

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): December 21, 2021

**Medicine Man Technologies, Inc.**  
(Exact Name of Registrant as Specified in Its Charter)

**Nevada**  
(State or Other Jurisdiction of Incorporation)

**000-55450**  
(Commission File Number)

**46-5289499**  
(IRS Employer Identification No.)

**4880 Havana Street, Suite 201**  
**Denver, Colorado**  
(Address of Principal Executive Offices)

**80239**  
(Zip Code)

**(303) 371-0387**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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

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

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange On Which Registered</u>
Not applicable	Not applicable	Not applicable

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

Emerging growth company

If an emerging growth company, indicate by 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.

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**Item 7.01. Regulation FD Disclosure.**

On December 21, 2021, Medicine Man Technologies, Inc. (the “Company”) issued a press release announcing the closing of the Smoking Gun Asset Purchase (as defined below). A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information under Item 7.01 of this Current Report on Form 8-K and the press release attached as Exhibits 99.1 are being furnished by the Company pursuant to Item 7.01. In accordance with General Instruction B.2 of Form 8-K, the information under Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. In addition, this information shall not be deemed incorporated by reference into any of the Company’s filings with the Securities and Exchange Commission, except as shall be expressly set forth by specific reference in any such filing.

**Item 8.01 Other Matters.***Closing of Smoking Gun Asset Purchase*

On December 21, 2021, the Company completed its previously announced asset purchase from Smoking Gun, LLC (“Smoking Gun”) and Smoking Gun Land Company, LLC (“SG Land”), pursuant to the terms of the asset purchase agreement, dated November 13, 2021 (the “Smoking Gun APA”), with Double Brow, LLC, a wholly-owned subsidiary of the Company (the “Purchaser”), Smoking Gun, SG Land, and Deborah Dunafon, Ralph Riggs, George Miller, Lindsey Mintz, Terry Grossman and Annette Gilman (collectively, the “Members”).

At the closing, the Purchaser purchased (i) all of Smoking Gun’s assets used or held for use in Smoking Gun’s business of distributing and marketing recreational cannabis products through Smoking Gun’s retail marijuana store located in Glendale, Colorado, and (ii) all of SG Land’s tangible and intangible assets related to certain leased property which included, but was not limited to, fixtures, furniture and equipment related to the leased property on the terms and subject to the conditions set forth in the Smoking Gun APA (the “Smoking Gun Asset Purchase”), and assume obligations under contracts acquired as part of the Smoking Gun Asset Purchase.

The aggregate closing consideration for the Smoking Gun Asset Purchase was \$4 million in cash and 100,000 shares of the Company’s common stock. The Company held back \$100,000 of the cash consideration and deposited it with an escrow agent as collateral for potential claims for indemnification from Smoking Gun under the Smoking Gun APA. Any portion of the held back cash consideration not used to satisfy indemnification claims will be released to Smoking Gun on December 21, 2022. The Company funded the cash portion of the closing consideration from the net proceeds of the Company’s recent issuance and sale of 13% senior secured convertible notes due December 7, 2026 as previously reported in the Company’s Current Report on Form 8-K filed with the SEC on December 9, 2021.

The Company entered into mutually agreeable lock-up agreements with the recipients of the stock consideration providing limitations on the resale of the shares of Company common stock received as part of the consideration.

The issuances of the shares of common stock was exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 4(a)(2) of the Securities Act. The Company issued the shares in a privately negotiated transaction and the Members acquired the securities for their own accounts for investment purposes. A legend was placed on the certificates representing shares of common stock referencing the restricted nature of the shares.

*Star Buds Acquisition Security Agreements*

As previously reported, between December 17, 2020 and March 2, 2021, the Company completed the acquisition of various assets in a series of transactions that the Company collectively refers to as the “Star Buds acquisition.” The Company previously reported the terms of the applicable acquisition agreements and the consummation of the Star Buds acquisition in the Company’s Current Reports on Form 8-K filed on June 8, 2020, September 21, 2020, December 23, 2020, February 9, 2021 and March 8, 2021. As previously reported, part of the consideration for the Star Buds acquisition consisted of deferred cash, also referred to as “seller notes,” and the Company and its wholly-owned subsidiary SBUD LLC entered into a total of thirteen security agreements with the sellers in the Star Buds acquisition at the separate closings pursuant to which the Company and SBUD LLC granted security interests in substantially all of their respective assets to the sellers. The Company is attaching copies of the security agreements to this Current Report on Form 8-K.

If we are unable to service or repay our indebtedness when due, the applicable lenders may execute on the collateral.

We and our subsidiaries are either borrowers or guarantors of indebtedness owed under (i) a Loan Agreement, as amended, with SHWZ Altmore, LLC, as lender, and GGG Partners LLC, as collateral agent, (ii) the seller notes associated with the purchase of the Star Buds assets by SBUD LLC, and (iii) our 13% senior secured convertible notes due December 7, 2026 (the “Notes”). The Notes provide that on the fourth anniversary of the issuance date, the Note holders will have the right to require us to repurchase some or all of their Notes for cash in an amount equal to the principal amount of the Notes being repurchased plus accrued and unpaid interest up to the date of repurchase. This indebtedness, as a whole, is secured by substantially all current and future assets of ours and our subsidiaries. If the borrowers and we are unable to pay the debt service or repay the indebtedness when due, the lenders may, among other remedies, sell the collateral and use the proceeds to satisfy amounts owed under the indebtedness.

**Item 9.01 Financial Statements and Exhibits.**

Exhibit No.	Description
4.1	<a href="#">Security Agreement, dated December 17, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Alameda LLC, as secured party</a>
4.2	<a href="#">Security Agreement, dated December 17, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Pueblo LLC, as secured party</a>
4.3	<a href="#">Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and LM MJC LLC, as secured party</a>
4.4	<a href="#">Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Lucky Ticket LLC, as secured party</a>
4.5	<a href="#">Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Commerce City, as secured party</a>
4.6	<a href="#">Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Niwot LLC, as secured party</a>
4.7	<a href="#">Security Agreement, dated February 4, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Colorado Health Consultants, LLC, as secured party</a>
4.8	<a href="#">Security Agreement, dated February 4, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Mountain View 44th LLC, as secured party</a>
4.9	<a href="#">Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Citi-Med LLC, as secured party</a>
4.10	<a href="#">Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and KEW LLC, as secured party</a>
4.11	<a href="#">Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and SB Arapahoe LLC, as secured party</a>
4.12	<a href="#">Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Aurora LLC, as secured party</a>
4.13	<a href="#">Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Louisville LLC, as secured party</a>
99.1	<a href="#">Press Release, dated December 21, 2021</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

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

**MEDICINE MAN TECHNOLOGIES, INC.**

By: /s/ Daniel R. Pabon  
Daniel R. Pabon  
General Counsel

Date: December 28, 2021

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "**Agreement**"), dated as of December 17, 2020, is made by and between SBUD LLC, a Colorado limited liability company ("**Buyer**"), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation ("**Parent**," and together with Buyer, the "**Company**"), and Starbuds Alameda LLC (the "**Secured Party**").

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the "**Second Omnibus Amendment**"), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the "**Asset Purchase Agreement**"), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the "**Post-Closing Payment Obligations**").

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

"**Collateral**" means the Buyer Collateral and the Parent Collateral.

"**Buyer Collateral**" means Buyer's right, title and interest in and to all of the Buyer's property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

"**Parent Collateral**" means Parent's right, title and interest in and to all of the Parent's property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.



If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

STARBUDS ALAMEDA LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of December 17, 2020, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Starbuds Pueblo LLC (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.



Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

STARBUDS PUEBLO LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of December 18, 2020, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and LM MJC LLC (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

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(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]



The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

LM MJC LLC

By: /s/ Ernest Craumer  
Name: Ernest Craumer  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of December 18, 2020, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Lucky Ticket LLC (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

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1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
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Denver, Colorado 80202  
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Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

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(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

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[Signature Page Follows]

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SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

LUCKY TICKET LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*



SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of December 18, 2020, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Starbuds Commerce City LLC (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

STARBUDS COMMERCE CITY LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of December 18, 2020, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Starbuds Niwot LLC (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.



“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

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(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

STARBUDS NIWOT LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of February 4, 2021, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Colorado Health Consultants LLC (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.



Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

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E-mail: brian@starbuds.us

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1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
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Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

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(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

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[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

COLORADO HEALTH CONSULTANTS LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of February 4, 2021, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Mountain View 44th LLC (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.



Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

MOUNTAIN VIEW 44TH LLC

By: /s/ Naser Joudeh  
Name: Naser Joudeh  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of March 2, 2021, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Citi-Med LLC, a Colorado limited liability company (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

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(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.



If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye \_\_\_\_\_  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

CITI-MED LLC

By: /s/ Ghada Joudeh \_\_\_\_\_  
Name: Ghada Joudeh  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of March 2, 2021, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and KEW LLC, a Colorado limited liability company (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

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Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

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If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
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Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.



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(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

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[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

KEW LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of March 2, 2021, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and SB Arapahoe LLC, a Colorado limited liability company (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]



The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

SB ARAPAHOE LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*

SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of March 2, 2021, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Starbuds Aurora LLC, a Colorado limited liability company (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

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“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

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(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

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(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

Section 2.5 Perfection of Collateral. The Secured Party may at any time during the Term (as defined herein) file UCC financing statements, continuation statements and amendments thereto that describe the Collateral and contain any information required by the UCC or the applicable filing office with respect to any such UCC financing statement, continuation statement or amendment thereof. The Company irrevocably waives any right to notice of any such filing. Upon the reasonable request of the Secured Party, the Company will execute and deliver, and file and record in the proper filing and recording places, as applicable, all such documents, and will take all such other action, as is reasonably necessary for perfecting the Security Interest in the Collateral.

Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

Section 3.2 Amendment; Waiver. Neither this Agreement nor any provision hereof may be amended, modified or supplemented unless in writing, executed by each party hereto. Except as otherwise expressly provided herein, no waiver with respect to this Agreement will be enforceable unless in writing and signed by the party against whom enforcement is sought. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, will constitute a waiver of, or will preclude any other or further exercise of, any right, power or remedy.

Section 3.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto will be in writing and will be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a .pdf document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
Denver, Colorado 80216  
Attn: Brian Ruden  
E-mail: brian@starbuds.us

with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechnologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
Attn: Kester Spindler  
1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

Section 3.4 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

Section 3.7 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE COURTS OF THE STATE OF COLORADO IN EACH CASE LOCATED IN THE CITY AND COUNTY OF DENVER, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (v) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.7.

Section 3.8 Execution. This Agreement may be executed in two (2) or more counterparts and electronically, all of which when taken together will be considered one (1) and the same original agreement and will become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a “.pdf” format data file, such signature will create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original.

Section 3.9 No Third-Party Beneficiaries. Nothing in this Agreement will confer any third- party beneficiary or other rights upon any person or any entity that is not a party to this Agreement.

[Signature Page Follows]

The parties hereto have duly executed this Subordinated Security Agreement as of the date first set forth above.

THE COMPANY:

SBUD LLC

By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

STARBUDS AURORA LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*



SECURITY AGREEMENT

This SECURITY AGREEMENT (this “**Agreement**”), dated as of March 2, 2021, is made by and between SBUD LLC, a Colorado limited liability company (“**Buyer**”), Medicine Man Technologies, Inc. (dba Schwazze), a Nevada corporation (“**Parent**,” and together with Buyer, the “**Company**”), and Starbuds Louisville LLC, a Colorado limited liability company (the “**Secured Party**”).

RECITALS

A. Pursuant to that certain Asset Purchase Agreement, dated as of June 5, 2020, among Buyer, Parent, the Secured Party and each equityholder of the Secured Party, as amended by that certain Omnibus Amendment No. 1, dated as of September 15, 2020, among Buyer, Parent and each signatory thereto designated as a seller, as further amended by that certain Omnibus Amendment No. 2 (the “**Second Omnibus Amendment**”), dated as of December 17, 2020, among Buyer, Parent and each signatory thereto designated as a seller (the “**Asset Purchase Agreement**”), the Company has agreed to make to the Secured Party the Deferred Cash Payment (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(a) of the Asset Purchase Agreement and the Interest Payments (as defined in the Asset Purchase Agreement) in accordance with Section 3.3(b) of the Asset Purchase Agreement (together, the “**Post-Closing Payment Obligations**”).

B. To induce the Secured Party to enter into the Asset Purchase Agreement, the Company has agreed to grant to the Secured Party a security interest in the Collateral (as defined herein) to secure the Post-Closing Payment Obligations to the Secured Party on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Asset Purchase Agreement. As used herein, the following terms have the meanings set forth in this Section 1.1:

“**Collateral**” means the Buyer Collateral and the Parent Collateral.

“**Buyer Collateral**” means Buyer’s right, title and interest in and to all of the Buyer’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located

“**Parent Collateral**” means Parent’s right, title and interest in and to all of the Parent’s property and assets, real, personal or mixed, tangible or intangible, of every kind and description, wherever located, which assets, for purposes of clarity, do not include any of the Buyer Collateral.

“**Permitted Liens**” (a) any lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (b) any statutory lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (c) any lien granted in favor of any Seller (as defined in the Second Omnibus Amendment) or its equityholders by Buyer, Parent or either of their respective affiliates (the “**Star Buds Security Interests**”) and (d) the Senior Lien.

“**Senior Lender**” means Dye Capital & Company LLC or its affiliates.

“**UCC**” means the Uniform Commercial Code as in effect in the State of Colorado on the date hereof.

## ARTICLE 2 SECURITY INTEREST

Section 2.1 Grant of Subordinated Security Interest. To secure the timely payment of the Post-Closing Payment Obligations, (a) the Buyer hereby grants to the Secured Party a continuing, first priority security interest in all of the Buyer’s right, title and interest in and to all presently existing and hereafter acquired Buyer Collateral and (b) the Parent hereby grants to the Secured Party a continuing, second priority security interest in all of the Parent’s right, title and interest in and to all presently existing and hereafter acquired Parent Collateral (clauses (a) and (b) collectively, the “**Security Interest**”), which Security Interest is subject to and pari passu with the security interest granted by the Companies pursuant to the other Star Buds Security Interests. The Security Interest granted in the foregoing clause (b), in a principal amount not to exceed \$5,000,000, will be and hereby expressly is subordinated and junior only to the security interest in the Parent Collateral granted to the Senior Lender in connection with indebtedness in a principal amount not to exceed \$5,000,000 (the “**Senior Lien**”). The Secured Party agrees, on written request of Parent, to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Secured Party and the Senior Lender in connection with such subordination. The Parent agrees to cause existing and future lienholders other than holders of Permitted Liens to enter into an intercreditor agreement in form and substance that is commercially reasonable to the Buyer in connection with the subordination of the existing lienholders’ security interests in the Parent Collateral.

Section 2.2 Limitations. Notwithstanding anything to the contrary herein, (a) the Security Interest will not include, and the payment, performance and discharge of the Post-Closing Obligations will not be secured by any, (i) Regulatory Licenses or (ii) marijuana products, including marijuana flower, trim, concentrate or infused product (“**Marijuana Inventory**”), in each case, with respect to which the grant or enforcement (including transfer of ownership or possession) of the Security Interest on such Regulatory Licenses or Marijuana Inventory by the Company to the Secured Party is prohibited by, or would result in the violation of, applicable State of Colorado cannabis laws or the terms of any Regulatory License, provided, however, that the foregoing clause (a) will in no way be construed so as to limit, impair or otherwise affect the Secured Party’s continuing Security Interest upon any rights or interests of the Company in or to proceeds received by the Company resulting from the Regulatory License or Marijuana Inventory; and (b) this Agreement will not limit or restrict the Company’s right to sell, transfer or otherwise dispose of any Marijuana Inventory or other Collateral in the ordinary course of business.

Section 2.3 Representations and Warranties. Each Company hereby represents and warrants that: (a) the Company’s legal name (as set forth in its constituent documents filed with the appropriate governmental official or agency) is as set forth in the opening paragraph hereof; (b) the jurisdiction of organization of Buyer is the State of Colorado and of Parent is Nevada; (c) the chief place of business of the Companies is located at the address set forth in Section 3.3; (d) the Companies collectively have title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens; (e) as of the date of execution of this Agreement, no effective financing statement or other similar document used to perfect and preserve a security interest under the laws of any jurisdiction covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Senior Lender, the Secured Party or in connection with the Star Buds Security Interests; (f) each Company has the full power, authority and legal right to grant the Security Interest in the Collateral owned by it; and (g) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing the Post-Closing Payment Obligations.

Section 2.4 Covenants. Each Company covenants as follows:

(a) Names, Offices, Locations, Jurisdiction of Organization. The Company will not locate or relocate any item of Collateral into any jurisdiction in which an additional financing statement would be required to be filed to maintain the Secured Party's perfected security interest in such Collateral. The Company will not change its name, the location of its chief place of business or its organizational structure (including without limitation, its jurisdiction of organization).

(b) Title to Collateral. The Company will have at the time it acquires rights in Collateral hereafter acquired or arising and will maintain so long as the Security Interest may remain outstanding, title to each item of Collateral (including the proceeds and products thereof), free and clear of all liens except for the Security Interest and Permitted Liens. The Company will not license any Collateral. The Company will defend the Collateral against all claims or demands of all Persons (other than the Secured Party and any other party secured by the Star Buds Security Interests) claiming the Collateral or any interest therein.

(c) Maintenance of Collateral. The Company will use its reasonable efforts (1) to maintain the Collateral in good repair and working order consistent with customary business practices, (2) to insure the Collateral against casualty and other risks consistent with industry practices, (3) to pay and discharge all taxes, levies and costs of maintenance and repair in the ordinary course of business; and (4) to timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located. The Company hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section 2.4(c), and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments, but in no event in excess of such Secured Party's Pro Rata Base Price Amount (as defined in the Second Omnibus Amendment).

(d) Disposition of Collateral. The Company will not sell, lease or otherwise dispose of, or discount or factor with or without recourse, any Collateral, except for the Marijuana Inventory in the ordinary course of the Business.

(e) Taxes and Claims. The Company will promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except to the extent (a) such taxes, charges or claims are being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (c) such taxes, charges or claims are adequately reserved against on the Company's books in accordance with generally accepted accounting principles.

(f) Books and Records. The Company will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

(g) Notice of Loss. The Company will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to Company, in any material item of Collateral.

(h) Further Assurances. The Company agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or that the Secured Party may reasonably request, in order to perfect and protect the Security Interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral in accordance with applicable law (but any failure to request or assure that the Company execute and deliver such instrument or documents or to take such action shall not affect or impair the validity, sufficiency or enforceability of this Agreement and the Security Interest, regardless of whether any such item was or was not executed and delivered or action taken in a similar context or on a prior occasion). Without limiting the generality of the foregoing, the Company will, promptly and from time to time at the request of the Secured Party, authorize such financing statements or continuation statements in respect thereof, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may reasonably request and shall, with respect to actions that a debtor, but not a secured party, may take, make such filings with any Government Authority as may be reasonably necessary, in each case in order to perfect or preserve the Security Interest granted or purported to be granted hereby.

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Section 2.6 Remedies on Default. Upon the Company's failure to pay any Post-Closing Payment Obligation when due (an "Event of Default") and at any time thereafter, subject to Section 2.1 (including the limitations set forth in the intercreditor agreement(s) referenced therein) and Section 2.2, the Secured Party may do any or all of the following: (a) declare all Post-Closing Payment Obligations immediately due and payable; and (b) exercise and enforce any and all rights and remedies available upon default to a secured party under Article 9 of the Uniform Commercial Code as in effect in the State of Colorado. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Secured Party (x) to incur or fail to incur expenses reasonably deemed necessary by the Secured Party to prepare the Collateral for disposition; (y) if permitted by applicable law, to dispose of the Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets; or (z) to purchase insurance covering the Collateral.

#### ARTICLE 3 MISCELLANEOUS

Section 3.1 Term of Agreement. This Agreement and the Security Interest will terminate on the date on which the Post-Closing Payment Obligations have been satisfied in full pursuant to the terms and subject to the conditions of the Asset Purchase Agreement (the "Term"). Upon any such termination, the Secured Party shall execute and deliver to the Company, at the Company's expense, such documents (including UCC-3 termination statements) as the Company reasonably requests, the form and substance of which will be reasonably satisfactory to the Secured Party, to evidence such termination of the Security Interest.

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If to the Secured Party: 7030 E 46th Ave Dr, Unit F  
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with a copy (which will not constitute notice) to: Dorsey & Whitney LLP  
1400 Wewatta Street, Suite 400  
Denver, Colorado 80202  
Attn: Kenneth Sam, esq.  
E-mail: sam.kenneth@dorsey.com

If to the Company: SBUD LLC  
c/o Medicine Man Technologies, Inc.  
Attn: Dan Pabon  
4880 Havana Street, Suite 201  
Denver, Colorado 80239  
E-mail: dan@medicinemantechologies.com

with a copy (which will not constitute notice) to: Perkins Coie LLP  
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1900 Sixteenth Street, Suite 1400  
Denver, Colorado 80202  
E-mail: kspindler@perkinscoie.com

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Section 3.5 Assignment; Successors and Assigns. Except as otherwise provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No party hereto may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other parties hereto; provided that the Company may assign this Agreement or any of its rights, interests or obligations hereunder to any assignee of the Company's rights or obligations under the Asset Purchase Agreement.

Section 3.6 Entire Agreement. This Agreement, the Asset Purchase Agreement and the Ancillary Documents delivered pursuant to the Asset Purchase Agreement constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede and cancel all prior representations, alleged warranties, statements, negotiations, undertakings, letters, acceptances, understandings, contracts and communications, whether verbal or written among the parties hereto and thereto or their respective agents with respect to or in connection with the subject matter hereof.

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(a) This Agreement will be governed by and construed in accordance with the internal Laws of the State of Colorado without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction).

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[Signature Page Follows]

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By: Schwazze Colorado LLC, the sole manager  
of SBUD LLC

By: Medicine Man Technologies, Inc. (d/b/a  
Schwazze), the sole manager of Schwazze  
Colorado LLC

By: /s/ Justin Dye  
Name: Justin Dye  
Title: Chief Executive Officer

THE SECURED PARTY:

STARBUDS LOUISVILLE LLC

By: /s/ Brian Ruden  
Name: Brian Ruden  
Title: Manager

*[Signature Page to Subordinated Security Agreement]*



**NEWS RELEASE**  
**For Immediate Release**

**OTCQX: SHWZ**

**SCHWAZZE CLOSES ACQUISITION OF ASSETS OF SMOKING GUN, LLC  
& SMOKING GUN LAND COMPANY, LLC**

**Acquisition Adds to Schwazze's Retail Footprint in Colorado**

**DENVER, CO – December 21, 2021 – Schwazze, (OTCQX:SHWZ) ("Schwazze" or the "Company"),** announced that it has closed the acquisition of the assets of Smoking Gun, LLC and Smoking Gun Land Company, LLC ("**Smoking Gun**"). Total consideration for the acquisition was \$4 million in cash and 100,000 shares of Schwazze common stock upon closing.

The Smoking Gun dispensary and assets are located on a prime retail corner on Colorado Blvd. in Glendale, Colorado in the center of the greater Denver metro area. This acquisition is part of the Company's continuing retail expansion plan in Colorado, and including the recently announced planned acquisitions in New Mexico (December 3, 2021), brings the total number of dispensaries to 32.

Since April 2020, Schwazze acquired or announced the planned acquisition of 32 cannabis dispensaries, including the ten R. Greenleaf New Mexico dispensaries. In 2021, the Company also acquired or announced the planned acquisition of seven cultivation facilities, three in Colorado - SCG Holding LLC, Brow 2 LLC and Star Buds - and four licensed in New Mexico. The New Mexico acquisition will also add a manufacturing asset, Elemental Kitchen & Laboratories, LLC, to the Company's manufacturing plant, Purplebee's in Colorado. In May 2021, Schwazze announced its BioSciences division and in August 2021 it commenced home delivery services in Colorado.

**About Schwazze**

Schwazze (OTCQX: SHWZ) is building a premier vertically integrated regional cannabis company with assets in Colorado and New Mexico and will continue to take its operating system to other states where it can develop a differentiated regional leadership position. Schwazze is the parent company of a portfolio of leading cannabis businesses and brands spanning seed to sale. The Company is committed to unlocking the full potential of the cannabis plant to improve the human condition. Schwazze is anchored by a high- performance culture that combines customer-centric thinking and data science to test, measure, and drive decisions and outcomes. The Company's leadership team has deep expertise in retailing, wholesaling, and building consumer brands at Fortune 500 companies as well as in the cannabis sector. Schwazze is passionate about making a difference in our communities, promoting diversity and inclusion, and doing our part to incorporate climate-conscious best practices. Medicine Man Technologies, Inc. was Schwazze's former operating trade name. The corporate entity continues to be named Medicine Man Technologies, Inc. Schwazze derives its name from the pruning technique of a cannabis plant to enhance plant structure and promote healthy growth.

**Forward-Looking Statements**

This press release contains "forward-looking statements." Such statements may be preceded by the words "plan," "will," "may," "continue," "predicts," or similar words. Forward-looking statements are not guarantees of future events or performance, are based on certain assumptions, and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control and cannot be predicted or quantified. Consequently, actual events and results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) our inability to manufacture our products and product candidates on a commercial scale on our own or in collaboration with third parties; (ii) difficulties in obtaining financing on commercially reasonable terms; (iii) changes in the size and nature of our competition; (iv) loss of one or more key executives or scientists; (v) difficulties in securing regulatory approval to market our products and product candidates; (vi) our ability to successfully execute our growth strategy in Colorado and outside the state, (vii) our ability to consummate the acquisition described in this press release or to identify and consummate future acquisitions that meet our criteria, (viii) our ability to successfully integrate acquired businesses, including the acquisition described in this press release, and realize synergies therefrom, (ix) the ongoing COVID-19 pandemic, (x) the timing and extent of governmental stimulus programs, and (xi) the uncertainty in the application of federal, state and local laws to our business, and any changes in such laws. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's website at <http://www.sec.gov>. The Company assumes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise except as required by law.

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