

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 6, 2024

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.)

865 N. Albion St. Suite 300
Denver, CO
(Address of Principal Executive Offices)

80220
(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:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
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.

Item 2.04 Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

On December 6, 2024, Medicine Man Technologies, Inc., a Nevada corporation (the “Company”) delivered an Officers’ Certificate to Ankura Trust Company, LLC, as Trustee (the “Trustee”) with respect to the Indenture agreement by and between the Company, the Trustee and Chicago Atlantic Admin, LLC, as Collateral Agent (the “Collateral Agent”) dated as of December 7, 2021 (the “Indenture”), whereby the Company informed the Trustee of a notice of default (“Default”) arising from the Company’s failure to furnish to the Trustee and the Holders, within 15 calendar days after it is required to file the same with the U.S. Securities and Exchange Commission (the “SEC”) (after giving effect to any grace period provided by Rule 12b-25 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or any successor rule), those Quarterly Reports as filed on Form 10-Q and information, documents and other reports, if any, that the Company was required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act for the periods ended March 31, 2024, June 30, 2024 and September 30, 2024, each of which failures constitutes a Default under the Indenture.

The Default is a result of the ongoing impact of the May 3, 2024, SEC order against B.F. Borgers CPA PC and Benjamin F. Borgers (individually and together, “Borgers”), pursuant to which the SEC suspended Borgers from appearing or practicing before the SEC as an accountant. Borgers was the Company’s independent auditor for several years, including fiscal year December 31, 2023, during which time Borgers reviewed the Company’s financial statements and performed reviews of interim financial statements. The SEC order has necessitated the Company to undergo a re-audit, by Baker Tilly US, LLP (“Baker Tilly”), of the Company’s consolidated financial statements as filed on the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “2023 Form 10-K”) and a re-review of the unaudited condensed consolidated financial statements for the fiscal periods ended March 31, 2023, June 30, 2023, and September 30, 2023, as filed in the Company’s Quarterly Reports on Form 10-Q.

On November 29, 2024, the Audit Committee of the Company determined, following discussions with Baker Tilly and the Company’s management, that the Company’s previously issued audited consolidated financial statements for the two fiscal years ended December 31, 2022 and December 31, 2023, as filed on the 2023 Form 10-K audited by Borgers, and the Company’s unaudited condensed consolidated financial statements and the notes thereto as of and for the fiscal periods ended March 31, 2023, June 30, 2023, and September 30, 2023 included in the Company’s Quarterly Reports on Form 10-Q (collectively the “Subject Periods”) will be restated due to the identification of certain accounting errors that will result in the Company making certain accounting corrections primarily relating to technical accounting areas. For more details on the impact of the SEC order and the related restatements of our financial statements, please refer to our Current Report on Form 8-K filed with the SEC on December 4, 2024.

Additionally, the Company did not previously provide an Officers’ Certificate to the Trustee or the Collateral Agent, as required by the Indenture, regarding the Default arising from the failure to timely file the Quarterly Report on form 10-Q for the periods ended March 31, 2024, and June 30, 2024. Each such failure constituted a Default under the Indenture.

The Company intends to request a waiver or forbearance of the foregoing Defaults from the holders of a majority of the aggregate principal amount of the then outstanding notes; however there can be no assurance that such waiver or forbearance will be obtained.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.***Appointment of Forrest Hoffmaster as Chief Executive Officer***

Effective December 9, 2024, the board of directors (the “Board”) for the Company appointed Forrest Hoffmaster as the Company’s Chief Executive Officer (“CEO”). Mr. Hoffmaster was first employed by the Company as the Chief Financial Officer (“CFO”) starting on January 16, 2023, and he previously served as the Company’s Interim Chief Executive Officer and Chief Financial Officer from February 21, 2024 to December 9, 2024. At this time, Mr. Hoffmaster will continue to serve as the CFO of the Company until a successor is duly appointed by the Board, which has hired an executive search firm to find a qualified candidate.

Mr. Hoffmaster brings over 30 years of executive experience in finance and operations for both public and private companies. Prior to joining the Company, Mr. Hoffmaster served as CEO of New Seasons Market, a specialty gourmet food retailer, where he navigated the company through one of the most disruptive periods in the retail grocery industry. Under his leadership, Mr. Hoffmaster implemented a focused growth and cost optimization program, enabling the company to grow EBITDA by over 30% in two years. Prior to New Seasons Market, Mr. Hoffmaster held leadership positions with other leading grocers including Whole Foods Market and H-E-B.

In connection with his appointment as CEO, Mr. Hoffmaster and the Company entered into a Second Amended and Restated Employment Agreement (the "Hoffmaster Employment Agreement"), dated as of December 9, 2024, that governs the terms of Mr. Hoffmaster's appointment as CEO. Under the terms of the Hoffmaster Employment Agreement, the Board has agreed to (a) increase Mr. Hoffmaster's base annual salary from \$400,000 to \$480,000, (b) provide a cash bonus of \$14,000 that is payable before the end of 2024 and the opportunity to receive an annual cash bonus of 100% up to 150% of his base salary, based on meeting performance metrics and other terms determined at the Board discretion; (c) grant him 2,500,000 restricted stock units ("RSUs"), vesting in four equal installments on the first, second, third and fourth anniversary of Mr. Hoffmaster's appointment, with accelerated vesting upon the earlier of (i) a change in control or (ii) the termination of the agreement (x) by Mr. Hoffmaster due to a material breach of the agreement by the Company, (y) by the Company without cause, or (z) as a result of Mr. Hoffmaster's death or disability; and (d) if the combined value of the options, RSUs, warrants, securities, derivative securities, Performance Stock Units ("PSUs") or other equity (collectively, "Equity") in the Company that Mr. Hoffmaster holds does not exceed \$2,500,000 (pretax), then at the time of a change of control of the Company, the Company shall compensate Mr. Hoffmaster the difference between the value of Mr. Hoffmaster's Equity as of the appointment date and the \$2,500,000. The Hoffmaster Employment Agreement supersedes and terminates all previous employment agreements entered into by and between Mr. Hoffmaster and the Company.

The complete terms and conditions of Mr. Hoffmaster's appointment and employment with the Company are set forth in the Hoffmaster Employment Agreement, dated December 9, 2024, between Mr. Hoffmaster and the Company, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Forward Looking Statements

This current report on Form 8-K contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may be preceded by the words "may," "will," "could," "would," "should," "expect," "intends," "plans," "strategy," "prospects," "anticipate," "believe," "approximately," "estimate," "predict," "project," "potential," "continue," "ongoing," or the negative of these terms or other words of similar meaning in connection with a discussion of future events or future operating or financial performance, although the absence of these words does not necessarily mean that a statement is not forward-looking. We have based our forward-looking statements on management's current expectations and assumptions about future events and trends affecting our business and industry. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Therefore, 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, that the Company has underestimated the scope and impact of the restatements, risks and uncertainties around the effectiveness of the Company's disclosure controls and procedures and the effectiveness of the Company's internal control over financial reporting, the risk that the Company's restated financial statements may take longer to complete than expected, as well as those risks and uncertainties risks and uncertainties associated with (i) regulatory limitations on our products and services and the uncertainty in the application of federal, state, and local laws to our business, and any changes in such laws; (ii) our ability to manufacture our products and product candidates on a commercial scale on our own or in collaboration with third parties; (iii) our ability to identify, consummate, and integrate anticipated acquisitions; (iv) general industry and economic conditions; (v) our ability to access adequate capital upon terms and conditions that are acceptable to us; (vi) our ability to pay interest and principal on outstanding debt when due; (vii) volatility in credit and market conditions; (viii) the loss of one or more key executives or other key employees; and (ix) other risks and uncertainties related to the cannabis market and our business strategy. Any such risks and uncertainties could materially and adversely affect the Company's results of operations, its profitability and its cash flows, which would, in turn, have a significant and adverse impact on the Company's stock price. The Company cautions you not to place undue reliance on any forward-looking statements, which speak only as of the date they are made. 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 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. As noted above, investors are cautioned that the Subject Periods, and related investor communications, should no longer be relied upon; such communications include earnings releases, press releases, shareholder communications, investor presentations and other communications describing relevant portions of the Subject Periods.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Second Amended and Restated Employment Agreement, dated December 9, 2024, by and between the Company and Forrest Hoffmaster.
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/ Forrest Hoffmaster

Forrest Hoffmaster

Chief Executive Officer and Chief Financial Officer

Date: December 12, 2024

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this 9th day of December 2024 ("Effective Date") by and between Forrest Hoffmaster, an individual (hereinafter referred to as the "Executive"), and MEDICINE MAN TECHNOLOGIES, INC. ("MMT"), a corporation duly organized under the laws of the state of Nevada and having its principal place of business at 865 N Albion St., 3rd Floor, Denver, Colorado 80220 and its affiliates and subsidiaries (hereinafter referred to as the "Employer" or the "Company"). Executive and the Company may hereinafter be referred to jointly as the "Parties."

WITNESSETH:

WHEREAS, the Parties previously entered into an employment agreement on or about January 16, 2023 ("Original Employment Agreement"); and

WHEREAS, the Parties entered into an Amended and Restated Employment Agreement on or about February 21, 2024 ("First Amended and Restated Employment Agreement"), under the terms of which Executive was employed as both the Company's CFO and Interim CEO; and

WHEREAS, the Parties desire to amend and restate the First Amended and Restated Employment Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

1. **EMPLOYMENT.** Executive's employment shall continue under this Agreement commencing on the Effective Date. The Company hereby employs, and Executive hereby agrees, to be employed by Company solely as the Company's Chief Executive Officer ("CEO").
 2. **DUTIES.** In his capacity as CEO, Executive shall perform his duties to the best of his abilities, subject to the oversight of the Company's Board of Directors. Such duties shall include, by not be limited to, the following:
 - Providing visionary leadership that will inspire the Company employees and help to drive innovation across all aspects of the Company's business.
 - Developing and implementing strategies that will allow the Company to expand its market share and increase profitability.
 - Building and maintaining strong relationships with key stakeholders, including employees, customers, partners, and investors.
 - Safeguarding that the Company is always in compliance with relevant laws, regulations, and industry standards.
 - Collaborating with the Board of Directors to establish and achieve Company-wide goals and objectives.
 - Identifying and pursuing new growth opportunities that will help to cement the Company's position as a leader in the industry.
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3. **TERM.** Executive's employment hereunder shall be effective as of the Effective Date and shall continue unless terminated pursuant to Section 9 of this Agreement.

4. **COMPENSATION.**

- a. **Base Salary.** Employer agrees to pay to Executive during the Term of this Agreement a base gross salary of \$480,000 per annum ("Base Salary"), payable in equal installments on a bi-weekly basis, due and payable on those days of the month where Employer customarily makes salary payments to its other Executives. Employer shall be responsible for deduction from each salary payment tendered to Executive herein all applicable withholding and other employment taxes imposed by state and federal tax regulations. The Company's Board of Directors may periodically increase Executive's annual Base Salary at its sole discretion.
- b. **Signing Bonus.** Executive shall receive a one-time special signing bonus in an amount equal to \$14,000, payable in cash, less all applicable withholdings (the "**Signing Bonus**"). The Signing Bonus shall be made during the next payroll cycle after the Effective Date of this Agreement.
- c. **Stock Options.**
 - i. **First Option.** On January 4, 2023 ("First Option Grant Date"), Executive was granted the option to purchase all or any part of 700,000 of the common stock of the Company (the "Common Stock") at an exercise price per share of \$1.46 (the "First Option"). The First Option vests and becomes exercisable in accordance with the following vesting schedule: (aa) 175,000 shares of Common Stock subject to the First Option vested and became exercisable on the first anniversary of the First Option Grant Date; (bb) an additional 175,000 shares of Common Stock subject to the First Option will vest and become exercisable on the second anniversary of the First Option Grant Date; (cc) an additional 175,000 shares of Common Stock subject to the First Option will vest and become exercisable on the third anniversary of the First Option Grant Date; and (iv) an additional 175,000 shares of Common Stock subject to the First Option will vest and become exercisable on the fourth anniversary of the First Option Grant Date, such that the First Option shall be fully vested and exercisable as of such date.

- ii. Second Option. On May 3, 2023 (“Second Option Grant Date”), Executive was granted the option to purchase all or any part of 105,857 of the common stock of the Company (the “Common Stock”) at an exercise price per share of \$1.03 (the “Second Option”). The Second Option vests and becomes exercisable in accordance with the following vesting schedule: (aa) 26,465 shares of Common Stock subject to the Second Option will vest and become exercisable on the first anniversary of the Second Option Grant Date; (bb) an additional 26,464 shares of Common Stock subject to the Second Option will vest and become exercisable on the second anniversary of the Second Option Grant Date; (cc) an additional 26,464 shares of Common Stock subject to the Second Option will vest and become exercisable on the third anniversary of the Second Option Grant Date; and (iv) an additional 26,464 shares of Common Stock subject to the Second Option will vest and become exercisable on the fourth anniversary of the Second Option Grant Date, such that the Second Option shall be fully vested and exercisable as of such date.
- iii. Third Option. On August 28, 2024 (“Third Option Grant Date”), Executive was granted the option to purchase all or any part of 282,284 of the common stock of the Company (the “Common Stock”) at an exercise price per share of \$1.03 (the “Third Option”). The Third Option vests and becomes exercisable in accordance with the following vesting schedule: (aa) 70,571 shares of Common Stock subject to the Third Option will vest and become exercisable on May 3, 2025; (bb) an additional 70,571 shares of Common Stock subject to the Third Option will vest and become exercisable on May 3, 2026; (cc) an additional 70,571 shares of Common Stock subject to the Third Option will vest and become exercisable on May 3, 2027; and (iv) an additional 70,571 shares of Common Stock subject to the Third Option will vest and become exercisable on May 3, 2028, such that the Third Option shall be fully vested and exercisable as of such date.

d. Restricted Stock Units.

- i. First PSU Grant. On May 3, 2023, Executive was granted 72,816 Performance Share Units (“First PSUs”) in accordance with the following vesting schedule and dependent on meeting certain performance criteria: (aa) 18,204 on May 3, 2024; (bb) 18,204 on May 3, 2025; (cc) 18,204 on May 3, 2026; and (dd) the remaining 18,204 on May 3, 2027, such that all of the First PSUs shall be fully vested as of such date.
- ii. Second PSU Grant. On August 28, 2024, Executive was granted 194,175 Performance Share Units (“Second PSUs”) in accordance with the following vesting schedule and dependent on meeting certain performance criteria: (aa) 48,544 on May 3, 2025; (bb) 48,544 on May 3, 2026; (cc) 48,544 on May 3, 2027; and (dd) the remaining 48,543 on May 3, 2028, such that all of the Second PSUs shall be fully vested as of such date.
- iii. RSU Grant. On the Effective Date of this Agreement, the Company will grant to Executive 2,000,000 Restricted Stock Units (“RSUs”) in accordance with the following vesting schedule: (aa) 500,000 on the first anniversary of the Effective Date of this Agreement; (bb) 500,000 on the second anniversary of the Effective Date of this Agreement; (cc) 500,000 on the third anniversary of the Effective Date of this Agreement; and (dd) 500,000 on the fourth anniversary of the Effective Date of this Agreement, such that all of the RSUs shall be fully vested as of such date.

- e. Short-Term Incentive Plan. During each calendar year that Executive is employed from the Effective Date of this Agreement, Executive shall participate in the Company's annual short-term incentive compensation plan (the "STIP"), and Executive's STIP target shall be set at 100% of his then annualized Base Salary with the ability to earn up to 150% of his then annualized Base Salary. With respect to the 2024 STIP, Executive shall only be eligible for a prorated amount for the period from September 1, 2024 through December 31, 2024.
- f. Liquidation. All shares of Common Stock issued pursuant to Executive pursuant to this Agreement or in the future while Executive is employed with the Company may be liquidated by the Executive solely at his option at a daily rate of no more than 5% of the preceding five (5) day average volume of the Company's Common Stock on any given trading day. Notwithstanding the foregoing, the limits under this leak-out provision do not apply in the event of a Change in Control (as defined below) of the Company.

5. **CHANGE OF CONTROL.**

- a. Notwithstanding the vesting schedule and conditions set forth above, 100% of any unvested portion of Executive's Options, Restricted Stock or Incentive compensation shall vest and become exercisable in the event of a "Change in Control." For purposes of this Agreement, "Change in Control" means (i) the purchase or other acquisition (other than from the Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (excluding for this purpose, the Company or its subsidiaries or any Executive benefit plan of the Company or its Subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 50% or more of either the then-outstanding shares of Common Stock of the Company or the combined voting power of the Company's then-outstanding voting securities entitled to vote generally in the election of directors; or (ii) approval by the stockholders of the company of a reorganization, merger or consolidation, in each case with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the Common Stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation's then-outstanding voting securities, or of a liquidation or dissolution of the Company's or of the sale of all or substantially all of the assets of the Company. For the avoidance of doubt, a Change of Control does not include a restructuring of the Company's balance sheet.

- b. Subject to Executive's continued service to the Company through the closing of a stock purchase or merger transaction that qualifies as a Change in Control (as defined in Section 5(a) above) (a "Qualified Change in Control") or in the circumstance where Executive's employment is terminated by Company within sixty (60) days of such "Qualified Change in Control" event if Executive's employment is terminated for "Good Reason" or without Cause by Company as defined in Section 9(a) below, Executive will be eligible to receive a lump sum cash bonus equal to the difference of: (x) USD \$2,500,000.00; minus (y) the economic value of solely the Executive's total pre-tax proceeds from the Executive's equity awards in the Company (including, but limited to, the awards set forth in Section 4(c) and 4(d) hereof (the "Net Proceeds Bonus")). The Net Proceeds Bonus shall be paid within 60 days following the Qualified Change in Control, less applicable taxes and required withholdings; provided that, Executive has executed a release of claims agreement (on the Company's standard form) in favor of the Company and its affiliates that becomes effective and irrevocable within 60 days following the Qualified Change in Control.
6. **FINANCIAL AND TAX PLANNING.** The Company shall reimburse Executive or pay directly for personal financial planning and tax planning up to \$5,000 at any time during Executive's employment.
7. **BENEFITS.**
- a. Except as otherwise provided for in this Agreement, during the term of the Agreement, Executive shall be eligible to participate in Company-established incentive, stock purchase, savings, retirement (401(k)), and welfare benefit plans, including, without limitation, group health, medical, dental, vision, life and disability insurance plans, in the same manner and at the same levels as the Company makes such opportunities available to the Company's senior executive level Executives.
- b. Executive shall be entitled to the Company's Unlimited PTO program and follow the Corporate Holiday Schedule, which is published at the beginning of each calendar year. Such PTO shall be taken at such time or times as will be mutually agreed-upon between Executive and the Company.
- c. Executive shall be entitled to utilize a Company fleet vehicle at his discretion, in compliance with all applicable laws and regulations and subject to a Motor Vehicle Record background check.
- d. Executive and Company understand that Executive shall be required to reside full time in the Denver, Colorado metropolitan and shall commute at certain times to the Company's offices in Denver, Colorado. Boulder, Colorado is considered to be in

the Denver, Colorado Metropolitan area.
8. **INSIDER TRADING.** During the Term, Executive acknowledges and agrees to comply with the terms and conditions in the Company's Insider Trading Policy.

9. **TERMINATION.**

a. This Agreement may be terminated upon the happening of any of the following events:

- i. Mutual Agreement. Whenever the Company's Board of Directors and Executive shall mutually agree to termination in writing.
- ii. For Cause. The Company's Board of Directors may at any time during the term of employment, by written notice, terminate this Agreement and discharge Executive for Cause (as defined below), whereupon Employer's obligation to pay all compensation and other benefits (including Severance amounts, insurance coverage, medical and hospitalization plan benefits and management incentive plan payments, if any, under this Agreement) shall cease as of the date of termination, unless determined otherwise by the Board of Directors. Notwithstanding, Executive shall have the right to retain any vested options or restricted shares, but shall be required to exercise such options within the time prescribed in the applicable plan.

As used herein, termination for Cause shall mean Executive has (a) committed a material breach of any provision of this Agreement or any obligation to the Company that, if curable, has not been cured by Executive within thirty (30) days of written notice from the Company describing such breach in reasonable detail; (b) engaged in dishonest, illegal conduct or misconduct which in each case has a material and adverse impact on the reputation, business, business relationships, financial condition or economic prospects of the Company; (c) failed to comply with the Company's written policies or rules during the term of this Agreement that, if curable, has not been cured by Executive within thirty (30) days of written notice from the Company describing such breach in reasonable detail; (d) misappropriation by Executive of any money or other assets or properties of the Company or its subsidiaries outside of his/her specific purview; (e) the willful and unauthorized disclosure by Executive of any Company trade secrets or financial information or data which has resulted, or is likely to result, in material and demonstrable damage to Employer; (f) breach of the terms of any NDA entered into as of the date of this Agreement or (g) been convicted of or entered a plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, if such felony or other crime is work-related, materially impairs Executive's ability to perform services for the Company or results in material/reputational or financial harm to the Company or its affiliates.

iii. Termination for Good Reason. Executive's termination shall be for Good Reason upon any of the following occurrences:

- (aa) a material adverse change in Executive's functions, duties, or responsibilities with the Company which change would cause Executive's position to become one of materially lesser responsibility, importance, or scope unless (i) such change is Executive being removed as the Company's CEO or (ii) such change is the result of a Change of Control and is mutually agreed to between Executive and successor company in the event of a Change of Control);

(bb) a material diminution in the Executive's compensation or benefits without the express written consent of the Executive, other than an across-the-board reduction in compensation levels that applies to all senior executives generally; or

(cc) a material breach of this Agreement by the Company.

("Good Reason").

Notwithstanding the foregoing, no such event shall constitute "Good Reason" unless (a) Executive shall have given written notice of such event to the Company within ninety (90) days after the initial occurrence thereof, (b) the Company shall have failed to cure the condition constituting Good Reason within thirty (30) days following the delivery of such notice (or such longer cure period as may be agreed upon by the parties), and (c) Executive terminates employment within thirty (30) days after expiration of such cure period.

- iv. Upon termination without Cause or for Good Reason, Executive shall be entitled to the following: (A) twelve (12) months of base gross salary payable in accordance with the normal payroll practice of the Company as if such Executive was employed by the Company during such twelve (12) months; (B) any earned but unpaid bonus; (C) any outstanding Options or Restricted Shares that remain unvested but that would have vested had the Employee maintained employment with the Company through the subsequent anniversary date following the date on which the termination with Cause occurred and (E) provide or reimburse Executive during the 12-month period for the same or substantially the same medical, dental, long-term disability and life insurance pursuant to Section 7(a) to which Executive was entitled hereunder as of the date of termination, provided, however, that in the case of such medical and dental insurance, that Executive makes a timely election for continuation coverage under COBRA. Together (A), (B), (C), (D) and (E) are "Severance". If qualifying, per Section 5(b) above, Executive shall additionally receive "The Net Proceeds Bonus" as defined by Section 5(b) above.
- b. Upon termination for Cause, Executive shall not be entitled to receive any benefits of Severance pay, unless determined otherwise by the Company.
- c. In the event Executive decides to leave the employ of the Employer, Executive agrees to give to the Company's Board of Directors at least thirty (30) days advance written notice of the date of his/her last day of employment.

10. **RECORDS.** Upon termination of this Agreement, Executive shall not be entitled to keep or preserve records of the Employer. Executive hereby acknowledges a duty to Employer to cause to be kept and maintained accurate records of the Employer's business. Executive shall at any time be entitled to receive copies of his/her personnel files with ten (10) days' notice to the Employer, noting that should this provision be utilized only the most recent files not provided in any earlier request shall be provided. This prohibition does not include any relevant Executive files or records of Executive.
11. **NON-SOLICITATION/NON-COMPETE.** In consideration of the numerous mutual promises contained herein between the Company and Executive, Executive, for his or himself and for or on behalf of any person or business entity in the state of Colorado, New Mexico, or any state in the United States that the company derives more than 5% of its revenue (the "Non-Compete Jurisdiction") engage in any of the following activities:
- a. Upon Executive's termination of employment with the Employer (voluntary or involuntary) and for a period of 12 months thereafter, said Executive shall not solicit any business from any customers or accounts of the Employer. Executive shall not assist any third parties in soliciting the business of any customers or accounts of the Employer; and directly or indirectly, on his/her own behalf or on behalf of any other person or entity, whether as an owner, director, officer, partner, Executive, agent or consultant, for pay or otherwise, render services to or engage with any person or entity (or on Executive's own behalf, if Executive is self-employed) that is engaged in a business of which the Company derives more than 5% of its business, nor shall Executive become interested in any such business, directly or indirectly, as an individual, partner, shareholder, member, manager, director, officer, principal, agent, Executive, trustee, consultant, contractor or in any other relationship or capacity; provided, however, that nothing contained in this paragraph shall be deemed to prohibit Executive from acquiring, solely as an investment, up to four percent (4%) of the outstanding shares of capital stock of any corporation whose shares are publicly traded; and, for a period of twelve (12) months following the date upon which Executive ceases being an Executive, solicit, induce, recruit, or participate in soliciting any individual who is employed by the Company.
 - b. In the event Executive fails to comply with any provisions herein, Executive hereby authorizes the Employer to obtain a Restraining Order which would restrain and enjoin Executive or any third party being assisted by said Executive in soliciting business (other than employment) from any accounts or customers of the Employer. Should Executive desire to pursue an employment opportunity with any customer of the Employer, written consent of the Employer must be obtained. Such consent shall not be unreasonably withheld.
 - c. Executive hereby acknowledges that the geographic boundaries, scope of prohibited activities and the time duration of the provisions of this Section 11 are reasonable and are no broader than are necessary to protect the legitimate business interests of the Company.

12. **PROPRIETARY AND CONFIDENTIAL INFORMATION.**

- a. For purposes herein, Employer's proprietary and confidential information and trade secrets (hereinafter "Proprietary and Confidential Information") includes:
 - i. Information concerning Employer's business, product development, marketing analysis, and related information including prices, terms and other trade secrets related to Employer's customer lists and customers' business affairs, and related information;
 - ii. Discoveries, concepts and ideas; techniques and processes, whether copyrightable or not, including, but not limited to, techniques, data and improvements thereof, concerning present or future activities of Employer; and any products, potential products or prototype concepts of Employer;
 - iii. Information relating to research, development, invention, purchasing, merchandising and marketing;
 - iv. Any proprietary and confidential information relating to research and development undertaken by Employer, its successors and assigns;
 - v. Proprietary and confidential information shall not include information which is: (a) of record in the files of Executive at time that Employer's Proprietary and Confidential Information is disclosed to Executive and received from Employer; or (b) either has become or becomes available to the public through no fault of Executive; or (c) is received by Executive, from any third party which has the right to disclose it.
- b. With respect to its Proprietary and Confidential Information as defined in (a), above, Employer retains all rights and interest, which rights include but are not limited to: patent, process patent, copyright, trademark, trade secret or any other form of proprietary right. Executive agrees that all Proprietary and Confidential Information of Employer is protected by law, and may not be used or disclosed by Executive. Executive agrees to safeguard Employer's Proprietary and Confidential Information with no less care than he/she would reasonably use in safeguarding his/her own valuable proprietary information and trade secrets. Executive agrees to take appropriate steps to preserve the complete confidentiality of Employer's Proprietary and Confidential Information by all appropriate measures.
- c. Executive agrees that, except as required by Employer in performance of his/her duties for Employer, he/she will:
 - i. not copy or duplicate Employer's Proprietary and Confidential Information, nor allow anyone else to copy or duplicate the same, without the express written permission of Employer;

- ii. never directly or indirectly use, sell, disseminate, disclose, lecture upon, publish articles concerning, or otherwise convey or communicate to any person other than Employer's Executives, any of Employer's Proprietary and Confidential Information unless authorized by the Chairman of the Board of Directors;
 - iii. never create or attempt to create or permit others to create duplicate or derivative works containing all or part of Employer's Proprietary and Confidential Information;
 - iv. upon termination of this Agreement, Executive shall return all of Employer's Proprietary and Confidential Information which is within Executive's possession or control at that time to Employer and, upon request by Employer, certify in writing to Employer that all information has been returned.
 - v. Executive agrees to notify Employer immediately upon learning of any unauthorized possession, use or knowledge of Employer's Proprietary and Confidential Information to which Executive has had access under this Agreement. Executive will promptly furnish Employer all known details of such unauthorized possession, use or knowledge, which will assist in preventing the recurrence of such unauthorized possession, use or knowledge, and will cooperate with Employer in any litigation against any parties undertaken by Employer to protect its rights to its Proprietary and Confidential Information. Executive's compliance with this subparagraph shall not be construed as a waiver of any of Employer's rights under this Agreement.
- d. In the event of a breach or threatened breach by Executive of the provisions of this Agreement, Employer shall be entitled to an injunction restraining Executive from such breach, and Employer may also pursue any and all other remedies available to it for threatened or actual breach, including recovery of damages from Executive.
- e. In addition to the other requirements of this Section 12, for the good and valuable consideration in this Agreement, Executive has agreed to comply with the Executive Invention Assignment.
13. **GOODWILL.** Goodwill shall mean that goodwill associated with the Company during the term of this Agreement, including, but not limited to, the benefits that have been or will be purchased, developed, accrued, and maintained as a result of the Company's expenditure of time, money and effort in developing and maintaining, among other things ("**Goodwill**"): (i) the Company's reputation and the reputation and the skill, training, and, expertise of the Company's officers, Executives, advisors, Directors and partners; (ii) the quality of the products and services provided; (iii) personal contacts of the Company's officers, Executives, advisors, directors and partners within the state-regulated cannabis industry and local, national and global business community in general, which relationships are vital to the Company's business; (iv) the Company's knowledge and expertise; (v) the Company's business acumen; (vi) the Company's ability to attract other Executives, investors, financing, and business partners in order to grow its business; (vii) the Company's Confidential Information; and (viii) other attributes and actions that result in the retention of existing and the acquisition of new patronage. Executive understands that by being employed by the Company, he/she shall have the opportunity to be associated with the Company's Goodwill and receive its benefits of it. At the outset and during the term of this Agreement, the Company promises to provide Executive access to the benefits of its Goodwill, through various means. Executive agrees not to take any action that is intended to degrade or lessen the Company's Goodwill.

14. **NON-DISPARAGEMENT.** After Executive's termination date for cause, neither the Company nor Executive shall make any statements that are professionally or personally disparaging about or adverse to the interests of the other party, including but not limited to any statements that disparage any person, service or capability of the other party, and each such party agrees not to engage in any conduct that is intended to harm professionally or personally the reputation of any party to this Agreement.
15. **NAME & LIKENESS RIGHTS.** Executive hereby authorizes the Company to use, reuse, and to grant others the right to use and reuse, Executive's name, photograph, likeness (including caricature), voice, and biographical information, and any reproduction or simulation thereof, in any form of media or technology now known or hereafter developed (including, but not limited to, film, video and digital or other electronic media), both during and after Executive's employment, for any purposes related to the Company's business, such as marketing, advertising, credits, and presentations.
16. **SEVERABILITY.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the terms of this Agreement, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid and unenforceable provisions there shall be added automatically as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.
17. **MANDATORY ARBITRATION.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Such Arbitration shall take place in the City and County of Denver, Colorado.
18. **ATTORNEYS FEES AND COSTS.** In the event of a dispute arising between the parties hereto, and said dispute becomes subject to any arbitration and/or litigation relating to the rights, duties and/or obligations arising out of this Agreement, each party shall be responsible for their own costs of said action, including but not limited to, reasonable attorney's fees.
19. **AMENDMENTS.** This Agreement may only be amended by the mutual consent of all the parties hereto, which Amendment shall be in writing duly executed by the parties.

20. **ENTIRE AGREEMENT.** This Agreement constitutes the entire understanding and agreement between the parties hereto with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto.
21. **JURISDICTION.** This Agreement shall be construed in accordance with the laws of the State of Colorado.
22. **NON-WAIVER.** A delay or failure by either party to exercise a right under this Agreement, or a partial or single exercise of that right, shall not constitute a waiver of that or any other right herein.
23. **BINDING EFFECT.** The provisions of this Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns.
24. **PRIOR AGREEMENTS.** This Agreement supersedes and replaces all prior agreements and understandings, whether written or oral.
25. **SECTION 409A.** This Agreement and the various provisions within it are intended to either be exempt from or to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent.
- a. Payments with respect to reimbursements of expenses or benefits or provision of fringe or other in-kind benefits shall be made on or before the last day of the calendar year following the calendar year in which the relevant expense or benefit is incurred. The amount of expenses or benefits eligible for reimbursement, payment or provision during a calendar year shall not affect the expenses or benefits eligible for reimbursement, payment or provision in any other calendar year.
- b. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this letter agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."
- c. Notwithstanding any other payment schedule provided herein to the contrary, if Executive is deemed on the date of termination to be a "specified Executive" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any payment that is considered "nonqualified deferred compensation" under Section 409A of the Code payable on account of a "separation from service," such payment shall be made on the date which is the earlier of (A) the expiration of the six-month period measured from the date of Executive's "separation from service", and (B) the date of Executive's death (the "Delay Period") to the extent required under Section 409A of the Code. Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 25 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth above.

MEDICINE MAN TECHNOLOGIES, INC.

Christine Jones

/s/ Christine Jones

Chief Legal Officer

Forrest Hoffmaster

/s/ Forrest Hoffmaster