business depends on how large its ratio of nondeductible expenses is to its total revenues. Therefore, our cannabis business may be less profitable than it could otherwise be.

Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement or comply with any such changes.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. Our operations, and any expansion thereto, will require us to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we were to fail to comply.

The cannabis industry could face strong opposition from other industries.

We believe that established businesses in other industries may have a strong economic interest in opposing the development of the cannabis industry. Cannabis may be seen by companies in other industries as an attractive alternative to their products, including recreational cannabis as an alternative to alcohol and medical cannabis as an alternative to various commercial pharmaceuticals. Many industries that could view the emerging cannabis industry as an economic threat are well established, with vast economic and federal and state lobbying resources. It is possible that companies within these industries could use their resources to attempt to slow or reverse legislation legalizing cannabis. Any inroads these companies make in halting or impeding legislative initiatives that would not be beneficial to the cannabis industry could have a detrimental impact on our business or our clients' business and, in turn, on our operations.

Businesses involved in the cannabis industry, and investments in such businesses, are subject to a variety of laws and regulations related to money laundering, financial recordkeeping and proceeds of crimes.

Investments in the U.S. cannabis industry are subject to a variety of laws and regulations that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by the USA Patriot Act, other anti-money laundering laws, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States. In February 2014, the Financial Crimes Enforcement Network ("FinCEN") of the Treasury Department issued a memorandum (the "FinCEN Memo") providing guidance to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo outlines circumstances under which banks may provide services to cannabis-related businesses without risking prosecution for violation of U.S. federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to U.S. federal prosecutors relating to the prosecution of U.S. money laundering offenses predicated on cannabis-related violations of the federal Controlled Substances Act and outlines extensive due diligence and reporting requirements, which most banks have viewed as onerous. The FinCEN Memo currently remains in place, but it is unclear at this time whether the current administration will continue to follow the guidelines of the FinCEN Memo. Such requirements could negatively affect our ability and the ability of our clients to establish and maintain banking connections.

We may be unable to protect our intellectual property rights.

Because the manufacture (cultivation), sale, possession and use of cannabis is illegal under federal law, cannabis-related businesses may have restricted intellectual property rights particularly with respect to obtaining trademarks and enforcing patents. If we are unable to register, or maintain, our trademarks or file for or enforce patents on any of our inventions, such an inability could materially affect our ability to protect our name and proprietary technologies. In addition, cannabis businesses may face court action by third parties under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). Our intellectual property rights could be impaired as a result of our cannabis-related business, and we could be named as a defendant in an action asserting a RICO violation.

We may be unable to seek the protection of the bankruptcy courts.

There is an argument that the federal bankruptcy courts cannot provide relief for parties who engage in cannabis or cannabis-related businesses. Recent bankruptcy rulings have denied bankruptcies for cannabis dispensaries upon the justification that businesses cannot violate federal law and then claim the benefits of federal bankruptcy for the same activity and upon the justification that courts cannot ask a bankruptcy trustee to take possession of, and distribute cannabis assets as such action would violate the federal Controlled Substances Act. Therefore, due to our cannabis-related business, we may not be able to seek the protection of the bankruptcy courts and this could materially affect our financial performance and/or our ability to obtain or maintain credit.

Risks Related to our Common Stock and Preferred Stock

We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing securities that would dilute your ownership.

We may raise additional capital in the future. Such capital raising transactions may take the form of equity issuances, debt raising, or a combination thereof. If we issues any shares of Common Stock or securities convertible into or exercisable for shares of Common Stock in connection with any capital raising transaction, our existing stockholders will experience immediate dilution upon such issuance or upon the future conversion or exercise of such securities.

Depending on the terms available to us, if these activities result in significant dilution, it may negatively impact the trading price of our shares of Common Stock. Any additional financing that we secure, may require the granting of rights, preferences or privileges senior to, or pari passu with, those of our Common Stock. Any issuances by us of equity securities may be at or below the prevailing market price of our Common Stock and in any event may have a dilutive impact on your ownership interest, which could cause the market price of our stock to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our shares of Common Stock. We cannot be certain how the repayment of those obligations will be funded and we may issue further equity or debt in order to raise funds to repay such obligations, including funding that may be highly dilutive. The holders of any securities or instruments we may issue may have rights superior to the rights of holders of our Common Stock. If we experience dilution from the issuance of additional securities and we grant superior rights to new securities over holders of our Common Stock, it may negatively impact the trading price of our shares of Common Stock, and you may lose all or part of your investment.

There is no assurance that there will continue to be an active trading market for our Common Stock.

Our Common Stock is quoted on the OTCQX operated by the OTC Markets Group. There is no assurance that a market for our Common Stock will continue. In the absence of a public trading market, or sufficient trading volume in the public market, an investor may be unable to liquidate its investment in our Company.

Any adverse effect on the market price of our Common Stock could make it difficult for us to raise additional capital through sales of equity securities at a time and at a price that we deem appropriate.

Sales of substantial amounts of our Common Stock, or in anticipation that such sales could occur, may materially and adversely affect prevailing market prices for our Common Stock, if and when such market develops in the future.

The market price of our Common Stock may fluctuate significantly in the future.

We expect that the market price of our Common Stock may fluctuate in response to one or more of the following factors, many of which are beyond our control:

- competitive pricing pressures;
- our ability to market our products and services on a cost-effective and timely basis;
- our inability to obtain working capital financing, if needed;
- changing conditions in the market;
- changes in market valuations of similar companies;
- stock market price and volume fluctuations generally;
- regulatory developments;
- fluctuations in our quarterly or annual operating results;
- additions or departures of key personnel;
- future sales of our Common Stock or other securities; and
- future issuances of shares of Common Stock upon exercise or conversion of shares of Preferred Stock, warrants, options or other securities.

The price at which you purchase shares of our Common Stock may not be indicative of the price that will prevail in the trading market. You may be unable to sell your shares of Common Stock at or above your purchase price, which may result in substantial losses to you and which may include the complete loss of your investment. In the past, securities class action litigation has often been brought against a company following periods of stock price volatility. We may be the target of similar litigation in the future. Securities litigation could result in substantial costs and divert management's attention and our resources away from our business. Any of the risks described above could adversely affect our sales and profitability and also the price of our Common Stock.

The market price for our Common Stock will be particularly volatile given our status as a relatively unknown company, with a limited operating history and lack of profits which could lead to wide fluctuations in our share price. You may be unable to sell your Common Stock at or above your purchase price, which may result in substantial losses to you.

While there is a market for our Common Stock, our price volatility in the future will be particularly volatile when compared to the shares of larger, more established companies that trade on a national securities exchange and have large public floats. The volatility in our share price will be attributable to a number of factors. First, our Common Stock is, compared to the shares of such larger, more established companies, sporadically and thinly traded. As a consequence of this limited liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of those shares in either direction. The price for our shares could decline precipitously in the event that a large number of shares of our Common Stock are sold on the market without commensurate demand. Secondly, we are a speculative or "risky" investment due to our limited operating history and lack of profits to date and uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a larger, more established company that trades on a national securities exchange and has a large public float. Many of these factors are beyond our control and may decrease the market price of our Common Stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our Common Stock will be at any time.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our Common Stock, which could depress the price of our Common Stock.

FINRA has adopted rules that require a broker-dealer to have reasonable grounds for believing that the investment is suitable for that customer before recommending an investment to a customer. Before recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives, and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. Thus, the FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit your ability to buy and sell our shares of Common Stock, have an adverse effect on the market for our shares of Common Stock, and thereby depress the price per share of Common Stock.

Our future results may vary significantly which may adversely affect the price of our Common Stock.

It is possible that our quarterly revenues and operating results may vary significantly in the future and that period-to-period comparisons of our revenues and operating results are not necessarily meaningful indicators of the future. You should not rely on the results of one quarter as an indication of our future performance. It is also possible that in some future quarters, our revenues and operating results will fall below our expectations or the expectations of market analysts and investors. If we do not meet these expectations, the price of our Common Stock may decline significantly.

Our Preferred Stock, our right to issue additional preferred stock, our classified Board of Directors and provisions of our Articles of Incorporation and Bylaws (as defined below) may delay or prevent a take-over that may not be in the best interests of our stockholders.

Our Preferred Stock and provisions of our Articles of Incorporation and Amended and Restated Bylaws (the "Bylaws") may be deemed to have anti-takeover effects, which include when and by whom special meetings of our stockholders may be called, and may delay, defer or prevent a takeover attempt.

The existence and terms of our Preferred Stock, such as the ability of a majority of the holders of the Preferred Stock to require payment of a liquidation preference upon a change of control or the ability to convert into Common Stock and the resulting changes in ownership interests of the Company, may prevent or impede a change of control transaction for the Company that could otherwise be in the best interests of the Company or its stockholders. Further, holders of Preferred Stock will be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held are convertible as of the record date for determining stockholders entitled to vote on any matter presented to the Company's stockholders for their action or consideration at any meeting (or by written consent in lieu of meeting), voting together with the holder of Common Stock as a single class. As of March 24, 2021, holders of our Preferred stock control approximately 67% of the voting power of our capital stock, based on the number of outstanding shares of Common Stock and Preferred Stock as of such date. Therefore, holders of Preferred Stock have the ability to significantly influence the outcome on all matters requiring approval of our stockholders, including the election of directors and approval of a change of control transaction for the Company.

Further, our authorized capital consists of 250,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, par value $0.001 per share. Our Board of Directors, without further vote by the stockholders, has the authority to issue shares of preferred stock and to determine the rights and preferences, price and restrictions, including but not limited to voting and dividend rights, of any such shares of preferred stock. The rights of the holders of Common Stock or Preferred Stock may be affected by the rights of holders of preferred stock that our Board of Directors may issue in the future.

In addition, we have a "classified" Board of Directors, which means that one-half of our directors are eligible for election each year. Therefore, if stockholders desire to change the composition of the Board of Directors, it may take at least two years to remove a majority of the existing directors or to change all directors. Having a classified Board of Directors may also, among other things, delay mergers, tender offers or other possible transactions that may be favored by some or a majority of stockholders, and may delay or frustrate stockholder action to change the then-current Board of Directors and management.

Our management and principal stockholders could significantly influence or control matters requiring a stockholder vote and other stockholders may not have the ability to influence corporate transactions.

Currently, our management and principal stockholders beneficially own a significant amount of our outstanding Common Stock and Preferred Stock. As a result, our management and such principal stockholders have the ability to significantly influence the outcome on all matters requiring approval of our stockholders, including the election of directors and approval of significant corporate transactions. As of March 24, 2021, our management and holders of our Preferred stock control approximately 67% of the voting power of our capital stock, based on the number of outstanding shares of Common Stock and Preferred Stock as of such date. Therefore, holders of Preferred Stock have the ability to significantly influence the outcome on all matters requiring approval of our stockholders, including the election of directors and approval of a change of control transaction for the Company.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. We may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage once we put such coverages in place, which we intend to implement in the near future. These factors could also make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

We are classified as a "smaller reporting company" and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our Common Stock and other securities less attractive to investors.

As a reporting company under the Exchange Act, we are classified as an "smaller reporting company," as defined in Item 10 of Regulation S-K, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our Common Stock and other securities less attractive because we may rely on these exemptions. If some investors find our Common Stock or other securities less attractive as a result, there may be a less active trading market for our Common Stock and our stock price may be more volatile. Decreased disclosures in our SEC filings due to our status as a "smaller reporting company" may make it harder for investors to analyze our results of operations and financial prospects.

We have not paid dividends in the past and do not expect to pay dividends for the foreseeable future and any return on investment may be limited to potential future appreciation in the value of our Common Stock.

We currently intend to retain any future earnings to support the development and expansion of our business and do not anticipate paying cash dividends on our shares of Common Stock in the foreseeable future. Our payment of any future dividends will be at the discretion of our Board of Directors after taking into account various factors, including without limitation, our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. To the extent we do not pay dividends, our shares of Common Stock may be less valuable because a return on investment will only occur if and to the extent our stock price appreciates, which may never occur. In addition, investors must rely on sales of their Common Stock after price appreciation as the only way to realize their investment, and if the price of our Common Stock does not appreciate, then there will be no return on investment. Investors seeking cash dividends should not purchase our Common Stock.

Our Common Stock price may be depressed due to Preferred Stock.

The value of the Preferred Stock may have only a low correlation, and may have no correlation, with the trading price of our Common Stock. Nevertheless, decreases in the trading price of our Common Stock, which could occur as the result of developments in our business or from future sales of securities by us or by holders of our securities or for other reasons, may cause the value of the Preferred Stock to decline. For example, In the future, we may sell or issue shares of our Common Stock or other securities to raise capital, to acquire interests in other companies or to future lenders. Also, the existence of the Preferred Stock may encourage short selling by market participants because the conversion of the Preferred Stock could depress the price of our Common Stock.

The Preferred Stock ranks senior to our Common Stock but junior to all of our existing and future liabilities in the event of a liquidation, winding up or dissolution of our business.

In the event of our liquidation, winding up or dissolution, our assets would be available to make payments to holders of the Preferred Stock only after all of our liabilities have been paid. In addition, the Preferred Stock ranks structurally senior to our Common Stock, but junior to all of our existing and future liabilities and those of our subsidiaries, such as our term loan, as well as the capital stock of our subsidiaries held by third parties and employees holding shares of any other direct or indirect subsidiary of ours, whether now existing or created in the future, which issues shares or other equity interests to employees. In the event of our bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries' liabilities, to pay any amounts to the holders of the Preferred Stock then outstanding. Any liquidation, winding up or dissolution of the Company or of any of our wholly or partially owned subsidiaries could have a material adverse effect on holders of the Preferred Stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Business	Location	Segment	Square Footage	Monthly Rent	Expiration Date
Medicine Man Technologies Schwazze	4880 Havana Street, Denver, Colorado	Consulting and Licensing Services Corporate Infrastructure and Other	12,097	January 1, 2020 to February 29, 2020 = $14,500 March 1, 2020 = $17,137	Three month rolling periods effective March 1, 2020
The Big Tomato	695 Billings Street, Aurora, Colorado	Products	12,800	January 1, 2020 to June 30, 2020 = $9,560 July 1, 2020 = $6,872	June 30, 2023
Purplebee's	30899 Hwy 50 East, Pueblo, Colorado	Products	Buildings A, B, C, and D 0.5 acres of land	$17,250 $250	April 19, 2025
Mesa Organics Pueblo	30899 Hwy 50 East, Pueblo, Colorado	Products	2,200	$2,250	April 19, 2025
Mesa Organics Ordway	611 E. 6th Street, Ordway, Colorado	Products	1,584	$3,500	April 19, 2025
Mesa Organics Rocky Ford	1315 Elm Avenue, Rocky Ford, Colorado	Products	1,512	$3,500	April 19, 2025
Mesa Organics Las Animas	420 Bent Avenue, Las Animas, Colorado	Products	Land and building	$3,500	April 19, 2025
Star Buds Pueblo	4305 Thatcher Ave Pueblo, Colorado	Products	Building	$3,500	January 31, 2025
Star Buds Alameda	428 McCulloch St, Pueblo, Colorado	Products	2,232	$5,000	November 30, 2023
Star Buds Commerce City	5844 Dahlia Street Commerce City, Colorado	Products	1,200	$5,000	November 30, 2023
Star Buds Lucky Ticket	1451 Cortez Street, Unit A, Denver, Colorado	Products	2,700	$6,246	May 31, 2025
Star Buds Niwot	6924 N 79th St Niwot, Colorado	Products	4,282	$6,779	November 30, 2023
Star Buds LM MJC	7521 Ute Highway, Longmont, Colorado	Products	3,506	$7,000	November 31, 2022
Star Buds Arapahoe	14655 E. Arapahoe Road, Aurora, Colorado	Products	5,300	$12,367	March 2, 2024
Star Buds Aurora	10100 Montview Blvd, Aurora, Colorado	Products	1,296	$6,250	March 2, 2024
Star Buds Citi-Med	4228 York Street, Unit 100, Denver Colorado	Products	14,381	$5,750	March 2, 2024
Star Buds Citi-Med	1640 East Evans Avenue, Denver Colorado	Products	560	$3,167	March 2, 2024
Star Buds Louisville	1156 W Dillon Rd Louisville, Colorado	Products	987	$3,300	December 31, 2022
Star Buds KEW	9000 Unit B Federal Blvd Denver, Colorado	Products	1,080	$7,500	June 12, 2027
Star Buds Colorado Health Consultants	4690 Brighton Blvd LLC Brighton, Colorado	Products	4,574	$7,250	March 2, 2024
Star Buds Mountain View 44th	5238 W 44th Ave., Denver Colorado	Products	1,860	$5,000	March 2, 2024

It is anticipated that our current leases shall be sufficient for our needs for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS.

On June 7, 2019, the Company filed a complaint against ACC Industries Inc. ("ACC") and Building Management Company B, L.L.C., in state district court located in Clark County, Nevada, alleging, amongst other causes of action, breach of contract, conversion, and unjust enrichment and seeking general, special and punitive damages in the amount of $3,876,850. On July 17, 2019, the parties stipulated to stay the case in favor of arbitration. On February 25, 2020 ACC filed a counterclaim alleging breach of contract, which the Company believes is without merit. The Company discovered new facts that lead it to believe that a related entity not previously named as a party to the arbitration should be brought in as a party to the arbitration. Based upon the new facts, the Company filed a motion to amend the complaint to add new claims and the related entity as a party. On September 1, 2020, the court ruled in favor of the Company and permitted the Company to amend the complaint to add the related entity. On September 1, 2020, the Company filed an amended complaint naming the related entity a party and added intentional misrepresentation, fraudulent inducement, civil conspiracy, aiding and abetting, successor liability and fraudulent concealment claims. The Company began arbitration proceedings on November 2, 2020. The Company completed arbitration in February 2021 and expects a decision in early April 2021.

On July 6, 2018, the Company filed a complaint in the Eight Judicial Court, Clark County, Nevada against Vegas Valley Growers ("VVG"). In the complaint, the Company alleges breach by VVG of the Technologies License Agreement dated April 27, 2017 between the parties and seeks general, special and punitive damages in the amount of $3,876,850. On August 28, 2018, VVG filed an Answer and Counterclaim against the Company. On August 2, 2019, a jury found in favor of the Company and awarded the Company damages totaling $2,773,321. In March 2020, VVG filed its opening appeal brief. The Company's response brief was due on May 15, 2020. After VVG filed its opening brief in March 2020, the Company filed a Motion to Strike portions of the brief and record. Because a successful ruling on the Company's motion may strike portions of VVG's brief or require VVG to refile it, the Company asked the court for an extension of the deadline to file the Company's answering brief until the court renders its decision on the motion, which VVG did not oppose. The Company will have 30 days to file its answering brief once the court enters an order on the Motion to Strike or 30 days from when VVG files an amended opening brief and record. On August 27, 2020, the court ordered VVG to supplement its brief and the record. The Company filed its answering brief on October 15, 2020. On October 27, 2020, the Company, in a joint request with VVG, filed a motion to extend its time to file its answering brief. The Company filed its answering brief in January 2021. VVG's reply brief is due on or before February 4, 2021. Once VVG's reply brief is filed, the appeal will be fully briefed and the parties will await either a notice of oral argument or a decision on the appeal.

On March 6, 2020, the Company's former Chief Operating Officer, Joe Puglise, issued an arbitration demand against the Company claiming breach of contract and seeking equity compensation and cash damages. The Company counterclaimed with breach of contract and breach of fiduciary duty claims for unspecified damages. The ultimate resolution of the matter could result in a Company loss of up to $3,500,000 in stock-based compensation. The parties commenced arbitration on January 25, 2021 and concluded it in March 2021.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

We have one class of publicly traded stock which is our Common Stock. Quotation of our Common Stock commenced on the OTCQB on or about January 25, 2016. On or about October 5, 2018, our Common Stock commenced quotation on the OTCQX. On April 20, 2020, the Company rebranded and conducts its business under the trade name, Schwazze. The corporate name of the Company continues to be Medicine Man Technologies, Inc. Effective April 21, 2020, the Company commenced trading under the OTC ticker symbol SHWZ.

As of March 26, 2021, the closing bid price of our Common Stock was $2.04. Any over-the-counter market quotations for our Common Stock reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Trading volume in our Common Stock varies from day to day. Because we do not have a high number of shares issued and outstanding, or eligible to trade, we believe we will continue to experience light volume that will expand over time as our revenues and profitability grow to sustainable levels. As a result, the trading price of our Common Stock is subject to significant fluctuations in both volume and pricing.

Holders

As of March 23, 2021, we had 215 holders of record of our Common Stock. The number of beneficial owners is substantially greater than the number of record holders because a portion of our common shares is held of record through brokerage firms in "street name."

Stock Transfer Agent

The stock transfer agent for our securities is Globex Transfer, LLC, 780 Deltona Boulevard, Suite 202, Deltona, Florida 32725, telephone number, including area code: (813) 344-4490.

Dividends

The Company has not declared or paid any cash dividends on its Common Stock, and the Company does not anticipate doing so in the foreseeable future. The Company currently intend to retain future earnings, if any, to operate its business and support its growth strategies. Any future determination to pay dividends on the Common Stock will be at the discretion of the Company's Board of Directors and will depend on the Company's financial condition, results of operations, contractual restrictions, restrictions imposed by applicable law, capital requirements and other factors that the Company's Board of Directors deems relevant. Dividends on the Preferred Stock are payable in kind in the form of an annual increase of the Preference Amount, not cash.

Reports

We are subject to certain reporting requirements and furnish annual financial reports to our stockholders, certified by our independent accountants, and furnish unaudited quarterly financial reports in our quarterly reports filed electronically with the SEC. All reports and information filed by us can be found at the SEC website, www.sec.gov, as well as on our website, www.schwazze.com.

ITEM 6. SELECTED FINANCIAL DATA.

As a smaller reporting company as defined in Rule 12b-2 promulgated under the Exchange Act, and in Item 10(f) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information required by this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Results Of Operations

Comparison of Results of Operations for our fiscal years ended December 31, 2020 and 2019

Revenues

Revenues for the year ended December 31, 2020 totaled $24,000,852 including (i) product sales of $22,541,806 (ii) consulting and licensing fees of $1,425,778, and (iii) other operating revenues of $33,268, compared to revenues of $12,400,955 including (i) product sales of $7,819,808, (ii) consulting and licensing fees of $4,550,106, of which includes $1,782,457 in revenue awarded in litigation, and (iii) other operating revenues of $31,041 during the year ended December 31, 2019 representing an increase of $11,599,987 or 93.54%. This increase was due to increased sale of our products as well as growth through acquisition.

Cost of Services

Cost of services for the year ended December 31, 2020 totaled $17,226,486, compared to cost of services of $7,616,221 during the year ended December 31, 2019 representing an increase of $9,610,265 or 126.18%. This increase was due to increased sales of our products as well as growth through acquisition.

Operating Expenses

Operating expenses for the year ended December 31, 2020 totaled $29,677,305, compared to operating expenses of $21,866,651 during the year ended December 31, 2019 representing an increase of $7,810,653 or 35.72%. This increase was due to increased selling, general and administrative expenses, professional service fees, salaries, benefits and related employment costs and non-cash, stock-based compensation.

Other Income (Expense), Net

Other income, net for the year ended December 31, 2020 totaled $2,587,069, compared to other expense, net of $476,756 during the year ended December 31, 2019 representing an increase of $3,063,826 or 642.64%. The increase in other income, net was due to a gain on forfeiture of contingent consideration, an unrealized gain on the change in fair value of certain derivative liabilities, offset in part by unrealized loss on investment and increased interest expense.

Net Income (Loss)

As a result, we generated a net loss for the year ended December 31, 2020 of $19,416,761 or approximately $0.47 per share, compared to net loss of $16,975,742 or $0.50 per share during the year ended December 31, 2019.

Liquidity and Capital Resources

As of December 31, 2020, we had cash and cash equivalents of $1,231,235.

Net cash provided by operating activities was $9,799,690 during the year ended December 31, 2020, compared to net cash used in operating activities of $7,553,965 during the year ended December 31, 2019, representing an increase of $2,245,725.

Net cash used in investing activities was $33,219,140 during the year ended December 31, 2020, compared to net cash used in investing activities of $1,116,756 during the year ended December 31, 2019, representing a decrease of $32,102,384. $6,779,307 of cash was used for the acquisition of Mesa Organics and $25,180,421 of cash was used for the acquisition of the Star Buds assets.

Net cash provided by financing activities was $31,901,882 during the year ended December 31, 2020, compared to net cash provided by financing activities of $20,202,560 during the year ended December 31, 2019, representing an increase of $7,202,437. The Company received $29,351,759 to fund the acquisition of the Star Buds assets, $13,901,759 of which was deferred cash. During the year ended December 31, 2018, the Company received proceeds of $19,600,000 from the private sale of our Common Stock and $602,500 from the exercise of Common Stock purchase warrants.

Upon successfully consummating our acquisition of the Star Buds banners, which we achieved in March 2021, and merging those operations into our own operations, we believe we will generate positive cash flow from our operations. If we are successful in achieving this objective, we do not believe we will need to raise additional capital for the ongoing operations, as we anticipate that the revenue generated from the fully integrated acquisitions will be sufficient to allow us run those businesses. However, if we do not experience a positive impact on our operations from these acquisitions, or if unforeseen developments occur that negatively impact our cash flow, we may need to raise additional capital to fund ongoing operations.

We will likely need to raise additional capital to fund our growth acquisition strategy. We may explore capital raising transactions in the form of debt, equity or both. At this time, we are unable to state how much additional capital we may need. As of the date of this Report, we have no commitment from any investor or investment-banking firm to provide us with any further funding. Further, no assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company can obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case of equity financing. Failure to obtain this additional financing may have a material negative impact on our ability growth the company at the pace we anticipate.

Critical Accounting Estimates and Recent Accounting Pronouncements

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values 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 Company believes that of its significant accounting policies (see Note 2 of Notes to Financial Statements), the ones that may involve a higher degree of uncertainty, judgment and complexity are revenue recognition, stock based compensation, derivative instruments, income taxes, goodwill and commitments and contingencies are the most important to the portrayal of our financial condition and results of operations and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Revenue Recognition and Related Allowances

Our revenue recognition policy is significant because the amount and timing of revenue is a key component of our results of operations. Certain criteria are required to be met in order to recognize revenue. If these criteria are not met, then the associated revenue is deferred until is the criteria are met. When consideration is received in advance of the delivery of goods or services, a contract liability is recorded. Revenue contracts are identified when accepted from customers and represent a single performance obligation to sell our products to a customer.

We have three main revenue streams: (i) product sales; (ii) licensing and consulting fees; and (iii) other operating revenues from revenues from seminars, reimbursements and other miscellaneous sources.

Product sales are recorded at the time that control of the products is transferred to customers. In evaluating the timing of the transfer of control of products to customers, we consider several indicators, including significant risks and rewards of products, our right to payment, and the legal title of the products. Based on the assessment of control indicators, sales are generally recognized when products are delivered to customers.

Revenue from licensing and consulting services is recognized when our obligations to our client are fulfilled which is determined when milestones in the contract are achieved. Revenue from seminar fees is related to one-day seminars and is recognized as earned upon the completion of the seminar. We also recognize expense reimbursement from clients as revenue for expenses incurred during certain jobs.

Stock Based Compensation

We account for share-based payments pursuant to Accounting Standards Codification ("ASC") Topic 718, *Stock Compensation* and, accordingly, we record compensation expense for share-based awards based upon an assessment of the grant date fair value for stock and restricted stock awards using the Black-Scholes option pricing model.

Stock compensation expense for stock options is recognized over the vesting period of the award or expensed immediately under ASC 718 and Emerging Issues Task Force ("EITF") 96-18 when stock or options are awarded for previous or current service without further recourse.

Share based expense paid through direct stock grants is expensed as occurred. Since our stock has become publicly traded, the value is determined based on the number of shares issued and the trading value of the stock on the date of the transaction.

On June 20, 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-07 which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. Previously, share-based payment arrangements to nonemployees were accounted for under ASC 718, while nonemployee share-based payments issued for goods and services were accounted for under ASC 505-50. Before the amendment, the major difference for us (but not limited to) was the determination of measurement date which generally is the date on which the measurement of equity classified share-based payments becomes fixed. Equity classified share-based payments for employees was fixed at the time of grant. Equity-classified nonemployee share-based payment awards are no longer measured at the earlier of the date which a commitment for performance by the counterparty is reached or the date at which the counterparty's performance is complete. They are now measured at the grant date of the award which is the same as share-based payments for employees. We adopted the requirements of the new rule as of January 1, 2019, the effective date of the new guidance.

Income Taxes

ASC 740, *Income Taxes* requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Goodwill and Intangible Assets

Goodwill represents the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized. The goodwill arising from our acquisitions is attributable to the value of the potential expanded market opportunity with new customers. Intangible assets have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their economic or legal life, whichever is shorter. We amortizable intangible assets consist of licensing agreements, product licenses and registrations, and intellectual property or trade secrets. Their estimated useful lives range from 10 to 15 years.

Goodwill and indefinite-lived assets are not amortized but are subject to annual impairment testing unless circumstances dictate more frequent assessments. We perform an annual impairment assessment for goodwill during the fourth quarter of each year and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than the carrying amount. Goodwill impairment testing is a two-step process performed at the reporting unit level. Step one compares the fair value of the reporting unit to its carrying amount. The fair value of the reporting unit is determined by considering both the income approach and market approaches. The fair values calculated under the income approach and market approaches are weighted based on circumstances surrounding the reporting unit. Under the income approach, we determine fair value based on estimated future cash flows of the reporting unit, which are discounted to the present value using discount factors that consider the timing and risk of cash flows. For the discount rate, we rely on the capital asset pricing model approach, which includes an assessment of the risk-free interest rate, the rate of return from publicly traded stocks, our risk relative to the overall market, our size and industry and other risks specific to us. Other significant assumptions used in the income approach include the terminal value, growth rates, future capital expenditures and changes in future working capital requirements. The market approaches use key multiples from guideline businesses that are comparable and are traded on a public market. If the fair value of the reporting unit is greater than its carrying amount, there is no impairment. If the reporting unit's carrying amount exceeds its fair value, then the second step must be completed to measure the amount of impairment, if any. Step two calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value of the reporting unit as calculated in step one. In this step, the fair value of the reporting unit is allocated to all of the reporting unit's assets and liabilities in a hypothetical purchase price allocation as if the reporting unit had been acquired on that date. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to the excess.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, strategic plans, and future market conditions, among others. There can be no assurance that our estimates and assumptions made for purposes of the goodwill impairment testing will prove to be accurate predictions of the future. Changes in assumptions and estimates could cause us to perform an impairment test prior to scheduled annual impairment tests.

We performed our annual fair value assessment at December 31, 2020, on our subsidiaries with material goodwill and intangible asset amounts on their respective balance sheets and determined that no impairment exists.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

MEDICINE MAN TECHNOLOGIES INC.

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Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Medicine Man Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Medicine Man Technologies, Inc. (the “Company”) as of December 31, 2020 and 2019, the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BF Borgers CPA PC
BF Borgers CPA PC

We have served as the Company's auditor since 2016
Lakewood, CO
March 31, 2021

MEDICINE MAN TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS
Expressed in U.S. Dollars

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 1,231,235	$ 11,853,627
Accounts receivable, net of allowance for doubtful accounts	1,270,380	313,317
Accounts receivable – related party	80,494	72,658
Inventory	2,619,145	684,940
Notes receivable - related party	181,911	767,695
Prepaid expenses	614,200	529,416
Prepaid acquisition costs	–	1,347,462
Total current assets	5,997,365	15,569,115
Non-current assets		
Fixed assets, net of accumulated depreciation of $872,579 and $159,354, respectively	2,584,798	239,078
Goodwill	53,046,729	12,304,306
Intangible assets, net of accumulated amortization of $200,456 and $19,811, respectively	3,082,044	75,289
Marketable securities, net of unrealized loss of $129,992 and $1,792,569, respectively	276,782	406,774
Accounts receivable – litigation	3,063,968	3,063,968
Deferred tax assets, net	–	268,423
Notes receivable – noncurrent, net	–	241,711
Other non-current assets	51,879	–
Operating lease right of use assets	2,579,036	59,943
Total non-current assets	64,685,236	16,659,492
Total assets	$ 70,682,601	$ 32,228,607
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 3,508,479	$ 699,961
Accounts payable - related party	48,982	15,372
Accrued expenses	2,705,445	1,091,204
Derivative liabilities	1,047,481	3,773,382
Deferred revenue	50,000	–
Notes payable – related party	5,000,000	–
Income taxes payable	–	1,940
Total current liabilities	12,360,386	5,581,859
Long-term liabilities		
Long term debt	13,901,759	
Lease liabilities	2,645,597	66,803
Total long-term liabilities	16,547,356	66,803
Total liabilities	28,907,742	5,648,662
Commitments and contingencies (Note 11)	–	–
Shareholders' equity		
Preferred stock $0.001 par value. 10,000,000 authorized, 19,716 shares issued and outstanding December 31, 2020 and zero shares issued and outstanding at December 31, 2019, respectively.	20	–
Common stock $0.001 par value. 250,000,000 authorized, 42,601,773 shares issued and 42,169,041 outstanding at December 31, 2020 and 39,952,626 shares issued and 39,694,894 outstanding at December 31, 2019, respectively.	42,602	39,953
Additional paid-in capital	85,357,835	50,356,469
Accumulated deficit	(42,293,098)	(22,816,477)
Common stock held in treasury, at cost, 432,732 shares held at December 31, 2020 and 257,732 shares held at 2019, respectively	(1,332,500)	(1,000,000)
Total shareholders' equity	41,774,859	26,579,945
Total liabilities and stockholders' equity	$ 70,682,601	$ 32,228,607

See accompanying notes to the financial statements

MEDICINE MAN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) AND INCOME
For the Years Ended December 31, 2020 and 2019
Expressed in U.S. Dollars

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating revenues		
Product sales, net	$ 21,371,408	$ 6,468,230
Product sales - related party, net	1,170,398	1,351,578
Litigation revenue	–	1,782,457
Licensing and consulting fees	1,425,778	2,767,649
Other operating revenues	33,268	31,041
Total operating revenues	24,000,852	12,400,955
Cost of goods and services		
Cost of goods and services	17,226,486	7,616,221
Total cost of goods and services	17,226,486	7,616,221
Gross profit	6,774,366	4,784,734
Operating expenses		
Selling, general and administrative expenses	4,523,603	2,261,317
Professional services	8,545,300	3,357,877
Salaries, benefits, and related expenses	8,377,889	3,567,535
Stock-based compensation	8,230,513	7,279,363
Derivative expense - contingent compensation	–	5,400,559
Total operating expenses	29,677,305	21,866,651
(Loss) Income from operations	(22,902,939)	(17,081,917)
Other income (expense)		
Bad debt expense	–	(151,169)
Gain on forfeiture of contingent consideration	1,462,636	–
Unrealized gain on derivative liabilities	1,263,264	1,627,177
Unrealized loss on marketable securities	(129,992)	(1,792,569)
Other income (expense)	32,621	–
Interest (expense) income, net	(41,460)	(160,195)
Total other expense	2,587,069	(476,756)
(Loss) income before income taxes	(20,315,870)	(17,558,673)
Provision for income tax (benefit) expense	(899,109)	(582,931)
Net (loss) income	$ (19,416,761)	$ (16,975,742)
Basic (loss) earnings per common share	$ (0.47)	$ (0.50)
Diluted (loss) earnings per common share	$ (0.47)	$ (0.50)
Weighted-average number of common shares outstanding:		
Basic	41,217,026	33,740,557
Diluted	41,217,026	33,740,557
Comprehensive (loss) income	$ (19,416,761)	$ (16,975,742)

See accompanying notes to the financial statements

MEDICINE MAN TECHNOLOGIES INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2020 and 2019
Expressed in U.S. Dollars

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Treasury Stock		Total Stockholders'
	Shares	Value	Shares	Value	Capital	Deficit	Shares	Cost	Equity
Balance, December 31, 2018	–	$ –	27,753,310	$ 27,875	$ 22,886,624	$ (5,840,735)	–	$ –	$ 17,073,764
Net loss	–	–	–	–	–	(16,975,742)	–	–	(16,975,742)
Issuance of common stock in connection with sales made under private or public offerings	–	–	9,800,000	9,800	19,590,200	–	–	–	19,600,000
Issuance of common stock in connection with the exercise of common stock purchase warrants	–	–	485,543	365	602,195	–	–	–	602,560
Issuance of common stock as compensation to employees, officers, directors and/or contractors	–	–	1,913,775	1,913	3,220,488	–	–	–	3,222,401
Return of common stock in lieu of collection of certain accounts receivable	–	–	–	–	–	–	257,732	(1,000,000)	(1,000,000)
Stock-based compensation expense related to stock options	–	–	–	–	4,056,962	–	–	–	4,056,962
Balance, December 31, 2019	–	$ –	39,952,628	$ 39,953	$ 50,356,469	$ (22,816,477)	257,732	$ (1,000,000)	$ 26,579,945

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Treasury Stock		Total Stockholders'
	Shares	Value	Shares	Value	Capital	Deficit	Shares	Cost	Equity
Balance at, December 31, 2019	–		39,952,628	$ 39,953	$ 50,356,469	$ (22,816,477)	257,732	$ (1,000,000)	$ 26,579,945
Net income (loss)			–	–	–	(19,416,761)	–	–	(19,416,761)
Issuance of stock as payment for acquisitions	9,266	9	2,554,750	2,555	13,435,085	–	–	–	13,437,649
Return of common stock as compensation to employees, officers and/or directors	–	–	(500,000)	(500)	–	–	–	–	(500)
Issuance of common stock as compensation to employees, officers, and/or directors	–	–	406,895	407	496,895	–	–	–	497,301
Issuance of stock in connection with sales made under private or public offerings	10,450	11	187,500	187	12,838,873	–	–	–	12,839,071
Dividends declared	–	–	–	–	–	(59,860)	–	–	(59,860)
Return of common stock	–		–	–	–	–	175,000	(332,500)	(332,500)
Stock based compensation expense related to common stock options	–		–	–	8,230,513	–	–	–	8,230,513
Balance, December 31, 2020	19,716	20	42,601,773	$ 42,602	85,357,835	$ (42,099,098)	432,732	$ (1,332,500)	$ 41,774,859

See accompanying notes to the financial statements

MEDICINE MAN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
Expressed in U.S. Dollars

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash flows from operating activities of continuing operations:		
Net (loss) income	$ (19,416,761)	$ (16,975,742)
Adjustments to reconcile net (loss) income to cash used in operating activities:		
Depreciation and amortization	476,592	61,708
Deferred taxes	268,423	(268,423)
Derivative expense	–	5,400,559
Unrealized gain on derivative liabilities	(2,725,901)	(1,627,176)
Unrealized loss on marketable securities	129,992	1,792,569
Stock-based compensation	8,230,513	7,184,363
Other	–	151,169
Changes in operating assets and liabilities:		
Accounts receivable	874,616	(3,361,194)
Inventory	781,512	(195,701)
Prepaid expenses	(84,784)	(383,592)
Other assets	(51,879)	–
Operating leases right of use assets and liabilities	59,701	6,860
Accounts payable and accrued liabilities	1,610,226	1,241,626
Deferred revenue	50,000	–
Income taxes payable	(1,940)	(580,991)
Net cash used in operating activities	(9,799,690)	(7,553,965)
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(33,278,462)	–
Repayment (issuance) of notes receivable	827,495	(916,518)
Purchase of fixed assets	(768,173)	(200,238)
Net cash used in investing activities	(33,219,140)	(1,116,756)
Cash flows from financing activities:		
Proceeds from issuance of stock, net of issuance costs and returns	12,625,312	19,600,000
Proceeds from issuance of notes payable, net	5,000,000	–
Proceeds from issuance of long term debt, net	13,901,759	–
Proceeds from exercise of common stock purchase warrants, net of issuance costs	374,810	602,560
Net cash provided by financing activities	31,901,882	20,202,560
Net increase in cash and cash equivalents	(11,116,948)	11,531,839
Cash and cash equivalents at beginning of period	12,348,183	321,788
Cash and cash equivalents at end of period	$ 1,231,235	$ 11,853,627
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 41,565	$ 192,107
Cash paid for income taxes	$ –	$ 268,423
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued in connection with long term service contracts	$ –	$ 95,000
Return of common stock	$ 332,500	$ 1,000,000

See accompanying notes to the financial statements

Organization and Nature of Operations

Business Description – Business Activity

We were incorporated in Nevada on March 20, 2014. On May 1, 2014, we entered into an exclusive Technology License Agreement with Medicine Man Denver whereby Medicine Man Denver granted us a license to use all of their proprietary processes they have developed, implemented and practiced at their cannabis facilities relating to the commercial growth, cultivation, marketing and distribution of medical marijuana and recreational marijuana pursuant to relevant state laws and the right to use and to license such information, including trade secrets, skills and experience (present and future).

In 2017, the Company acquired additional cultivation intellectual property through the acquisition of Success Nutrients™ and Pono Publications, including the rights to the book titled "Three A Light" and its associated cultivation techniques, which have been part of the Company's products and services offerings since the acquisition. The Company acquired Two J's LLC d/b/a The Big Tomato ("Big T or The Big Tomato") in 2018, which operates a retail location in Aurora, Colorado. It has been a leading supplier of hydroponics and indoor gardening supplies in the metro Denver area since May 2001. The Company was focused on cannabis dispensary and cultivation consulting and providing equipment and nutrients to cannabis cultivators until its first plant touching acquisition in April of 2020. In 2019, due to the changes in Colorado law permitting non-Colorado resident and publicly traded investment into "plant-touching" cannabis companies, the Company made a strategic decision to move toward direct plant-touching operations. The Company developed a plan to roll up a number of direct plant-touching dispensaries, manufacturing facilities, and cannabis cultivations with a target to be one of the largest seed to sale cannabis businesses in Colorado. In April 2020 the Company acquired its first plant-touching business, Mesa Organics, which consists of four dispensaries and one MIP, d/b/a Purplebee's.

On April 20, 2020, the Company rebranded and conducts its business under the trade name, Schwazze. The corporate name of the Company continues to be Medicine Man Technologies, Inc. Effective April 21, 2020, the Company commenced trading under the OTC ticker symbol SHWZ.

On December 17, 2020, the Company closed on the acquisition of (i) Starbuds Pueblo LLC; and (ii) Starbuds Alameda LLC. On December 18, 2020, the Company closed on the acquisition of (i) Starbuds Commerce City LLC; (ii) Lucky Ticket LLC; (iii) Starbuds Niwot LLC; and (iv) LM MJC LLC under the applicable APAs.

On February 4, 2021, the Company acquired the assets of Colorado Health Consultants LLC and Mountain View 44th LLC under the applicable APAs.

On March 2, 2021, the Company acquired the assets of (i) Starbuds Aurora LLC, (ii) SB Arapahoe LLC, (iii) Citi-Med LLC, (iv) Starbuds Louisville LLC and (v) KEW LLC under the applicable APAs.

From December 2020 through March 2021 the Company completed a private placement of Series A Cumulative Convertible Preferred Stock ("Preferred Stock") for aggregate gross proceeds of $57.7 million dollars. In the private placement, the Company issued and sold an aggregate of 57,700 shares of Preferred Stock at a price of $1,000 per share under securities purchase agreement with Dye Capital and CRW managed funds as well as subscription agreements with unaffiliated investors. Among other terms, each share of Preferred Stock (i) earns an annual dividend of 8% on the "preference amount," which initially is equal to the $1,000 per-share purchase price and subject to increase, by having such dividends automatically accrete to, and increase, the outstanding preference amount; (ii) is entitled to a liquidation preference under certain circumstances, (iii) is convertible into shares of the Company's Common Stock by dividing the preference amount by $1.20 per share under certain circumstances, and (iv) is subject to a redemption right or obligation under certain circumstances.

In addition, on December 16, 2020, the Company issued and sold a Convertible Promissory Note and Security Agreement in the original principal amount of $5,000,000 to Dye Capital & Company, LLC. On February 26, 2021, Dye Capital & Company, LLC converted all outstanding amounts under the note into 5,060 shares of Preferred Stock.

The Company is focused on growing through internal growth, acquisition, and new licenses in the Colorado cannabis market. The Company is focused on building the premier vertically integrated cannabis company in Colorado. The company's leadership team has deep expertise in mainstream consumer packaged goods, retail, and product development at Fortune 500 companies as well as in the cannabis sector. The Company has a high-performance culture and a focus on analytical decision making, supported by data. Customer-centric thinking inspires the Company's strategy and provides the foundation for the Company's operational playbooks.

1. **Liquidity and Capital Resources**

During the fiscal year ended December 31, 2020 and 2019, the Company primarily used revenues from its operations supplemented by cash to fund its operations.

Cash and cash equivalents are carried at cost or amortized cost and represent cash on hand, deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date. The Company had $1,231,235 and $11,853,627 classified as cash and cash equivalents as of December 31, 2020, and December 31, 2019, respectively.

The Company maintains its cash balances with high-credit-quality financial institutions. At times, such cash may be more than the insured limit of $250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any significant credit risk on its cash and cash equivalents.

The following table depicts the composition of the Company's cash and cash equivalents as of December 31, 2020 and 2019:

	December 31, 2019	**December 31, 2019**
Deposits placed with banks	$ 1,231,235	$ 736,101
United States Treasury Bill	–	11,117,526
Total cash and cash equivalents	$ 1,231,235	$ 11,853,627

2. **Critical Accounting Policies and Estimates**

Basis of Presentation

These accompanying financial statements have been prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for annual financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from these estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on the Company's net (loss) earnings and financial position.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

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

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; 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 – Unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments include cash, accounts receivable, note receivable, accounts payables and tenant deposits. The carrying values of these financial instruments approximate their fair value due to their short maturities. The carrying amount of the Company's debt approximates fair value because the interest rates on these instruments approximate the interest rate on debt with similar terms available to us. The Company's derivative liability was adjusted to fair market value at the end of the year, using Level 3 inputs.

The following is the Company's assets and liabilities measured at fair value on a recurring and nonrecurring basis at December 31, 2020 and 2019, using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	December 31, 2020	December 31, 2019
Level 1 – Marketable Securities Available-for-Sale – Recurring	$ 276,782	$ 406,774

Marketable Securities at Fair Value on a Recurring Basis

Certain assets are measured at fair value on a recurring basis. The Level 1 position consists of an investment in equity securities held in Canada House Wellness Group, Inc., a publicly-traded company whose securities are actively quoted on the Toronto Stock Exchange.

Fair Value of Financial Instruments

The carrying amounts of cash and current assets and liabilities approximate fair value because of the short-term maturity of these items. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. Available-for-sale securities are recorded at current market value as of the date of this report.

Accounts Receivable

The Company extends unsecured credit to its customers in the ordinary course of business. Accounts receivable related to consulting revenues are recorded when a milestone is reached at a point in time resulting in funds being due for delivered services, and where payment is reasonably assured. Accounts receivable related to consulting revenues are recorded based on cultivation yields over time on harvested cannabis. Consulting revenues are generally collected from 30 to 60 days after the invoice is sent.

The following table depicts the composition of our accounts receivable as of December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Accounts receivable – trade	$ 1,315,188	$ 384,202
Accounts receivable – related party	80,494	72,658
Accounts receivable – litigation, non-current	3,063,968	3,063,968
Allowance for doubtful accounts	(44,808)	(70,885)
Total accounts receivable	$ 4,414,842	$ 3,449,943

The Company establishes an allowance for doubtful accounts based on management's assessment of the collectability of trade receivables. A considerable amount of judgment is required in assessing the amount of the allowance. The Company makes judgments about the creditworthiness of each customer based on ongoing credit evaluations and monitors current economic trends that might impact the level of credit losses in the future. If the financial condition of the customers were to deteriorate, resulting in their inability to make payments, a specific allowance will be required. At December 31, 2020 and 2019, the Company recorded an allowance for doubtful accounts of $44,808 and $70,885, respectively.

Recovery of bad debt amounts previously written off is recorded as a reduction of bad debt expense in the period the payment is collected. If the Company's actual collection experience changes, revisions to its allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The Company wrote-off $16,798 of its accounts receivable during the year ended December 31, 2020. The Company wrote-off $80,284 of its accounts receivable during the year ended December 31, 2019.

In July 2018, the Company commenced legal action against a customer in Clark County, Nevada for breach of contract, adding a significant value to its receivables for fees that had been booked, due to forbearance grants by the Company that were subsequently violated, causing the Company to increase its receivables accordingly. The Company provided services to this customer for a period of thirteen months, agreeing conditionally to three modifications in December 2017, March 2018 and May 2018 to forego certain revenue sharing payments in accordance with the agreement with the customer, which were subsequently breached by the customer. As a result, the Company engaged legal counsel and filed a complaint in Clark County, Nevada, which alleged breach of contract and sought general, special and punitive damages in the amount of $3,876,850.

On August 2, 2019, a jury in the District Court of Clark County, Nevada found in favor of the Company and awarded the Company damages totaling $2,773,321 (See Part II, Item 1, Legal Proceedings for more information). The Company has classified the awarded amount receivable as a non-current asset since the customer has subsequently filed an appeal. Considering this customer's appeal, the Company sought to compel the customer to obtain and produce a bond securing the award. On December 13, 2019, proof of the bond was posted through United States Fire Insurance Company, naming the Company as the obligee.

At December 31, 2020 and 2019, the accounts receivable for this matter totaled $2,773,321, and the related revenue recorded totaled $0 and $1,782,457 for the years ended December 31, 2020 and 2019, respectively.

The Company analyzed the contract, associated revenue and litigation process under Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. As detailed above, the Company had a contract with the customer that identified distinct performance obligations to be satisfied over time. Additionally, it determined that the litigation process and subsequent award represented a contract modification.

Paragraph 606-10-25 states that an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

Paragraph 606-10-25 further states that the process for determining the proper treatment for a contract modification includes three steps:

- Determine whether a change to a contract qualifies as a contract modification.

- Determine whether the modification should be treated as a separate, standalone contract or as a modification of the original contract. If the contract is a separate contract, the entity follows the five-step model to determine how to recognize revenue. If the modification is not treated as a separate contract, the entity continues to Step 3.

- Determine appropriate accounting treatment for contract modification not accounted for as a separate contract.

ASC 606 defines a contract modification as a change in scope and/or price to an original contract or any change to the enforceable rights and obligations of the parties to the original contract. Enforceable rights and obligations are those that are approved by both parties and legally required. A contract modification does not need to be written; enforceable changes can be the result of oral agreements or implied through customary business practices.

The effect that the modification has on the transaction price and on the entity's measure of progress towards satisfaction of the performance obligation is recognized as an adjustment to revenue either as an increase in or a reduction of revenue at the date of the modification. The adjustment to revenue is made on a cumulative catch-up basis.

As management determined that the litigation process constituted a contract modification, and that the contract was upheld judicially, the Company recognized and recorded $1,782,457 on a cumulative catch-up basis as of August 2, 2019.

On June 7, 2019, the Company filed a complaint against a second customer in Clark County, Nevada, for, amongst other causes of action, breach of contract. On July 17, 2019, the parties stipulated to stay the case in favor of arbitration. On February 25, 2020 ACC Industries Inc. filed a counterclaim alleging breach of contract, which the Company believes is without merit. The Company discovered new facts that lead it to believe that a related entity not previously named as a party to the arbitration should be brought in as a party to the arbitration. Based upon the new facts, the Company filed a motion to amend the complaint to add new claims and the related entity as a party. On September 1, 2020, the court ruled in favor of the Company and permitted the Company to amend the complaint to add the related entity. On September 1, 2020, the Company filed an amended complaint naming the related entity a party and added intentional misrepresentation, fraudulent inducement, civil conspiracy, aiding and abetting, successor liability and fraudulent concealment claims. The Company began arbitration proceedings on November 2, 2020. The Company completed arbitration in February 2021 and expects a decision in early April 2021. As of December 31, 2020 and 2019, the accounts receivable for this matter totaled $290,648.

Notes Receivable

On July 17, 2018, the Company entered into an intellectual property license agreement with Abba Medix Corp. (AMC), a wholly-owned subsidiary of publicly-traded Canada House Wellness Group, Inc. (CHV). The Company agreed to provide a lending facility to AMC in CAD$125,000 increments of up to CAD$500,000. The lending facility is for a term of 36 months and bears interest at a rate of 2%. As of December 31, 2020 and 2019, the Company had loaned to AMC a total of $246,765 and $241,711, respectively. The Company classified these loans as long-term notes receivable on its consolidated balance sheets as of December 31, 2019. As of December 31, 2020, the Company has recorded a full allowance on the note receivable balance.

Other Assets (Current and Non-Current)

Other assets at December 31, 2020 and 2019 were $666,079 and $529,416, respectively.

At December 31, 2020, other assets included $345,777 in prepaid expenses, $268,423 in tax receivable, and $51,879 in security deposits. Prepaid expenses were primarily comprised of insurance premiums, vendor prepayments, and prepaid software costs.

At December 31, 2019, other assets included $480,881 in prepaid expenses, $21,085 in interest receivable and $27,450 in security deposits.

Goodwill and Intangible Assets

Goodwill represents the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized. The goodwill arising from the Company's acquisitions is attributable to the value of the potential expanded market opportunity with new customers. Intangible assets have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their economic or legal life, whichever is shorter. The Company's amortizable intangible assets consist of licensing agreements, product licenses and registrations, and intellectual property or trade secrets. Their estimated useful lives range from 10 to 15 years.

Goodwill and indefinite-lived assets are not amortized but are subject to annual impairment testing unless circumstances dictate more frequent assessments. The Company performs an annual impairment assessment for goodwill at the end of each calendar year and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than the carrying amount. Goodwill impairment testing is a two-step process performed at the reporting unit level. Step one compares the fair value of the reporting unit to its carrying amount. The fair value of the reporting unit is determined by considering both the income approach and market approaches. The fair values calculated under the income approach and market approaches are weighted based on circumstances surrounding the reporting unit. Under the income approach, the Company determines fair value based on estimated future cash flows of the reporting unit, which are discounted to the present value using discount factors that consider the timing and risk of cash flows. For the discount rate, the Company relies on the capital asset pricing model approach, which includes an assessment of the risk-free interest rate, the rate of return from publicly traded stocks, the Company's risk relative to the overall market, the Company's size and industry and other Company-specific risks. Other significant assumptions used in the income approach include the terminal value, growth rates, future capital expenditures and changes in future working capital requirements. The market approaches use key multiples from guideline businesses that are comparable and are traded on a public market. If the fair value of the reporting unit is greater than its carrying amount, there is no impairment. If the reporting unit's carrying amount exceeds its fair value, then the second step must be completed to measure the amount of impairment, if any. Step two calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value of the reporting unit as calculated in step one. In this step, the fair value of the reporting unit is allocated to all of the reporting unit's assets and liabilities in a hypothetical purchase price allocation as if the reporting unit had been acquired on that date. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to the excess.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, strategic plans and future market conditions, among others. There can be no assurance that the Company's estimates and assumptions made for purposes of the goodwill impairment testing will prove to be accurate predictions of the future. Changes in assumptions and estimates could cause the Company to perform an impairment test prior to scheduled annual impairment tests.

The Company performed its annual fair value assessment at December 31, 2020 on its reporting units and subsidiary with material goodwill and intangible asset amounts on their respective balance sheets and determined that no impairment exists.

Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets whenever events or changes in circumstances have indicated that an asset may not be recoverable. Long-lived assets are grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows is less than the carrying value of the assets, the assets are written down to the estimated fair value.

The Company evaluated the recoverability of its long-lived assets at December 31, 2020 on its reporting units and subsidiary with material amounts on their respective balance sheets and determined that no impairment exists.

Accounts Payable

Accounts payable at December 31, 2020 and 2019 were $3,557,461 and $699,961, respectively, and were comprised of trade payables for various purchases and services rendered during the ordinary course of business.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at December 31, 2020 and 2019 were $2,705,445 and $1,091,204, respectively.

At December 31, 2020, accrued expenses and other liabilities was comprised of customer deposits of $26,826, accrued payroll of $1,154,887, and operating expenses of $1,523,732.

At December 31, 2019, accrued expenses and other liabilities was comprised of customer deposits of $148,109, accrued payroll of $714,220, and operating expenses of $228,875.

Revenue Recognition and Related Allowances

The Company's revenue recognition policy is significant because the amount and timing of revenue is a key component of its results of operations. Certain criteria are required to be met in order to recognize revenue. If these criteria are not met, then the associated revenue is deferred until the criteria are met. When consideration is received in advance of the delivery of goods or services, a contract liability is recorded. Revenue contracts are identified when accepted from customers and represent a single performance obligation to sell the Company's products to a customer.

The Company has three main revenue streams: (i) product sales; (ii) licensing and consulting fees; and (iii) other operating revenues from seminars, reimbursements and other miscellaneous sources.

Product sales are recorded at the time that control of the products is transferred to customers. In evaluating the timing of the transfer of control of products to customers, the Company considers several indicators, including significant risks and rewards of products, its right to payment, and the legal title of the products. Based on the assessment of control indicators, sales are generally recognized when products are delivered to customers.

Revenue from licensing and consulting fees are recognized when the obligations to the client are fulfilled which is determined when milestones in the contract are achieved and target harvest yields are exceeded.

Revenue from seminar fees is related to one-day seminars and is recognized as earned upon the completion of the seminar. The Company also recognizes expense reimbursement from clients as revenue for expenses incurred during certain jobs.

Costs of Goods and Services Sold

Costs of goods and services sold are comprised of related expenses incurred while supporting the implementation and sales of Company's products and services.

General and Administrative Expenses

General and administrative expense are comprised of all expenses not linked to the production or advertising of the Company's products or services.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and totaled $1,040,671 and $455,047 for years ended December 31, 2020 and 2019, respectively.

Stock-Based Compensation

The Company accounts for share-based payments pursuant to ASC 718, *Stock Compensation* and, accordingly, the Company records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock and restricted stock awards using the Black-Scholes option pricing model.

Stock compensation expense for stock options is recognized over the vesting period of the award or expensed immediately under ASC 718 and Emerging Issues Task Force ("EITF") 96-18 when stock or options are awarded for previous or current service without further recourse.

Share-based expense paid to through direct stock grants is expensed as occurred. Since the Company's stock is publicly traded, the value is determined based on the number of shares issued and the over-the-counter quoted value of the stock on the date of the transaction.

On June 20, 2018, the FASB issued ASU 2018-07 which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. Previously, share-based payment arrangements to nonemployees were accounted for under ASC 718, while nonemployee share-based payments issued for goods and services were accounted for under ASC 505-50. Before the ASU, the major difference for the Company (but not limited to) was the determination of measurement date, which generally is the date on which the measurement of equity classified share-based payments becomes fixed. Equity classified share-based payments for employees was fixed at the time of grant. Equity-classified nonemployee share-based payment awards are no longer measured at the earlier of the date which a commitment for performance by the counterparty is reached or the date at which the counterparty's performance is complete. They are now measured at the grant date of the award, which is the same as share-based payments for employees. The Company adopted the requirements of the new rule as of January 1, 2019, the effective date of the new guidance.

The Company recognized $8,230,513 and $7,279,363 in expense for stock-based compensation to directors, employees and consultants during the years ended December 31, 2020 and 2019, respectively.

Income Taxes

ASC 740, Income Taxes requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets are regularly assessed to determine the likelihood they will be recovered from future taxable income. A valuation allowance is established when we believe it is more likely than not the future realization of all or some of a deferred tax asset will not be achieved. In evaluating our ability to recover deferred tax assets within the jurisdiction which they arise, we consider all available positive and negative evidence. Factors reviewed include the cumulative pre-tax book income for the past three years, scheduled reversals of deferred tax liabilities, our history of earnings and reliability of our forecasts, projections of pre-tax book income over the foreseeable future, and the impact of any feasible and prudent tax planning strategies.

The Company assesses all material positions taken in any income tax return, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. Assessing an uncertain tax position begins with the initial determination of the position's sustainability, and the tax benefit to be recognized is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. We recognize the impact of a tax position in our financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Tax authorities regularly examine our returns in the jurisdictions in which we do business and we regularly assess the tax risk of our return filing positions. Due to the complexity of some of the uncertainties, the ultimate resolution may result in payments that are materially different from our current estimate of the tax liability. These differences, as well as any interest and penalties, will be reflected in the provision for income taxes in the period in which they are determined.

As the Company operates in the cannabis industry, it is subject to the limits of the Internal Revenue Code (IRC) Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

Right of Use Assets and Lease Liabilities

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize almost all leases on the balance sheet as a Right-of-Use ("ROU") asset and a lease liability and requires leases to be classified as either an operating or a finance type lease. The standard excludes leases of intangible assets or inventory. The standard became effective for the Company beginning January 1, 2019. The Company adopted ASC 842 using the modified retrospective approach, by applying the new standard to all leases existing at the date of initial application. Results and disclosure requirements for reporting periods beginning after January 1, 2019 are presented under ASC 842, while prior period amounts have not been adjusted and continue to be reported in accordance with our historical accounting under ASC 840. The Company elected the package of practical expedients permitted under the standard, which also allowed the Company to carry forward historical lease classifications. The Company also elected the practical expedient related to treating lease and non-lease components as a single lease component for all equipment leases as well as electing a policy exclusion permitting leases with an original lease term of less than one year to be excluded from the ROU assets and lease liabilities.

Under ASC 842, the Company determines if an arrangement is a lease at inception. ROU assets and liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. As most of the Company's leases do not provide an implicit rate, the Company estimated the incremental borrowing rate in determining the present value of lease payments. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. The Company' lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

Operating leases are included in operating lease Right-of-Use assets and operating lease liabilities, current and non-current, on the Company's consolidated balance sheets.

3. Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new pronouncements that have been issued that might have a material impact on its financial position or results of operations except as noted below:

FASB ASU 2017-01, Clarifying the Definition of a Business (Topic 805) – In January 2017, the FASB issued 2017-01. The new guidance that changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in ASC 606. The ASU is effective for annual reporting periods beginning after December 15, 2017, and for interim periods within those years. Adoption of this ASU did not have a significant impact on the Company's consolidated results of operations, cash flows and financial position.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)*, which enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as tax basis step-up in goodwill obtained in a transaction that is not a business combination, ownership changes in investments, and interim-period accounting for enacted changes in tax law. The amendment will be effective for public companies with fiscal years beginning after December 15, 2020; early adoption is permitted. The Company is evaluating the impact of this amendment on its consolidated financial statements.

In February 2020, the FASB issued ASU 2020-02, *Financial Instruments-Credit Losses (Topic 326) and Leases (Topic 842) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)*, which amends the effective date of the original pronouncement for smaller reporting companies. ASU 2016-13 and its amendments will be effective for the Company for interim and annual periods in fiscal years beginning after December 15, 2022. The Company believes the adoption will modify the way the Company analyzes financial instruments, but it does not anticipate a material impact on results of operations. The Company is in the process of determining the effects adoption will have on its consolidated financial statements.

4. **Property and Equipment**

Property and equipment are recorded at cost, net of accumulated depreciation and are comprised of the following:

	December 31, 2020	December 31, 2019
Furniture and fixtures	$ 228,451	$ 98,903
Leasehold improvements	90,314	40,953
Machinery and tools	1,456,752	34,000
Office equipment	104,059	33,833
Software	1,308,387	–
Work in process	269,414	190,743
	3,457,377	398,432
Less: accumulated depreciation	(872,579)	(159,354)
Total property and equipment, net of depreciation	$ 2,584,798	$ 239,078

Depreciation on equipment is recorded on a straight-line basis over the following expected useful:

Furniture and fixtures	3 years
Leasehold improvements	Lesser of the lease term or estimated useful life
Marketing display	3 years
Vehicles	3 years
Office equipment	3 years
Software	3-5 years

Depreciation expense for the years ended December 31, 2020 and 2019 was $295,947 and $55,800, respectively.

5. **Intangible Asset**

Intangible assets at December 31, 2020 and 2019 were comprised of the following:

	December 31, 2020	December 31, 2019
License agreement	$ 1,667,000	$ 5,300
Tradename	350,000	–
Customer relationships	1,055,000	–
Non-compete	120,000	–
Product license and registration	57,300	57,300
Trade secret – intellectual property	32,500	32,500
	3,282,500	95,100
Less: accumulated amortization	(200,456)	(19,811)
Total intangible assets, net of amortization	$ 3,082,044	$ 75,289

Amortization expense for years ended December 31, 2020 and 2019 was $180,644 and $5,908, respectively.

6. **Derivative Liabilities**

During the year ended December 31, 2019, the Company entered into employment agreements with certain key officers that contained contingent consideration provisions based upon the achievement of certain market condition milestones. The Company determined that each of these vesting conditions represented derivative instruments.

On January 8, 2019, the Company granted the right to receive 500,000 shares of restricted Common Stock to an officer, which will vest at such time that that the Company's stock price appreciates to $8.00 per share with defined minimum average daily trading volume thresholds.

On April 23, 2019, the Company granted the right to receive 1,000,000 shares of restricted Common Stock to an officer, which will vest at such time that that the Company's stock price appreciates to $8.00 per share with defined minimum average daily trading volume thresholds. On February 25, 2020, the officer resigned from his remaining positions with the Company and forfeited his right to the contingent consideration. As a result, the Company recorded a gain of $1,462,636 as a component of other income (expense), net on its financial statements.

On June 11, 2019, the Company granted the right to receive 1,000,000 shares of restricted Common Stock to an officer, which will vest at such time that the Company's stock price appreciates to $8.00 per share with defined minimum average daily trading volume thresholds.

The Company accounts for derivative instruments in accordance with the U.S. GAAP accounting guidance under ASC 815 *Derivatives and Hedging Activities*. The Company estimated the fair value of these derivatives at the respective balance sheet dates using the Black-Scholes option pricing model based upon the following inputs: (i) stock price on the date of grant ranging between $1.32 - $3.75, (ii) the contractual term of the derivative instrument ranging between 2.25 - 3 years, (iii) a risk-free interest rate ranging between 1.87% - 2.57% and (iv) an expected volatility of the price of the underlying Common Stock ranging between 145% - 158%.

As of December 31, 2020, the fair value of these derivative liabilities is $1,047,481. The change in the fair value of derivative liabilities for the year ended December 31, 2020 was $1,263,264, resulting in an aggregate unrealized gain on derivative liabilities.

7. **Related Party Transactions**

For the year ended December 31, 2020

During the year ended December 31, 2019, the Company's Chief Cultivation Officer, Joshua Haupt, who currently owns 20% of both Super Farm and De Best, customers of the Company, was an Officer of the Company and therefore a related party. Effective December 4, 2019, he was no longer an Officer and therefore no longer a related party. As such, he is not included as a related party with respect to sales and accounts receivable to Super Farm or De Best during the period ended December 31, 2020.

During the year ended December 31, 2020, the Company had sales from Medicine Man Denver, a customer of the Company, totaling $997,262. As of December 31, 2020, the Company had an accounts receivable balance with Medicine Man Denver totaling $72,109. The Company's former Chief Executive Officer, Andy Williams, maintains an ownership interest in Medicine Man Denver.

During the year ended December 31, 2020, the Company had sales from MedPharm Holdings LLC ("MedPharm"), a customer of the Company, totaling $73,557. As of December 31, 2020, the Company had a net accounts receivable balance with MedPharm totaling $5,885. On August 1, 2020, the Company entered into a Settlement Agreement and Mutual Release (the "Settlement Agreement") with MedPharm. Pursuant to the terms of the Settlement Agreement, the Company and MedPharm agreed that the amount of the settlement to be furnished to the Company by MedPharm shall be $767,695 in principal and $47,161 in accrued interest. The Company received a $100,000 cash payment from MedPharm on August 1, 2020. On September 4, 2020, Andrew Williams, a member of the MedPharm Board of Directors and the Company's former Chief Executive Officer, returned 175,000 shares of the Company's Common Stock to the Company, as equity consideration at a price of $1.90 per share, a mutually agreed upon price per share. These shares are held in treasury. The remaining outstanding principal and interest of $181,911 due and payable by MedPharm under the Settlement Agreement will be paid out in bi-weekly installments of product by scheduled deliveries through March 31, 2021.

During the year ended December 31, 2020, the Company recorded sales from Baseball 18, LLC totaling $14,605, Farm Boy, LLC totaling $16,125, Emerald Fields LLC totaling $16,605, and Los Sueños Farms totaling $52,244. During the year ended December 31, 2020, the Company had a net accounts payable balance of $31,250 with Baseball and $93,944 with Farm Boy. One of the Company's former directors, Robert DeGabrielle, owns the Colorado retail marijuana cultivation licenses for Farm Boy, LLC, Emerald Fields LLC, Baseball 18, LLC, and Los Sueños Farms.

Justin Dye, the Company's Chief Executive Officer, one of our directors and the largest beneficial owner of the Common Stock, controls Dye Capital & Company, LLC ("Dye Capital"). Dye Capital controls Dye Capital Cann Holdings, LLC ("Dye Cann I") and Dye Capital Cann Holdings II, LLC ("Dye Cann II"). Dye Cann I is a significant holder of the Company's common stock. Dye Cann II is one of the Company's holders of Preferred Stock. Mr. Dye has sole voting and dispositive power over the securities held by Dye Capital, Dye Cann I, and Dye Cann II.

On May 20, 2020, the Company entered into a second amendment (the "Amendment") to that certain securities purchase agreement (the "Agreement") dated as of June 5, 2019 by and between the Company and Dye Capital Cann Holdings, LLC, a Delaware limited liability company (the "Investor" and together with the Company the "Parties") as described in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on June 6, 2019, as amended by the first amendment to the Agreement dated as of July 15, 2019 (the "First Amendment") and as described in a Current Report on Form 8-K filed with the SEC on July 17, 2019. The Agreement, as amended by the First Amendment, contemplated, among other things, the sale by the Company to the Investor in three separate tranches of shares of the Company's Common Stock, par value $0.001 per share (the "Common Stock"), together with warrants to purchase the number of shares of Common Stock purchased in each tranche closing (the "Warrants"). At the time of the closing of the initial transactions contemplated in the Agreement, Justin Dye, principal of the Purchaser, became a Director and Chief Executive Officer of the Company; the Purchaser is currently the Company's largest shareholder and Mr. Dye has voting and dispositive power over the securities held by the Purchaser. The Amendment provides, pursuant to the terms and subject to the conditions set forth therein, that in addition to the shares of Common Stock and Warrants previously purchased by the Investor in connection with the Agreement as amended by the First Amendment, the Investor shall purchase in a private placement 187,500 shares of Common Stock at a price of $2.00 per share together with 187,500 Warrants at an exercise price of $3.50 per share (the "Transaction"). The Transaction closed on May 21, 2020.

On December 16, 2020, the Company entered into an Amendment to Securities Purchase Agreement with Dye Capital Cann Holdings II, LLC (the "Investor") to change the number of shares of the Company's Series A Preferred Stock, par value $0.001 per share (the "Preferred Stock") the Investor would purchase under the Securities Purchase Agreement, dated November 16, 2020 (as amended, the "SPA"), between the Company and the Investor from 12,400 to up to 13,000 in one or more closings, among other changes. The Company issued and sold to the Investor 7,700 shares of Preferred Stock on the same date, 1,450 shares of Preferred Stock on December 18, 2020, and 1.300 shares of Preferred Stock on December 22, 2020. The purchase price was $1,000 per share of Preferred Stock, for aggregate gross proceeds of $10,450,000 and aggregate net proceeds of approximately $8,205,500 after deducting placement agent fees and estimated offering expenses.

In addition, on December 16, 2020, the Company entered into a Secured Convertible Note Purchase Agreement with Dye Capital & Company, LLC and issued and sold to Dye Capital a Convertible Note and Security Agreement in the principal amount of $5,000,000.

Mr. Brian Ruden, a member of the Company's Board of Directors, has an ownership interest in each Star Buds Company that sold assets to us on December 17, 2020 and December 18, 2020. Brain is also the owner of Star Buds outside the state of Colorado. He is also the landlord of 5844 Ventures LLC, CO Real Estate Holdings LLC, and 428 McCulloch St LLC, two of the Star Buds retail locations in which we lease.

For the year ended December 31, 2019

During the year ended December 31, 2019, the Company had sales from Super Farm totaling $578,655 and sales from De Best totaling $191,915. The Company gives a larger discount on nutrient sales to related parties than non-related parties. During the year ended December 31, 2019, the Company had sales discounts associated with Super Farm totaling $291,823 and sales discounts associated with De Best totaling $95,957. As of December 31, 2019, the Company had an accounts receivable balance from Super Farm totaling $33,127 and an accounts receivable balance from De Best totaling $2,180. The Company's former Chief Cultivation Officer, Joshua Haupt, currently owns 20% of both Super Farm and De Best.

During the year ended December 31, 2019, the Company recorded sales from Medicine Man Denver totaling $402,839 and sales discounts totaling $143,473. As of December 31, 2019, the Company had an accounts receivable balance with Medicine Man Denver totaling $34,748. Also, during the year ended December 31, 2019, the Company incurred expenses from Medicine Man Denver totaling $125,897 for contract labor and other related administrative costs. The Company's former Chief Executive Officer, Andy Williams, currently owns 38% of Medicine Man Denver.

During the year ended December 31, 2019, the Company recorded sales from MedPharm Holdings totaling $64,378 and sales discounts totaling $7,498. As of December 31, 2019, the Company had an accounts receivable balance with MedPharm Holdings totaling $2,604. Also, during the year ended December 31, 2019, the Company issued various notes receivable to MedPharm Holdings totaling $767,695 with original maturity dates ranging from September 21, 2019 through January 19, 2020 and all bearing interest at 8% per annum. Certain notes extended to 2020 by mutual agreement between the Company and noteholder. The Company's former Chief Executive Officer, Andy Williams, currently owns 29% of MedPharm Holdings.

During the year ended December 31, 2019, the Company recorded sales from Baseball 18, LLC totaling $165,617. The revenue is included under product sales - related party, net, in the Company's consolidated financial statements. As of December 31, 2019, the Company had an accounts receivable balance with Baseball 18, LLC totaling $169,960. During the year ended December 31, 2019, the Company recorded sales from Farm Boy, LLC totaling $321,307. The revenue is included under product sales - related party, net, in the Company's consolidated financial statements. As of December 31, 2019, the Company had an accounts receivable balance with Farm Boy, LLC totaling $330,911.

8. Goodwill and Acquisition Accounting

On June 3, 2017, the Company issued an aggregate of 7,000,000 shares of its Common Stock for 100% ownership of both Success Nutrients and Pono Publications. The Company utilized purchase price accounting stating that net book value approximates fair market value of the assets acquired. The purchase price accounting resulted in $6,301,080 of goodwill.

On July 21, 2017, the Company issued 2,258,065 shares of its Common Stock for 100% ownership of Denver Consulting Group ("DCG"). The Company utilized purchase price accounting stating that net book value approximates fair market value of the assets acquired. The purchase price accounting resulted in $3,003,226 of goodwill.

On September 17, 2018, we closed the acquisition of Two JS LLC, dba The Big Tomato, a Colorado limited liability company. ("Big T" or "Big Tomato"). The Company issued an aggregate of 1,933,329 shares of its Common Stock for 100% ownership of Big Tomato. The Company utilized purchase price accounting stating that net book value approximates fair market value of the assets acquired. The purchase price accounting resulted in the Company valuing the investment as $3,000,000 of goodwill.

On April 20, 2020, the Company closed the acquisition of Mesa Organics. The aggregate purchase price after working capital adjustments was $2,609,500 of cash and 2,554,750 shares of the Company's Common Stock. The Company accounted for the transaction utilizing purchase price accounting stating that the book value approximates the fair market value of the assets acquired. The purchase price accounting resulted in the Company valuing the investment as $2,147,613 of goodwill. The purchase price allocation is preliminary. The purchase price allocation will continue to be preliminary until a third-party valuation is finalized and the fair value and useful life of the assets acquired is determined. The amounts from the final valuation may significantly differ from the preliminary allocation.

On December 17, 2020 and December 18, 2020, the Company closed the acquisition of six SBUD LLC dispensaries. The aggregate purchase price was $39,082,180. The Company accounted for the transaction utilizing purchase price accounting stating that the book value approximates the fair market value of the assets acquired. The purchase price accounting resulted in the Company valuing the investment as $38,594,810 of goodwill. The purchase price allocation is preliminary. The purchase price allocation will continue to be preliminary until a third-party valuation is finalized and the fair value and useful life of the assets acquired is determined. The amounts from the final valuation may significantly differ from the preliminary allocation.

As of December 31, 2020, the Company had $53,046,729 of goodwill which consisted of $6,301,080 from Success Nutrients and Pono Publications, $3,003,226 from DCG, $3,000,000 from Big Tomato, $2,147,613 from Mesa Organics, and $38,594,810 from SBUD.

9. **Inventory**

As of December 31, 2020 and December 31, 2019, the Company had $2,090,887 and $684,940 of finished goods inventory, respectively. As of December 31, 2020, the Company had $500,917 of work in process and $27,342 of raw materials. The Company did not have any work in process or raw materials at December 31, 2019. The inventory valuation method that the Company uses is the FIFO method. During the years ended December 31, 2020 and 2019, the Company did not recognize any impairment for obsolescence within its inventory.

10. **Leases**

Leases with an initial term of one year or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Leases with a term greater than one year are recognized on the balance sheet at the time of lease commencement or modification by recording an ROU operating lease asset and a lease liability, initially measured at the present value of the lease payments. Lease costs are recognized in the income statement over the lease term on a straight-line basis. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

The Company's leases consist of real estate leases for office, retail and warehouse spaces. The Company elected to combine the lease and related non-lease components for its operating leases.

The Company's operating leases may include options to extend or terminate the leases, which are not included in the determination of the ROU asset or lease liability unless it is reasonably certain to be exercised. The Company's operating leases have remaining lease terms of less than one year. The Company's lease agreements do not contain any material residual value guarantees or materially restrictive covenants.

As the Company's leases do not provide an implicit rate, the Company used an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The discount rate used in the computations was 6-12%.

Balance Sheet Classification of Operating Lease Assets and Liabilities

	Balance Sheet Line	December 31, 2020
Asset		
Operating lease asset	Non-Current Assets	$ 2,579,036
Liabilities		
Operating lease liability	Non-Current Liabilities	$ 2,645,597

Lease Costs

The table below summarizes the components of lease costs for the year ended December 31, 2019.

	Year Ended December 31, 2020
Operating lease costs	$ 359,564

Maturities of Lease Liabilities

Maturities of lease liabilities as of December 31, 2020 are as follows:

2020 fiscal year	$ 2,730,205
Total lease payments	2,730,205
Less: Interest	(84,608)
Present value of lease liabilities	$ 2,645,597

The following table presents the Company's future minimum lease obligation under ASC 840 as of December 31, 2020:

2021 fiscal year	854,870
2022 fiscal year	849,792
2023 fiscal year	717,539
2024 fiscal year	495,175
2025 fiscal year	162,182
Total	$ 3,079,559

11. **Commitments and Contingencies**

Over the past three years, the Company has supported legislation in Colorado to allow licensed cannabis companies in Colorado to trade their securities, provided they are reporting companies under the Exchange Act. HB19-1090 titled, "Publicly Licensed Marijuana Companies" was signed into Colorado legislature on May 29, 2019 and went into effect on November 1, 2019. The bill repeals the provision that prohibits publicly traded corporations from holding a marijuana license in Colorado.

Definitive Agreement to Acquire the Colorado-Based Star Buds Branded Dispensaries

On June 5, 2020, the Company and SBUD, LLC, a wholly owned subsidiary of the Company, on the one hand, entered into 13 separate purchase agreements with, on the other hand, each of Colorado Health Consultants, LLC, CitiMed, LLC, Lucky Ticket LLC, Kew LLC, SB Aurora LLC, SB Arapahoe LLC, SB Alameda LLC, SB 44th LLC, Starbuds Pueblo LLC, Starbuds Louisville LLC, Starbuds Niwot LLC, Starbuds Longmont LLC, and Starbuds Commerce City LLC (each, a "Star Buds Company" and collectively "Star Buds") whereby SBUD, LLC agreed to purchase substantially all of the assets of Star Buds from each individual Star Buds Company pursuant to the agreements. In addition, SBUD, LLC entered into a Trademark License Agreement with Star Brands LLC under which Star Brands LLC will license certain trademarks to SBUD, LLC effective as of the closing of the Star Buds acquisitions in exchange for license payments on use of such trademarks outside of Colorado. The parties entered into an Omnibus Amendment No. 1 to Asset Purchase Agreements on September 15, 2020. The description below describes the terms of the transactions as amended.

On December 17, 2020, the Company and SBUD, LLC entered into an Omnibus Amendment No. 2 with each Star Buds Company. Omnibus Amendment No. 2 revised certain material terms originally set forth in the Agreements, as amended by Omnibus Amendment No. 1.

The aggregate purchase price for Star Buds' assets is approximately $118,000,000, subject to adjustment upon the closing of each of the purchases based on, among other things, the target inventory as opposed to actual inventory and target working capital as opposed to net working capital of each Star Buds Company, and will be payable to Star Buds 75% in cash and 25% in shares of Preferred Stock, valued at $1,000 per share, estimated to be an aggregate of approximately 29,500 shares (which would be convertible into approximately 24,583,333 shares of Common Stock (based on the initial Preference Amount and an initial Conversion Price equal to $1.20 per share)). Two-thirds of the cash payment is payable at the applicable closing and one-third is deferred and payable 30 months after the applicable closing. 15% of the shares of Preferred Stock will be held in escrow and released post-closing to either the seller or the buyer depending on post-closing adjustments to the purchase price. The Company will make quarterly interest payments on the deferred cash amount at a rate of 4% per annum during the first year after each closing, 6% per annum during the second year after each closing, and 8% per annum during the last 6 months of the 30-month period after each closing. The Company may prepay the deferred cash amount at any time. Payment of the deferred cash amount and the interest will be secured by a security interest in the purchased Star Buds assets, subject to subordination to any security interest in favor of the Company's future lenders. SBUD, LLC will not assume any of Star Buds' liabilities other than accounts payable by Star Buds, liabilities in respect of any contractual arrangements assigned to SBUD, LLC by Star Buds, and liabilities in connection with administrative fees associated with obtaining necessary governmental approvals or waivers of such approvals. SBUD, LLC has also agreed to pay certain transfer taxes in connection with the purchases. The closing of each purchase is subject to customary closing conditions, such as the parties obtaining all necessary governmental approvals and licenses for the transactions.

On December 17, 2020, pursuant to the applicable APA, the Company and SBUD, LLC closed on the acquisition of (i) Starbuds Pueblo LLC; and (ii) Starbuds Alameda LLC. On December 18, 2020, pursuant to the applicable APA, the Company and SBUD LLC closed on the acquisition of (i) Starbuds Commerce City LLC; (ii) Lucky Ticket LLC; (iii) Starbuds Niwot LLC; and (iv) LM MJC LLC. The aggregate purchase price for the assets of the Star Buds Companies acquired on December 17, 2020 and December 18, 2020 was approximately $37.1 million and was paid to each applicable Star Buds Company and its members as a combination of cash and deferred cash, an aggregate of 7,877 shares of Preferred Stock together with an aggregate of 1,389 shares of Preferred Stock to be held in escrow pursuant to the terms and subject to the conditions set forth in Omnibus Amendment No. 2 (the "Transaction Shares") and warrants to purchase an aggregate of 1,737,719 shares of the Company's Common Stock at exercise price equal to $1.20 per share (the "Transaction Warrants"). The Company funded the aggregate cash portion of the purchase price for the assets acquired on December 17, 2020 and December 18, 2020 from proceeds received as disclosed in its December 22, 2020 8-K filing.

Departure and Appointment of Officers

On February 25, 2020, Andy Williams resigned from the positions of President and member of the Board of Directors of the Company. Mr. Williams's resignation was not the result of any disagreement with the Company on any matter relating to the company's operations, policies or practices. Simultaneously, the Company entered into a Severance Agreement and Release (the "Severance Agreement") with Mr. Williams.

The Severance Agreement provides that as severance and in consideration of a customary release against the Company and other customary covenants, Mr. Williams will receive (i) continued salary in the amount of $300,000, half of which to be paid within ten days of the execution of the Severance Agreement, and the remaining half is to be paid in 26 equal disbursements in accordance with the Company's regular payroll periods, (ii) a bonus payment in the amount of $25,000, (iii) one year family health care coverage, (iv) stock options to purchase 350,000 shares of the Company's Common Stock, which may be exercised on a cashless basis and vested immediately on the date of termination at a price of $1.80 per share and valued at $582,228, and (v) stock options to purchase 15,000 shares of the Company's Common Stock, which may be exercised on a cashless basis at a price of $1.80 per share, valued at $27,000, at the one year anniversary of the termination date if Mr. Williams is compliant with the terms of the Severance Agreement.

On June 19, 2020, the Company received the resignation of Robert DeGabrielle from the positions of Chief Operating Officer and member of the Board of Directors of the Company. Mr. DeGabrielle's resignation was not the result of any disagreement with the Company on any matters relating to the Company's operations, policies, or practices.

On September 9, 2020 the Company appointed Nirup Krishnamurthy as Chief Operating Officer and appointed Jeff Garwood as a member of the Company's Board of Directors (the "Board"). Mr. Krishnamurthy and the Company entered an Employment Agreement effective March 1, 2020 (the "CIO Agreement"). The CIO Agreement provides that Mr. Krishnamurthy shall be paid a base salary of $264,000 per annum, in accordance with the Company's usual payroll practices (the "Salary"). In addition to the Salary, on the effective date of the CIO Agreement, the Company issued an aggregate of 600,000 options to purchase shares of Common Stock, at a purchase price equal to $1.71 per share (the "CIO Option"). The CIO Option shall vet one-fourth on an annual basis beginning on the first anniversary of the date of grant, such that the CIO Option shall vest and shall be exercisable in full on the fourth anniversary of the date of grant. Notwithstanding the foregoing, the CIO Option shall vest in full and become exercisable upon the occurrence of a "Change in Control" as defined in the CIO Agreement. All shares of Common Stock issuable upon exercise of the CIO Option are subject to a limitation whereby Mr. Krishnamurthy may sell no more than 5% of the preceding day average volume of the Common Stock on any given trading day. In connection with Mr. Garwood's appointment, Mr. Garwood is expected to be granted an inaugural award of $50,000 value in shares of Common Stock within 90 days of board service.

12. **Stockholders' Equity**

On December 10, 2019, the shareholders approved an amendment to the Company's articles of incorporation increasing the number of authorized shares of Common Stock from 90,000,000 shares to 250,000,000 shares.

The Company is authorized to issue two classes of shares, designated preferred stock and Common Stock.

Preferred Stock

The number of shares of preferred stock authorized is 10,000,000, par value $0.001 per share. The preferred stock may be divided into such number of series as the Board may determine. The Board is authorized to determine and alter the rights, preferences, privileges and restrictions granted and imposed upon any wholly unissued series of preferred stock, and to fix the number and designation of shares of any series of preferred stock. The Board, within limits and restrictions stated in any resolution of the Board, originally fixing the number of shares constituting any series may increase or decrease, but not below the number of such series then outstanding, the shares of any subsequent series.

At December 31, 2020 and 2019, the Company had 19,716 and 0 shares of Preferred Stock, respectively, issued and outstanding.

Common Stock

The Company is authorized to issue 250,000,000 shares of Common Stock at a par value of $0.001 and had 42,601,773 shares of Common Stock issued and 42,169,041 shares of Common Stock outstanding as of December 31, 2020, and 39,952,628 shares of Common Stock issued and 39,694,896 shares of Common Stock outstanding as of December 31, 2019.

Common Stock Issued in Private Placements

During the year ended December 31, 2019, the Company issued and sold 9,800,000 shares of Common Stock and warrants to purchase 9,800,000 shares of Common Stock, for gross proceeds of $19,600,000.

During the year ended December 31, 2020, the Company issued 187,500 shares of Common Stock and warrants to purchase 187,500 shares of Common Stock, for gross proceeds of $375,000.

Common Stock Issued in Connection with the Exercise of Warrants

During the year ended December 31, 2019, the Company issued 485,543 shares of Common Stock for proceeds of $602,560 under a series of stock warrant exercises with an exercise price of $1.33 per share.

Common Stock Issued as Compensation to Employees, Officers and Directors

During the year ended December 31, 2019, the Company issued 1,740,000 shares of Common Stock valued at $2,916,880 to employees, officers and directors as compensation. During the year ended December 31, 2019, the Company issued an additional 173,775 shares of Common Stock valued at $305,521 to contractors and professionals in exchange for services provided.

On April 3, 2020, the Company cancelled 500,000 shares of Common Stock, with vesting conditions represented as derivative instruments. These shares were incorrectly issued as restricted shares instead of restricted stock units to an officer of the Company, Paul Dickman, on January 8, 2019.

During the year ended December 31, 2020, the Company issued an additional 406,895 shares of Common Stock valued at $497,301 to employees, officers, and directors as compensation.

Common and Preferred Stock Issued as Payment for Acquisition

On April 20, 2020, the Company issued 2,554,750 shares of Common Stock valued at $4,167,253 for the acquisition of Mesa Organics, Ltd.

On December 17, 2020, the Company issued 2,862 shares of Preferred Stock valued at $2,861,994 and on December 18, 2020, the Company issued 6,404 shares of Preferred Stock valued at 6,403,987 for the acquisition of the Star Buds assets.

Warrants

The Company accounts for Common Stock purchase warrants in accordance with FASB ASC 480, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, Distinguishing Liabilities from Equity. The Company estimates the fair value of warrants at date of grant using the Black-Scholes option pricing model. There is a moderate degree of subjectivity involved when using option pricing models to estimate the warrants, and the assumptions used in the Black Scholes option-pricing model are moderately judgmental.

During the year ended December 31, 2020, the Company issued 187,500 Common Stock purchase warrants to an accredited investor with an exercise price of $3.50 per share with an expiration date of three years from the date of issuance. The Company also issued 1,737,719 Common Stock purchase warrants as purchase consideration for the acquisition of SBUD LLC. These warrants have an exercise price of $1.20 per share and expiration date of five years from the date of issuance. The Company estimated the fair value of these warrants at date of grant using the Black-Scholes option pricing model using the following inputs: (i) stock price on the date of grant of $3.50 or $1.20, respectively, (ii) the contractual term of the warrant of 3 or 5 years, respectively, (iii) a risk-free interest rate ranging between 0.21% - 0.38% and (iv) an expected volatility of the price of the underlying Common Stock ranging between 173.07% - 187.52%.

	Number of shares
Balance as of January 1, 2020	9,800,000
Warrants exercised	–
Warrants forfeited	–
Warrants issued	1,925,220
Balance as of December 31, 2020	11,725,220

Option Repricing

On December 15, 2020, the Board repriced certain outstanding stock options issued to the Company's employees. The repriced stock options had original exercise prices ranging from $1.52 per share to $3.83 per share. All of these stock options were repriced to have an exercise price of $1.26 per share, which was the closing price of the Company's Common Stock on December 15, 2020.

13. **Tax Provision**

In April 2020, the Company acquired its first cannabis plant-touching business, Mesa Organics, which consists of four dispensaries and one MIP, d/b/a Purplebee's. The Company also acquired six additional cannabis dispensaries in December 2020. The activity of these acquired operations is subject to the limitations of IRC Section 280E. Under Section 280E, no deduction or credit is allowed for any amount paid or incurred during the taxable year in carrying on business if the business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of Schedules I and II of the CSA) except the expenses directly related to sales of product. The IRS has applied this provision to cannabis operations, prohibiting them from deducting expenses associated with cannabis businesses.

The following table sets forth the components of income tax (benefit) expense for the years ended December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Current:		
Federal	$ -	$ -
State and local	-	-
Total current tax expense	$ -	$ -

	December 31, 2020	December 31, 2019
Deferred:		
Federal	$ (796,353)	$ (477,625)
State and local	(102,756)	(105,305)
Total deferred tax expense (benefit)	$ (899,109)	$ (582,930)

The following table sets forth a reconciliation of income tax expense (benefit) at the federal statutory rate to recorded income tax expense (benefit) for the years ended December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Federal taxes at U.S. statutory rate	21.0%	21.0%
State income taxes	2.3%	4.6%
Permanent and temporary differences	(3.4%)	(15.5%)
Change in valuation allowance	(14%)	(6.8%)
Change in state rate	(1.7%)	0.0%
Return to provision adjustment/other	0.4%	0.0%
Effective tax rate	4.6%	3.3%

The following tables set forth the components of deferred income taxes as of December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Bad debt allowance	$ 69,132	18,168
Accrued expenses	197,958	38,413
Share based compensation accruals	3,505,290	3,528,726
Net operating loss carryforwards	4,357,600	1,703,425
Capitalized transaction costs	222,360	–
Unrealized losses	245,862	161,155
Other carryforwards	13,357	–
Operating leases	240,278	–
Total deferred tax assets	8,851,837	5,449,887
Less: valuation allowance	(7,233,123)	(4,411,110)
Net deferred tax assets	$ 1,618,714	1,038,777
Deferred tax liabilities:		
Prepaid expenses	$ –	121,777
Fixed assets	269,443	12,388
Goodwill and intangible assets	1,116,546	636,188
Unrealized gains	232,725	–
Net deferred tax liabilities	$ 1,618,714	770,354
Total deferred tax assets, net	$ –	268,423

The Company has gross Federal net operating loss carryforwards of approximately $19.7 million, which can be carried forward indefinitely. State net operating losses of approximately $12.2 million, which begin to expire in 2039. The Company plans to carryback approximately $1.3M of gross Federal net operating losses to the 2018 tax year, as a result of the CARES Act, which was enacted in response to the COVID-19 pandemic on March 27, 2020. The resulting tax benefit from this carryback is approximately $270k.

Federal and State tax laws impose significant restrictions on the utilization of net operating loss carryforwards in the event of a change in ownership of the Company, as defined by Internal Revenue Code Section 382 (Section 382). The Company has not completed a formal Section 382 analysis but plans to do so prior to utilizing any net operating losses in future tax years or releasing the full valuation allowance against its net operating loss carryforwards.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company's valuation allowance represents the amount of tax benefits that are likely to not be realized. The Company has recorded a valuation allowance of $7,233,123 on its deferred tax asset balances as of 12/31/2020. The net change in the valuation allowance for 12/31/2020 was $2,822,013.

As of December 31, 2020 and 2019, the Company had no unrecognized tax benefits. The Company does not anticipate the total amount of unrecognized tax benefits to significantly change within the next twelve months. The Company recognized no interest expense or penalties on income tax assessments during 2019 or 2018 and there was no interest related to income tax assessments accrued as of December 31, 2020 or 2019.

14. Major Customers and Accounts Receivable

The Company had certain customers whose revenue individually represented 10% or more of the Company’s total revenue, or whose accounts receivable balances individually represented 10% or more of the Company’s total accounts receivable.

As of December 31, 2019, two customers accounted for 68% of accounts receivable, one with 57% and another with 11%. As of December 31, 2020, two customers accounted for 22% of accounts receivable, both with 11%.

For the year ended December 31, 2019, one customer accounted for 14% of revenue. For the year ended December 31, 2020, there were no customers that accounted for 10% or more of revenue.

15. Segment Information

The Company has three identifiable segments as of December 31, 2020; (i) products, (ii) licensing and consulting and (iii) corporate, infrastructure and other. The products segment sells merchandise directly to customers via e-commerce portals, through the Company’s proprietary websites and retail location. The licensing and consulting segment sales derives its revenue from licensing and consulting agreements with cannabis related entities. The corporate, infrastructure and other segment represents new resources added in anticipation of various acquisition transactions and other corporate related costs.

The following information represents segment activity for the years ended December 31, 2020 and 2019:

	For the Years Ended December 31,							
	2020				2019			
	Products	Licensing and Consulting	Corporate, Infrastructure and Other	Total	Products	Licensing and Consulting	Corporate, Infrastructure and Other	Total
Revenues	$ 22,506,393	$ 1,494,459	$ –	$ 24,000,852	$ 7,820,518	$ 4,580,437	$ –	$ 12,400,955
COGS	$ (16,359,011)	$ (867,476)	$ –	$ (17,226,486)	$ (6,354,100)	$ (1,262,121)	$ –	$ (7,616,221)
Gross profit	$ 6,147,382	$ 626,983	$ –	$ 6,774,365	$ 1,466,418	$ 3,318,316	$ –	$ 4,784,734
Intangible assets amortization	$ 180,106	$ 539	$ –	$ 180,644	$ 5,465	$ 443	$ –	$ 5,908
Depreciation	$ 76,310	$ 219,637	$ –	$ 295,947	$ 7,186	$ 48,614	$ –	$ 55,800
Net income (loss)	$ 3,201,757	$ 345,312	$ (22,963,830)	$ (19,416,761)	$ 794,747	$ 1,688,147	$ (19,458,636)	$ (16,975,742)
Segment assets	$ 61,591,952	$ 187,601	$ 8,803,419	$ 70,682,601	$ 12,406,230	$ 6,081,485	$ 13,740,892	$ 32,228,607

16. **Earnings per share (Basic and Dilutive)**

The Company computes net (loss) income per share in accordance with ASC 260, *Earnings per Share*. ASC 260 requires presentation of both basic and diluted Earnings Per Share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to Common Stockholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. These potential dilutive shares include 6,627,000 vested stock options, 11,725,220 stock purchase warrants, and 19,716 of preferred shares. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

The following is a reconciliation of the numerator and denominator used in the basic and diluted EPS calculations for the years ended December 31, 2020 and 2019.

	2020	2019
Numerator:		
Net income (loss)	$ (19,416,761)	$ (16,975,742)
Denominator:		
Weighted-average shares of common stock	41,217,026	33,740,557
Dilutive effect of warrants	–	–
Diluted weighted-average shares of common stock	41,217,026	33,740,557
Net income (loss) per common share from:		
Basic	$ (0.47)	$ (0.50)
Diluted	$ (0.47)	$ (0.50)

Dilutive-potential common share equivalents are excluded from the computation of net loss per share in loss periods, as their effect would be antidilutive. As the Company has incurred a loss from operations in 2020 and 2019, shares issuable pursuant to equity awards were excluded from the computation of diluted net loss per share in the accompanying consolidated statements of operations, as their effect is anti-dilutive.

17. **Subsequent events**

In accordance with FASB ASC 855-10, Subsequent Events, the Company has analyzed its operations subsequent to December 31, 2020 to the date these consolidated financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these consolidated financial statements, except as follows:

On January 27, 2021, the Company appointed Pratap Mukharji to the Board of the Company. Mr. Mukharji will serve as Chairman of the Board's Audit Committee.

On January 27, 2021, the Company received the resignation of Leonard Riera as a member of the Board. Mr. Riera was Chairman of the Board's Audit Committee. Mr. Riera's resignation is not the result of any disagreement with the Company on any matters relating to the Company's operations, policies, or practices.

On February 3, 2021, the Company issued and sold 6,100 shares of Preferred Stock.

On February 4, 2021, pursuant to the applicable APA, the Company and SBUD, LLC closed on the acquisition of (i) Colorado Health Consultants LLC; and (ii) Mountain View 44th LLC. The aggregate purchase price for the assets of the Star Buds Companies acquired on February 4, 2021 was approximately $9.3 million and was paid to each applicable Star Buds Company and its members as a combination of cash, an aggregate of 1,969 shares of Preferred Stock together with an aggregate of 347 shares of Preferred Stock to be held in escrow pursuant to the terms and subject to the conditions set forth in Omnibus Amendment No. 2 and warrants to purchase an aggregate of 434,315 shares of the Company's Common Stock at exercise price equal to $1.20 per share.

On February 9, 2021, the Company issued and sold 100 shares of Preferred Stock, on February 10, 2021, 250 shares of Preferred Stock, on February 23, 2021, 500 shares of Preferred Stock, on February 25, 2021, 1,300 shares of Preferred Stock, on February 26, 2021, 23,900 shares of Preferred Stock on March 1, 2021, 1,500 shares of Preferred Stock, and on March 3, 2021, 2,100 shares of Preferred Stock.

On February 26, 2021, the Company received a Conversion Notice and Agreement (the "Conversion Agreement") from Dye Capital pursuant to which Dye Capital elected to convert all outstanding amounts owed by the Company to Dye Capital under the Convertible Promissory Note and Security Agreement in the original principal amount of $5,000,000 issued by the Company to Dye Capital on December 16, 2020 pursuant to the terms thereof. On the same date, the Company executed the Conversion Agreement and issued 5,060 shares of Preferred Stock to Dye Capital and also paid Dye Capital an immaterial amount in cash in lieu of issuing any fractional shares of Preferred Stock to Dye Capital upon conversion.

On February 26, 2021, the Company's wholly owned subsidiaries Mesa Organics Ltd., Mesa Organics II Ltd., Mesa Organics III Ltd., Mesa Organics IV Ltd, SCG Holding, LLC and PBS Holdco LLC, as borrowers (collectively, the "Borrowers"), entered into a Loan Agreement (the "Loan Agreement") with SHWZ Altmore, LLC, as lender (the "Lender"), and GGG Partners LLC, as collateral agent (the "Collateral Agent"). Upon execution of the Loan Agreement and the associated loan documents described below, the Lender made an initial advance of $10,000,000 to the Borrowers. Under the Loan Agreement, the Lender has agreed to make one additional advance of $5,000,000 to the Borrowers on or before June 26, 2021 upon the satisfaction of certain closing conditions customary for this type of transaction as well as a requirement that the Company has completed the acquisition of substantially all of the assets of an identified company.

On March 2, 2021, pursuant to the applicable APA, the Company and SBUD, LLC closed on the acquisition of (i) Starbuds Aurora LLC, (ii) SB Arapahoe LLC, (iii) Citi-Med LLC, (iv) Starbuds Louisville LLC and (v) KEW LLC. The aggregate purchase price for the assets of the Star Buds Companies acquired on March 2, 2021 was approximately $71.8 million and was paid to each applicable Star Buds Company and its members as a combination of cash, an aggregate of 15,228.45 shares of Preferred Stock, together with an aggregate of 2,687.37 shares of Preferred Stock to be held in escrow pursuant to the terms, and subject to the conditions, set forth in Omnibus Amendment No. 2 and warrants to purchase an aggregate of 3,359,215.32 shares of the Company's Common Stock at exercise price equal to $1.20 per share. The Company funded the aggregate cash portion of the purchase price for the assets acquired on March 2, 2021 from the net proceeds of the transactions disclosed in the Company's Current Report on Form 8-K filed with the SEC on March 4, 2021.

Mr. Brian Ruden, a member of the Company's Board of Directors, has an ownership interest in each Starbuds Company that was acquired on February 4, 2021 and March 2, 2021

On March 14, 2021, the Company increased the size of the Board from five to seven directors, designated the two new directorships as Class A, and appointed Jeffrey A. Cozad and Salim Wahdan as Class A directors. Mr. Cozad will serve as a member of the Board's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Mr. Wahdan will serve as a member of the Board's Audit Committee.

On March 30, 2021, the Company entered into a Third Amendment to Securities Purchase Agreement (the "Third Amendment") with Dye Capital Cann II to amend the terms of the Securities Purchase Agreement, dated November 16, 2020, as previously amended by the Amendment to Securities Purchase Agreement, dated December 16, 2020, and the Second Amendment to Securities Purchase Agreement, dated February 3, 2021 (as amended, the "Cann II SPA"). The Third Amendment increased the number of shares of Preferred Stock the Company may sell and Dye Capital Cann II may purchase under the Cann II SPA from 17,000 to 21,350, and also extended the time during which the parties may agree to do so from February 23, 2021 to March 30, 2021. On the same date, the Company issued and sold 4,000 shares of Preferred Stock to Dye Capital Cann II at a purchase price of $1,000 per share for aggregate gross proceeds of $4,000,000 and aggregate net proceeds of approximately $3,900,000, after deducting placement agent fees and estimated offering expenses.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Disclosure Controls and Procedures – Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Report.

These controls are designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our CFO and CEO to allow timely decisions regarding required disclosure.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2020, at the reasonable assurance level.

Inherent Limitations – Our management, including our Chief Financial Officer and Chief Executive Officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdown can occur because of simple error or mistake. In particular, many of our current processes rely upon manual reviews and processes to ensure that neither human error nor system weakness has resulted in erroneous reporting of financial data.

Changes in Internal Control over Financial Reporting – There were no changes in our internal control over financial reporting during our fiscal fourth quarter ended December 31, 2020, which were identified in conjunction with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

Management Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Those rules define internal control over financial reporting as a process designed 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, our management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the 2013 Treadway Commission (COSO).

Based on this assessment, management concluded that, as of December 31, 2020, our internal control over financial reporting was effective.

ITEM 9B. OTHER INFORMATION.

On March 30, 2021, the Company entered into a Third Amendment to Securities Purchase Agreement (the "Third Amendment") with Dye Capital Cann II to amend the terms of the Securities Purchase Agreement, dated November 16, 2020, as previously amended by the Amendment to Securities Purchase Agreement, dated December 16, 2020, and the Second Amendment to Securities Purchase Agreement, dated February 3, 2021 (as amended, the "Cann II SPA"). The Third Amendment increased the number of shares of Preferred Stock the Company may sell and Dye Capital Cann II may purchase under the Cann II SPA from 17,000 to 21,350, and also extended the time during which the parties may agree to do so from February 23, 2021 to March 30, 2021. On the same date, the Company issued and sold 4,000 shares of Preferred Stock to Dye Capital Cann II at a purchase price of $1,000 per share for aggregate gross proceeds of $4,000,000 and aggregate net proceeds of approximately $3,900,000, after deducting placement agent fees and estimated offering expenses.

The Company will use the proceeds from the sale to for general corporate purposes, including working capital and the payment of outstanding accounts payable.

The Company previously reported the terms of the Cann II SPA, including all amendments in the Company's Quarterly Report on Form 10-Q filed with the SEC on November 16, 2020, and the Company's Current Reports on Form 8-K filed with the SEC on December 23, 2020, February 9, 2021 and March 4, 2021. The Company previously reported the terms of the Preferred Stock in the Company's Current Report on Form 8-K filed on December 22, 2020. A copy of the Third Amendment is attached hereto as Exhibit 10.25 and incorporated herein by reference.

SDDco-Brokerage LLC, and DelMorgan Group, LLC, each acted as a placement agent in connection with the transaction described above, and will each receive $20,000.00 as the Company's placement agents.

Justin Dye, the Company's Chief Executive Officer, one of its directors and the largest beneficial owner of the Common Stock, controls Dye Capital Cann II. Mr. Dye has sole voting and dispositive power over the securities held by Dye Capital Cann II. Mr. Dye, the Company's Chief Operating Offering, Nirup Krishnamurthy, and two of the Company's directors, Jeffrey Garwood and Pratap Mukharji, are part owners of Dye Capital Cann II. Mr. Krishnamurthy, Mr. Garwood and Mr. Mukharji do not beneficially own any of the securities held by Dye Capital Cann II.

The issuance of the shares of Preferred Stock to Dye Capital Cann II was exempt from registration under Securities Act Section 4(a)(2) and Securities Act Rule 506(b). Dye Capital Cann II is sophisticated and represented in writing that it is an accredited investor and acquired the securities for its own accounts for investment purposes. A legend will be placed on the certificates representing shares of Preferred Stock, subject to the terms of the Cann II SPA stating that the securities in question have not been registered under the Securities Act and cannot be sold or otherwise transferred without registration or an exemption therefrom.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this item is incorporated by reference to our proxy statement for our 2021 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference to our proxy statement for our 2021 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this item is incorporated by reference to our proxy statement for our 2021 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

The information required by this item is incorporated by reference to our proxy statement for our 2021 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item is incorporated by reference to our proxy statement for our 2021 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following exhibits are included herewith:

Exhibit No.	Description
2.1	Merger Agreement dated November 23, 2019, by and among Medicine Man Technologies, Inc., PBS Merger Sub, LLC, Mesa Organics Ltd., James Parco, and Pamela Parco (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed November 29, 2019 (Commission File No. 001-55450))
2.2	First Amendment dated April 16, 2020 to Merger Agreement dated November 23, 2019, by and among Medicine Man Technologies, Inc., PBS Merger Sub, LLC, Mesa Organics Ltd., James Parco, and Pamela Parco (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed April 24, 2020 (Commission File No. 001-55450))
2.3	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Colorado Health Consultants, LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.4	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and CitiMed, LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.5	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Lucky Ticket LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.3 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.6	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Kew LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.7	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and SB Aurora LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.5 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.8	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and SB Arapahoe LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.6 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.9	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and SB 44th LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.7 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.10	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Pueblo LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.8 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.11	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Louisville LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.9 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.12	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Niwot LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.10 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.13	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Alameda LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.11 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.14	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Longmont LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.12 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.15	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Commerce City LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.13 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 001-55450))
2.16	Omnibus Amendment No. 1 dated September 15, 2020 to Asset Purchase Agreements dated June 5, 2020 (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed September 21, 2020 (Commission File No. 001-355450))

Exhibit No.	Description
2.17	Omnibus Amendment No. 2 to Asset Purchase Agreement, dated as of December 17, 2020, by and among SBUD LLC, Medicine Man Technologies, Inc., and each signatory thereto designated as a seller (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 001-55450))
3.1	Articles of Incorporation of Medicine Man Technologies filed with the Secretary of State of Nevada on March 20, 2014 (Incorporated by reference to Exhibit 3.1 to Medicine Man Technologies, Inc.'s Registration Statement on Form S-1 filed April 14, 2015 (Commission File No. 333-203424))
3.2	Certificate of Amendment to Articles of Incorporation filed with the Secretary of State of Nevada on August 25, 2014 (Incorporated by reference to Exhibit 3.1 to Medicine Man Technologies, Inc.'s Registration Statement on Form S-1 filed April 14, 2015 (Commission File No. 333-203424))
3.3	Certificate of Amendment to Articles of Incorporation filed with the Secretary of State of Nevada on December 13, 2019 (Incorporated by reference to Exhibit 3.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 16, 2019 (Commission File No. 001-55450))
3.4**	Certificate of Designation of Series A Cumulative Convertible Preferred Stock filed with the Secretary of State of Nevada on December 16, 2020
3.5	Certificate of Amendment to Designation of Series A Cumulative Convertible Preferred Stock filed with the Secretary of State of Nevada on March 1, 2021 (Incorporated by reference to Exhibit 3.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 4, 2021 (Commission File No. 001-55450))
3.6**	Complete Articles of Incorporation together with all Certificates of Amendment and the Certificate of Designation of Series A Cumulative Convertible Preferred Stock, as amended
3.7	Amended and Restated Bylaws of Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 3.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 11, 2019 (Commission File No. 001-55450))
4.1**	Description of Capital Stock of Medicine Man Technologies, Inc.
4.2*	Medicine Man Technologies, Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Registration Statement on Form S-8 filed June 12, 2017 (Commission File No. 333-218662))
4.3*	Amendment to Medicine Man Technologies, Inc. 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 16, 2019 (Commission File No. 001-55450))
4.4*	Amendment to Medicine Man Technologies, Inc. 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 16, 2020 (Commission File No. 001-55450))
4.5**	Form of Warrant to Purchase Common Stock of Medicine Man Technologies, Inc.
4.6**	Warrant to Purchase Common Stock of Medicine Man Technologies, Inc.
4.7	Convertible Note and Security Agreement, dated December 16, 2020, issued to Dye Capital & Company, LLC (Incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 001-55450))
4.8	Form of Warrant to Purchase Common Stock of Medicine Man Technologies, Inc. issued to Star Buds Sellers and Members
10.1	Technology License Agreement effective as of May 1, 2014 between Medicine Man Production Corporation and Medicine Man Technologies Inc. (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Registration Statement on Form S-1 filed April 14, 2015 (Commission File No. 333-203424))
10.2	Letter Agreement dated February 5, 2015 between Breakwater Corporate Finance and Medicine Man Technologies, Inc.(Incorporated by reference to Exhibit 10.2 to Medicine Man Technologies, Inc.'s Registration Statement on Form S-1 filed April 14, 2015 (Commission File No. 333-203424))
10.3	Form of Medicine Man Technologies License Agreement by and between Medicine Man Technologies, Inc. and the Licensees identified therein (Incorporated by reference to Exhibit 10.3 to Medicine Man Technologies, Inc.'s Amendment to Registration Statement on Form S-1/A filed September 11. 2015 (Commission File No. 333-203424))
10.4	Share Exchange Agreement as of February 27, 2017 among Medicine Man Technologies, Inc., Success Nutrients, Inc. and the shareholders of Success Nutrients, Inc. (Incorporated by reference to Exhibit 10.4 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed April 17, 2017 (Commission File No. 000-55450))
10.5	Agreement and Plan of Merger as of February 27, 2017 among Medicine Man Technologies, Inc., Medicine Man Consulting, Inc. and Pono Publications Ltd. (Agreement between the Company and Pono Publications, Inc. (Incorporated by reference to Exhibit 10.5 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed April 17, 2017 (Commission File No. 000-55450))

Exhibit No.	Description
10.6	Office Building Lease as of January 31, 2017 by and between Havana Gold LLC and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.6 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed April 17, 2017 (Commission File No. 000-55450))
10.7	Share Exchange Agreement as of July 21, 2017 by and among Medicine Man Technologies, Inc., Denver Consulting Group LLC and the members of Denver Consulting Group, LLC (Incorporated by reference to Exhibit 10.7 of Medicine Man Technologies, Inc.'s current report on Form 8-K filed July 26, 2017 (Commission File No. 000-55450))
10.8	Securities Purchase Agreement by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 6, 2019 (Commission File No. 001-55450))
10.9	Amendment to Securities Purchase Agreement by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.' s Current Report on Form 8-K filed July 17, 2019 (Commission File No. 001-55450))
10.10	Amendment to Securities Purchase Agreement by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.' s Current Report on Form 8-K filed May 22, 2020 (Commission File No. 001-55450))
10.11	Binding Term Sheet between Medicine Man Technologies, Inc. and Cold Baked, LLC/Golden Works, LLC (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed August 12, 2019 (Commission File No. 001-55450))
10.12*	Employment Agreement dated December 5, 2019 by and between Justin Dye and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.10 of Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 30, 2020 (Commission File No. 001-55450))
10.13*	Employment Agreement dated December 5, 2019 by and between Nancy Huber and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.11 of Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 30, 2020 (Commission File No. 001-55450))
10.14*	Amendment to Employment Agreement dated February 6, 2020 by and between Nancy Huber and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.12 of Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 30, 2020 (Commission File No. 001-55450))
10.15*	Employment Agreement as of December 5, 2020 by and between Bob DeGabrielle and Medicine Man Technologies, Inc.(Incorporated by reference to Exhibit 10.13 of Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 30, 2020 (Commission File No. 001-55450))
10.16*	Employment Agreement dated August 12, 2019 by and between Daniel R. Pabon and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.14 of Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 30, 2020 (Commission File No. 001-55450))
10.17*	Employment Agreement dated March 1, 2020 by and between Nirup Krishnamurthy and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed September 15, 2020 (Commission File No. 001-55450))
10.18*	Severance Agreement and Release, dated February 25, 2020 by and between the Andrew Johns Williams and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 3, 2020 (Commission File No. 001-55450))
10.19	Securities Purchase Agreement, dated November 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Quarterly Report on Form 10-Q filed November 16, 2020 (Commission File No. 000-55450))
10.20	Amendment to Securities Purchase Agreement, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC (Incorporated by reference to Exhibit 10.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
10.21**	Letter Agreement, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC
10.22	Note Purchase Agreement, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital & Company, LLC (Incorporated by reference to Exhibit 10.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
10.23	Consent, Waiver and Amendment, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.5 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
10.24**	Paul Dickman Restricted Stock Unit Agreement
10.25**	Third Amendment to Securities Purchase Agreement, dated March 30, 2021, between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC

Exhibit No.	Description
14.1	Code of Business Conduct and Ethics (Incorporated by reference to Exhibit 14.1 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed April 14, 2016 (Commission File No. 000-55450))
21.1**	List of Subsidiaries
23.1**	Consent of BF Borgers CPA PC
31.1**	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Date File (formatted in iXBRL in Exhibit 101)

* Indicates management contract or compensatory plan or arrangement.
** Filed herewith.

ITEM 16. FORM 10-K SUMMARY.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned thereunder duly authorized.

Dated: March 31, 2021

MEDICINE MAN TECHNOLOGIES, INC.

By: /s/ Justin Dye
Justin Dye
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Nancy Huber
Nancy Huber
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Justin Dye Justin Dye	Chief Executive Officer and Director (Principal Executive Officer and Director)	March 31, 2021
/s/ Nancy Huber Nancy Huber	Chief Financial Officer (Principal Financial Officer)	March 31, 2021
/s/ Dan Pabon Dan Pabon	General Counsel and Chief Government Affairs Officer	March 31, 2021
/s/ Nirup Krishnamurthy Nirup Krisnamurthy	Chief Operating Officer	March 31, 2021
/s/ Jeffrey A. Cozad Jeffrey A. Cozad	Director	March 31, 2021
/s/ Salim Wahdan Salim Wahdan	Director	March 31, 2021
/s/ Brian Ruden Brian Ruden	Director	March 31, 2021
/s/ Jeff Garwood Jeff Garwood	Director	March 31, 2021
/s/ Pratap Mukharji Pratap Mukhariji	Director	March 31, 2021

Exhibit 3.4

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

2/18/2021 9:48:51 AM

Work Order Number:	W2021021800422
Reference Number:	20211243619
Through Date:	2/18/2021 9:48:51 AM
Corporate Name:	MEDICINE MAN TECHNOLOGIES, INC.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20201103858	Certificate of Designation	17

Respectfully,

BARBARA K. CEGAVSKE
Nevada Secretary of State

Certified By: Rhonda Tuin
Certificate Number: B202102181439277
You may verify this certificate online at http://www.nvsos.gov

Filed in the Office of	Business Number
Barbara K. Cegavske	E0149142014-4
	Filing Number
	20201103858
Secretary of State	Filed On
State Of Nevada	12/16/2020 8:00:00 AM
	Number of Pages
	17

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

☒ Certificate of Designation

☐ Certificate of Amendment to Designation - Before Issuance of Class or Series

☐ Certificate of Amendment to Designation - After Issuance of Class or Series

☐ Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Medicine Man Technologies, Inc. Entity or Nevada Business Identification Number (NVID): E0149142014-4
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: Time: (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing: Series A Cumulative Convertible Preferred Stock
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing:
5. Amendment of class or series of stock:	☐ Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. ☐ Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.
6. Resolution: Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* The board of directors hereby designates the corporation's "Series A Cumulative Convertible Preferred Stock" as set forth in the attached pages.
7. Withdrawal:	Designation being Withdrawn: Date of Designation: No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: *
8. Signature: (Required)	X _____ Signature of Officer Date: 12/16/2020

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

Page 1 of 1
Revised: 1/1/2019

MEDICINE MAN TECHNOLOGIES, INC.

CERTIFICATE OF DESIGNATION
OF
SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK

Pursuant to Nevada Revised Statutes ("NRS") 78.195 and 78.1955, the undersigned officer of Medicine Man Technologies, Inc., a Nevada corporation (the "Corporation"), hereby certifies:

The Articles of Incorporation of the Corporation, as amended to date (and as further amended from time to time, the "Articles of Incorporation"), confer upon the Corporation's Board of Directors (the "Board of Directors") the authority to provide for the designation and issuance of shares of preferred stock, par value $0.001 per share, in a series and to establish the number of shares to be included in such series and to fix the designation, rights, preferences, privileges and restrictions granted and imposed upon any of the shares of such series. The Board of Directors has duly adopted the following resolution creating a series of the Corporation's preferred stock designated as the Series A Cumulative Convertible Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Articles of Incorporation, such series of preferred stock, par value $0.001 per share, of the Corporation is hereby created, and that the designation and number of shares thereof and the rights, preferences, privileges and restrictions of the shares of such series, and the qualifications, limitations and restrictions thereof are as follows:

1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Anticipated Change of Control Notice" shall have the meaning set forth in Section 6(b).

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

"Change of Control Transaction" means the occurrence after the date hereof of any of: (a) the acquisition by any Person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of related purchases, mergers or other acquisition transactions of shares of the Corporation, in each case, which such transaction or transactions are with the Corporation or approved by the Board of Directors, entitling that person to exercise more than a majority of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such Person will be deemed to have beneficial ownership of all securities that such Person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); (b) the Corporation merges into or consolidates with any other Person, or any Person merges into or consolidates with the Corporation and, after giving effect to such transaction, the stockholders of the Corporation immediately prior to such transaction own less than a majority of the aggregate voting power of the Corporation or the successor entity of such transaction immediately after such transaction; (c) the Corporation voluntarily sells, leases, transfers or otherwise disposes, in a single transaction or a series of related transactions, all or substantially all of its assets to another Person and the stockholders of the Corporation immediately prior to such transaction own less than a majority of the aggregate voting power of the acquiring entity immediately after such transaction; or (d) the Common Stock ceases to be listed on any Trading Market.

"Common Stock" means the Corporation's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Conversion Price" shall have the meaning set forth in Section 7(a)(i).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"Cumulative Dividend" shall have the meaning set forth in Section 4(a).

"Deemed Liquidation" shall have the meaning set forth in Section 6(b).

"Deemed Liquidation Election" shall have the meaning set forth in Section 6(b).

"Dividend Payment Date" shall have the meaning set forth in Section 4(a).

"Forced Conversion Date" shall have the meaning set forth in Section 7(b)(ii).

"Forced Redemption Notice" shall have the meaning set forth in Section 9(b).

"Holder" shall have the meaning given such term in Section 4(a).

"Junior Securities" shall have the meaning set forth in Section 3.

"Liquidation" shall have the meaning set forth in Section 6(a).

"Listing Event" means the listing of the Corporation's Common Stock on the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, followed within 90 days thereafter by a public offering of Common Stock that generates gross proceeds to the Corporation of no less than $100 million.

"MNPI" shall have the meaning set forth in Section 11(h).

"Notice of Forced Conversion" shall have the meaning set forth in Section 7(b)(ii).

"Notice of Forced Conversion Date" shall have the meaning set forth in Section 7(b)(ii).

"Notice of Voluntary Conversion" shall have the meaning set forth in Section 7(a)(ii).

"Original Issue Date" means the date of the first issuance by the Corporation of any share of the Preferred Stock.

"Parity Securities" shall have the meaning set forth in Section 3.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Preference Amount" shall have the meaning set forth in Section 2, as the same may be increased pursuant to Section 4.

"Preferred Stock" shall have the meaning set forth in Section 2.

"Redemption Price" shall have the meaning set forth in Section 9(c).

"Representatives" shall have the meaning set forth in Section 11(h).

"Senior Securities" shall have the meaning set forth in Section 3.

"Share Delivery Date" shall have the meaning set forth in Section 7(c).

"Trading Day" means a day on which the principal Trading Market is open for business.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTC Bulletin Board, OTCQB, OTCQX or any recognized stock exchange in North America (or any successors to any of the foregoing).

"Voluntary Conversion Date" shall have the meaning set forth in Section 7(a)(ii).

2. Designation, Par Value and Preference Amount. The series of preferred stock is hereby designated as Series A Cumulative Convertible Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be 60,000. Each share of Preferred Stock shall have a par value of $0.001 per share and a preference amount equal to $1,000, subject to increase as set forth in Section 4 below (the "Preference Amount").

3. Ranking. Unless provided otherwise in this Certificate of Designation, the Preferred Stock, with respect to conversion rights, redemption payments, and rights upon liquidation, dissolution or winding-up of the affairs of the Corporation or a Change of Control Transaction, shall rank: (a) senior to the Common Stock and any other class of capital stock or other securities the Corporation issued after the effective date of this Certificate of Designation, the terms of which do not provide that they rank senior to the Preferred Stock (collectively, "Junior Securities"); (b) on parity with any class of capital stock or other securities the Corporation issues after the effective date of this Certificate of Designation, the terms of which provide that they rank on parity with the Preferred Stock (collectively, "Parity Securities"); (c) junior to each class of capital stock or other securities the Corporation issues after the effective date of this Certificate of Designation, the terms of which provide that such securities rank senior to the Preferred Stock (collectively, "Senior Securities"); and (d) junior to all of the Corporation's existing and future indebtedness.

4. Dividends.

(a) Dividends in Kind. Holders of Preferred Stock (each, a "Holder," and collectively, the "Holders") shall be entitled to receive, and the Corporation shall pay, a cumulative dividend (each, a "Cumulative Dividend" and collectively, "Cumulative Dividends") at the rate of 8% per annum on the Preference Amount per share, payable annually on each anniversary of the Original Issue Date, to Holders of record on each such payment date (each such date, a "Dividend Payment Date"), by having each such Cumulative Dividend automatically accrete as of the relevant Dividend Payment Date to, and increase, the outstanding Preference Amount, and shall thereafter be considered fully paid and no longer accrued and unpaid Cumulative Dividends.

(b) Dividend Calculations. Cumulative Dividends • on the Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30-calendar-day periods, and shall accrue daily commencing on the Original Issue Date, and shall be deemed to accrue from such date whether or not earned or declared and whether or not there are funds of the Corporation legally available for the payment of dividends in accordance with NRS 78.288 or otherwise. Cumulative Dividends shall cease to accrue with respect to any share of Preferred Stock upon the conversion or redemption of such share.

5. Voting Rights. On any matter presented to the Corporation's stockholders for their action or consideration at any meeting of the Corporation's stockholders (or by written consent of stockholders in lieu of meeting), each Holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such Holder would convert into as of the record date for determining stockholders entitled to vote on such matter as if such shares of Preferred Stock were convertible as of such date. Except as provided by law or by the other provisions of the Articles of Incorporation, Holders shall vote together with the holders of Common Stock as a single class.

6. Liquidation.

(a) General. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation (each, a "Liquidation"), the Holders shall be entitled, together and *pro rata* with the holders of Parity Securities, to be paid out of the Corporation's assets available for distributions to its stockholders, before any payment shall be made to the holders of Junior Securities by reason of their ownership thereof, an amount in cash equal to the Preference Amount for each share of Preferred Stock plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such Liquidation, and if the assets of the Corporation shall be insufficient to pay such amounts in full, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

(b) Change of Control Transaction. In the event the Corporation anticipates consummating a Change of Control Transaction, at least 21 days prior to the consummation of such Change of Control Transaction, the Corporation shall provide written notice to the Holders disclosing the material terms of such Change of Control Transaction and the anticipated consummation date (an "Anticipated Change of Control Notice"). At the written election of the Corporation to the Holders or the Holders holding not less than a majority of the then issued and outstanding shares of Preferred Stock to the Corporation, in each case, no more than 10 days after the Anticipated Change of Control Notice is deemed delivered hereunder (a "Deemed Liquidation Election"), such Change of Control Transaction shall be deemed a Liquidation for purposes of this Section 6 (a "Deemed Liquidation"). Upon the consummation of a Deemed Liquidation, the Holders shall, in consideration of cancellation of their shares of Preferred Stock, be entitled, together and *pro rata* with the holders of Parity Securities, to the same rights such Holders are entitled to under this Section 6 upon the occurrence of a Liquidation. The amount deemed paid or distributed to the Holders under Section 6(a) upon a Deemed Liquidation in consideration of cancellation of their shares of Preferred Stock shall be the cash or the value of the property, rights or securities paid or distributed to the Holders in such Deemed Liquidation. The value of such property, rights or securities shall be equal to the fair market value, as determined in good faith by the Board of Directors.

7. Conversion.

(a) Voluntary Conversions at Option of Holder.

(i) General. Each share of Preferred Stock shall be convertible at the option of the Holder thereof (1) after the occurrence of a Listing Event, (2) after the receipt of an Anticipated Change of Control Notice (even if the Corporation shall have sent a Deemed Liquidation Election), but solely in the event the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice is consummated, (3) after the receipt by the Holders of a Forced Redemption Notice, but solely with respect to the shares of Preferred Stock that are the subject of such Forced Redemption Notice, and (4) at any time after the first anniversary of the Original Issue Date, in each case, into that number of shares of Common Stock determined by dividing (x) the Preference Amount of such share of Preferred Stock, plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such conversion, by (y) $1.20, subject to adjustment as provided herein (as adjusted, the "Conversion Price"); provided that, in each Notice of Voluntary Conversion, a Holder must request conversion of (X) a number of shares of Preferred Stock having an aggregate Preference Amount equal to or exceeding $100,000, or, (Y) if less, all of the shares of Preferred Stock held by such Holder.

(ii) Notice of Voluntary Conversion. Holders shall effect any conversion under Section 7(a) by providing the Corporation (or its agent appointed to administer conversion of the Preferred Stock) with a notice in the form attached hereto as Annex A (each, a "Notice of Voluntary Conversion"), (1) in the case of the occurrence of a Listing Event, within 90 days thereafter, (2) in the case of an Anticipated Change of Control Notice, no more than 14 days after such Anticipated Change of Control Notice is deemed delivered hereunder, and (3) in the case of a Forced Redemption Notice, no more than 10 days after such Forced Redemption Notice is deemed delivered hereunder. Each Notice of Voluntary Conversion shall specify the number of shares of Preferred Stock a Holder elects to be converted and, in the case of a Listing Event or a Forced Redemption Notice, the date on which such conversion is to be effected, which date may not be prior to the date the applicable Notice of Voluntary Conversion is delivered to the Corporation or its agent appointed to administer conversion of the Preferred Stock (such date, the "Voluntary Conversion Date"). If no number of shares of Preferred Stock is specified as elected to be converted in a Notice of Voluntary Conversion, all shares of Preferred Stock held by the Holder shall be deemed to be elected to be converted. If no Voluntary Conversion Date is specified in a Notice of Voluntary Conversion, in the case of a Listing Event or a Forced Redemption Notice, the Voluntary Conversion Date shall be the date that such Notice of Voluntary Conversion to the Corporation is deemed delivered hereunder. The Voluntary Conversion Date in the case of an Anticipated Change of Control Notice shall be the date of the consummation of the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice. Upon delivery of the Notice of Voluntary Conversion by a Holder, -in the case of a Listing Event, a Forced Redemption Notice or voluntary conversion after the second anniversary of the Original Issue Date, such Holder shall be deemed for all purposes to have become the holder of record of the Conversion Shares with respect to which the Preferred Stock has been converted, irrespective of the date of delivery of the certificates evidencing such Conversion Shares. No ink-original Notice of Voluntary Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Voluntary Conversion form be required. The calculations and entries set forth in the Notice of Voluntary Conversion shall control in the absence of manifest or mathematical error. Further, the calculations made by the Corporation or its agent appointed to administer conversion of the Preferred Stock concerning information required in a Notice of Voluntary Conversion in the form attached hereto as Annex A that is not actually provided in a Notice of Voluntary Conversion, shall control in the absence of manifest or mathematical error. To effect any conversion of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Voluntary Conversion Date at issue. With respect to Preferred Stock held in electronic form through a broker, bank or other nominee, if required by the transfer agent, Holder shall cause its broker, bank or nominee to return to the Corporation, in electronic form, the number of shares of Preferred Stock being converted.

(b) Forced Conversion by Corporation.

(i) General. At the election of the Corporation (1) within 90 days after the occurrence of a Listing Event, or (2) subject to Holders' rights under Section 6(b) and 9(a), within 14 days after an Anticipated Change of Control Notice is deemed delivered hereunder, in each case, each share of Preferred Stock shall be convertible, at the option of the Corporation, into that number of shares of Common Stock determined by dividing (x) the Preference Amount of such share of Preferred Stock plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such conversion, by (y) the Conversion Price. Notwithstanding anything to the contrary herein, the Corporation shall not have the option to force conversion of the Preferred Stock under this Section 6(b) in the event that the Common Stock ceases to be listed on any Trading Market.

(ii) Notice of Forced Conversion. The Corporation shall effect any conversion under Section 7(b)(i) by delivering a written notice to all Holders (a "Notice of Forced Conversion," and the date such notice is delivered to all Holders, the "Notice of Forced Conversion Date"). Each Notice of Forced Conversion shall specify the number of shares of Preferred Stock the Corporation elects to be converted. If no number of shares of Preferred Stock is specified as elected to be converted in a Notice of Forced Conversion, all shares of Preferred Stock held by the Holder shall be deemed to be elected to be converted. Each conversion under Section 7(b)(i) shall be deemed to occur (1) in the case of a Listing Event, on the second Trading Day following the Notice of Forced Conversion Date is deemed delivered hereunder, and (2) in the case of an Anticipated Change of Control Notice, on the date of the consummation of the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice (such date, the "Forced Conversion Date"). Notwithstanding the foregoing, for any Notice of Forced Conversion in connection with an Anticipated Change of Control Notice to be effective, the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice must not be or become subject to a Deemed Liquidation Election. No ink-original Notice of Forced Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Forced Conversion form be required. The calculations and entries set forth in the Notice of Forced Conversion shall control in the absence of manifest or mathematical error. Further, the calculations made by the Corporation or its agent appointed to administer conversion of the Preferred Stock concerning information required in a Notice of Forced Conversion that is not actually provided in a Notice of Forced Conversion, shall control in the absence of manifest or mathematical error. Upon receipt of a Notice of Forced Conversion, each Holder shall (i) surrender the certificate(s) representing the shares of Preferred Stock to be converted to the Corporation, and •(ii) with respect to Preferred Stock held in electronic form through a broker, bank or other nominee, if required by the transfer agent, cause its broker, bank or nominee to return to the Corporation, in electronic form, the number of shares of Preferred Stock being converted.

(c) Mechanics of Conversion.

(i) Delivery of Conversion Shares Upon Conversion. Not later than five Trading Days after any Voluntary Conversion Date or Forced Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder: (A) the number of Conversion Shares being acquired upon the conversion of the Preferred Stock, and (B) a bank check in the amount of any amount payable under Section 7(c)(iii). The Corporation shall deliver the Conversion Shares in certificated form if the converted shares of Preferred Stock were held in certificated form and electronically through the Depository Trust Company or another established clearing corporation performing similar functions if the converted shares of Preferred Stock were held in electronic form.

(ii) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock, for the sole purpose of issuance upon conversion of the Preferred Stock and free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders, not less than such aggregate number of shares of the Common Stock then issuable (taking into account the adjustments of Section 8) upon the conversion of the then outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock issued in accordance with the terms of this Certificate of Designation shall, upon such issuance, be duly authorized, validly issued, fully paid and nonassessable.

(iii) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(iv) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes or transfer taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all transfer agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares, if applicable.

8. Certain Adjustments.

(a) Stock Splits and Combinations.

(i) If the Corporation shall at any time or from time to time after the Original Issue Date increase the number of outstanding shares of Preferred Stock by means of a subdivision (including by way of a stock split), reclassification or other similar event of the outstanding shares of Preferred Stock, the applicable Preference Amount in effect immediately before that subdivision, reclassification or other similar event shall be proportionately reduced.

(ii) If the Corporation shall at any time or from time to time after the Original Issue Date decrease the number of outstanding shares of Preferred Stock by means of a combination (including by way of a reverse stock split), reclassification or other similar event of the outstanding shares of Preferred Stock, the applicable Preference Amount in effect immediately before that combination, reclassification or other similar event shall be proportionately increased.

(iii) If the Corporation shall at any time or from time to time after the Original. Issue Date increase the number of outstanding shares of Common Stock by means of a subdivision (including by way of a stock split), reclassification or other similar event, of the outstanding Common Stock, the applicable Conversion Price in effect immediately before that subdivision, reclassification or other similar event shall be proportionately decreased so that the number of shares of Common Stock issuable upon conversion of each share of Preferred Stock shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding.

(iv) If the Corporation shall at any time or from time to time after the Original Issue Date decrease the number of outstanding shares of Common Stock by means of a combination (including by way of a reverse stock split), reclassification or other similar event, of the outstanding Common Stock, the applicable Conversion Price in effect immediately before that combination, reclassification or other similar event shall be proportionately decreased so that the number of shares of Common Stock issuable upon conversion of each share of Preferred Stock shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding.

(v) Any adjustment under this subsection shall become effective at the close of business on the date the subdivision, combination, reclassification or other similar event becomes effective.

(b) Stock Dividends.

(i) If the Corporation at any time or from time to time after the Original Issue Date makes or issues, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then, in each such event the applicable Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction (1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately before the time of such issuance or the close of business on such record date, and (2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately before the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend.

(ii) Notwithstanding the foregoing, (1) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (2) that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

(c) Calculations. All calculations under this Section 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 8, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(d) Notice of Adjustment to Conversion Price. Whenever the Conversion Price or Preference Amount is adjusted pursuant to any provision of this Section 8, the Corporation shall promptly deliver to each Holder a written notice setting forth the Conversion Price or Preference Amount, as applicable, after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

9. Redemption.

(a) Voluntary Redemption. At the written election of any Holder (i) within 90 days after a Listing Event, (ii) at any time after the fifth anniversary of the Original Issue Date, (iii) within 14 days after an Anticipated Change of Control Notice is deemed delivered hereunder, or (iv) within 5 days after a Notice of Forced Conversion shall be deemed to have been sent, such Holder may elect to have the Corporation redeem all or any portion of such Holder's shares of Preferred Stock for the Redemption Price per share. Notwithstanding the foregoing, for any redemption request in connection with an Anticipated Change of Control Notice to be effective, the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice (x) must not be or become subject to a Deemed Liquidation Election, and (y) must be consummated. Notice of redemption must be given by a Holderoto the Corporation at least 20 Business Days before the desired redemption date. Notwithstanding the foregoing, after receipt of a redemption notice from a Holder, the Corporation may elect to defer such redemption by deferring the redemption date one or more times until no later than the date that is 12 months (the "Deferral Period") from the redemption date originally requested by such Holder by providing written notice to such Holder of such deferral within 20 Business Days before the redemption date originally requested by such Holder; provided that the Cumulative Dividends on the Preferred Stock during such deferred redemption period shall be increased to a rate of 10% per annum on the Preference Amount per share for the first 6 months of the Deferral Period and shall thereafter increase to a rate of 15% per annum on the Preference Amount per share. Notwithstanding anything to the contrary herein, during the Deferral Period the Corporation shall act in good faith, use all commercially reasonable efforts to pay the full redempti amount as soon as practicable, and shall not take any actions that are intended to del4"reduce the payment of the full redemption amount as soon as practicable.

(b) Forced Redemption. At the option of the Corporation, at any time within 90 days after a Listing Event, the Corporation may elect to redeem all or any portion of Preferred Stock for the Redemption Price per share. Notice of redemption (a "Forced Redemption Notice") shall be given by the Corporation to the Holders as provided in Section 11(a), and must be given at least 20 days before the desired redemption date.

(c) Redemption Price; Miscellaneous. The redemption price for any shares of Preferred Stock to be redeemed shall be payable in cash, out of funds legally available therefor, and shall be equal to the Preference Amount per share plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such redemption (the "Redemption Price"). If fewer than all of the outstanding shares of Preferred Stock are to be redeemed at any time, the Corporation shall redeem shares proportionally from all Holders. Notwithstanding anything herein to the contrary, the Corporation may repurchase shares of Preferred Stock in the open market or in privately negotiated transactions at any time.

10. Cannabis Law Compliance and Unsuitability Redemption. Each Holder shall (a) take all action reasonably required by such Holder in such Holder's capacity as a holder of Preferred Stock to comply with applicable state cannabis laws and regulations, including, without limitation, making all requisite filings under such laws and regulations as and when required and reasonably keep the Corporation apprised of the same, and (b) upon the Corporation's reasonable request, at the Corporation's sole cost and expense, reasonably cooperate with the Corporation with respect to any Corporation report, filing, notification or other communication with or to any state governmental authority related to the Corporation's licenses, approvals, consents or obligations under state cannabis laws and regulations related to such Holder's capacity as a holder of Preferred Stock, including, without limitation, any investigation or inquiry by a state governmental authority related to any of the foregoing. The Corporation shall have the right but not the obligation to redeem all or any portion of the shares of Preferred Stock held by such Holder for cash at a per share purchase price equal, to the greater of (i) the Preference Amount plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such redemption per share, and (ii) (x) the Preference Amount plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such redemption per share divided by (y) the Conversion Price, and then multiplying the quotient by (z) the average closing price of the Common Stock as reported on the Trading Market for the Common Stock for the 45 Trading Days immediately preceding the date of such redemption notice, on not less than five days' written notice, if such Holder or one of its affiliates is determined to be unsuitable or disqualified to own a direct or indirect interest in the Corporation by a state governmental authority, including, without limitation, the Colorado Marijuana Enforcement Division; provided, that, (A) to the extent permitted by the applicable state governmental authority without jeopardizing the Corporation's licenses, approvals, consents or obligations under state cannabis laws and regulations, the Corporation shall provide such Holder with a reasonable period to cure the cause for such determination or disqualification prior to such redemption, (B) the Corporation shall only redeem the Holder's shares of Preferred Stock to the extent necessary to comply with applicable state cannabis laws and regulations, and (C) the redemption price per share shall be equal to such Holder's original purchase price per share if such Holder or one of its affiliates is determined by a state governmental authority to have been unsuitable or disqualified at the time of such Holder's acquisition of shares of Preferred Stock.

11. Miscellaneous.

(a) Notices. Notices, consents, waivers or other communications required or permitted to be given hereunder including, without limitation, any Notice of Voluntary Conversion or Notice of Forced Conversion must be in writing (other than a Notice of Voluntary Conversion or Notice of Forced Conversion required .to be submitted electronically through the Depository Trust Company) and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon delivery, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); (iii) upon delivery, when sent by electronic mail (provided that the sending party does not receive an automated rejection notice); or (iv) upon receipt, when sent by overnight courier service, in each case properly addressed to the party to receive the same. The addresses, facsimile numbers and e-mail addresses for such communications shall be: If to the Corporation: Medicine Man Technologies, Inc., 4880 Havana Street, Suite 201, Denver, CO 80239, Telephone: (303) 371-0387, Facsimile: (303) 371-0598, Attention: General Counsel, E-mail: dan@schwazze.com. If to a Holder, to such Holder's address and e-mail address then appearing in the books of the Corporation, with copies to such Holder's representatives, if any, then appearing in the books of the Corporation. Any notice address, facsimile number or email address for a party may be changed by delivering such other address, facsimile number and/or email address and/or to the attention of such other Person as the specified by written notice given to the Corporation or the Holders, as applicable, five calendar days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine or e-mail containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from an overnight courier service in accordance with clause (i), (ii) or (iii) above, respectively.

(b) Lost or Mutilated Preferred Stock Certificate. Upon receipt by the Corporation of evidence reasonably satisfactory to the Corporation of the loss, theft, destruction or mutilation of a Holder's Preferred Stock certificate, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Corporation in customary form and, in the case of mutilation, upon surrender and cancellation of the mutilated certificate, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed.

(c) Amendment and Waiver. No provision of this Certificate of Designation may be amended, modified or waived except upon approval of such amendment, modification or waiver pursuant to an instrument in writing executed by the Corporation and the Holders of a majority of the then outstanding shares of the Preferred Stock (and, if required pursuant to the NRS, the filing of certificate of amendment to this Certificate of Designation in accordance with NRS 78.1955), and any such written amendment, modification or waiver shall be binding upon the Corporation and each holder of Preferred Stock; provided that no such action shall modify or waive (i) the definition of Preference Amount, (ii) the rate at which or the manner in which Cumulative Dividends accrue or accumulate or the times at which such Cumulative Dividends become payable pursuant to Section. 4, or (iii) this Section 11(c), without the prior written consent of each holder of the then outstanding shares of Preferred Stock. Notwithstanding anything to the contrary set forth in this Certificate of Designation or the NRS (including, without limitation, NRS 78.1955), no consent or approval of the holders of any Senior Securities, Parity Securities or Junior Securities shall be required in connection with any amendment, modification or waiver of this Certificate of Designation.

(d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(f) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(g) Status of Converted or Redeemed Preferred Stock. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized and unissued shares of the Corporation's preferred stock, shall no longer be designated as Series A Cumulative Convertible Preferred Stock, and thereafter may be designated and issued as part of another series of the Corporation's preferred stock.

(h) Material Non-Public Information. In the event that the Corporation believes that a notice provided by the Corporation to any Holder under this Certificate of Designation contains material, nonpublic information relating to the Corporation or its subsidiaries ("MNPI"), the Corporation shall so indicate to such Holder contemporaneously with delivery of such notice. Each Holder agrees that such Holder will not disclose any MNPI it receives under the terms of this Certificate of Designation to any individual or entity, except to such Holder's affiliates, employees, officers, directors, partners, managers, shareholders, members, equity owners, agents, attorneys, accountants or advisors (collectively, "Representatives") who: (1) need to know such MNPI to assist such Holder, or act on its behalf, in such Holder's capacity as a Holder or to exercise its rights under this Certificate of Designation; (2) are informed by such Holder of the confidential nature of such MNPI; and (3) are subject to confidentiality duties or obligations to such Holder that are no less restrictive than the terms and conditions of this Section 11(h). Each Holder agrees that it shall be responsible for any breach of this Section 11(h) caused by any of its Representatives, unless such Representatives entered into a separate confidentiality agreement with the Corporation.

Notwithstanding the foregoing, this Section 11(h) does not prohibit a Holder from reporting, or communicating or participating in any investigation or proceeding with respect to, possible violations of U.S. federal securities laws or regulation to any U.S. federal governmental agency or entity, including, without limitation, the U.S. Department of Justice, the Securities and Exchange Commission, the U.S. Congress and any U.S. agency inspector general, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. No prior authorization from the Corporation is required for such reports, communications or participation nor does a Holder need to notify the Corporation that such Holder has made such report or communication or is participating in any such investigation or proceeding.

****

IN WITNESS WHEREOF, the undersigned officer of Medicine Man Technologies, Inc. has executed this Certificate of Designation as of December 16, 2020.

MEDICINE MAN TECHNOLOGIES, INC.

By: /s/ Nancy Huber
Name: Nancy Huber
Title: Chief Financial Officer

ANNEX A
NOTICE OF VOLUNTARY CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series A Cumulative Convertible Preferred Stock indicated below into shares of common stock, par value $0.001 per share (the "Common Stock"), of Medicine Man Technologies, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Preference Amount of shares of Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address for Delivery:_____
or
DWAC Instructions:
Broker no: _____
Account no: _____

HOLDER

By:_____
Name:
Title:

Exhibit 3.6

STATE OF NEVADA

ROSS MILLER
Secretary of State

SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

March 20, 2014

Job Number: C20140320-2324
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20140203763-38	Articles of Incorporation	1 Pages/1 Copies

Respectfully,

ROSS MILLER
Secretary of State

Certified By: Stephen Loff
Certificate Number: C20140320-2324
You may verify this certificate
online at **http://www.nvsos.gov/**

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138

SECRETARY OF STATE

STATE OF NEVADA

CORPORATE CHARTER

I, ROSS MILLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that **MEDICINE MAN TECHNOLOGIES, INC.**, did on March 20, 2014, file in this office the original Articles of Incorporation; that said Articles of Incorporation are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on March 20, 2014.

ROSS MILLER
Secretary of State

Certified By: Stephen Loff
Certificate Number: C20140320-2324
You may verify this certificate online at **http://www.nvsos.gov/**

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 4
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

040104

Filed in the office of	Document Number
Ross Miller Secretary of State State of Nevada	20140203763-38 Filing Date and Time 03/20/2014 12:16 PM Entity Number E0149142014-4

Articles of Incorporation
(PURSUANT TO NRS CHAPTER 78)

USE BLACK INK ONLY - DO NOT HIGHLIGHT — ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation: Medicine Man Technologies, Inc.

2. Registered Agent for Service of Process: (check only one box)

☒ Commercial Registered Agent: Uniscarch, Inc. (Name)

☐ Noncommercial Registered Agent (name and address below) OR ☐ Office or Position with Entity (name and address below)

Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity

10 Bodie Drive (Street Address) | Carson City (City) | Nevada | 89706 (Zip Code)

(Mailing Address (if different from street address)) | (City) | Nevada | (Zip Code)

3. Authorized Stock: (number of shares corporation is authorized to issue)

Number of shares *with par value:* | Par value per share: $ | Number of shares *without par value:* 1,000,000

4. Names and Addresses of the Board of Directors/Trustees: (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/trustees)

1) Brett Roper (Name)

13791 E. Rice Place (Street Address) | Aurora (City) | CO (State) | 80015 (Zip Code)

2) (Name)

(Street Address) | (City) | (State) | (Zip Code)

5. Purpose: (optional; required only if Benefit Corporation status selected)

The purpose of the corporation shall be:

6. Benefit Corporation: (see instructions) ☐ Yes

7. Name, Address and Signature of Incorporator: (attach additional page if more than one incorporator)

I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

Kelly Szatkowskic/oIrvine Venture Law Firm,LLP (Name) | X Kelly Szatkowski (Incorporator Signature)

19900 MacArthur Blvd., Suite 1150 (Address) | Irvine (City) | CA (State) | 92612 (Zip Code)

8. Certificate of Acceptance of Appointment of Registered Agent:

I hereby accept appointment as Registered Agent for the above named Entity.

X [signature] Uniscarch (Authorized Signature of ~~Registered Agent or On Behalf of Registered Agent Entity~~) | MAR 20 2014 (Date)

This form must be accompanied by appropriate fees.

E-Filed

Colorado Secretary of State
Date and Time: 04/03/2014 01:10 PM
ID Number: 20141222923

Document number: 20141222923
Amount Paid: $100.00

Document must be filed electronically.
Paper documents are not accepted.
Fees & forms are subject to change.
For more information or to print copies
of filed documents, visit www.sos.state.co.us.

ABOVE SPACE FOR OFFICE USE ONLY

Statement of Foreign Entity Authority
filed pursuant to § 7-90-803 of the Colorado Revised Statutes (C.R.S.)

1. The entity ID number, the entity name, and the true name, if different, are

Entity ID number: 20141222923 *(Colorado Secretary of State ID number)*

Entity name: Medicine Man Technologies Inc

True name (if different from the entity name): _____

2. The form of entity and the jurisdiction under the law of which the entity is formed are

Form of entity: Foreign Corporation

Jurisdiction: Nevada

3. The principal office address of the entity's principal office is

Street address: 13791 E. Rice Place *(Street number and name)*

Aurora *(City)* CO *(State)* 80015 *(ZIP/Postal Code)*

_____ *(Province – if applicable)* United States *(Country)*

Mailing address (**leave blank** if same as street address): _____ *(Street number and name or Post Office Box information)*

_____ *(City)* _____ *(State)* _____ *(ZIP/Postal Code)*

_____ *(Province – if applicable)* _____ *(Country)*

4. The registered agent name and registered agent address of the entity's registered agent are

Name (if an individual): Roper *(Last)* Brett *(First)* _____ *(Middle)* _____ *(Suffix)*

or

(if an entity) _____

***(Caution:** Do not provide both an individual and an entity name.)*

Street address: 13791 E. Rice Place (Street number and name)

Aurora (City) CO (State) 80015 (ZIP Code)

Mailing address
(leave blank if same as street address) (Street number and name or Post Office Box information)

(City) CO (State) (ZIP Code).

(The following statement is adopted by marking the box.)

☑ The person appointed as registered agent above has consented to being so appointed.

5. The date the entity commenced or expects to commence transacting business or conducting activities in Colorado is 04/01/2014 (mm/dd/yyyy).

6. *(If applicable, adopt the following statement by marking the box and include an attachment.)*

☐ This document contains additional information as provided by law.

7. ***(Caution:** Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)*

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document is/are _____. (mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

8. The true name and mailing address of the individual causing the document to be delivered for filing are

Szatkowski (Last) Kelly (First) _____ (Middle) _____ (Suffix)

19900 MacArthur Blvd (Street number and name or Post Office Box information)

Suite 1150

Irvine (City) CA (State) 92612 (ZIP/Postal Code)

_____ (Province – if applicable) United States. (Country)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

☐ This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).

Business Name
Business Information
Business Search

FAQs, Glossary and Information

Confirmation

Your filing and payment were successful. Print this receipt for your records.

Payment

Amount Paid:	$100.00
Type:	CREDIT
Last 4 Digits:	6123

Filing Details

Date and Time:	04/03/2014 01:10 PM
ID Number:	20141222923
Document Number:	20141222923

Email my receipt

Send

Where can I go from here?

- File another form for this entity
- Set up secure business filing
- Add, change, or remove business survey information
- Get email notifications for this entity
- Go back to the summary
- Take our website survey

Stamped filing

If you can't see a PDF copy of your document below, you can open your document in a separate window.

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

2/18/2021 9:48:41 AM

Work Order Number:	W2021021800422
Reference Number:	20211243619
Through Date:	2/18/2021 9:48:41 AM
Corporate Name:	MEDICINE MAN TECHNOLOGIES, INC.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20140609612-11	Amendment	1

Respectfully,

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Nevada Secretary of State

Certified By: Rhonda Tuin
Certificate Number: B202102181439269
You may verify this certificate online at http://www.nvsos.gov

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Filed in the Office of	Business Number
Secretary of State State Of Nevada	E0149142014-4
	Filing Number 20140609612-11
	Filed On 08/25/2014
	Number of Pages 1

Certificate of Amendment
(PURSUANT TO NRS 78.380)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation For Nevada Profit Corporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

1. Name of corporation:

Medicine Man Technologies, Inc.

2. The articles have been amended as follows: (provide article numbers, if available)

Section 3 is replaced with: The Corporation is authorized to issue one class of shares, designated "Common Stock". The number of shares of Common Stock authorized is 24,000,000, par value .001.

3. The undersigned declare that they constitute **at least two-thirds** of the following:

(check only one box) ☐ incorporators ☒ board of directors

4. Effective date and time of filing: (optional) Date: Time:
(must not be later than 90 days after the certificate is filed)

5. The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued.

6. Signatures: (If more than two signatures, attach an 8 1/2" x 11" plain sheet with the additional signatures.)

X _____
Authorized Signature

X _____
Authorized Signature

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

2/18/2021 9:48:38 AM

Work Order Number:	W2021021800422
Reference Number:	20211243619
Through Date:	2/18/2021 9:48:38 AM
Corporate Name:	MEDICINE MAN TECHNOLOGIES, INC.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20150124902-66	Amendment	1

Respectfully,

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Nevada Secretary of State

Certified By: Rhonda Tuin
Certificate Number: B202102181439267
You may verify this certificate online at http://www.nvsos.gov

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

000204

Filed in the Office of	Business Number
Barbara K. Cegavske	E0149142014-4
Secretary of State	Filing Number
State Of Nevada	20150124902-66
	Filed On
	03/19/2015
	Number of Pages
	1

Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

Medicine Man Technologies, Inc

2. The articles have been amended as follows: (provide article numbers, if available)

Section 3 is replaced with: The Corporation is authorized to issue two classes of shares, designated "Preferred Stock" and "Common Stock". The number of shares of Preferred Stock authorized is 10,000,000, par value .001 and the number of shares of Common Stock authorized 90,000,000, par value .001. The preferred Stock may be divided into such number of series as the Board may determine. The Board is authorized to determine and alter the right, preferences, privileges and restrictions granted and imposed upon any wholly unissued series of Preferred Stock, and to fix the number and designation of shares of any series of Preferred Stock. The Board, within limits and restrictions stated in any resolution of the Board, originally fixing the number of shares constituting any series may increase or decrease, but not below the number of such series then outstanding, the shares of any subsequent series

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 7,765,000 out of 9,980,000

4. Effective date and time of filing: (optional) Date: March 10, 2015 Time: 10:00 AM
(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X _____
Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Amend Profit-After
Revised: 1-5-15

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Business Entity - Filing Acknowledgement

12/13/2019

Work Order Item Number:	W2019121301077-288862
Filing Number:	20190351575
Filing Type:	Amendment After Issuance of Stock
Filing Date/Time:	12/13/2019 12:50:00 PM
Filing Page(s):	3

Indexed Entity Information:

Entity ID: E0149142014-4

Entity Name: MEDICINE MAN TECHNOLOGIES, INC.

Entity Status: Active

Expiration Date: None

Commercial Registered Agent

UNISEARCH, INC.

321 W WINNIE LN STE 104, CARSON CITY, NV 89703, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Secretary of State

Filed in the Office of	Business Number
Barbara K. Cegavske	E0149142014-4
	Filing Number
Secretary of State	20190351575
State Of Nevada	Filed On
	12/13/2019 12:50:00 PM
	Number of Pages
	3

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:
Medicine Man Technologies, Inc.

Entity or Nevada Business Identification Number (NVID): NV20141198339

2. Restated or Amended and Restated Articles:
(Select one)
(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles
- ☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: _____
  The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.
- ☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed:
(Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following:

(Check only one box) ☐ Incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 75.49%

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada:

Jurisdiction of formation:

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The purpose of the entity has been amended.
- ☐ The authorized shares have been amended.
- ☐ Other: (specify changes)
- ☐ Dissolution
- ☐ Merger
- ☐ Conversion

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: _____ Time: _____
(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- ☐ The purpose of the entity has been amended.
- ☒ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added.
- ☐ Articles have been deleted.
- ☐ Other.

The articles have been amended as follows: (provide article numbers, if available)

Article 3 has been amended - See attached Annex A

(attach additional page(s) if necessary)

6. Signature: (Required)

X Daniel R Pro — General Counsel
Signature of Officer or Authorized Signer — Title

X _____ _____
Signature of Officer or Authorized Signer — Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

This form must be accompanied by appropriate fees.

Annex A

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 • After Issuance of Stock)

MEDICINE MAN TECHNOLOGIES, INC.

Article 3 of the Corporation's Articles of Incorporation is hereby amended to provide as follows:

The Corporation is authorized to issue two classes of shares, designated "Preferred Stock" and "Common Stock." The number of shares of Preferred Stock authorized is 10,000,000, par value $0.001 and the number of shares of Common Stock authorized 250,000,000, par value $0.001.

The preferred Stock may be divided into such number of series as the Board may determine.

The Board is authorized to determine and alter the right, preferences, privileges and restrictions granted and imposed upon any wholly unissued series of Preferred Stock, and to fix the number and designation of shares of any series of Preferred Stock. The Board, within limits and restrictions stated in any resolution of the Board, originally fixing the number of shares constituting any series may increase or decrease, but not below the number of such series then outstanding, the shares of any subsequent series.

SECRETARY OF STATE

STATE OF NEVADA

NEVADA STATE BUSINESS LICENSE

MEDICINE MAN TECHNOLOGIES, INC.

Nevada Business Identification # NV20141198339
Expiration Date: 03/31/2020

In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.
Valid until the expiration date listed unless suspended, revoked or cancelled in accordance with the provisions in Nevada Revised Statutes. License is not transferable and is not in lieu of any local business license, permit or registration.
License must be cancelled on or before its expiration date if business activity ceases. Failure to do so will result in late fees or penalties which, by law, cannot be waived.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on 12/13/2019.

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Secretary of State

Certificate Number: B20191213439180
You may verify this certificate online at http://www.nvsos.gov

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary for Commercial Recordings

STATE OF NEVADA

OFFICE OF THE SECRETARY OF STATE

Commercial Recordings Division
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North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

2/18/2021 9:48:51 AM

Work Order Number:	W2021021800422
Reference Number:	20211243619
Through Date:	2/18/2021 9:48:51 AM
Corporate Name:	MEDICINE MAN TECHNOLOGIES, INC.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20201103858	Certificate of Designation	17

Respectfully,

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Nevada Secretary of State

Certified By: Rhonda Tuin
Certificate Number: B202102181439277
You may verify this certificate online at http://www.nvsos.gov

Filed in the Office of	Business Number
Barbara K. Cegavske	E0149142014-4
	Filing Number
Secretary of State	20201103858
State Of Nevada	Filed On
	12/16/2020 8:00:00 AM
	Number of Pages
	17

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

☒ Certificate of Designation
☐ Certificate of Amendment to Designation - Before Issuance of Class or Series
☐ Certificate of Amendment to Designation - After Issuance of Class or Series
☐ Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Medicine Man Technologies, Inc. Entity or Nevada Business Identification Number (NVID): E0149142014-4
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: Time: (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing: Series A Cumulative Convertible Preferred Stock
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing:
5. Amendment of class or series of stock:	☐ Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued.
	☐ Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.
6. Resolution: Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* The board of directors hereby designates the corporation's "Series A Cumulative Convertible Preferred Stock" as set forth in the attached pages.
7. Withdrawal:	Designation being Withdrawn: Date of Designation: No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: *
8. Signature: (Required)	X _____ Signature of Officer Date: 12/16/2020

* Attach additional page(s) if necessary
This form must be accompanied by appropriate fees.

MEDICINE MAN TECHNOLOGIES, INC.

CERTIFICATE OF DESIGNATION
OF
SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK

Pursuant to Nevada Revised Statutes ("NRS") 78.195 and 78.1955, the undersigned officer of Medicine Man Technologies, Inc., a Nevada corporation (the "Corporation"), hereby certifies:

The Articles of Incorporation of the Corporation, as amended to date (and as further amended from time to time, the "Articles of Incorporation"), confer upon the Corporation's Board of Directors (the "Board of Directors") the authority to provide for the designation and issuance of shares of preferred stock, par value $0.001 per share, in a series and to establish the number of shares to be included in such series and to fix the designation, rights, preferences, privileges and restrictions granted and imposed upon any of the shares of such series. The Board of Directors has duly adopted the following resolution creating a series of the Corporation's preferred stock designated as the Series A Cumulative Convertible Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Articles of Incorporation, such series of preferred stock, par value $0.001 per share, of the Corporation is hereby created, and that the designation and number of shares thereof and the rights, preferences, privileges and restrictions of the shares of such series, and the qualifications, limitations and restrictions thereof are as follows:

1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

"Anticipated Change of Control Notice" shall have the meaning set forth in Section 6(b).

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

"Change of Control Transaction" means the occurrence after the date hereof of any of: (a) the acquisition by any Person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of related purchases, mergers or other acquisition transactions of shares of the Corporation, in each case, which such transaction or transactions are with the Corporation or approved by the Board of Directors, entitling that person to exercise more than a majority of the total voting power of all shares of the Corporation entitled to vote generally in elections of directors (except that such Person will be deemed to have beneficial ownership of all securities that such Person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); (b) the Corporation merges into or consolidates with any other Person, or any Person merges into or consolidates with the Corporation and, after giving effect to such transaction, the stockholders of the Corporation immediately prior to such transaction own less than a majority of the aggregate voting power of the Corporation or the successor entity of such

transaction immediately after such transaction; (c) the Corporation voluntarily sells, leases, transfers or otherwise disposes, in a single transaction or a series of related transactions, all or substantially all of its assets to another Person and the stockholders of the Corporation immediately prior to such transaction own less than a majority of the aggregate voting power of the acquiring entity immediately after such transaction; or (d) the Common Stock ceases to be listed on any Trading Market.

"Common Stock" means the Corporation's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Conversion Price" shall have the meaning set forth in Section 7(a)(i).

"Conversion Shares" means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

"Cumulative Dividend" shall have the meaning set forth in Section 4(a).

"Deemed Liquidation" shall have the meaning set forth in Section 6(b).

"Deemed Liquidation Election" shall have the meaning set forth in Section 6(b).

"Dividend Payment Date" shall have the meaning set forth in Section 4(a).

"Forced Conversion Date" shall have the meaning set forth in Section 7(b)(ii).

"Forced Redemption Notice" shall have the meaning set forth in Section 9(b).

"Holder" shall have the meaning given such term in Section 4(a).

"Junior Securities" shall have the meaning set forth in Section 3.

"Liquidation" shall have the meaning set forth in Section 6(a).

"Listing Event" means the listing of the Corporation's Common Stock on the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, followed within 90 days thereafter by a public offering of Common Stock that generates gross proceeds to the Corporation of no less than $100 million.

"MNPI" shall have the meaning set forth in Section 11(h).

"Notice of Forced Conversion" shall have the meaning set forth in Section 7(b)(ii).

"Notice of Forced Conversion Date" shall have the meaning set forth in Section 7(b)(ii).

"Notice of Voluntary Conversion" shall have the meaning set forth in Section 7(a)(ii).

"Original Issue Date" means the date of the first issuance by the Corporation of any share of the Preferred Stock.

"Parity Securities" shall have the meaning set forth in Section 3.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Preference Amount" shall have the meaning set forth in Section 2, as the same may be increased pursuant to Section 4.

"Preferred Stock" shall have the meaning set forth in Section 2.

"Redemption Price" shall have the meaning set forth in Section 9(c).

"Representatives" shall have the meaning set forth in Section 11(h).

"Senior Securities" shall have the meaning set forth in Section 3.

"Share Delivery Date" shall have the meaning set forth in Section 7(c).

"Trading Day" means a day on which the principal Trading Market is open for business.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTC Bulletin Board, OTCQB, OTCQX or any recognized stock exchange in North America (or any successors to any of the foregoing).

"Voluntary Conversion Date" shall have the meaning set forth in Section 7(a)(ii).

2. Designation, Par Value and Preference Amount. The series of preferred stock is hereby designated as Series A Cumulative Convertible Preferred Stock (the "Preferred Stock") and the number of shares so designated shall be 60,000. Each share of Preferred Stock shall have a par value of $0.001 per share and a preference amount equal to $1,000, subject to increase as set forth in Section 4 below (the "Preference Amount").

3. Ranking. Unless provided otherwise in this Certificate of Designation, the Preferred Stock, with respect to conversion rights, redemption payments, and rights upon liquidation, dissolution or winding-up of the affairs of the Corporation or a Change of Control Transaction, shall rank: (a) senior to the Common Stock and any other class of capital stock or other securities the Corporation issued after the effective date of this Certificate of Designation, the terms of which do not provide that they rank senior to the Preferred Stock (collectively, "Junior Securities"); (b) on parity with any class of capital stock or other securities the Corporation issues after the effective date of this Certificate of Designation, the terms of which provide that they rank on parity with the Preferred Stock (collectively, "Parity Securities"); (c)

junior to each class of capital stock or other securities the Corporation issues after the effective date of this Certificate of Designation, the terms of which provide that such securities rank senior to the Preferred Stock (collectively, "Senior Securities"); and (d) junior to all of the Corporation's existing and future indebtedness.

4. Dividends.

(a) Dividends in Kind. Holders of Preferred Stock (each, a "Holder," and collectively, the "Holders") shall be entitled to receive, and the Corporation shall pay, a cumulative dividend (each, a "Cumulative Dividend" and collectively, "Cumulative Dividends") at the rate of 8% per annum on the Preference Amount per share, payable annually on each anniversary of the Original Issue Date, to Holders of record on each such payment date (each such date, a "Dividend Payment Date"), by having each such Cumulative Dividend automatically accrete as of the relevant Dividend Payment Date to, and increase, the outstanding Preference Amount, and shall thereafter be considered fully paid and no longer accrued and unpaid Cumulative Dividends.

(b) Dividend Calculations. Cumulative Dividends on the Preferred Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30-calendar-day periods, and shall accrue daily commencing on the Original Issue Date, and shall be deemed to accrue from such date whether or not earned or declared and whether or not there are funds of the Corporation legally available for the payment of dividends in accordance with NRS 78.288 or otherwise. Cumulative Dividends shall cease to accrue with respect to any share of Preferred Stock upon the conversion or redemption of such share.

5. Voting Rights. On any matter presented to the Corporation's stockholders for their action or consideration at any meeting of the Corporation's stockholders (or by written consent of stockholders in lieu of meeting), each Holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such Holder would convert into as of the record date for determining stockholders entitled to vote on such matter as if such shares of Preferred Stock were convertible as of such date. Except as provided by law or by the other provisions of the Articles of Incorporation, Holders shall vote together with the holders of Common Stock as a single class.

6. Liquidation.

(a) General. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation (each, a "Liquidation"), the Holders shall be entitled, together and *pro rata* with the holders of Parity Securities, to be paid out of the Corporation's assets available for distributions to its stockholders, before any payment shall be made to the holders of Junior Securities by reason of their ownership thereof, an amount in cash equal to the Preference Amount for each share of Preferred Stock plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such Liquidation, and if the assets of the Corporation shall be insufficient to pay such amounts in full, then the entire assets to be distributed to the Holders shall be ratably distributed among the Holders in accordance with the respective amounts that would be payable

on such shares if all amounts payable thereon were paid in full. The Corporation shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each Holder.

(b) Change of Control Transaction. In the event the Corporation anticipates consummating a Change of Control Transaction, at least 21 days prior to the consummation of such Change of Control Transaction, the Corporation shall provide written notice to the Holders disclosing the material terms of such Change of Control Transaction and the anticipated consummation date (an "Anticipated Change of Control Notice"). At the written election of the Corporation to the Holders or the Holders holding not less than a majority of the then issued and outstanding shares of Preferred Stock to the Corporation, in each case, no more than 10 days after the Anticipated Change of Control Notice is deemed delivered hereunder (a "Deemed Liquidation Election"), such Change of Control Transaction shall be deemed a Liquidation for purposes of this Section 6 (a "Deemed Liquidation"). Upon the consummation of a Deemed Liquidation, the Holders shall, in consideration of cancellation of their shares of Preferred Stock, be entitled, together and *pro rata* with the holders of Parity Securities, to the same rights such Holders are entitled to under this Section 6 upon the occurrence of a Liquidation. The amount deemed paid or distributed to the Holders under Section 6(a) upon a Deemed Liquidation in consideration of cancellation of their shares of Preferred Stock shall be the cash or the value of the property, rights or securities paid or distributed to the Holders in such Deemed Liquidation. The value of such property, rights or securities shall be equal to the fair market value, as determined in good faith by the Board of Directors.

7. Conversion.

(a) Voluntary Conversions at Option of Holder.

(i) General. Each share of Preferred Stock shall be convertible at the option of the Holder thereof (1) after the occurrence of a Listing Event, (2) after the receipt of an Anticipated Change of Control Notice (even if the Corporation shall have sent a Deemed Liquidation Election), but solely in the event the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice is consummated, (3) after the receipt by the Holders of a Forced Redemption Notice, but solely with respect to the shares of Preferred Stock that are the subject of such Forced Redemption Notice, and (4) at any time after the first anniversary of the Original Issue Date, in each case, into that number of shares of Common Stock determined by dividing (x) the Preference Amount of such share of Preferred Stock, plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such conversion, by (y) $1.20, subject to adjustment as provided herein (as adjusted, the "Conversion Price"); provided that, in each Notice of Voluntary Conversion, a Holder must request conversion of (X) a number of shares of Preferred Stock having an aggregate Preference Amount equal to or exceeding $100,000, or, (Y) if less, all of the shares of Preferred Stock held by such Holder.

(ii) Notice of Voluntary Conversion. Holders shall effect any conversion under Section 7(a) by providing the Corporation (or its agent appointed to administer conversion of the Preferred Stock) with a notice in the form attached hereto as Annex A (each, a

"Notice of Voluntary Conversion"), (1) in the case of the occurrence of a Listing Event, within 90 days thereafter, (2) in the case of an Anticipated Change of Control Notice, no more than 14 days after such Anticipated Change of Control Notice is deemed delivered hereunder, and (3) in the case of a Forced Redemption Notice, no more than 10 days after such Forced Redemption Notice is deemed delivered hereunder. Each Notice of Voluntary Conversion shall specify the number of shares of Preferred Stock a Holder elects to be converted and, in the case of a Listing Event or a Forced Redemption Notice, the date on which such conversion is to be effected, which date may not be prior to the date the applicable Notice of Voluntary Conversion is delivered to the Corporation or its agent appointed to administer conversion of the Preferred Stock (such date, the "Voluntary Conversion Date"). If no number of shares of Preferred Stock is specified as elected to be converted in a Notice of Voluntary Conversion, all shares of Preferred Stock held by the Holder shall be deemed to be elected to be converted. If no Voluntary Conversion Date is specified in a Notice of Voluntary Conversion, in the case of a Listing Event or a Forced Redemption Notice, the Voluntary Conversion Date shall be the date that such Notice of Voluntary Conversion to the Corporation is deemed delivered hereunder. The Voluntary Conversion Date in the case of an Anticipated Change of Control Notice shall be the date of the consummation of the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice. Upon delivery of the Notice of Voluntary Conversion by a Holder, in the case of a Listing Event, a Forced Redemption Notice or voluntary conversion after the second anniversary of the Original Issue Date, such Holder shall be deemed for all purposes to have become the holder of record of the Conversion Shares with respect to which the Preferred Stock has been converted, irrespective of the date of delivery of the certificates evidencing such Conversion Shares. No ink-original Notice of Voluntary Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Voluntary Conversion form be required. The calculations and entries set forth in the Notice of Voluntary Conversion shall control in the absence of manifest or mathematical error. Further, the calculations made by the Corporation or its agent appointed to administer conversion of the Preferred Stock concerning information required in a Notice of Voluntary Conversion in the form attached hereto as Annex A that is not actually provided in a Notice of Voluntary Conversion, shall control in the absence of manifest or mathematical error. To effect any conversion of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Voluntary Conversion Date at issue. With respect to Preferred Stock held in electronic form through a broker, bank or other nominee, if required by the transfer agent, Holder shall cause its broker, bank or nominee to return to the Corporation, in electronic form, the number of shares of Preferred Stock being converted.

(b) Forced Conversion by Corporation.

(i) General. At the election of the Corporation (1) within 90 days after the occurrence of a Listing Event, or (2) subject to Holders' rights under Section 6(b) and 9(a), within 14 days after an Anticipated Change of Control Notice is deemed delivered hereunder, in each case, each share of Preferred Stock shall be convertible, at the option of the Corporation, into that number of shares of Common Stock determined by dividing (x) the

Preference Amount of such share of Preferred Stock plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such conversion, by (y) the Conversion Price. Notwithstanding anything to the contrary herein, the Corporation shall not have the option to force conversion of the Preferred Stock under this Section 6(b) in the event that the Common Stock ceases to be listed on any Trading Market.

(ii) Notice of Forced Conversion. The Corporation shall effect any conversion under Section 7(b)(i) by delivering a written notice to all Holders (a "Notice of Forced Conversion," and the date such notice is delivered to all Holders, the "Notice of Forced Conversion Date"). Each Notice of Forced Conversion shall specify the number of shares of Preferred Stock the Corporation elects to be converted. If no number of shares of Preferred Stock is specified as elected to be converted in a Notice of Forced Conversion, all shares of Preferred Stock held by the Holder shall be deemed to be elected to be converted. Each conversion under Section 7(b)(i) shall be deemed to occur (1) in the case of a Listing Event, on the second Trading Day following the Notice of Forced Conversion Date is deemed delivered hereunder, and (2) in the case of an Anticipated Change of Control Notice, on the date of the consummation of the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice (such date, the "Forced Conversion Date"). Notwithstanding the foregoing, for any Notice of Forced Conversion in connection with an Anticipated Change of Control Notice to be effective, the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice must not be or become subject to a Deemed Liquidation Election. No ink-original Notice of Forced Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Forced Conversion form be required. The calculations and entries set forth in the Notice of Forced Conversion shall control in the absence of manifest or mathematical error. Further, the calculations made by the Corporation or its agent appointed to administer conversion of the Preferred Stock concerning information required in a Notice of Forced Conversion that is not actually provided in a Notice of Forced Conversion, shall control in the absence of manifest or mathematical error. Upon receipt of a Notice of Forced Conversion, each Holder shall (i) surrender the certificate(s) representing the shares of Preferred Stock to be converted to the Corporation, and (ii) with respect to Preferred Stock held in electronic form through a broker, bank or other nominee, if required by the transfer agent, cause its broker, bank or nominee to return to the Corporation, in electronic form, the number of shares of Preferred Stock being converted.

(c) Mechanics of Conversion.

(i) Delivery of Conversion Shares Upon Conversion. Not later than five Trading Days after any Voluntary Conversion Date or Forced Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder: (A) the number of Conversion Shares being acquired upon the conversion of the Preferred Stock, and (B) a bank check in the amount of any amount payable under Section 7(c)(iii). The Corporation shall deliver the Conversion Shares in certificated form if the converted shares of Preferred Stock were held in certificated form and electronically through the Depository Trust Company or another established clearing corporation performing similar functions if the converted shares of Preferred Stock were held in electronic form.

(ii) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock, for the sole purpose of issuance upon conversion of the Preferred Stock and free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders, not less than such aggregate number of shares of the Common Stock then issuable (taking into account the adjustments of Section 8) upon the conversion of the then outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock issued in accordance with the terms of this Certificate of Designation shall, upon such issuance, be duly authorized, validly issued, fully paid and nonassessable.

(iii) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(iv) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes or transfer taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all transfer agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares, if applicable.

8. Certain Adjustments.

(a) Stock Splits and Combinations.

(i) If the Corporation shall at any time or from time to time after the Original Issue Date increase the number of outstanding shares of Preferred Stock by means of a subdivision (including by way of a stock split), reclassification or other similar event of the outstanding shares of Preferred Stock, the applicable Preference Amount in effect immediately before that subdivision, reclassification or other similar event shall be proportionately reduced.

(ii) If the Corporation shall at any time or from time to time after the Original Issue Date decrease the number of outstanding shares of Preferred Stock by means of a combination (including by way of a reverse stock split), reclassification or other similar event of the outstanding shares of Preferred Stock, the applicable Preference Amount in effect immediately before that combination, reclassification or other similar event shall be proportionately increased.

(iii) If the Corporation shall at any time or from time to time after the Original Issue Date increase the number of outstanding shares of Common Stock by means of a subdivision (including by way of a stock split), reclassification or other similar event, of the outstanding Common Stock, the applicable Conversion Price in effect immediately before that subdivision, reclassification or other similar event shall be proportionately decreased so that the number of shares of Common Stock issuable upon conversion of each share of Preferred Stock shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding.

(iv) If the Corporation shall at any time or from time to time after the Original Issue Date decrease the number of outstanding shares of Common Stock by means of a combination (including by way of a reverse stock split), reclassification or other similar event, of the outstanding Common Stock, the applicable Conversion Price in effect immediately before that combination, reclassification or other similar event shall be proportionately decreased so that the number of shares of Common Stock issuable upon conversion of each share of Preferred Stock shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding.

(v) Any adjustment under this subsection shall become effective at the close of business on the date the subdivision, combination, reclassification or other similar event becomes effective.

(b) Stock Dividends.

(i) If the Corporation at any time or from time to time after the Original Issue Date makes or issues, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then, in each such event the applicable Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction (1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately before the time of such issuance or the close of business on such record date, and (2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately before the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend.

(ii) Notwithstanding the foregoing, (1) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (2) that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

(c) Calculations. All calculations under this Section 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 8, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(d) Notice of Adjustment to Conversion Price. Whenever the Conversion Price or Preference Amount is adjusted pursuant to any provision of this Section 8, the Corporation shall promptly deliver to each Holder a written notice setting forth the Conversion Price or Preference Amount, as applicable, after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

9. Redemption.

(a) Voluntary Redemption. At the written election of any Holder (i) within 90 days after a Listing Event, (ii) at any time after the fifth anniversary of the Original Issue Date, (iii) within 14 days after an Anticipated Change of Control Notice is deemed delivered hereunder, or (iv) within 5 days after a Notice of Forced Conversion shall be deemed to have been sent, such Holder may elect to have the Corporation redeem all or any portion of such Holder's shares of Preferred Stock for the Redemption Price per share. Notwithstanding the foregoing, for any redemption request in connection with an Anticipated Change of Control Notice to be effective, the Change of Control Transaction that is the subject of such Anticipated Change of Control Notice (x) must not be or become subject to a Deemed Liquidation Election, and (y) must be consummated. Notice of redemption must be given by a Holder to the Corporation at least 20 Business Days before the desired redemption date. Notwithstanding the foregoing, after receipt of a redemption notice from a Holder, the Corporation may elect to defer such redemption by deferring the redemption date one or more times until no later than the date that is 12 months (the "Deferral Period") from the redemption date originally requested by such Holder by providing written notice to such Holder of such deferral within 20 Business Days before the redemption date originally requested by such Holder; provided that the Cumulative Dividends on the Preferred Stock during such deferred redemption period shall be increased to a rate of 10% per annum on the Preference Amount per share for the first 6 months of the Deferral Period and shall thereafter increase to a rate of 15% per annum on the Preference Amount per share. Notwithstanding anything to the contrary herein, during the Deferral Period the Corporation shall act in good faith, use all commercially reasonable efforts to pay the full redemption amount as soon as practicable, and shall not take any actions that are intended to delay or reduce the payment of the full redemption amount as soon as practicable.

(b) Forced Redemption. At the option of the Corporation, at any time within 90 days after a Listing Event, the Corporation may elect to redeem all or any portion of Preferred Stock for the Redemption Price per share. Notice of redemption (a "Forced Redemption Notice") shall be given by the Corporation to the Holders as provided in Section 11(a), and must be given at least 20 days before the desired redemption date.

(c) Redemption Price; Miscellaneous. The redemption price for any shares of Preferred Stock to be redeemed shall be payable in cash, out of funds legally available therefor,

and shall be equal to the Preference Amount per share plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such redemption (the "Redemption Price"). If fewer than all of the outstanding shares of Preferred Stock are to be redeemed at any time, the Corporation shall redeem shares proportionally from all Holders. Notwithstanding anything herein to the contrary, the Corporation may repurchase shares of Preferred Stock in the open market or in privately negotiated transactions at any time.

10. Cannabis Law Compliance and Unsuitability Redemption. Each Holder shall (a) take all action reasonably required by such Holder in such Holder's capacity as a holder of Preferred Stock to comply with applicable state cannabis laws and regulations, including, without limitation, making all requisite filings under such laws and regulations as and when required and reasonably keep the Corporation apprised of the same, and (b) upon the Corporation's reasonable request, at the Corporation's sole cost and expense, reasonably cooperate with the Corporation with respect to any Corporation report, filing, notification or other communication with or to any state governmental authority related to the Corporation's licenses, approvals, consents or obligations under state cannabis laws and regulations related to such Holder's capacity as a holder of Preferred Stock, including, without limitation, any investigation or inquiry by a state governmental authority related to any of the foregoing. The Corporation shall have the right but not the obligation to redeem all or any portion of the shares of Preferred Stock held by such Holder for cash at a per share purchase price equal to the greater of (i) the Preference Amount plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such redemption per share, and (ii) (x) the Preference Amount plus the *pro rata* portion of the amount of the next Cumulative Dividend for the period between the previous Dividend Payment Date and the date of such redemption per share divided by (y) the Conversion Price, and then multiplying the quotient by (z) the average closing price of the Common Stock as reported on the Trading Market for the Common Stock for the 45 Trading Days immediately preceding the date of such redemption notice, on not less than five days' written notice, if such Holder or one of its affiliates is determined to be unsuitable or disqualified to own a direct or indirect interest in the Corporation by a state governmental authority, including, without limitation, the Colorado Marijuana Enforcement Division; provided, that, (A) to the extent permitted by the applicable state governmental authority without jeopardizing the Corporation's licenses, approvals, consents or obligations under state cannabis laws and regulations, the Corporation shall provide such Holder with a reasonable period to cure the cause for such determination or disqualification prior to such redemption, (B) the Corporation shall only redeem the Holder's shares of Preferred Stock to the extent necessary to comply with applicable state cannabis laws and regulations, and (C) the redemption price per share shall be equal to such Holder's original purchase price per share if such Holder or one of its affiliates is determined by a state governmental authority to have been unsuitable or disqualified at the time of such Holder's acquisition of shares of Preferred Stock.

11. Miscellaneous.

(a) Notices. Notices, consents, waivers or other communications required or permitted to be given hereunder including, without limitation, any Notice of Voluntary

Conversion or Notice of Forced Conversion must be in writing (other than a Notice of Voluntary Conversion or Notice of Forced Conversion required to be submitted electronically through the Depository Trust Company) and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon delivery, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); (iii) upon delivery, when sent by electronic mail (provided that the sending party does not receive an automated rejection notice); or (iv) upon receipt, when sent by overnight courier service, in each case properly addressed to the party to receive the same. The addresses, facsimile numbers and e-mail addresses for such communications shall be: If to the Corporation: Medicine Man Technologies, Inc., 4880 Havana Street, Suite 201, Denver, CO 80239, Telephone: (303) 371-0387, Facsimile: (303) 371-0598, Attention: General Counsel, E-mail: dan@schwazze.com. If to a Holder, to such Holder's address and e-mail address then appearing in the books of the Corporation, with copies to such Holder's representatives, if any, then appearing in the books of the Corporation. Any notice address, facsimile number or email address for a party may be changed by delivering such other address, facsimile number and/or e-mail address and/or to the attention of such other Person as the specified by written notice given to the Corporation or the Holders, as applicable, five calendar days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine or e-mail containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from an overnight courier service in accordance with clause (i), (ii) or (iii) above, respectively.

(b) Lost or Mutilated Preferred Stock Certificate. Upon receipt by the Corporation of evidence reasonably satisfactory to the Corporation of the loss, theft, destruction or mutilation of a Holder's Preferred Stock certificate, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Corporation in customary form and, in the case of mutilation, upon surrender and cancellation of the mutilated certificate, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed.

(c) Amendment and Waiver. No provision of this Certificate of Designation may be amended, modified or waived except upon approval of such amendment, modification or waiver pursuant to an instrument in writing executed by the Corporation and the Holders of a majority of the then outstanding shares of the Preferred Stock (and, if required pursuant to the NRS, the filing of certificate of amendment to this Certificate of Designation in accordance with NRS 78.1955), and any such written amendment, modification or waiver shall be binding upon the Corporation and each holder of Preferred Stock; provided that no such action shall modify or waive (i) the definition of Preference Amount, (ii) the rate at which or the manner in which Cumulative Dividends accrue or accumulate or the times at which such Cumulative Dividends become payable pursuant to Section 4, or (iii) this Section 11(c), without the prior written consent of each holder of the then outstanding shares of Preferred Stock. Notwithstanding anything to the contrary set forth in this Certificate of Designation or the NRS (including, without limitation, NRS 78.1955), no consent or approval of the holders of any Senior Securities,

Parity Securities or Junior Securities shall be required in connection with any amendment, modification or waiver of this Certificate of Designation.

(d) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

(e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

(f) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(g) Status of Converted or Redeemed Preferred Stock. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized and unissued shares of the Corporation's preferred stock, shall no longer be designated as Series A Cumulative Convertible Preferred Stock, and thereafter may be designated and issued as part of another series of the Corporation's preferred stock.

(h) Material Non-Public Information. In the event that the Corporation believes that a notice provided by the Corporation to any Holder under this Certificate of Designation contains material, nonpublic information relating to the Corporation or its subsidiaries ("MNPI"), the Corporation shall so indicate to such Holder contemporaneously with delivery of such notice. Each Holder agrees that such Holder will not disclose any MNPI it receives under the terms of this Certificate of Designation to any individual or entity, except to such Holder's affiliates, employees, officers, directors, partners, managers, shareholders, members, equity owners, agents, attorneys, accountants or advisors (collectively, "Representatives") who: (1) need to know such MNPI to assist such Holder, or act on its behalf, in such Holder's capacity as a Holder or to exercise its rights under this Certificate of Designation; (2) are informed by such Holder of the confidential nature of such MNPI; and (3) are subject to confidentiality duties or obligations to such Holder that are no less restrictive than the terms and conditions of this Section 11(h). Each Holder agrees that it shall be responsible for any breach of this Section 11(h) caused by any of its Representatives, unless such Representatives entered into a separate confidentiality agreement with the Corporation.

Notwithstanding the foregoing, this Section 11(h) does not prohibit a Holder from reporting, or communicating or participating in any investigation or proceeding with respect to, possible violations of U.S. federal securities laws or regulation to any U.S. federal governmental agency or entity, including, without limitation, the U.S. Department of Justice, the Securities and Exchange Commission, the U.S. Congress and any U.S. agency inspector general, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. No prior authorization from the Corporation is required for such reports, communications or participation nor does a Holder need to notify the Corporation that such Holder has made such report or communication or is participating in any such investigation or proceeding.

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IN WITNESS WHEREOF, the undersigned officer of Medicine Man Technologies, Inc. has executed this Certificate of Designation as of December 16, 2020.

MEDICINE MAN TECHNOLOGIES, INC.

By: _____
Name: Nancy Huber
Title: Chief Financial Officer

ANNEX A

NOTICE OF VOLUNTARY CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series A Cumulative Convertible Preferred Stock indicated below into shares of common stock, par value $0.001 per share (the "Common Stock"), of Medicine Man Technologies, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as may be required by the Corporation. No fee will be charged to the Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Preference Amount of shares of Preferred Stock to be Converted:

_____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

Address for Delivery: _____
or
DWAC Instructions:
Broker no: _____
Account no: _____

HOLDER

By: _____
Name:
Title:

Exhibit 4.1

Description of Securities of Medicine Man Technologies, Inc.
Registered Pursuant to Section 12 of the Securities Exchange Act of 1934

General

The following is a summary of information concerning the capital stock of Medicine Man Technologies, Inc. (hereinafter referred to as the "Company", "our" and "we"). The summaries and descriptions below do not purport to be complete. It is subject to and qualified in its entirety by reference to our Articles of Incorporation, as amended (the "Articles of Incorporation"), and our Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read our Articles of Incorporation, including the Certificate of Designation (as defined below), our Bylaws and any applicable provisions of relevant law, including the Nevada Revised Statutes. Our Common Stock (as defined below) is our only security registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Common Stock

Authorized Shares. The Company is authorized to issue up to 250,000,000 shares of common stock, par value $0.001 per share (the "Common Stock").

Dividends. Holders of shares of Common Stock are entitled to receive dividends when, as and if declared by the Company's Board of Directors (the "Board") out of funds legally available for that purpose, subject to the rights of holders of any class or series of preferred stock, including our Series A Preferred Stock (as defined below), which may then be outstanding. The Company has not declared or paid any cash dividends on its Common Stock, and the Company does not anticipate doing so in the foreseeable future.

Voting Rights. Each share of Common Stock is entitled to one vote on all matters submitted to a vote of the Company's shareholders, including as to the election of directors to the Board. Shareholders are prohibited from cumulating their votes in any election of directors of the Company.

Liquidation Rights. In the event of any liquidation, dissolution, or winding up of the Company, subject to the rights of creditors and the holders of any outstanding shares of preferred stock having a preference, including our Series A Preferred Stock, holders of shares of Common Stock are entitled to ratable distribution of the remaining assets available for distribution to shareholders.

Redemption. The shares of Common Stock are generally not subject to redemption by operation of a sinking fund or otherwise; provided, however, so long as the Company holds (directly or indirectly) a license from a governmental agency to conduct its business, if such license is conditioned upon some or all of the holders of the Company possessing certain qualifications, then, the Company, in its sole option and sole discretion, may redeem the shares of Common Stock held by a holder that is deemed unsuitable or disqualified to own a direct or indirect interest in the Company by such license granting governmental agency.

Preemptive Rights. Holders of shares of Common Stock are not currently entitled to preemptive rights.

Fully Paid. The issued and outstanding shares of Common Stock are fully paid and non-assessable. This means the full purchase price for the outstanding shares of Common Stock has been paid and the holders of such shares will not be assessed any additional amounts for such shares. Any additional shares of Common Stock that the Company may issue in the future will also be fully paid and non-assessable.

Listing and Ticker Symbol. The Common Stock is currently quoted on the OTCQX under the ticker symbol "SHWZ."

Preferred Stock

Authority to Designate and Issue Shares of Preferred Stock. Subject to limitations prescribed by Nevada law, without vote or action by our stockholders, the Board is authorized to determine and alter the right, preferences, privileges and restrictions granted and imposed upon any wholly unissued series of preferred stock, and to fix the number and designation of shares of any series of preferred stock. The Board also may increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. The Board may authorize the issuance of preferred stock with rights, such as voting or conversion rights, that could adversely affect the rights of the holders of the Common Stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company.

Authorized Shares. The Company is authorized to issue up to 10,000,000 shares of preferred stock, par value $0.001 per shares. The Company has designated 110,000 shares of preferred stock as Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") pursuant to the Certificate of Designation of Series A Cumulative Convertible Preferred Stock filed with the Nevada Secretary of State on December 16, 2020 and amended on March 1, 2021 (the "Certificate of Designation").

Dividends. Holders of Series A Preferred Stock are entitled to receive cumulative dividends at the rate of 8% per annum on the "Preference Amount," which initially is equal to $1,000 per share and subject to increase, payable annually on each anniversary of the date of the first issuance of any shares of Series A Preferred Stock to holders of record on each such payment date, by having such dividends automatically accrete as of each dividend payment date to, and increase, the outstanding Preference Amount.

Liquidate Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of Series A Preferred Stock are entitled to be paid out of the Company's assets available for distributions to its stockholders, before any payment shall be made to the holders of any junior securities, such as the Common Stock, an amount in cash equal to the Preference Amount (plus the pro rata portion of the next dividend, if any), for each share of Series A Preferred Stock. In connection with a Change of Control Transaction (as defined in the Certificate of Designation), either the Company or holders of Series A Preferred Stock holding no less than a majority of the then-issued and outstanding shares of Series A Preferred Stock may elect to treat such Change of Control Transaction as a liquidation and to receive the cash or the value of the property, rights or securities paid or distributed to holders of Series A Preferred Stock in such Change of Control Transaction. Generally, a Change of Control Transaction means the occurrence of any of: (i) the acquisition by a person or group through a purchase, merger or other acquisition transaction or series or related transactions, in which such transaction or transactions are with the Company or approved by the Board, entitling that person or group to exercise more than a majority of the total voting power of all shares of the Company entitled to vote generally in the election of directors (including all securities such person has the right to acquire), (ii) a merger or consolidation involving the Company and, after giving effect to such transaction, the Company's stockholders immediately before such transaction own less than a majority of the Company's aggregate voting power the successor entity of such transaction immediately after such transaction, (iii) a sale, lease or transfer of all or substantially all of the Company's assets and the Company's stockholders immediately before such transaction own less than a majority of the aggregate voting power of the acquiring entity immediately after such transaction, or (iv) the Common Stock ceases to be listed on a Trading Market (as defined in the Certificate of Designation).

Conversion by Holders. Each share of Series A Preferred Stock will be convertible at the option of the holder thereof (i) for 90 days after the occurrence of a Listing Event (as defined in the Certificate of Designation), (ii) on the date of the consummation of a Change of Control Transaction if requested within 14 days after delivery to holders of a notice of an anticipated Change of Control Transaction, (iii) for 10 days after the receipt by the holders of a notice of forced redemption by the Company, and (iv) at any time after the first anniversary of the date of the first issuance of any shares of Series A Preferred Stock, in each case, into that number of shares of Common Stock determined by dividing the Preference Amount (plus the pro rata portion of the next dividend, if any) of such share of Series A Preferred Stock by $1.20. Generally, a Listing Event involves the listing of the Common Stock on the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange followed within 90 days thereafter by a public offering of Common Stock that generates gross proceeds to the Company of no less than $100,000,000.

Conversion by the Company. The Company may force conversion of the Series Preferred Stock (i) within 90 days after the occurrence of a Listing Event, and (ii) on the date of the consummation of a Change of Control Transaction if requested within 14 days after delivery to holders of a notice of an anticipated Change of Control Transaction, other than a Change of Control Transaction as a result of the Common Stock ceasing to be listed on any Trading Market.

Redemption Rights. Each share of Series A Preferred Stock will be redeemable at the option of the holder thereof (i) for 90 days after the occurrence of a Listing Event, (ii) at any time after the fifth anniversary of the date of the first issuance of any shares of Series A Preferred Stock, (iii) on the date of the consummation of a Change of Control Transaction if requested within 14 days after delivery to holders of a notice of an anticipated Change of Control Transaction, or (iv) for five days after the receipt by the holder of a notice of forced conversion by the Company. In each case, a holder of Series A Preferred Stock may elect to have the Company redeem all or any portion of the shares of Series A Preferred Stock held for a redemption price per share equal to the Preference Amount (plus the pro rata portion of the next dividend, if any). The Company has a right to defer such redemption one or more times until no later than the one year anniversary of the redemption date originally requested by the holder, provided that the dividends rate would be increased from 8% to 10% per annum during the first six months of such deferral period and 15% thereafter, if applicable. In addition, the Company may redeem all or any portion of the Series A Preferred Stock within 90 days after the occurrence of a Listing Event.

Cannabis Law Compliance and Unsuitability Redemption. Each holder of Series A Preferred must take all action reasonably required by such holder to comply with applicable state cannabis laws and regulations, including, without limitation, making all requisite filings under such laws and regulations as and when required. The Company has the right but not the obligation to redeem all or any portion of the shares of Series A Preferred Stock held by any holder that is determined to be unsuitable or disqualified to own a direct or indirect interest in the Company by a state governmental authority, including, without limitation, the Colorado Marijuana Enforcement Division.

Ranking. With respect to conversion rights, redemption payments and rights upon the Company's liquidation, dissolution or winding-up or a Change of Control Transaction, the Series A Preferred Stock rank junior to the Company's indebtedness and any securities the Company issues in the future the terms of which expressly make such securities senior to the Series A Preferred Stock, on a parity with any securities the Company issues in the future the terms of which expressly make such securities on a parity with any or all of the Series A Preferred Stock, but senior to the Common Stock and any securities the Company issues in the future that are not expressly made on a parity or senior to the Series A Preferred Stock.

Voting Rights. Each holder of Series A Preferred Stock will be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held would convert into as of the record date for determining stockholders entitled to vote on any matter presented to the Company's stockholders for their action or consideration at any meeting (or by written consent in lieu of meeting) voting together with the holder of Common Stock as a single class as if such shares of Series A Preferred Stock were convertible as of such date.

Action by Written Consent.

The Bylaws provide that holders holding a majority of the voting power of each class of capital stock of the Company, or, if different, the proportion of voting power required to take such action at a meeting of stockholders.

Certain Anti-Takeover Measures

Under our Articles of Incorporation, the Board, without further vote by our stockholders, has the authority to issue shares of preferred stock and to determine the rights and preferences, price and restrictions, including but not limited to voting and dividend rights, of any such shares of preferred stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company.

The Bylaws contain provisions that may be deemed to have an anti-takeover effect and may del, defer or prevent a change of control. These provisions include:

Staggered Board of Directors. The Bylaws provide for a “staggered” or “classified” Board, whereby the directors of the Board are divided into two classes - Class A Directors consisting of one-half of the members of the Board, and Class B Directors consisting of one-half of the members of the Board. Each class shall be elected for two-year terms, in alternating years.

Change in the Number of Directors. The Bylaws provide that approval by no less than four members of the Board is required to change the total number of directors comprising the Board.

Bankruptcy, Insolvency, Dissolution or Liquidation. The Bylaws provide that approval by no less than four members of the Board is required to commence any bankruptcy or insolvency proceeding, or to dissolve or liquidate or agree to dissolve or liquidate the Company.

Transfer Agent

The Company’s Transfer Agent is Globex Transfer, LLC.

Exhibit 4.5

FORM OF WARRANT TO PURCHASE COMMON STOCK

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SUCH ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

MEDICINE MAN TECHNOLOGIES, INC.
Warrant To Purchase Common Stock

Warrant No.: [_____]
Number of Shares of Common Stock: [_____]
Date of Issuance: [_____], 2019 ("**Issuance Date**")

Medicine Man Technologies, Inc., a Nevada corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [_____], the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the date hereof, but not after 11:59 p.m., New York time, on the Expiration Date, [_____) ([_____]) (as defined below), fully paid nonassessable shares of Common Stock, all subject to adjustment as provided herein (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section [__]. This Warrant is one of the Warrants to purchase Common Stock (the "**SPA Warrants**") issued pursuant to Section 1 of that certain Securities Purchase Agreement, dated as of [_____], 2019 (the "**Subscription Date**"), by and between the Company and the Buyer (the "**Securities Purchase Agreement**"). Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Securities Purchase Agreement.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first (1st) Trading Day following the date on which the Company has received the Exercise Notice, the Company shall transmit by electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the earlier of (i) the second (2nd) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case, following the date on which the Holder delivers the Exercise Notice to the Company, so long as the Holder delivers the Aggregate Exercise Price on or prior to the seventh (7th) Trading Day following the date on which the Company has received the Exercise Notice (the "**Share Delivery Date**") (provided that if the Aggregate Exercise Price has not been delivered by such date, the Share Delivery Date shall be two (2) Trading Days after the Aggregate Exercise Price is delivered), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and the Warrant Shares are subject to an effective resale registration statement in favor of the Holder, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Warrant Shares are not subject to an effective resale registration statement in favor of the Holder, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any. Upon delivery of the Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three (3) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant. The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $[_____] per share, subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail for any reason or for no reason to issue to the Holder on or prior to the Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, to credit the Holder's balance account with DTC, for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant or (II) if any registration statement covering the resale of the Warrant Shares that are the subject of the Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the resale of such Unavailable Warrant Shares at a time when such registration is contractually required to be available by the Company pursuant to the Securities Purchase Agreement or any other Transaction Document and the Company fails to promptly (x) so notify the Holder and (y) deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, an "**Exercise Failure**"), then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the Share Delivery Date and during such Exercise Failure an amount equal to 1.0% of the product of (A) the sum of the number of shares of Common Stock not issued to the Holder on or prior to the Share Delivery Date and to which the Holder is entitled, and (B) any Closing Bid Price of the Common Stock selected by the Holder in writing occurring during the period beginning on the applicable date of delivery of an Exercise Notice and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to the Holder and register such shares of Common Stock on the Company's share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit the Holder's balance account with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Company's obligation pursuant to clause (ii) below or (II) a Notice Failure occurs, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock relating to the applicable Exercise Failure (a "**Buy-In**"), then the Company shall, within five (5) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such shares of Common Stock) or credit the Holder's balance account with DTC for such shares of Common Stock shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such shares of Common Stock or credit the Holder's balance account with DTC, as applicable, and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) any Closing Bid Price of the Common Stock selected by the Holder in writing occurring during the period beginning on the applicable date of delivery of an Exercise Notice and ending on the applicable Share Delivery Date. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock (or to electronically deliver such shares of Common Stock) upon the exercise of this Warrant as required pursuant to the terms hereof.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with the terms of this Agreement.

(e) Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of shares of Common Stock equal to 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of all of this Warrant then outstanding without regard to any limitation on exercise included herein (the "**Required Reserve Amount**" and the failure to have such sufficient number of authorized and unreserved shares of Common Stock, an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of the shares of its issued and outstanding shares of Common Stock to approve the increase in the number of authorized shares of Common Stock, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the Securities and Exchange Commission an Information Statement on Schedule 14C. In the event that upon any exercise of this Warrant, the Company does not have sufficient authorized shares to deliver in satisfaction of such exercise, then unless the Holder elects to void such attempted exercise, the Holder may require the Company to pay to the Holder within three (3) Trading Days of the applicable exercise, cash in an amount equal to the product of (i) the quotient determined by dividing (x) the number of Warrant Shares that the Company is unable to deliver pursuant to this Section 1(e), by (y) the total number of Warrant Shares issuable upon exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) and (ii) the Black Scholes Value.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant, with the prior written consent of the Required Holders, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

(b) Adjustment Upon Subdivision or Combination of Common Stock. If the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Subscription Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(c) Other Events. If any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's Board of Directors will make an appropriate adjustment in the Exercise Price and the number of Warrant Shares, as mutually determined by the Company's Board of Directors and the Required Holders, so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 2(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Fundamental Transactions. The Company shall not enter into or be party to a Fundamental Transaction unless the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance satisfactory to the Required Holders and approved by the Required Holders prior to such Fundamental Transaction, which such approval shall not be unreasonably withheld, including agreements, if so requested by the Holder, to deliver to each holder of the SPA Warrants in exchange for such SPA Warrants a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, an adjusted exercise price equal to the value for the shares of Common Stock reflected by the terms of such Fundamental Transaction, and exercisable for a corresponding number of shares of capital stock equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and satisfactory to the Required Holders, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the occurrence or consummation of such Fundamental Transaction). No later than (i) thirty (30) days prior to the occurrence or consummation of any Fundamental Transaction or (ii) if later, the first Trading Day following the date the Company first becomes aware of the occurrence or potential occurrence of a Fundamental Transaction, the Company shall deliver written notice thereof via facsimile or electronic mail and overnight courier to the Holder. Upon the occurrence or consummation of any Fundamental Transaction, and it shall be a required condition to the occurrence or consummation of any Fundamental Transaction that, the Company and the Successor Entity or Successor Entities, jointly and severally, shall succeed to, and the Company shall cause any Successor Entity or Successor Entities to jointly and severally succeed to, and be added to the term "Company" under this Warrant (so that from and after the date of such Fundamental Transaction, each and every provision of this Warrant referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Company and the Successor Entity or Successor Entities, jointly and severally, may exercise every right and power of the Company prior thereto and shall assume all of the obligations of the Company prior thereto under this Warrant with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company in this Warrant, and, solely at the request of the Holder, if the Successor Entity and/or Successor Entities is a publicly traded corporation whose common stock is quoted on or listed for trading on an Eligible Market, shall deliver (in addition to and without limiting any right under this Warrant) to the Holder in exchange for this Warrant a security of the Successor Entity and/or Successor Entities evidenced by a written instrument substantially similar in form and substance to this Warrant and exercisable for a corresponding number of shares of capital stock of the Successor Entity and/or Successor Entities (the "**Successor Capital Stock**") equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction (such corresponding number of shares of Successor Capital Stock to be delivered to the Holder shall be equal to the greater of (A) the quotient of (i) the aggregate dollar value of all consideration (including cash consideration and any consideration other than cash ("**Non-Cash Consideration**"), in such Fundamental Transaction, as such values are set forth in any definitive agreement for the Fundamental Transaction that has been executed at the time of the first public announcement of the Fundamental Transaction or, if no such value is determinable from such definitive agreement, as determined by an independent appraiser chosen by the Holder and reasonably consented to by the Company) that the Holder would have been entitled to receive upon the happening of such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction, had this Warrant been exercised immediately prior to such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction (without regard to any limitations on the exercise of this Warrant) (the "**Aggregate Consideration**") divided by (ii) the per share Closing Sale Price of such Successor Capital Stock on the Trading Day immediately prior to the consummation or occurrence of the Fundamental Transaction and (B) the product of (i) the quotient obtained by dividing (x) the Aggregate Consideration, by(y) the Closing Sale Price of the Common Stock on the Trading Day immediately prior to the consummation or occurrence of the Fundamental Transaction and (ii) the highest exchange ratio pursuant to which any stockholder of the Company may exchange shares of Common Stock for Successor Capital Stock). Upon occurrence or consummation of the Fundamental Transaction, and it shall be a required condition to the occurrence or consummation of such Fundamental Transaction that, the Company and the Successor Entity or Successor Entities shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the occurrence or consummation of the Fundamental Transaction, as elected by the Holder solely at its option, shares of Successor Capital Stock or, in lieu of the shares of Successor Capital Stock (or other securities, cash, assets or other property purchasable upon the exercise of this Warrant prior to such Fundamental Transaction), such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights), which for purposes of clarification may continue to be shares of Common Stock, if any, that the Holder would have been entitled to receive upon the happening of such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction, had this Warrant been exercised immediately prior to such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the occurrence or consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities, cash, assets or other property with respect to or in exchange for shares of Common Stock (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that, and any applicable Successor Entity or Successor Entities shall ensure that, and it shall be a required condition to the occurrence or consummation of such Corporate Event that, the Holder will thereafter have the right to receive upon exercise of this Warrant at any time after the occurrence or consummation of the Corporate Event, shares of Common Stock or Successor Capital Stock, as applicable, or, if so elected by the Holder, in lieu of the shares of Common Stock (or other securities, cash, assets or other property) purchasable upon the exercise of this Warrant prior to such Corporate Event (but not in lieu of such items still issuable under Sections 3 and 4(a), which shall continue to be receivable on the shares of Common Stock or on the such shares of stock, securities, cash, assets or any other property otherwise receivable with respect to or in exchange for shares of Common Stock), such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights and any shares of Common Stock) which the Holder would have been entitled to receive upon the occurrence or consummation of such Corporate Event or the record, eligibility or other determination date for the event resulting in such Corporate Event, had this Warrant been exercised immediately prior to such Corporate Event or the record, eligibility or other determination date for the event resulting in such Corporate Event (without regard to any limitations on exercise of this Warrant). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder. The provisions of this Section 4(b) shall apply similarly and equally to successive Fundamental Transactions and Corporate Events.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as any of the SPA Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the SPA Warrants, 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the SPA Warrants then outstanding.

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no SPA Warrants for fractional Warrant Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section [___] of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation; provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder. It is expressly understood and agreed that the time of exercise specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in Section [___] of the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

13. TRANSFER. This Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company, except as may otherwise be required by Section 2(f) of the Securities Purchase Agreement.

14. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

15. DISCLOSURE. Upon receipt or delivery by the Company of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries, the Company shall contemporaneously with any such receipt or delivery publicly disclose such material, nonpublic information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, nonpublic information relating to the Company or its Subsidiaries, the Company so shall indicate to the Holder contemporaneously with delivery of such notice, and in the absence of any such indication, the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries.

16. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended.

(c) "**Affiliate**" shall have the meaning ascribed to such term in Rule 405 of the 1933 Act.

(d) "**Black Scholes Value**" means the value of this Warrant calculated using the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the date the Holder exercises this Warrant and the Company cannot deliver the required number of Warrant Shares because of an Authorized Share Failure, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the date the Holder exercises this Warrant and the Company cannot deliver the required number of Warrant Shares because of an Authorized Share Failure, (iii) the underlying price per share used in such calculation shall be the highest Weighted Average Price during the period beginning on the date of the applicable date of exercise and the date that the Company makes the applicable cash payment (iv) a zero cost of borrow and (v) a 360 day annualization factor.

(e) "**Bloomberg**" means Bloomberg Financial Markets.

(f) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(g) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved by an independent appraiser chosen by the Holder and reasonably consented to by the Company. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

(h) "**Common Stock**" means (i) the Company's shares of common stock, par value $0.001 per share, and (ii) any stock capital into which such Common Stock shall have been changed or any stock capital resulting from a reclassification, reorganization or reclassification of such Common Stock.

(i) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

(j) "**Eligible Market**" means the Principal Market, the NYSE American, The Nasdaq Global Select Market, The Nasdaq Global Market, The Nasdaq Capital Market, The New York Stock Exchange, Inc. or the OTC QX (or any successor of the foregoing).

(k) "**Expiration Date**" means the date thirty-six (36) months after the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a "**Holiday**"), the next day that is not a Holiday.

(l) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Stock be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding shares of Common Stock, (y) 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of shares of Common Stock such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding shares of Common Stock, (y) at least 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of shares of Common Stock such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (v) reorganize, recapitalize or reclassify its Common Stock, (B) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding shares of Common Stock, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock not held by all such Subject Entities as of the Subscription Date calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their shares of Common Stock without approval of the stockholders of the Company (other than a short form merger consummated solely for the purpose of changing the Company's corporate name) or (C) directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction.

(m) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(n) "**Options**" means any rights, warrants or options to subscribe for or purchase (i) shares of Common Stock or (ii) Convertible Securities.

(o) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common capital or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Required Holders, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Required Holders or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(p) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(q) "**Principal Market**" means the OTC QB.

(r) "**Qualified Eligible Market**" means the NYSE American, The Nasdaq Global Select Market, The Nasdaq Global Market, The Nasdaq Capital Market or The New York Stock Exchange, Inc.

(s) "**Required Holders**" means the holders of the SPA Warrants representing at least a majority of the shares of Common Stock underlying the SPA Warrants then outstanding and shall include Dye Capital Cann Holdings, LLC so long as such Person or any of its Affiliates holds any SPA Warrants.

(t) "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Eligible Market with respect to the Common Stock as in effect on the date of delivery of the applicable Exercise Notice.

(u) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(v) "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Holder, the Company or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or one or more Person or Persons (or, if so elected by the Holder, the Company or the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(w) "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock on such day, then on the principal securities exchange or securities market on which the Common Stock is then traded.

(x) "**Weighted Average Price**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved by an independent appraiser selected by the Holder and reasonably consented to by the Company. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

MEDICINE MAN TECHNOLOGIES, INC.

By: /s/ *Andrew Williams*
Name: Andrew Williams
Title: Chief Executive Officer

EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON STOCK

MEDICINE MAN TECHNOLOGIES, INC.

The undersigned holder hereby exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Medicine Man Technologies, Inc., a Nevada corporation (the "**Company**"), evidenced by the attached Warrant to Purchase Common Stock (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as a "Cash Exercise" with respect to _____ Warrant Shares.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date:_____

_____

Name of Registered Holder

By: _____

Name:

Title:

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs Globex Transfer, LLC to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated June 5, 2019 from the Company and acknowledged and agreed to by Globex Transfer, LLC.

MEDICINE MAN TECHNOLOGIES, INC.

By: _____
Name:
Title:

Exhibit 4.6

FORM OF WARRANT TO PURCHASE COMMON STOCK

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SUCH ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

MEDICINE MAN TECHNOLOGIES, INC.
Warrant To Purchase Common Stock

Warrant No.: [_____]
Number of Shares of Common Stock: [_____]
Date of Issuance: [_____], 2020 ("**Issuance Date**")

Medicine Man Technologies, Inc., a Nevada corporation also known as Schwazze (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [_____], the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the date hereof, but not after 11:59 p.m., New York time, on the Expiration Date, (as defined below), [_____] [(_____)] fully paid nonassessable shares of Common Stock, all subject to adjustment as provided herein (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 16. This Warrant is one of the Warrants to purchase Common Stock (the "**SPA Warrants**") issued pursuant to Section [__] of that certain Securities Purchase Agreement, dated as of [_____], 2019 (the "**Subscription Date**"), by and between the Company and the Buyer (as amended, the "**Securities Purchase Agreement**"). Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Securities Purchase Agreement.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first (1st) Trading Day following the date on which the Company has received the Exercise Notice, the Company shall transmit by electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the earlier of (i) the second (2nd) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case, following the date on which the Holder delivers the Exercise Notice to the Company, so long as the Holder delivers the Aggregate Exercise Price on or prior to the seventh (7th) Trading Day following the date on which the Company has received the Exercise Notice (the "**Share Delivery Date**") (provided that if the Aggregate Exercise Price has not been delivered by such date, the Share Delivery Date shall be two (2) Trading Days after the Aggregate Exercise Price is delivered), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and the Warrant Shares are subject to an effective resale registration statement in favor of the Holder, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Warrant Shares are not subject to an effective resale registration statement in favor of the Holder, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any. Upon delivery of the Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three (3) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant. The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $[____] per share, subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail for any reason or for no reason to issue to the Holder on or prior to the Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, to credit the Holder's balance account with DTC, for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant or (II) if any registration statement covering the resale of the Warrant Shares that are the subject of the Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the resale of such Unavailable Warrant Shares at a time when such registration is contractually required to be available by the Company pursuant to the Securities Purchase Agreement or any other Transaction Document and the Company fails to promptly (x) so notify the Holder and (y) deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, an "**Exercise Failure**"), then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the Share Delivery Date and during such Exercise Failure an amount equal to 1.0% of the product of (A) the sum of the number of shares of Common Stock not issued to the Holder on or prior to the Share Delivery Date and to which the Holder is entitled, and (B) any Closing Bid Price of the Common Stock selected by the Holder in writing occurring during the period beginning on the applicable date of delivery of an Exercise Notice and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to the Holder and register such shares of Common Stock on the Company's share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit the Holder's balance account with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Company's obligation pursuant to clause (ii) below or (II) a Notice Failure occurs, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock relating to the applicable Exercise Failure (a "**Buy-In**"), then the Company shall, within five (5) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such shares of Common Stock) or credit the Holder's balance account with DTC for such shares of Common Stock shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such shares of Common Stock or credit the Holder's balance account with DTC, as applicable, and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) any Closing Bid Price of the Common Stock selected by the Holder in writing occurring during the period beginning on the applicable date of delivery of an Exercise Notice and ending on the applicable Share Delivery Date. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock (or to electronically deliver such shares of Common Stock) upon the exercise of this Warrant as required pursuant to the terms hereof.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with the terms of this Agreement.

(e) Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of shares of Common Stock equal to 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of all of this Warrant then outstanding without regard to any limitation on exercise included herein (the "**Required Reserve Amount**" and the failure to have such sufficient number of authorized and unreserved shares of Common Stock, an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of the shares of its issued and outstanding shares of Common Stock to approve the increase in the number of authorized shares of Common Stock, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the Securities and Exchange Commission an Information Statement on Schedule 14C. In the event that upon any exercise of this Warrant, the Company does not have sufficient authorized shares to deliver in satisfaction of such exercise, then unless the Holder elects to void such attempted exercise, the Holder may require the Company to pay to the Holder within three (3) Trading Days of the applicable exercise, cash in an amount equal to the product of (i) the quotient determined by dividing (x) the number of Warrant Shares that the Company is unable to deliver pursuant to this Section 1(e), by (y) the total number of Warrant Shares issuable upon exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) and (ii) the Black Scholes Value.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant, with the prior written consent of the Required Holders, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

(b) Adjustment Upon Subdivision or Combination of Common Stock. If the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Subscription Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(c) Other Events. If any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company's Board of Directors will make an appropriate adjustment in the Exercise Price and the number of Warrant Shares, as mutually determined by the Company's Board of Directors and the Required Holders, so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 2(c) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(b) Fundamental Transactions. The Company shall not enter into or be party to a Fundamental Transaction unless the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance satisfactory to the Required Holders and approved by the Required Holders prior to such Fundamental Transaction, which such approval shall not be unreasonably withheld, including agreements, if so requested by the Holder, to deliver to each holder of the SPA Warrants in exchange for such SPA Warrants a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, an adjusted exercise price equal to the value for the shares of Common Stock reflected by the terms of such Fundamental Transaction, and exercisable for a corresponding number of shares of capital stock equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and satisfactory to the Required Holders, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the occurrence or consummation of such Fundamental Transaction). No later than (i) thirty (30) days prior to the occurrence or consummation of any Fundamental Transaction or (ii) if later, the first Trading Day following the date the Company first becomes aware of the occurrence or potential occurrence of a Fundamental Transaction, the Company shall deliver written notice thereof via facsimile or electronic mail and overnight courier to the Holder. Upon the occurrence or consummation of any Fundamental Transaction, and it shall be a required condition to the occurrence or consummation of any Fundamental Transaction that, the Company and the Successor Entity or Successor Entities, jointly and severally, shall succeed to, and the Company shall cause any Successor Entity or Successor Entities to jointly and severally succeed to, and be added to the term "Company" under this Warrant (so that from and after the date of such Fundamental Transaction, each and every provision of this Warrant referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Company and the Successor Entity or Successor Entities, jointly and severally, may exercise every right and power of the Company prior thereto and shall assume all of the obligations of the Company prior thereto under this Warrant with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company in this Warrant, and, solely at the request of the Holder, if the Successor Entity and/or Successor Entities is a publicly traded corporation whose common stock is quoted on or listed for trading on an Eligible Market, shall deliver (in addition to and without limiting any right under this Warrant) to the Holder in exchange for this Warrant a security of the Successor Entity and/or Successor Entities evidenced by a written instrument substantially similar in form and substance to this Warrant and exercisable for a corresponding number of shares of capital stock of the Successor Entity and/or Successor Entities (the "**Successor Capital Stock**") equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction (such corresponding number of shares of Successor Capital Stock to be delivered to the Holder shall be equal to the greater of (A) the quotient of (i) the aggregate dollar value of all consideration (including cash consideration and any consideration other than cash ("**Non-Cash Consideration**"), in such Fundamental Transaction, as such values are set forth in any definitive agreement for the Fundamental Transaction that has been executed at the time of the first public announcement of the Fundamental Transaction or, if no such value is determinable from such definitive agreement, as determined by an independent appraiser chosen by the Holder and reasonably consented to by the Company) that the Holder would have been entitled to receive upon the happening of such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction, had this Warrant been exercised immediately prior to such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction (without regard to any limitations on the exercise of this Warrant) (the "**Aggregate Consideration**") divided by (ii) the per share Closing Sale Price of such Successor Capital Stock on the Trading Day immediately prior to the consummation or occurrence of the Fundamental Transaction and (B) the product of (i) the quotient obtained by dividing (x) the Aggregate Consideration, by (y) the Closing Sale Price of the Common Stock on the Trading Day immediately prior to the consummation or occurrence of the Fundamental Transaction and (ii) the highest exchange ratio pursuant to which any stockholder of the Company may exchange shares of Common Stock for Successor Capital Stock). Upon occurrence or consummation of the Fundamental Transaction, and it shall be a required condition to the occurrence or consummation of such Fundamental Transaction that, the Company and the Successor Entity or Successor Entities shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the occurrence or consummation of the Fundamental Transaction, as elected by the Holder solely at its option, shares of Successor Capital Stock or, in lieu of the shares of Successor Capital Stock (or other securities, cash, assets or other property purchasable upon the exercise of this Warrant prior to such Fundamental Transaction), such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights), which for purposes of clarification may continue to be shares of Common Stock, if any, that the Holder would have been entitled to receive upon the happening of such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction, had this Warrant been exercised immediately prior to such Fundamental Transaction or the record, eligibility or other determination date for the event resulting in such Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the occurrence or consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities, cash, assets or other property with respect to or in exchange for shares of Common Stock (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that, and any applicable Successor Entity or Successor Entities shall ensure that, and it shall be a required condition to the occurrence or consummation of such Corporate Event that, the Holder will thereafter have the right to receive upon exercise of this Warrant at any time after the occurrence or consummation of the Corporate Event, shares of Common Stock or Successor Capital Stock, as applicable, or, if so elected by the Holder, in lieu of the shares of Common Stock (or other securities, cash, assets or other property) purchasable upon the exercise of this Warrant prior to such Corporate Event (but not in lieu of such items still issuable under Sections 3 and 4(a), which shall continue to be receivable on the shares of Common Stock or on the such shares of stock, securities, cash, assets or any other property otherwise receivable with respect to or in exchange for shares of Common Stock), such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights and any shares of Common Stock) which the Holder would have been entitled to receive upon the occurrence or consummation of such Corporate Event or the record, eligibility or other determination date for the event resulting in such Corporate Event, had this Warrant been exercised immediately prior to such Corporate Event or the record, eligibility or other determination date for the event resulting in such Corporate Event (without regard to any limitations on exercise of this Warrant). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder. The provisions of this Section 4(b) shall apply similarly and equally to successive Fundamental Transactions and Corporate Events.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as any of the SPA Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the SPA Warrants, 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the SPA Warrants then outstanding.

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no SPA Warrants for fractional Warrant Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section [__] of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation; provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder. It is expressly understood and agreed that the time of exercise specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in Section [__] of the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

12. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

13. TRANSFER. This Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company, except as may otherwise be required by Section 2(f) of the Securities Purchase Agreement.

14. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

15. DISCLOSURE. Upon receipt or delivery by the Company of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries , the Company shall contemporaneously with any such receipt or delivery publicly disclose such material, nonpublic information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, nonpublic information relating to the Company or its Subsidiaries, the Company so shall indicate to the Holder contemporaneously with delivery of such notice, and in the absence of any such indication, the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, nonpublic information relating to the Company or its Subsidiaries.

16. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended.

(c) "**Affiliate**" shall have the meaning ascribed to such term in Rule 405 of the 1933 Act.

(d) "**Black Scholes Value**" means the value of this Warrant calculated using the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the date the Holder exercises this Warrant and the Company cannot deliver the required number of Warrant Shares because of an Authorized Share Failure, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the date the Holder exercises this Warrant and the Company cannot deliver the required number of Warrant Shares because of an Authorized Share Failure, (iii) the underlying price per share used in such calculation shall be the highest Weighted Average Price during the period beginning on the date of the applicable date of exercise and the date that the Company makes the applicable cash payment (iv) a zero cost of borrow and (v) a 360 day annualization factor.

(e) "**Bloomberg**" means Bloomberg Financial Markets.

(f) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(g) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved by an independent appraiser chosen by the Holder and reasonably consented to by the Company. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

(h) "**Common Stock**" means (i) the Company's shares of common stock, par value $0.001 per share, and (ii) any stock capital into which such Common Stock shall have been changed or any stock capital resulting from a reclassification, reorganization or reclassification of such Common Stock.

(i) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

(j) "**Eligible Market**" means the Principal Market, the NYSE American, The Nasdaq Global Select Market, The Nasdaq Global Market, The Nasdaq Capital Market, The New York Stock Exchange, Inc. or the OTC QX (or any successor of the foregoing).

(k) "**Expiration Date**" means the date thirty-six (36) months after the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a "**Holiday**"), the next day that is not a Holiday.

(l) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Stock be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding shares of Common Stock, (y) 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of shares of Common Stock such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding shares of Common Stock, (y) at least 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of shares of Common Stock such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (v) reorganize, recapitalize or reclassify its Common Stock, (B) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding shares of Common Stock, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock not held by all such Subject Entities as of the Subscription Date calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their shares of Common Stock without approval of the stockholders of the Company (other than a short form merger consummated solely for the purpose of changing the Company's corporate name) or (C) directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction.

(m) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(n) "**Options**" means any rights, warrants or options to subscribe for or purchase (i) shares of Common Stock or (ii) Convertible Securities.

(o) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common capital or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Required Holders, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Required Holders or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(p) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(q) "**Principal Market**" means the OTC QB.

(r) "**Qualified Eligible Market**" means the NYSE American, The Nasdaq Global Select Market, The Nasdaq Global Market, The Nasdaq Capital Market or The New York Stock Exchange, Inc.

(s) "**Required Holders**" means the holders of the SPA Warrants representing at least a majority of the shares of Common Stock underlying the SPA Warrants then outstanding and shall include Dye Capital Cann Holdings, LLC so long as such Person or any of its Affiliates holds any SPA Warrants.

(t) "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Eligible Market with respect to the Common Stock as in effect on the date of delivery of the applicable Exercise Notice.

(u) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group

(v) "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Holder, the Company or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or one or more Person or Persons (or, if so elected by the Holder, the Company or the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(w) "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock on such day, then on the principal securities exchange or securities market on which the Common Stock is then traded.

(x) "**Weighted Average Price**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved by an independent appraiser selected by the Holder and reasonably consented to by the Company. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

MEDICINE MAN TECHNOLOGIES, INC.

By:/s/_____
Name:
Title:

EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON STOCK

MEDICINE MAN TECHNOLOGIES, INC.

The undersigned holder hereby exercises the right to purchase ____ shares of Common Stock ("**Warrant Shares**") of Medicine Man Technologies, Inc., a Nevada corporation (the "**Company**"), evidenced by the attached Warrant to Purchase Common Stock (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as a "Cash Exercise" with respect to ____Warrant Shares.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____

_____

Name of Registered Holder

By: _____

Name:

Title:

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs Globex Transfer, LLC

to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated [_____], 2019 from the Company and acknowledged and agreed to by Globex Transfer, LLC.

MEDICINE MAN TECHNOLOGIES, INC.

By: _____
Name:
Title:

Exhibit 4.8

FORM OF WARRANT TO PURCHASE COMMON STOCK

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A FORM REASONABLE ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SUCH ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A FINRA REGISTERED BROKER/DEALER OR OTHER LOAN OR FINANCING ARRANGEMENT WITH AN "ACCREDITED INVESTOR" SECURED BY THE SECURITIES.

MEDICINE MAN TECHNOLOGIES, INC.
Warrant To Purchase Common Stock

Warrant No.: [ ]
Number of Shares of Common Stock: [ ]
Date of Issuance: [ ], 2020 ("Issuance Date")

Medicine Man Technologies, Inc., a Nevada corporation d/b/a Schwazze (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [ ], the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the date hereof, but not after 11:59 p.m., New York time, on the Expiration Date, [ ] ([ ]) fully paid nonassessable shares of Common Stock, all subject to adjustment as provided herein (the "**Warrant Shares**" and, together with this Warrant, collectively, the "**Securities**"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 14. This Warrant is one of the Warrants to purchase Common Stock (the "**Loan Warrants**") issued pursuant to Section [ ] of the Loan Agreement, dated as of [ ], 2020, by and between the Company, as borrower, the guarantors party thereto, FocusGrowth Asset Management, LP, a Pennsylvania limited liability company, as agent, and each of the lenders party thereto (as amended, the "**Loan Agreement**"). Capitalized terms used and not otherwise defined herein shall have the definitions ascribed to such terms in the Loan Agreement.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. Execution and delivery of an Exercise Notice for all of the then-remaining Warrant Shares shall have the same effect as cancellation of the original of this Warrant after delivery of the Warrant Shares in accordance with the terms hereof. On or before the first (1st) Trading Day following the date on which the Company has received the Exercise Notice, the Company shall transmit by electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the earlier of (i) the second (2nd) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case, following the date on which the Holder delivers the Exercise Notice to the Company and the Aggregate Exercise Price on or prior to the third (3rd) Trading Day following the date on which the Company has received the Exercise Notice, the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and the Warrant Shares are subject to an effective resale registration statement in favor of the Holder, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Warrant Shares are not subject to an effective resale registration statement in favor of the Holder, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any. Upon delivery of the Exercise Notice and the Aggregate Exercise Price, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three (3) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 5(d)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all transfer, stamp, issuance and similar taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

(b) Exercise Price. For purposes of this Warrant, "Exercise Price" means $[ ] per share, subject to adjustment as provided herein.

(c) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with the terms of the Loan Agreement.

(d) Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of shares of Common Stock equal to 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of all of this Warrant then outstanding without regard to any limitation on exercise included herein (the "**Required Reserve Amount**" and the failure to have such sufficient number of authorized and unreserved shares of Common Stock, an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of the shares of its issued and outstanding shares of Common Stock to approve the increase in the number of authorized shares of Common Stock, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the Securities and Exchange Commission an Information Statement on Schedule 14C.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant, with the prior written consent of the Required Holders, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

(b) Adjustment Upon Subdivision or Combination of Common Stock. If the Company at any time on or after the Issuance Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Issuance Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(b) shall become effective at the close of business on the date the subdivision or combination becomes effective.

3. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as any of the Loan Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the Loan Warrants, 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the Loan Warrants then outstanding.

4. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. The Holder, solely in its capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in its capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

5. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 5(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 5(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 5(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 5(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no Loan Warrants for fractional Warrant Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 5(a) or Section 5(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights, terms and conditions as this Warrant.

6. REPRESENTATIONS AND WARRANTIES OF THE HOLDER. The Holder hereby represents and warrants to the Company as follows:

(a) No Public Sale or Distribution. The Holder is acquiring this Warrant, and when issued in accordance with the terms of this Warrant, the Warrant Shares, in the ordinary course of its business for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act of 1933, as amended (the "**Securities Act**"). The Holder does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities.

(b) Holder Status and Experience. The Holder is, and on each date on which the Holder acquires any Warrant Shares it will be, an "accredited investor" as that term is defined in Rule 501(a) of Regulation D. The Holder, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the investment in the Securities, and has so evaluated the merits and risks of such investment. The Holder is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(c) Information. The Holder and its advisors, if any, have been furnished with all materials relating to the business finances and operations of the Company and materials relating to the offer and issuance of the Securities that have been requested by the Holder. The Holder and its advisors, if any, have been afforded the opportunity to ask questions of the Company and receive answers from the Company concerning the terms and conditions of the offering of the Securities, the merits of investing in the Securities and the business, finances and operations of the Company. Neither such inquiries nor any other due diligence investigations conducted by the Holder or is advisors, if any, or its representatives shall modify, amend or affect the Holder's right to rely on the Company's representations and warranties contained herein. The Holder understands that its investment in the Securities involves a high degree of risk. The Holder has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities.

(d) Transfer or Resale. The Holder understands that: (i) the Securities are "restricted securities" under applicable securities laws and have not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) the Holder shall have delivered to the Company (if requested by the Company) an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, or (C) the Holder provides the Company with reasonable assurance that such Securities can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the Securities Act (or a successor rule thereto) (collectively, "**Rule 144**"); (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder; and (iii) neither the Company nor any other Person is under any obligation to register the Securities under the Securities Act or any state securities laws or to assist the Holder to comply with the terms and conditions of any exemption thereunder. Notwithstanding the foregoing, the Securities may be pledged in connection with a bona fide margin account with a FINRA registered broker/dealer or other loan or financing arrangement with an accredited investor secured by the Securities and such pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and if the Holder effects such a pledge of Securities it shall not be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement. The Holder understands that the Warrant Shares shall bear such restrictive legend as required by the Company.

(e) Reliance on Exemptions. The Holder understands that the Securities are being offered and issued to it in reliance on specific exemptions from the registration requirements of applicable securities laws and that the Company is relying in part upon the truth and accuracy of, and the Holder's compliance with, the representations and warranties of the Holder set forth herein in order to determine the availability of such exemptions and eligibility of the Holder to acquire the Securities.

7. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section [ ] of the Loan Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment.

8. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Required Holders and any amendment, waiver or action made in conformity with the provisions of this Section 8 shall be binding on all holders of Loan Warrants and the Company The Holder acknowledges and agrees that by operation of this Section 8, the Required Holders will have the right and power to amend this Warrant and all the other Loan Warrants, including, without limitation, the power to diminish or eliminate all rights of the Holder under this Warrant.

9. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company and the Holder each hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and each hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company and the Holder each hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the respective address set forth in Section [ ] of the Loan Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. THE COMPANY AND THE HOLDER EACH HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT.

10. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

11. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Loan Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach.

12. TRANSFER. This Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company, subject to compliance with all applicable federal and state securities laws.

13. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

14. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(b) "**Common Stock**" means (i) the Company's shares of common stock, par value $0.001 per share, and (ii) any stock capital into which such Common Stock shall have been changed or any stock capital resulting from a reclassification, reorganization or reclassification of such Common Stock.

(c) "**Expiration Date**" means the date sixty (60) months after the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a "Holiday"), the next day that is not a Holiday.

(d) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(e) "**Principal Market**" means the OTCQX.

(f) "**Required Holders**" means the holders of the Loan Warrants representing at least a majority of the shares of Common Stock underlying the Loan Warrants then outstanding.

(g) "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, for the principal trading market for the Common Stock as in effect on the date of delivery of the applicable Exercise Notice.

(h) "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock on such day, then on the principal securities exchange or securities market on which the Common Stock is then traded or qualified for quotation.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

	MEDICINE MAN TECHNOLOGIES, INC. By: _____ Name: Title:

EXHIBIT A

FORM OF EXERCISE NOTICE
TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS
WARRANT TO PURCHASE COMMON STOCK
MEDICINE MAN TECHNOLOGIES, INC.

The undersigned holder hereby exercises the right to purchase shares of Common Stock ("**Warrant Shares**") of Medicine Man Technologies, Inc., a Nevada corporation d/b/a/ Schwazze (the "**Company**"), evidenced by the attached Warrant to Purchase Common Stock (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Payment of Exercise Price. The holder shall pay the Aggregate Exercise Price in the sum of $ _____ to the Company in accordance with the terms of the Warrant.

2. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Please issue the Warrant Shares in the following name and to the following account:

Issue to:	

Facsimile Number and Electronic Mail:	
Authorization:	

By:	
Title:	
Dated:	
Broker Name:	
Broker DTC #:	
Broker Telephone #:	
Account Number:	
(if electronic book entry transfer)	
Transaction Code Number:	
(if electronic book entry transfer)	

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs the Transfer Agent to issue the above indicated number of shares of Common Stock.

	MEDICINE MAN TECHNOLOGIES, INC. By:_____ Name: Title:

Exhibit 10.21

MEDICINE MAN TECHNOLOGIES, INC.

December 16, 2020

Dye Capital Cann Holdings II, LLC

Ladies and Gentlemen:

This letter agreement (this "**Agreement**") will confirm our agreement that as a condition to your entering into the Purchase Agreement (defined below) and pursuant to and effective upon the closing of your purchase (the "**Purchase**") of up to 13,000 shares of Series A Preferred Stock of Medicine Man Technologies, Inc. (the "**Company**"), Dye Capital Cann Holdings II, LLC (the "**Investor**") shall be entitled to the contractual rights set forth below, in addition to the rights specifically set forth in the Securities Purchase Agreement dated November 16, 2020 by and among the Company and the investors that are party thereto, as amended by the Amendment to the Securities Purchase Agreement dated the date hereof (the "**Purchase Agreement**") and the Certificate of Designation of the Company that is attached as Exhibit A to the Purchase Agreement (the "**Certificate of Designation**"). Capitalized terms that are used but not defined herein shall have the meaning given to them in the Purchase Agreement or, if applicable, the Certificate of Designation.

1. Board Nomination Rights.

(a) The Company shall take all actions to ensure that from and after the Closing Date and for so long as the Investor meets the Ownership Threshold (as defined below), one individual designated by the Investor shall be appointed to the board of directors of the Company (the "**Board**") if the Board consists of five or fewer members and two individuals designated by the Investor shall be appointed to the Board if the Board consists of more than five members (each an "**Investor Designee**"). For purposes hereof, "**Ownership Threshold**" means that the Investor owns, in the aggregate, at least $10,000,000 of Preferred Stock, on an as-converted to Common Stock basis, as of any date of determination, based on the 30-Day Trailing VWAP (as defined below); provided, however, that the Ownership Threshold shall automatically be deemed to be satisfied at any time the Buyer holds at least 10,000 (as such amount may be adjusted for stock splits, subdivisions, combinations and the like) shares of Preferred Stock. For purposes hereof, "**30-Day Trailing VWAP**" means, as of any date of determination, the volume-weighted average price per share of Common Stock on the exchange on which the Common Stock is then traded during the regular trading session (and excluding pre-market and after-hours trading) over the thirty (30) consecutive trading days prior to and including such determination date. The Investor's initial Investor Designee shall be Pratap Muharji (the "**Initial Designee**"). On or prior to the Closing Date, the Company shall take all actions necessary to cause the appointment to the Board of the Initial Designee effective as of the Closing Date, and thereafter, for so long as the Investor's Board nomination right under this Section 1 continues, the Company will use its best efforts to ensure that each Investor Designee is elected to the Board (including recommending that the Company's stockholders vote in favor of the election of such designees, soliciting proxies and contesting any proxy contest and otherwise supporting such designees for election in a manner no less rigorous and favorable than the manner in which the Company supports its other nominees); provided that if the Investor determines to designate a different individual ("**Replacement Designee**") as an Investor Designee, such obligation shall instead apply to such Replacement Designee. If an Investor Designee ceases to be a director of the Company, the Company shall take all actions necessary to cause the appointment to the Board of a Replacement Designee nominated by the Investor to fill the vacancy and thereafter the Company will use its best efforts to cause the election of such an individual to the Board, subject to the same conditions and limitations as set forth in the foregoing sentence. Each Investor Designee shall be entitled to the level of compensation, directors' and officers' indemnity insurance coverage and indemnity and exculpation protection (including under any indemnification agreement) as the other members of the Board in their capacities as directors. Each Investor Designee shall be entitled to the same level of directors' and officers' indemnity insurance coverage and indemnity and exculpation protection (including under any indemnification agreement) as the other members of the Board. As promptly as practicable, and for so long as an Investor Designee serves on the Company's board of directors, the Company shall maintain in place directors' and officers' indemnity insurance coverage in an amount and on terms deemed reasonably acceptable to the Investor Designees, but no less than $2 million of coverage per director.

(b) For so long as the Investor is entitled to designate Investor Designees for election to the Board under this letter agreement, each committee of the Board shall include at least one Investor Designee as a member or, if the Investor so elects, as an observer; provided, however, that if such Investor Designee is not eligible for membership on any given committee of the Board under then applicable listing and corporate governance standards of a trading exchange or any Applicable Law, then such committee shall include such Investor Designee as an observer only; provided, further, that the Company shall exercise all authority under Applicable Law to permit the inclusion of such Investor Designee on such committee, including, without limitation, by causing an increase in the number of directors on such committee.

(c) Any Investor Designee shall take all action reasonably requested by the Company, at the Company's cost and expense, to comply with applicable state cannabis laws and regulations, including, without limitation, making all requisite filings under such laws and regulations as and when requested by the Company and the Investor Designee shall, at the Company's cost and expense, reasonably cooperate with the Company with respect to any report, filing, notification or other communication with or to any state governmental authority related to the Company's licenses, approvals, consents or obligations under state cannabis laws and regulations related to such Investor Designee's capacity as director of the Company, including, without limitation, any investigation or inquiry by a state governmental authority related to any of the foregoing. If an Investor Designee is determined to be unsuitable or disqualified to serve on the Board by a state governmental authority, including, without limitation, the Colorado Marijuana Enforcement Division, such Investor Designee shall immediately resign from the Board and the Investor shall be entitled to appoint a Replacement Designee in accordance with the provisions of Section 1(a) above.

2. This Agreement and the rights, privileges and obligations herein are personal to the Investor and may not be assigned, transferred, subcontracted or delegated (in whole or in part) by the Investor, including by operation of law, without the prior written consent of the Company.

3. Unless earlier terminated pursuant to the terms hereof, this Agreement and the rights described herein, other than the last three sentences of Section 1(a) above and Sections 2 through 4, shall terminate and be of no further force or effect upon the earlier of: (a) a Listing Event; or (b) a Change of Control Transaction.

4. The parties acknowledge and agree that this Agreement is a Transaction Document as such term is defined under the Purchase Agreement.

[Signature Page Follows]

Very truly yours,

MEDICINE MAN TECHNOLOGIES, INC.

By: /s/ Nancy Huber

Name: Nancy Huber

Title: Chief Financial Officer

Accepted and agreed:

DYE CAPITAL CANN HOLDINGS II, LLC

By: Dye Capital & Company, LLC,
its Managing Member

By: Justin Dye
Name: Justin Dye
Title: Authorized Person

Exhibit 10.24

Paul D. Dickman
33680 County Rd. 112,
Robertsdale , AL 36567

March 20, 2020

Dear Mr. Dickman,

It has come to our attention that Medicine Man Technologies, Inc. erroneously issued 500,000 shares of common stock to you on or about January 8, 2019. The grant of such 500,000 shares of common stock is explicitly contingent upon the common stock meeting certain milestones within 36 months from the date of the board of directors' approval - (i) market price of $8.00 per share and (ii) minimum of250,000 shares in average daily trading volume for five consecutive trading days. The shares should not have been issued until the conditions are met. Therefore, we have instructed our common stock transfer agent to cancel the stock certificate representing these shares. **In connection with the cancellation of these shares, we hereby request that you (i) countersign this letter and (ii) return this countersigned letter and stock certificates number 1880 and 1881 to us by putting it in the pre-paid UPS envelope enclosed herewith and sending it back to us.**

We are requesting the original stock certificates for everyone's protection, in order to prevent the possibility that someone may innocently believe that the stock certificates represents validly issued shares of Medicine Man Technologies, Inc. Failure to promptly return the stock certificate could result in us taking action against you, including but not limited to, termination of the Consulting Agreement for Cause.

At such time as the milestones described above are met, the Company will issue a new stock certificate to you representing the shares.

Thank you for your cooperation.

Sincerely,

/s/ Daniel R. Pabon
Daniel R. Pabon
General Counsel
Medicine Man Technologies, Inc.

/s/ Paul Dickman 3/23/2020
Paul D. Dickman Date

NOT VALID UNLESS COUNTERSIGNED BY TRANSFER AGENT
INCORPORATED UNDER THE LAWS OF THE STATE OF NEVADA

RESTRICTED

MEDICINE MAN TECHNOLOGIES, INC.

CUSIP NO. 58468U 10 6

NUMBER 1880

SHARES 250,000

AUTHORIZED COMMON STOCK: 90,000,000
PAR VALUE: $0.001

THIS CERTIFIES THAT PAUL DICKMAN

IS THE RECORD HOLDER OF TWO HUNDRED FIFTY THOUSAND

Shares of **Medicine Man Technologies, Inc.** Common Stock

transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated: 6/4/2019

Joe Puglise
COO

MEDICINE MAN TECHNOLOGIES, INC. CORPORATE Seal NEVADA

CEO

Countersigned & Registered: **Globex Transfer, LLC**
(813) 344-4490

By _____
Authorized Signature

NOT VALID UNLESS COUNTERSIGNED BY TRANSFER AGENT
INCORPORATED UNDER THE LAWS OF THE STATE OF NEVADA

RESTRICTED

MEDICINE MAN TECHNOLOGIES, INC.

CUSIP NO. 58468U 10 6

NUMBER 1881

SHARES 250,000

AUTHORIZED COMMON STOCK: 90,000,000
PAR VALUE: $0.001

THIS CERTIFIES THAT PAUL DICKMAN

IS THE RECORD HOLDER OF TWO HUNDRED FIFTY THOUSAND

Shares of **Medicine Man Technologies, Inc.** Common Stock

transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated: 6/4/2019

Joe Puglise
COO

MEDICINE MAN TECHNOLOGIES, INC. CORPORATE Seal NEVADA

CEO

Countersigned & Registered: **Globex Transfer, LLC**
(813) 344-4490

By _____
Authorized Signature

Exhibit 10.25

THIRD AMENDMENT
TO
SECURITIES PURCHASE AGREEMENT

This **THIRD AMENDMENT TO SECURITIES PURCHASE AGREEMENT** (this "**Amendment**") is entered into as of March 30, 2021, by and between Medicine Man Technologies, Inc., a Nevada corporation (the "**Company**"), and Dye Capital Cann Holdings II, LLC, a Delaware limited liability company (the "**Buyer**"). Capitalized terms used but not defined herein shall have the meanings given them in the Purchase Agreement (as defined below).

RECITALS

WHEREAS, the Company and the Buyer previously entered into the Securities Purchase Agreement, dated as of November 16, 2020, the Amendment to Securities Purchase Agreement, dated as of December 16, 2020, and the Second Amendment to Securities Purchase Agreement, dated as of February 3, 2021 (collectively, the "**Purchase Agreement**");

WHEREAS, the Company issued and sold to the Buyer (a) 7,700 Shares on December 16, 2020, (b) 1,450 Shares on December 18, 2020, (c) 1,300 Shares on December 22, 2020, (d) 3,100 Shares on February 3, 2021, and (e) 3,800 Shares on March 2, 2021; and 4,000 Shares on March 30, 2021.

WHEREAS, the Company and the Buyer wish to amend the Purchase Agreement pursuant to this Amendment to provide for one or more additional Closings.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements, covenants and considerations contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Amendment to Recital B and Section 1(a) of the Purchase Agreement**. Recital B of the Purchase Agreement is hereby amended by replacing "17,000" with "21,350" and "February 23, 2021" with "March 30, 2021" and Section 1(a) of the Purchase Agreement is hereby amended by replacing "17,000" with "21,350."

2. **Receipt of PPM Supplement**. The Buyer and its advisors, if any, have been furnished with a copy of the Company's Supplement No. 2 to Confidential Private Placement Memorandum, dated February 24, 2021 (the "**PPM Supplement**") as well as a draft of the Company's Form 10-K for the year ended December 31, 2020 to be filed with the U.S. Securities and Exchange Commission. The Buyer understands that its investment in the Securities involves a high degree of risk, including the risks outlined in the Confidential PPM and the PPM Supplement.

3. **Use of Proceeds**. The Company will use the proceeds from the Closings contemplated by this Amendment for general corporate purposes, including working capital and the payment of outstanding accounts payable provided that in no event may the proceeds be used, directly or indirectly, for the redemption or repurchase of any securities of the Company or any of its Subsidiaries or repayment of any Indebtedness.

4. **Conditions to the Company's Obligation to Sell**. The obligation of the Company hereunder to issue and sell Shares to the Buyer at the Closings contemplated by this Amendment is subject to the satisfaction, at or before each Closing, of the conditions to the Company's obligation to sell set forth in Section 5(a) of the Agreement, other than Section 5(a)(iv) of the Agreement, which is hereby waived, and the following condition:

(a) CRW Capital Cann Holdings, LLC ("**CRW**") shall have waived its participation rights with respect to the issuance and sale of the Shares to the Buyer pursuant to Section 5 of the Letter Agreement between CRW and the Company dated February 26, 2021 (the "**CRW Letter Agreement**").

7. **Conditions to the Buyer's Obligation to Purchase**. The obligation of the Buyer hereunder to purchase Shares from the Company at the Closings contemplated by this Amendment is subject to the satisfaction, at or before each Closing, of the conditions to the Buyer's obligation to purchase set forth in Section 6(a) of the Agreement, other than Sections 6(a)(ii), 6(a)(iii), 6(a)(iv), 6(a)(viii) and 6(a)(ix) of the Agreement, which are hereby waived, and the following conditions:

(a) Other than as set forth in a Schedules attached hereto as Attachment A, the representations and warranties of the Company shall be true and correct as of the date when made and as of the Closing as though made at that time (except for representations and warranties that speak as of a specific date which shall be true and correct as of such specified date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the Closing. The Buyer shall have received a certificate, executed by an officer of the Company, dated as of the Closing, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer in the form attached hereto as Attachment B.

(b) CRW shall have waived its participation rights with respect to the issuance and sale of the Shares pursuant to Section 5 of the CRW Letter Agreement.

8. **Representations and Warranties of the Company**. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Amendment, including the Purchase Agreement as amended by this Amendment. The execution and delivery of this Amendment and the consummation by the Company of the transactions contemplated hereby (including the Purchase Agreement as amended by this Amendment), including, without limitation, the issuance of the Shares, have been duly authorized by the Company's Board of Directors and no further filing, consent or authorization is required by the Company, its Board of Directors or its stockholders. This Amendment has been duly executed and delivered by the Company, and constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies

9. **Miscellaneous**.

(a) This Amendment shall be automatically effective upon the execution and delivery hereof by the Company and the Buyer.

(b) All questions concerning the construction, validity, enforcement and interpretation of this Amendment shall be governed by the internal laws of the State of Nevada, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Nevada or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Nevada. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AMENDMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

(d) This Amendment may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument. Either or both parties may execute this Amendment by facsimile signature or scanned signature in PDF format, and any such facsimile signature or scanned signature, if identified, legible and complete, shall be deemed an original signature and each of the parties is hereby authorized to rely thereon.

(e) In the event one or more of the provisions of this Amendment should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Amendment, and this Amendment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. In the event of any inconsistencies between this Amendment and the Purchase Agreement, the terms of this Amendment shall govern. Except as set forth above, the Purchase Agreement shall remain in full force and effect in accordance with its terms. References in the Purchase Agreement to "this Agreement" shall mean the Purchase Agreement as amended by this Amendment, except where the context otherwise requires.

(f) The provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, assigns, heirs, executors and administrators and other legal representatives.

[Signature Pages Follow]

In Witness Whereof, the parties hereto have executed this Amendment as of the date set forth in the first paragraph above.

COMPANY:

MEDICINE MAN TECHNOLOGIES, INC.

By: /s/Nancy Huber
Name: Nancy Huber
Title: Chief Financial Officer

In Witness Whereof, the parties hereto have executed this Amendment as of the date set forth in the first paragraph above.

BUYER:

Dye Capital Cann Holdings II, LLC

By: Dye Capital & Company, LLC,
its Managing Member

By: /s/ Justin Dye
Name: Justin Dye
Title: Authorized Person

Exhibit 21.1

Medicine Man Technologies, Inc.

Subsidiary	State or Jurisdiction of Incorporation or Organization
Two JS LLC	Colorado
PBS HoldCo LLC	Colorado
SBUD LLC	Colorado
Schwazze Colorado LLC	Colorado
Medicine Man Consulting Inc.	Colorado
SCG Holding Company	Colorado
Mesa Organics Ltd.	Colorado
Mesa Organics II Ltd.	Colorado
Mesa Organics III Ltd.	Colorado
Mesa Organics IV Ltd.	Colorado

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-218662) of Medicine Man Technologies, Inc. of our report dated March 31, 2021, relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K for the year ended December 31, 2020 and 2019.

/s/ BF Borgers CPA PC
Lakewood, CO
March 31, 2021

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Justin Dye, certify that:

1. I have reviewed this annual report on Form 10-K of Medicine Man Technologies, Inc.;

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 in order 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 Rules 13a-15(e) and 15d-15(e)) and internal controls 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 procedure 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 upon 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 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.

Dated: March 31, 2021

/s/ Justin Dye
Justin Dye, Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Nancy Huber, certify that:

1. I have reviewed this annual report on Form 10-K of Medicine Man Technologies, Inc.;

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 in order 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 Rules 13a-15(e) and 15d-15(e)) and internal controls 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 procedure 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 upon 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 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.

Dated: March 31, 2021

/s/ Nancy Huber
Nancy Huber, Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report of Medicine Man Technologies, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2020, as filed with the Securities and Exchange Commission on March 31, 2021 (the "Report"), we, the undersigned, in the capacities and on the date indicated below, certify, 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 our knowledge:

1. The Report fully complies with the requirements of Rule 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2021

/s/ Justin Dye
Justin Dye, Chief Executive Officer

Dated: March 31, 2021

/s/ Nancy Huber
Nancy Huber, Chief Financial Officer