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

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 2023

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

Commission File Number **000-55450**

MEDICINE MAN TECHNOLOGIES, INC.
(Exact name of Registrant as specified in its charter)

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

865 N. Albion Street
Suite 300
Denver, Colorado 80220
(Address of principal executive offices)

(303) 371-0387
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name on each exchange on which registered
None	None	None

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

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity (common stock) held by non-affiliates of the Registrant as of the close of business on June 30, 2023, was approximately $62.06 million based upon the closing sale price of the Common Stock on OTC Markets Group, Inc. on that date.

The number of shares outstanding of the Registrant's $0.001 par value Common Stock as of the close of business on March 1, 2024, was 77,438,379.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for our 2024 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Report") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), adopted pursuant to the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon our good faith assumptions, expectations and beliefs concerning future developments and their potential effect on our business. In some cases, you can identify forward-looking statements by the following words: "may," "will," "could," "would," "should," "expect," "intends," "plans," "strategy," "prospects," "anticipate," "believe," "approximately," "estimate," "predict," "project," "potential," "continue," "ongoing," or the negative of these terms or other words of similar meaning in connection with a discussion of future events or future operating or financial performance, although the absence of these words does not necessarily mean that a statement is not forward-looking. In particular, such statements include those relating to, among other things, (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. This information may involve known and unknown risks, uncertainties and other factors which may cause actual events or our actual results, performance or achievements to be materially different from the future events, results, performance or achievements expressed or implied by any forward-looking statements. There can be no assurance that future events, results, performance or achievements will be in accordance with our expectations or that the effect of future events, results, performance or achievements will be those anticipated by us.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, including, but not limited to, those discussed in "Item 1. Business", "Item 1A. Risk Factors", "Item 3. Legal Proceedings," "Item 7. Management's Discussion and Analysis of Operations," and elsewhere in this report. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. Considering these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements in this Report are reasonable, we cannot assure stockholders and potential investors that these plans, intentions or expectations will be achieved. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. You are cautioned not to place undue reliance on these forward-looking statements. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

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

Risk Factors Summary

Our business faces significant risks and uncertainties. If any of the risks set forth in "Item 1A Risk Factors" of this report are realized, our business, financial condition, and results of operations could be materially and adversely affected. You should carefully review and consider the full discussion of our risk factors in "Item 1A. Risk Factors" of this Report.

PART I

ITEM 1. BUSINESS.

Overview

Medicine Man Technologies, Inc., doing business as Schwazze ("we," "us," "our," the "Company," or "Schwazze"), is a vertically integrated multi-state cannabis operator focused on growth through expansion into existing and new markets. The Company's business involves the cultivation, manufacturing, distribution, and retail sale of cannabis and cannabis related products. The Company sells products it manufactures and cultivates and a variety of other cannabis goods through wholly-owned retail stores, licensing arrangements, and/or third-party operators and retailers.

The Company is focused on organic growth as well as growing through geographic expansion, acquisition, and application for new licenses in the Colorado and New Mexico cannabis markets. The Company concentrates on building a premier vertically integrated cannabis company in Colorado and New Mexico with the goal of expanding into new and emerging markets, potentially including new states, compatible with the Company's business strategy. The Company's leadership team has deep expertise in mainstream consumer packaged goods, retail, manufacturing, and product development at Fortune 500 companies as well as at companies of various sizes in the cannabis sector. The Company strives to build and maintain a high-performance culture and a focus on analytical decision making, supported by data. Customer-centric thinking inspires the Company's strategy and provides the foundation for the Company's operational playbook.

The Company currently has operations in Colorado and New Mexico. As of March 1, 2024, the Company owned and operated (i) 63 retail dispensaries, 30 in Colorado under the banners Star Buds, Emerald Fields, and Standing Akimbo and 33 in New Mexico under the banner R. Greenleaf and Everest Cannabis Co.; (ii) six cultivation facilities, four in Colorado and two in New Mexico; and (iii) three manufacturing facilities, one in Colorado and two in New Mexico.

Schwazze is a reporting issuer in the United States and Canada. The Company's common stock, par value $0.001 ("Common Stock") is listed for trading in the United States on the OTCQX Best Market under the symbol "SHWZ" and listed for trading in Canada on the NEO Exchange under the symbol "SHWZ." Schwazze is a smaller reporting company under U.S. federal securities laws and has elected to follow scaled disclosure requirements.

History

The Company was incorporated in Nevada on March 20, 2014, under the name Medicine Man Technologies, Inc., and it rebranded its name to Schwazze in April 2020. The Company's operations began through the licensing of proprietary processes developed, implemented, and practiced at other cannabis facilities relating to the commercial growth, cultivation, marketing and distribution of medical and recreational marijuana pursuant to relevant state laws. The Company continued early expansion with the acquisition of Success Nutrients™ and Pono Publications, including the rights to the book titled "Three A Light" and the proprietary cultivation techniques documented therein. The Company then entered into the retail market by way of its acquisition of Two J's LLC d/b/a The Big Tomato in 2018, a leading supplier of hydroponics and indoor gardening supplies in the Denver metro area.

Prior to 2020, the Company was focused on cannabis dispensary and cultivation consulting and providing equipment and nutrients to cannabis cultivators. In 2019, the Company made a strategic decision to move toward direct plant-touching operations due to changes in Colorado law expanding permitted investments into plant-touching cannabis companies. The Company developed a plan to roll up a number of direct plant-touching dispensaries, manufacturing, and cultivation facilities with the goal of being one of the largest seed-to-sale cannabis businesses in Colorado. In April 2020, the Company acquired its first plant-touching business, Mesa Organics Ltd. d/b/a Purplebee's ("Purplebee's"), which consisted of four dispensaries and one manufacturing infused products facility. Following the acquisition of Purplebee's, the Company established a substantial retail presence in Colorado with its acquisition of 13 Star Buds branded dispensaries between December 2020 and March 2021 and its acquisition of two Emerald Fields branded dispensaries in February 2022, which it has continued to build through additional acquisitions. In September 2022, the Company opened its internal distribution center to better service and supply product to each of the dispensaries in the state of Colorado. The Company entered the New Mexico cannabis market in 2022 when it acquired ten R. Greenleaf branded dispensaries, one manufacturing facility, and four cultivation facilities. From May 2023 to September 2023, the Company acquired three

more retail dispensaries, one Standing Akimbo medical dispensary, two retail dispensaries from Smokey's, and opened one more dispensary under the Star Buds banner in Colorado, as described in more detail below. In June 2023, the Company continued its growth in New Mexico, when it acquired 16 Everest Cannabis Company branded dispensaries, one manufacturing facility and one cultivation facility. Since its first plant-touching acquisition in April 2020, the Company has completed a number of acquisitions in an effort to expand its market presence and achieve complete vertical integration.

FINANCINGS

The Company has two classes of stock: the Common Stock, par value $0.001 per share and the Series A Cumulative Convertible Preferred Stock, par value $0.001 per share (the "Preferred Stock"). The Preferred Stock votes with the Common Stock as a single class on an as-converted basis. Among other terms, each share of Preferred Stock (i) earns an annual dividend of 8% on the "preference amount," which initially was equal to the $1,000 per-share purchase price and subject to increase, by having such dividends automatically accrete to, and increase, the outstanding preference amount; (ii) is entitled to a liquidation preference under certain circumstances, (iii) is convertible into shares of Common Stock by dividing the preference amount by $1.20 per share under certain circumstances, and (iv) is subject to a redemption right or obligation under certain circumstances.

From June 5, 2019 through May 21, 2020, the Company completed a private placement of shares of Common Stock and warrants to purchase shares of Common Stock for aggregate gross cash proceeds of approximately $18.575 million. In the private placement, the Company issued and sold an aggregate of 9,287,000 shares of Common Stock at a price of $2.00 per share and warrants to purchase an aggregate of 9,287,000 additional shares of Common Stock at an exercise price of $3.50 per share.

On December 16, 2020, the Company entered into a convertible promissory note and security agreement (the "Convertible Promissory Note and Security Agreement") pursuant to which it sold a convertible promissory note in the original principal amount of $5.0 million to Dye Capital & Company, LLC ("Dye Capital"). On February 26, 2021, Dye Capital converted all outstanding amounts under the note into 5,060 shares of Preferred Stock.

From December 2020 through March 2021 the Company completed a private placement of Preferred Stock for aggregate gross proceeds of $52.7 million dollars. In the private placement, the Company issued and sold an aggregate of 52,700 shares of Preferred Stock at a price of $1,000 per share under securities purchase agreements with Dye Capital Cann Holdings II, LLC ("Dye Cann II") and CRW Capital Cann Holdings, LLC ("CRW") as well as subscription agreements with unaffiliated investors.

On February 26, 2021, the Company entered into a loan agreement with SHWZ Altmore, LLC ("Altmore"), as lender, and GGG Partners LLC, as collateral agent (the "Loan Agreement"). Upon execution of the Loan Agreement, the Company received $10.0 million of loan proceeds. In connection with the Company's acquisition of Southern Colorado Growers ("SCG"), the Company received an additional $5.0 million of loan proceeds under the Loan Agreement. The loan carries an interest rate of 15% per annum, and the Company is required to make principal payments in the amount of $750,000 quarterly starting June 1, 2023. The Loan Agreement is secured by a first priority security interest in the assets of PBS Holdco LLC ("PBS"), a wholly-owned subsidiary of the company and the Company's Colorado manufacturing operation, and the SCG Cultivation (as defined under "Item 1-Business-Current Operations and Developments" below) (collectively the "Altmore Collateral").

On December 3, 2021, the Company and all its direct and indirect subsidiaries (the "Subsidiary Guarantors") entered into a note purchase agreement (the "Note Purchase Agreement") with 31 accredited investors (the "Note Investors"), pursuant to which the Company agreed to issue and sell to the Note Investors 13% senior secured convertible notes due December 7, 2026 (the "Investor Notes") in an aggregate principal amount of $95 million for an aggregate purchase price of $93.1 million (reflecting an original issue discount of $1.9 million, or 2%) in a private placement. On December 7, 2021, the Company consummated the private placement and issued and sold the Investor Notes pursuant to the Indenture entered into among the Company, Chicago Admin, LLC, as collateral agent (the "Indenture Collateral Agent"), Ankura Trust Company, LLC, as trustee (the "Indenture Trustee"), and the Subsidiary Guarantors (the "Indenture"). The Company received net proceeds of approximately $92 million at the closing, after deducting a commission to the placement agent

and certain offering expenses. Such net proceeds are required to be used to fund previously identified acquisitions and other growth initiatives. The Company's obligations under the Indenture and the Investor Notes are secured by (i) junior security interest in the Altmore Collateral and the Star Buds Collateral (as defined under "Item 1-Business-Material Acquisitions & Investments" below), and (ii) a first priority security interest in all assets owned by the Company and the Subsidiary Guarantors on or after December 7, 2021.

Material Acquisitions & Investments

On June 3, 2017, the Company issued 7,000,000 shares of its Common Stock as consideration for the acquisitions of Pono Publications Ltd and Success Nutrients, Inc. ("Success Nutrients"), pursuant to which the Company acquired the rights to its proprietary cultivation techniques codified in the proprietary work Three A Light and nutrients brand line offered by Success Nutrients.

On July 26, 2017, the Company issued 2,258,065 shares of its Common Stock for 100% ownership of Denver Consulting Group, Inc., a cannabis industry consultant that expanded the Company's consulting offerings.

On September 20, 2018, the Company issued 1,933,329 shares of its Common Stock and paid approximately $307,000 in cash for 100% ownership of Two J's LLC d/b/a The Big Tomato ("The Big Tomato"), the Company's retail store that provides the industry with cultivation supplies and equipment.

On April 20, 2020, the Company, through its wholly-owned subsidiary PBS Holdco, LLC, formerly known as PBS Merger Sub, LLC ("PBS Purchaser"), acquired from Mesa Organics Ltd. ("Mesa Organic") four retail dispensaries and one manufacturing facility located in Las Animas, Colorado, Ordway, Colorado, Rocky Ford, Colorado and Pueblo, Colorado, respectively. The acquired assets were at the time of the acquisition branded under the banner Mesa Organics and Purplebee's. Under the terms of the Merger Agreement dated November 23, 2019, as amended on April 16, 2020 (the "Merger Agreement") by and between Medicine Man Technologies, Inc., PBS Merger Sub, LLC, Mesa Organics Ltd., James Parco and Pamela Parco, the aggregate purchase price was $2.60 million of cash and 2,594,754 shares of Common Stock.

Between December 17, 2020, and March 3, 2021, the Company acquired 13 retail dispensaries and one cultivation facility located primarily in and around Denver, Colorado branded under the Star Buds banner. The Company refers to this series of acquisitions collectively as the "Star Buds Acquisition" and refers to the entities acquired generically as "Star Buds" unless otherwise specified. In connection with the Star Buds Acquisition, the Company also acquired the exclusive right to use the Star Buds tradename in Colorado. The purchase price for the Star Buds Acquisitions was paid in a combination of cash, Preferred Stock, and deferred payments referred to in this report as "seller note(s)". The seller notes are secured by a first priority security interest in substantially all of the assets owned by SBUD LLC, a wholly-owned subsidiary of the Company that acquired the Star Buds assets (the "Star Buds Collateral"). The aggregate purchase price for the Star Buds Acquisition was $118.0 million, paid as follows: (i) $44.25 million in cash at the applicable closings, (ii) $44.25 million in deferred cash, also referred to in this report as "seller note(s)," (iii) 29,506 shares of Preferred Stock, of which 25,078 shares were issued at the applicable closings and 4,428 shares were held back by the Company as collateral for potential indemnification obligations pursuant to the applicable purchase agreements. In addition, the Company issued warrants to purchase an aggregate of 5,531,250 shares of Common Stock to the sellers under the applicable purchase agreement. The escrowed portion of the Preferred Stock was released in its entirety on April 3, 2023, and January 9, 2024; there were no outstanding claims for indemnity.

On July 21, 2021, the Company acquired the cultivation assets and real property of SCG, which included approximately 36 acres of real property with outdoor cultivation capacity located in Huerfano County, Colorado, for a total purchase price of approximately $5.8 million in cash and 2,197,978 shares of Common Stock.

On December 21, 2021, the Company, through its wholly-owned subsidiary Double Brow, LLC ("Double Brow"), acquired one retail dispensary located in Glendale, Colorado from Smoking Gun, LLC ("SG") and Smoking Gun Land Company, LLC ("SG Land," and together with SG, "Smoking Gun") for a total purchase price of $4.0 million in cash and 100,000 shares of Common Stock.

On January 26, 2022, the Company, through Double Brow, acquired two retail dispensaries located in Boulder, Colorado from BG3 Investments, LLC, d/b/a Drift ("Drift"), and Black Box Licensing, LLC. The acquired assets include (i) the assets used in or related to Drift's business of distributing, marketing, and selling recreational cannabis products and (ii) the leases for two retail dispensaries located in Boulder, Colorado. The aggregate closing consideration for the acquisition was (i) $1.92 million in cash, and (ii) 1,146,099 shares of Common Stock issued to Drift.

On February 9, 2022, the Company, through its wholly-owned subsidiary Emerald Fields Merger Sub, LLC ("Emerald Fields Sub"), acquired two retail dispensaries located in Manitou Springs, Colorado and Glendale, Colorado branded under the banner Emerald Fields from MCG, LLC ("MCG"). Under the terms of the merger agreement, MCG merged with and into Emerald Fields Sub, with Emerald Fields Sub continuing as the surviving entity. The aggregate closing consideration for the merger was $29.00 million, consisting of: (i) $16.00 million in cash; (ii) 6,547,239 shares of the Common Stock issued to the members of MCG; and (iii) an aggregate of $2.32 million was held back as collateral for potential claims for indemnification under the MCG Merger Agreement as follows: (y) $1.39 million in cash and (z) 569,325 shares of Common Stock. The escrowed portion of the purchase price was released in its entirety on August 9, 2023, and there were no outstanding claims for indemnity.

On February 8, 2022, the Company entered the New Mexico market with its acquisition of ten retail dispensaries located throughout the State of New Mexico operating under the banner R. Greenleaf, one manufacturing facility, and four cultivation facilities from Reynold Greenleaf & Associates, LLC ("RGA") and Elemental Kitchen and Laboratories, LLC ("Elemental"). The Company, acting through indirect wholly-owned subsidiaries, acquired substantially all of the operating assets of RGA and all of the equity of Elemental and assumed specified liabilities of RGA and Elemental. Pursuant to existing laws and regulations in New Mexico, the cannabis licenses for certain facilities managed by RGA are held by two not-for-profit entities: Medzen Services, Inc. ("Medzen") and R. Greenleaf Organics, Inc. ("R. Greenleaf" and together with Medzen, the "NFPs"). At the closing, Nuevo Holding, LLC, an indirect wholly-owned subsidiary of the Company, gained control over the NFPs by becoming the sole member of each of the NFPs and replacing the directors of the two NFPs with the Company's Chief Executive Officer, the Company's Chief Financial Officer, and the Company's General Counsel. The business acquired from RGA consists of serving as a branding, marketing and consulting company, licensing certain intellectual property related to the business of THC-based products to Elemental and the NFPs, providing consulting services to Elemental and the NFPs, and supporting Elemental and the NFPs to promote, support, and develop sales and distribution of products. Elemental is engaged in the business of creating and distributing cannabis-derived products to licensed cannabis producers. Elemental and the NFPs are in the business of cultivating, processing, and dispensing marijuana in New Mexico, with 10 dispensaries, four cultivation facilities (three operating and one under development) and one manufacturing facility. The dispensaries are located in Albuquerque, Santa Fe, Roswell, Las Cruces, Grants and Las Vegas, New Mexico. The cultivation and manufacturing facilities are located in Albuquerque, New Mexico and consists of approximately 70,000 square feet of cultivation and 6,000 square feet of manufacturing. On February 8, 2022, Nuevo Holding, LLC entered into two separate call option agreements (each, a "Call Option Agreement") containing substantially identical terms with each of the NFPs. Each Call Option Agreement gives Nuevo Holding, LLC the right to acquire 100% of the equity or 100% of the assets of the applicable NFP for a purchase price of $100 if, in the future, the New Mexico legislature adopts legislation that permits a NFP to (i) convert to a for-profit corporation and maintain its cannabis license or (ii) sell its assets (including its cannabis license) to a for-profit corporation. The aggregate closing consideration for the acquisitions was approximately (i) $32.20 million in cash, which included a $4.50 million cash earnout based on EBITDA of the acquired businesses for the calendar year 2021, and (ii) $17.00 million in the form of an unsecured promissory note issued by Nuevo Holding, LLC to RGA, the principal amount of which is payable on February 8, 2025 with interest payable monthly at an annual interest rate of 5% (the "Nuevo Note").

On February 15, 2022, the Company acquired substantially all of the operating assets of Brow 2, LLC ("Brow") related to its indoor cannabis cultivation operations located in Denver, Colorado and assumed certain liabilities for contracts acquired. The acquired assets included a 37,000 square foot building, the associated lease and equipment designed for indoor cultivation. After purchase price adjustments for pre-closing inventory, the aggregate consideration was $6.70 million, of which Double Brow paid $6.20 million at closing and held back $500,000 as collateral for potential claims for indemnification. The portion of the purchase price that was held back to satisfy indemnification claims was fully released on February 15, 2023, plus 3% simple interest, and there were no outstanding indemnification claims.

On May 31, 2022, the Company acquired substantially all of the operating assets of Urban Dispensary, which operates a dispensary and indoor cultivation in Colorado, pursuant to the terms of an Asset and Personal Goodwill Purchase Agreement, dated March 11, 2022, with Double Brow, Urban Health & Wellness, Inc. d/b/a Urban Dispensary ("Urban Dispensary"), Productive Investments, LLC, and Patrick Johnson (the "Urban Purchase Agreement"). Urban Dispensary operated an indoor cannabis cultivation facility and a single retail dispensary, each located in Denver, Colorado. The aggregate consideration for the Urban Dispensary Purchase was $1.32 million in cash and 1,230,534 shares of Common Stock. The Company held back $288,000 of the stock consideration at closing as collateral for potential claims for indemnification. On December 12, 2023, the Company claimed $49,236 in damages which were indemnifiable expenses from Urban Dispensary. Pursuant to the Urban Purchase Agreement, the Company satisfied the claim for damages by way of the cancellation of a total of 37,586 shares of Common Stock. On December 15, 2023, the Company released 182,262 of the held back shares to the Seller and there were no outstanding indemnification claims.

On July 13, 2022, the Company entered into a strategic relationship with Mission Holdings US, Inc. ("Mission Holdings"), an entity affiliated with MCG, by purchasing a non-controlling equity interest in Mission Holdings. Mission Holdings offers various cannabis products and brands, including proprietary cannabis-infused gummies and premium flower for medical and recreational sale in Colorado and California. The Company has the right to acquire 100% of the equity interest in Mission Holdings on or after July 13, 2025.

On December 15, 2022, the Company acquired substantially all of the operating assets associated with two retail dispensaries located in Denver, Colorado and Aurora, Colorado owned by Lightshade Labs LLC ("Lightshade"). After purchase price adjustments for transaction and related expenses, the aggregate consideration for the acquisition was approximately $2.75 million, all of which was paid in cash. The Company deposited $300,000 of the purchase price in escrow as collateral for potential claims for indemnification from Lightshade. The portion of the purchase price placed in escrow was released in its entirety on December 15, 2023, and there were no outstanding indemnification claims.

On May 10, 2023, the Company acquired substantially all of the operating assets associated with two retail and medical dispensaries located in Garden City, Colorado and Fort Collins, Colorado owned by Cannabis Care Wellness Centers, LLC and Green Medicals Wellness Center #5 (collectively, "Smokey's"). After purchase price adjustments for transaction and related expenses, the aggregate consideration for this transaction was approximately $7.5 million, of which approximately $3.75 million was paid in cash and $3.15 million was paid in shares of Common Stock. The Company held back $600,000 of stock consideration and $150,000 of cash consideration at the closing as collateral for potential claims for indemnification. Any purchase price held back and not used to satisfy indemnification will be issued and released on November 11, 2024.

On June 1, 2023, the Company acquired substantially all of the operating assets associated with 14 retail dispensaries located throughout the State of New Mexico, one manufacturing facility, and one cultivation facility (the "Everests Acquisition") under the terms of the associated asset purchase agreement, dated April 21, 2023, as amended (collectively, "Everest Purchase Agreement"). Pursuant to existing laws and regulations in New Mexico, the cannabis licenses for the facilities managed by Everest Seller are held by a not-for-profit entity, Everest Apothecary, Inc., d/b/a Everest Cannabis Co. ("Everest Apothecary"). At the closing, an affiliate of the Company ("Everest Purchaser") gained control over the management and operations of Everest Apothecary by replacing the officers and directors of Everest Apothecary with officers and directors designated by the Company. At the closing, Everest Purchaser entered into a separate call option agreement (the "Call Agreement") with the sellers under the Everest Purchase Agreement (collectively, "Everest Seller"). The Call Agreement gives Everest Purchaser the right to acquire 100% of the equity or 100% of the assets of Everest Apothecary for a purchase price of $100 if, in the future, the New Mexico legislature adopts legislation that permits Everest Apothecary to (i) convert to a for-profit corporation and maintain its cannabis license or (ii) sell its assets (including its cannabis license) to a for-profit corporation. Everest Purchaser will have one year after receipt of notice of the approval of such legislation from Everest Apothecary to exercise its call option. Everest Apothecary is in the business of cultivating, processing, and dispensing marijuana in New Mexico, with 14 dispensaries, one cultivation facility, and one manufacturing facility. The dispensaries are located in Albuquerque, Santa Fe, Los Lunas, Belen, Texico, Las Cruces, and Sunland Park, New Mexico. The cultivation and manufacturing facilities are located in Albuquerque, New Mexico and consist of approximately 49,000 square feet of cultivation and 8,700 square feet of manufacturing. After purchase price adjustments and subject to post-closing adjustments, the aggregate purchase price under the Everest Purchase Agreement and Call Option paid at closing was approximately $41.0 million, of which $12.5 million was paid in cash, $17.5 million was paid

in the form of an unsecured promissory note issued by Everest Purchaser to Everest Seller (the "Everest Note"), $8.00 million was paid in the Company's Common Stock in the amount of 7,619,047 shares, and $3.0 million is payable in two installment payments of $1.25 million due to Everest Seller on August 30, 2023 and November 28, 2023 (the "Everest Deferred Purchase Price"). The Everest Note is payable on the last day of the calendar quarter following the fourth anniversary of the closing of the Everest Acquisition with interest payable quarterly at an annual interest rate of 5%. The Company is required to make installment payments of principal and interest on the Everest Note starting June 30, 2025, and the total outstanding principal will be due on May 31, 2027. In addition to the foregoing, Everest Purchaser may be required to make a potential "earn-out" payment of up to an additional $8.00 million payable in Company Common Stock priced as of the closing of the Everest Acquisition. The earn-out is based on the revenue performance of certain retail stores of Everest for the 12-month period following such stores opening for business and is revalued quarterly. Management currently estimates the expected earn-out payment to equal approximately $2.13 million based on current projections.

On June 15, 2023, the Company acquired substantially all of the operating assets associated with a single medical dispensary located in Denver, Colorado owned by Standing Akimbo, LLC ("Standing Akimbo Seller") pursuant to the terms of an asset purchase agreement, dated April 13, 2023 (the "Standing Akimbo Purchase Agreement"). After purchase price adjustments for transaction and related expenses, the aggregate consideration for the transaction was approximately $9.35 million, of which $3.81 was million is payable in cash and approximately $5.54 million payable in the form of the Company's Common Stock. At the closing of the transaction, the Company paid $1.0 million of the Purchase Price in cash and approximately $4.50 million of the Purchase Price in the Company's Common Stock. The Company is obligated to pay the remainder of the cash consideration over 12 months starting on July 15, 2023 as set forth in the Standing Akimbo Purchase Agreement (the "Deferred Cash Consideration") in which the Company reserved from issuance approximately $1.00 million from the consideration to be paid in stock, as collateral for potential claims for indemnification from Standing Akimbo Seller and the certain other parties thereto under the Standing Akimbo Purchase Agreement (the "Stock Holdback"). Any portion of the Stock Holdback not used to satisfy indemnification claims will be issued by the Company on the date that is the later of (i) 18 months from the closing of the transaction or (ii) satisfaction of all outstanding obligations associated with certain excluded liabilities set forth in the Standing Akimbo Purchase Agreement.

Current Operations and Developments

Operating Segments

The Company's operations are organized into three different segments as follows: (i) Retail, consisting of retail locations for sale of cannabis products; (ii) Wholesale, consisting of manufacturing, cultivation, and sale of both wholesale cannabis and non-cannabis products; and (iii) Other, consisting of all other income and expenses, which derives its revenue from general corporate operations, in-store advertisements, and vendor promotions offered in the Company's retail dispensaries. Each of our operating segments are discussed in further detail below.

SEGMENT 1 –Retail – This segment currently includes our Retail dispensaries located in Colorado and New Mexico.

As of December 31, 2023, the Company owned and operated 30 retail cannabis dispensaries in the State of Colorado, 22 cannabis dispensaries under the banner name Star Buds, six retail cannabis dispensaries under the banner name Emerald Fields and two medical cannabis dispensaries under the banner name Standing Akimbo. As of December 31, 2023, the Company owned 33 retail cannabis dispensaries in the State of New Mexico, 19 of which operate under the banner name R. Greenleaf and 14 retail cannabis dispensaries under the banner name Everest.

Our dispensaries sell a wide variety of cannabis products directly to tens of thousands of consumers. These products include loose flower, concentrates, edibles, pre-rolls, topicals, infused beverages, and other associated cannabis products produced by a large variety of cannabis vendors. In Colorado, our retail dispensaries sell products sourced from our internal wholesale operations, investment partners, licensing arrangements, and other third-party suppliers. In New Mexico, our retail dispensaries sell products predominantly sourced through internal wholesale operations and a small percentage of third-party products.

SEGMENT 2 – Wholesale – This segment includes consolidated Wholesale, Cultivation, and Manufacturing.

The Company supports its retail operations and growth through the operation of wholly-owned manufacturing and cultivation facilities. The Company's wholly-owned manufacturing and cultivation facilities also engage with the wholesale markets in Colorado and New Mexico. The Company's wholesale business includes cannabis and non-cannabis operations, although the Company's cannabis wholesale operations are more substantial than its non-cannabis activities.

Wholesale

The Company participates in the wholesale market through both its cultivation and manufacturing operations based on market conditions and internal needs.

The wholesale cannabis market is influenced by a number of factors outside of the Company's control largely due to the cyclical nature of the agricultural industry. The Company has acquired robust cultivation capacity such that it can expand production and sell its cultivation products to the wholesale market during certain market cycles when advantageous to do so, and it also has the ability to scale back production when the wholesale market is less profitable.

The Company's manufacturing operations are used to extract oil from the cannabis plant and refine the oil into distillate oil. It sells this distillate oil to other product manufacturers. In addition, the Company's manufacturing operations produce consumer packaged goods, such as pre-rolled joints, edibles, salves, and vape cartridges. Like its cultivation facilities, the Company can increase or curtail its production capacity to adjust to market conditions.

Lastly, the Company also supplies the wholesale markets through the sale of cannabis cultivation materials, nutrients, and equipment. The Company sells a variety of indoor gardening supplies and hydroponics through its online and retail store, The Big Tomato, located in Aurora, Colorado. While these wholesale activities were a meaningful component of the Company's operations in the past, the Company's business strategy has trended away from these revenue sources in recent years due to growth and expansion of the Company's retail, manufacturing, and cultivation activities as well as the impact of the greater wholesale market downturn in Colorado and nationwide. Management is assessing the ongoing value and anticipated future utilization of these particular wholesale operations.

Cultivation

As of December 31, 2023, the Company owned seven cultivation facilities: four in Colorado and three in New Mexico. The Company leverages its cultivating capacity in both states where it operates to participate in the wholesale market and/or support internal operations based on market conditions and profitability in wholesale transactions.

The Company operated two active cultivations in Colorado throughout 2023. The Company maintains four active cultivation licenses in Colorado as of March 1, 2024.

The Company's primary cultivation facilities in Colorado include (i) a 37,000 square foot building located in Denver, Colorado leased by the Company for indoor cultivation (the "Brow Cultivation") and (ii) 36 acres of land in Huerfano County, Colorado owned by the Company and designed for indoor and outdoor cultivation (the "SCG Cultivation"). The SCG Cultivation includes a greenhouse and 34 hoop houses, and the Company has the potential to expand the SCG Cultivation to include additional hoop houses for increased outdoor cultivation capacity.

The Company operated three active indoor cultivations and one outdoor cultivation in New Mexico during 2023, and it discontinued operations at one of its cultivation facilities located in Albuquerque, New Mexico during 2023 to consolidate production activities and drive synergies. The Company maintains four active cultivation licenses in New Mexico as of March 1, 2024.

The Company's primary cultivation facility in New Mexico is a 40,000 square foot building located in Albuquerque, New Mexico (the "Edith Grow"). The Company completed the second phase of the planned renovation in 2023 which expanded the cultivation capacity of the Edith Grow to increase synergies and reduce costs. A third phase of planned renovations started in 2023 and is anticipated to finish in 2024. In 2023, the Company acquired an additional cultivation facility which

has approximately seven acres that includes two greenhouses and seven hoop houses located in Albuquerque, New Mexico. The Company's cultivation facilities in New Mexico, primarily support the Company's manufacturing operations and the New Mexico retail wholesale segment operations.

Manufacturing and Extraction

As of December 31, 2023, the Company owned and operated three manufacturing facilities: one in Colorado and two in New Mexico.

The Company's manufacturing facilities primarily conduct cannabis extraction, distillation, manufacturing, and infusion operations for incorporation into retail cannabis products or sale through internal and external channels. The Company purchases cannabis biomass and trim to support manufacturing operations both internally from its cultivation operations as well as from a number of different vendors across Colorado and New Mexico. The Company maintains the ability to strategically adjust the number of materials sourced from internal and external sources based on market conditions due to vertical integration in both states.

The Company's Colorado manufacturing facility is owned and operated by PBS. PBS leases a facility in Pueblo, Colorado comprising of approximately 7,000 square feet of space where PBS conducts ethanol extraction, distillation, and manufacturing of cannabis plants and biomass for sale and distribution to external buyers and internally to support the Company's retail segment. PBS also supports the Colorado Retail and Wholesale segments by processing and packaging products for retail distribution. The Company acquires cannabis biomass and trim to support PBS's manufacturing operations both internally from its cultivation operations at the SCG Cultivation and the Brow Cultivation as well as from a number of different vendors across Colorado. However, manufacturing operations in Colorado source raw materials from external vendors to a greater degree than manufacturing operations in New Mexico due to pricing and market conditions. PBS produces pre-rolled joints, salves, vape cartridges, and syringes for internal and external distribution, including the Company's proprietary brand of vape products: Purplebee's and Autograph by Purplebee's.

The Company's two New Mexico manufacturing facilities are located in Alburquerque, New Mexico. One is owned and operated by Elemental, a wholly-owned subsidiary of the Company and the other is owned and operated by Everest Purchaser, a wholly-owned subsidiary of the Company. Elemental leases a manufacturing facility located in Albuquerque, New Mexico representing approximately 6,000 square feet and Everest Purchaser leases a manufacturing facility representing approximately 8,700 square feet. Both facilities perform extraction, infusion, and manufacturing operation and produce several cannabis products that are sold in R. Greenleaf and Everest Apothecary dispensaries, as well as to third parties, including pre-rolled joints, edibles, salves, and vape cartridges. They primarily source raw materials used for their operations through the Company's cultivation and wholesale operations due to increased vertical integration in New Mexico, although Elemental and Everest Purchaser do purchase biomass and trim from external sources to support its operations.

SEGMENT 3 – Other – This segment includes General Corporate and Other.

General Corporate and Other

The Other segment encompasses the Company's general corporate operations not otherwise categorized as retail or wholesale, and it also includes revenue from in-store advertisements and certain vendor promotions offered in the Company's retail dispensaries. This segment also includes the Company's research and development subsidiary, Schwazze Biosciences LLC, which is committed to pursuing a program of basic and applied research focused on bringing consumers, as well as pets, the most beneficial properties of the cannabis plant.

Marketing

The Company markets its products, retail establishments and services to consumers through a variety of channels, including: digital marketing efforts, print advertising, outdoor billboards, coupons, a consolidated loyalty program across all states and retail banners, ecommerce websites, budtender appreciation events, universal gift card program, "search engine optimization" activities, grand opening or newly remodeled store events, brand pop-up events, and in-store

promotions. In 2023, the Company's Colorado retail banner, Star Buds, continued its support of The Colorado Summit, a professional ultimate frisbee sporting team. Star Buds was the first cannabis sponsor of a professional ultimate frisbee team in 2022.

Schwazze has created and maintains a database of marketing collateral materials and resources used for the Schwazze parent company brand, its in-house products/brands, and across all retail banners in the states in which it operates. The Company also coalesces interest and a presence within the industry through participation in various industry events, building relationships with key regulatory and government affairs officials, and through direct promotion.

The Company continues to enhance its online presence via its house of brands website, http://www.schwazze.com, and its investor relations website, http://ir.schwazze.com. The Company's website includes an overview of its retail and wholesale brands, features on management and its Board of Directors, latest investor relations presentations, links to media, analyst coverage and press relations, Securities and Exchange Commission ("SEC") reports, and our industry partners.

Intellectual Property, Brand Development, and Licensing

Our operational success and business strategy incorporates various pieces of proprietary intellectual property, including trademarks, trade names, and copyrights owned by the Company and licensing of third-party intellectual property pursuant to licensing agreements. We also acknowledge that certain protections normally available to us related to design or other utility patents in the cannabis industry are not currently enforceable under federal law. We attempt to protect our intellectual property via the deployment of robust non-disclosure agreements with both prospective partners, employees, and licensees prior to engagement. We also register our owned intellectual property in the states where we operate in an effort to enhance protection against infringement. There are no assurances that these non-disclosure agreements will prevent a third-party from infringing upon our rights, and we also cannot enforce our owned cannabis-related intellectual property outside of the states of Colorado and New Mexico where our marks are registered. We intend to register for federal patent and trademark protection that is otherwise currently prohibited if and when the federal government eliminates the cannabis prohibition.

Schwazze is actively building a house of brands that includes both our active retail banners as well as products for sale at both the retail and wholesale level, manufacturing all products and controlling the quality for such brands through its vertical integration. The Company has developed three internally-owned product brands as of March 1, 2024. These brands include: (i) Purplebee's and (ii) Autograph by Purplebee's, the Company's distillate vaporizer product line, and (iii) EDW (Every Day Weed), which is a pre-packaged pouch of loose-ground flower offered in half-ounce increments at an affordable price point. Purplebee's, Autograph by Purplebee's, and EDW are available for sale in indica, sativa, and hybrid strains.

In addition to internal brand development efforts, we also enter into advantageous licensing agreements with other cannabis companies with recognizable brand value to maximize the success of our product offerings and sales. Schwazze has an exclusive licensing partnership with the premium California-based cannabis flower brand, Lowell Herb Company, which gives the Company exclusive right to manufacture, distribute, and promote Lowell Farms products in the Colorado and New Mexico markets. Current products include Quicks, Classics, and Singles. Quicks and Classics are sold in 3.5g multi-units packs in blends of strains of indica, sativa, and hybrid dominances, while "singles" are 1g, single strain pre-rolls. The Lowell Farms brand is promoted through in-store advertising and promotion, customer loyalty programming, and budtender appreciation events. The Company also has an exclusive licensing partnership with Star Buds Brands, LLC d/b/a Kaviar ("Kaviar") in New Mexico that gives the Company exclusive right to manufacture, distribute, and promote Kaviar products in the New Mexico market. Such Kaviar products includes Kaviar Cones, which are sold in 1.5g single packs in blends of hybrid, sativa, and hybrid dominances. Kaviar products are promoted through in-store advertising and promotion, customer loyalty programming, and budtender appreciation events. Additionally, the Company holds an exclusive licensing agreement with The Cima Group, LLC d/b/a Wana Brands in New Mexico that gives the Company exclusive right to manufacture, distribute, and promote Wana Brands products in the New Mexico market. Such Wana Brands products include: Wana "Classic" gummies, Wana Quick, fast-acting gummies, Wana Optimals gummies, and Wana Spectrum, live rosin-gummies all of which are sold in 100mg, 10pk containers in CBD, indica, sativa, and hybrid dominances. Wana Brands products are promoted through in-store advertising and promotion, customer loyalty

programming, and budtender appreciation events. We also maintain a non-exclusive branding partnership with Mission Holdings pursuant to which we sell Mission Holdings' proprietary brand of low-cost edibles, Nfuzed gummies, and premium flower, Level 10, in our retail dispensaries in the states where we operate.

The Company also acquired a number of brands through previous acquisitions of existing dispensaries with varying degrees of brand recognition and loyalty that we actively utilize in our house of brands. In connection with the Star Buds acquisitions, we acquired the exclusive right to use the Star Buds brand in Colorado pursuant to a licensing agreement with the owners of the Star Buds intellectual property. We also acquired all of the rights in and interest to the Emerald Fields intellectual property owned by MCG. In Colorado, we currently operate all of our retail cannabis dispensaries under the Star Buds, Emerald Fields and Standing Akimbo banners. In New Mexico, we acquired the intellectual property associated with R. Greenleaf and Everest Cannabis Co. and operate existing dispensaries under the R. Greenleaf and Everest Cannabis Co. banners.

Government Regulations

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

Federal Regulations

The United States federal government regulates drugs through the federal Controlled Substances Act (the "CSA"), which places controlled substances, including cannabis, in one of five different schedules. Cannabis, except hemp containing less than .3% (on a dry weight basis) of the psychoactive ingredient in cannabis, is classified as a Schedule I drug. As a Schedule I drug, the federal Drug Enforcement Agency ("DEA") considers cannabis to have a high potential for abuse, no currently accepted medical use in treatment in the United States, and a lack of accepted safety for use of the drug under medical supervision. The classification of cannabis as a Schedule I drug is inconsistent with what the Company believes to be many valuable medical uses for cannabis accepted by physicians, researchers, patients, and others. As evidence of this, on June 25, 2018, the Federal Drug Administration ("FDA") approved Epidiolex (CBD) oral solution with an active ingredient derived from the cannabis plant for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome, and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from the cannabis plant. CBD is a chemical component of cannabis that does not contain the intoxication properties of tetrahydrocannabinol ("THC"), the primary psychoactive component of cannabis. The Company believes categorization of cannabis as a Schedule I drug is not reflective of the medicinal properties of cannabis or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered.

In a major change to federal policy, in October of 2022, the Biden Administration announced its intention to review the regulation of marijuana under the CSA by directing the Secretary of Health and Human Services ("HHS") and the Attorney General to initiate the administrative process to expeditiously review marijuana's Schedule I status. Concurrently, President Biden also announced a pardon of all prior federal simple possession of marijuana offenses and urged governors to do the same at the state level.

In response to President Biden's directive, on August 29, 2023, HHS recommended that the DEA reschedule marijuana to Schedule III. HHS concluded that cannabis satisfies the criteria for a Schedule III drug, meaning that it has (1) a currently accepted medical use in treatment, (2) a lower potential for abuse than Schedule I or II, and (3) a possibility of abuse that may lead to moderate or low physical dependence or high psychological dependence.

The DEA's decision on rescheduling or de-scheduling of cannabis is pending.

The evolving federal position is more consistent with democratic approval of cannabis at the state government level in the United States. Unlike in Canada, which has federal legislation uniformly governing the cultivation, manufacture, distribution, sale, and possession of cannabis, cannabis is largely regulated at the state and local level in the United

States. Certain state laws regulating cannabis conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the United States authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts. Although the Company's activities are compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis will neither absolve the Company of liability under United States federal law nor provide a defense to federal criminal charges that may be brought against the Company. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, federal law shall apply.

Nonetheless, 44 U.S. states, the District of Columbia, and the territories of Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands have legalized some form of cannabis for medical use, while 24 states and the District of Columbia have legalized the adult-use of cannabis for recreational purposes. As more and more states legalized medical and/or adult-use cannabis, the federal government attempted to provide clarity on the incongruity between federal prohibition and these state-legal regulatory frameworks.

Until 2018, the federal government provided guidance to federal law enforcement agencies and banking institutions regarding cannabis through a series of memoranda from the Department of Justice ("DOJ"). The most recent such memorandum was drafted by former Deputy Attorney General James Cole on August 29, 2013 (the "Cole Memorandum"). The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations, and prosecutions regarding cannabis in all states, and acknowledged that, notwithstanding the designation of cannabis as a Schedule I controlled substance at the federal level, several states have enacted laws authorizing the use of cannabis. The Cole Memorandum also noted that jurisdictions that have enacted laws legalizing cannabis in some form have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale, and possession of cannabis. As such, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. The Cole Memorandum was seen by many state-legal cannabis companies as a safe harbor for their licensed operations that were conducted in full compliance with all applicable state and local regulations. However, on January 4, 2018, former U.S. Attorney General Jeff Sessions rescinded the Cole Memorandum. In the absence of a uniform federal policy, as had been established by the Cole memorandum, enforcement priorities are determined by respective United States Attorneys.

Following his election, President Biden appointed Merrick Garland to serve as the U.S. Attorney General. While Attorney General Garland indicated in his confirmation hearing that he did not feel that enforcement of the federal cannabis prohibition against state-licensed business would be a priority target of the DOJ resources, no formal enforcement policy has been issued to date. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned. Unless and until the U.S. Congress amends the CSA or the DEA announces a rescheduling of cannabis (and as to the timing or scope of any such potential changes there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law.

As an industry best practice, despite the rescission of the Cole Memorandum, the Company abides by the following standard operating policies and procedures:

1. Ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
2. Ensure that its cannabis-related activities adhere to the scope of the licensing obtained (for example: in the states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
3. Implement policies and procedures to ensure that cannabis products are not distributed to minors;
4. Implement policies and procedures to ensure that funds are not distributed to criminal enterprises, gangs, or cartels;
5. Implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or across any state lines in general;

6. Ensure that cannabis products under the control of the Company are not distributed or transported across state or national borders;
7. Ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
8. Ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Company conducts background checks to ensure that the principals and management of its operating subsidiaries are of good character, have not been involved with other illegal drugs, engaged in illegal activity or activities involving fraud, violence, or use of firearms in cultivation, manufacturing, or distribution of cannabis. The Company has conducted and will continue to conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate, and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation.

One legislative safeguard for the medical cannabis industry remains in place: Congress has passed a so-called “rider” provision in the fiscal year 2015, 2016, 2017, 2018, 2019, 2020, and 2021 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The rider is known as the "Rohrabacher-Farr" Amendment after its original lead sponsors. In 2021, President Biden became the first president to propose a budget with the Rohrabacher-Farr Amendment included. On January 19, 2024, the amendment was renewed through the signing of a continuing resolution, effective through March 8, 2024.

Nevertheless, for the time being, cannabis remains a Schedule I controlled substance at the federal level. The federal government of the U.S. has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use cannabis, even if state law sanctions such sale and disbursement. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition, and prospects could be materially adversely affected.

There is a growing consensus among cannabis businesses and numerous members of Congress that prosecutorial discretion is not law and temporary legislative riders, such as the Rohrabacher-Farr Amendment, are an inappropriate way to protect lawful medical cannabis businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal cannabis trades. The Company has observed that each year more congressmen and congresswomen sign on and co-sponsor cannabis legalization bills. In light of all this, it is anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production, and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

Recently, the U.S. Senate introduced the SAFE Banking Act in 2023, which has been renamed by the Senate Banking Committee as the SAFER Banking Act. The bill must still pass the full Senate and the House of Representatives, of which there can be no guarantee. The SAFER Banking Act (or a similar bill) would allow financial institutions to provide their services to state-legal cannabis clients and ancillary businesses serving state-legal cannabis businesses without fear of federal sanctions. There is no guarantee the SAFER Banking Act will become law in its current form or at all.

Colorado Regulations

On November 7, 2000, Colorado voters approved Amendment 20, which amended the state constitution to allow the use of marijuana in the state by approved patients with written medical consent. On November 6, 2012, Colorado voters approved Amendment 64, which amended the state constitution to establish an adult-use cannabis program in Colorado which permits the commercial cultivation, manufacture, and sale of marijuana to adults 21 years of age or older. The commercial sale of marijuana for adult-use to the general public began on January 1, 2014, at cannabis businesses licensed under the regulatory framework. Medical and adult-use marijuana are regulated together under a single statute – the Colorado Marijuana Code.

Under the Colorado Marijuana Code, the Colorado Department of Revenue – Marijuana Enforcement Division ("MED") is empowered to grant licenses to both adult-use and medical marijuana businesses, including cultivation facilities, products manufacturers, testing facilities, transporters, researchers and developers, and (in the adult-use context) accelerator cultivators, accelerator stores, and hospitality businesses.

Cannabis businesses must also comply with local licensing requirements. Colorado localities are allowed to limit or prohibit the operation of marijuana businesses.

The Company is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Colorado.

Colorado License Requirements

An application for a license from the MED to operate a marijuana business in Colorado requires submission of (1) a copy of any local license required for the marijuana business, (2) a certificate of good standing from the jurisdiction in which the business was formed, (3) the identity and address of the registered agent in Colorado, (4) organizational documents such as articles of incorporation, bylaws, articles of organization, and similar documents, (5) corporate governance documents, (6) a deed, lease, or similar document establishing the applicant's ability to use the proposed premises, (7) a facility diagram, (8) findings of suitability with respect to the business' owners, (8) information regarding securities listings (if the business is publicly traded), (9) financial statements, and (10) documents related to payments of taxes. A business is required to obtain permission from the locality in which it proposes to operate as part of the licensing process.

With respect to the renewal process, provided that the requisite renewal fees are paid and the renewal application is submitted in a timely manner, the Company has no reason to believe it would not receive the applicable renewed licenses in the ordinary course of business.

Regulatory Requirements

The regulations establish requirements applicable to all Colorado marijuana businesses, along with specific requirements for each type of business.

All marijuana businesses in Colorado are required to (1) create and enforce limited access areas for the protection of marijuana and marijuana products; (2) maintain security alarm systems installed and maintained by a licensed alarm installation company, as well as approved locks and surveillance equipment maintained in good working condition; (3) follow all applicable laws regarding waste disposal (including cannabis-containing waste); (4) implement an inventory tracking system used for inventory tracking and recordkeeping; (5) comply with both state and local requirements as to hours of operation; (6) comply with sanitary requirements applicable to employees and production spaces, including sanitation audits; (7) comply with recordkeeping requirements; (8) prohibit on-site consumption of marijuana and marijuana products (excepting licensed marijuana hospitality businesses); (9) ensure all visitors, patients, and customers have proper identification prior to entering the business premises; and (10) maintain and provide procedures for dealing with product recalls.

Cultivation facilities are additionally required to (1) provide and maintain copies of standard operating procedures for cultivation, harvesting, drying, curing, trimming, packaging, storing, and sampling; (2) comply with requirements related to pesticides; and (3) comply with additional sanitary and product safety requirements. Marijuana products manufacturers are required to (1) comply with labeling and dosing requirements related to standardized doses of marijuana; (2) comply with specific prohibitions regarding the shapes, colors, and similar characteristics of edible products; (3) refrain from use of prohibited additives and ingredients; (4) comply with child-resistant packaging requirements; and (5) maintain and provide standard operating procedures related to manufacturing of each category of products. Marijuana dispensaries are subject to additional requirements regarding (1) methods of accepting orders; (2) payments by customers; and (3) methods for age and identification verification of customers.

The MED and local licensing authorities may conduct announced or unannounced inspections of licensees to determine compliance with applicable laws and regulations. Licensees may also be subject to inspection of the licensed premises by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present.

Colorado uses METRC as the Marijuana Enforcement Division's marijuana inventory tracking system for all medical and adult-use licensees. Marijuana is required to be tracked and reported with specific data points from seed-to-sale through METRC for compliance purposes under Colorado marijuana laws and regulations. This tracking is conducted by using electronic tags on plants and shipments between licensees and facilities.

New Mexico Regulations

Until 2021, New Mexico's cannabis industry was regulated under the Lynn and Erin Compassionate Use Act (the "LECUA"), which permitted and regulated the use of cannabis for qualified and registered patients with certain medical conditions. The LECUA was administrated by the New Mexico Department of Health.

On April 12, 2021, Governor Michelle Lujan Grisham signed the Cannabis Regulation Act, which became effective on June 29, 2021 (the "CRA"). The CRA decriminalized the possession, use, manufacturing, cultivation, and sale of cannabis for recreational or adult-use and created the New Mexico Cannabis Control Division ("CCD") a new division of the New Mexico Regulation & Licensing Department, to administer the rules for regulation of the State's medical and adult-use cannabis industry, including licensure, sales, testing, security, advertising, and labeling of cannabis products. Other than maintenance of the patient registry for medical cannabis under the LECUA, the CRA vested CCD with all authority to administer and regulate New Mexico's medical and adult-use cannabis activities. Consequently, parties licensed pursuant to the CCD rules can sell both medical and adult-use cannabis with the most substantive differences being: (i) medical cannabis is not subject to the New Mexico Cannabis Excise Tax; (ii) persons under 21 can only legally purchase cannabis products if they are a qualified medical patient; and (iii) the CCD has the authority to effectively reserve some cannabis to ensure an "adequate supply" for medical patients.

The CRA permits local jurisdictions to adopt reasonable time, place and manner rules that do not conflict with the CRA, but such rules must not completely prohibit operation of an entity licensed under the CRA or impose criminal, civil, or administrative penalties on any such licensee for the use of a property licensed by the CCD. The CRA provides for the following types of licenses: courier, testing laboratory, manufacturer, producer, retailer, research laboratory, vertically integrated, producer microbusiness, integrated microbusiness and cannabis consumption area. The CRA does not create a limit on the number of licenses issued but does limit the number of plants that can be grown under each producer license and requires as a condition of licensure that each producer applicant demonstrate the legal right to enough water for its proposed operation as determined by the CCD and validated by documents from the New Mexico Office of the State Engineer.

Per the CRA's express requirement, retail sales of adult-use cannabis products in New Mexico began on April 1, 2022. In January and March of 2022, the CCD amended its rules to increase plant counts for most license types and modified the testing requirements for cannabis products. Since April 1, 2022, there have been no substantive changes in New Mexico's regulatory framework. During the 2024 legislative session, Senate Bill 6 was passed in both the New Mexico State House and State Senate which would create a definition of illegal cannabis and give the CCD the power to deny, suspend or revoke, or discipline a licensee involved in producing, selling, or manufacturing illegal cannabis. Senate Bill 6 would also make trafficking cannabis products in quantities of more than fifteen ounces of flower, one hundred and twenty grams of cannabis extract, or six thousand milligrams of edibles a criminal offense. The Company expects the Governor to sign the bill and the Company believes it will provide New Mexico law enforcement and the CCD with tools to appropriately police the sale of marijuana.

The Company is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of New Mexico. Any non-compliance citations or notices of violation which may have a material impact on the Company's licensing, business activities, or operations are required by Staff Notice 51-352 to be promptly disclosed by the Company.

New Mexico Licensing Requirements

In New Mexico, licenses are renewed annually. In order to operate in New Mexico an operator is required to obtain a license from the CCD, a certificate of occupancy from the applicable local government, and a certificate of fitness from the State Fire Marshall. Each year, licensees are required to submit a renewal application per guidelines published by CCD. While renewals are annual, there is no limit to the number of renewals a licensee may obtain. Assuming requisite renewal fees are paid, renewal applications are submitted in a timely manner, and if the establishment has not been cited for material violations, renewal applicants can anticipate approval in the ordinary course of business. However, any unexpected denials, delays, or costs associated with a licensing renewal could impede planned operations and may have a material adverse effect on the Company's business, financial condition, results of operations, or prospects.

A vertically integrated cannabis establishment license permits the holder to conduct one or more of the following: (i) production of cannabis; (ii) manufacturing of cannabis products; (iii) retail establishment; or (iv) courier of cannabis products. Only certified physicians may provide medicinal marijuana recommendations. An adult-use retailer license permits the sale of cannabis and cannabis products to any individual older than 21 years of age who does not possess a physician's recommendation.

Holders of licenses in New Mexico are subject to a detailed regulatory scheme encompassing security, staffing, sales, manufacturing standards, inspections, inventory, advertising and marketing, product packaging and labeling, records and reporting, and more.

Any non-compliance citations or notices of violation which may have a material impact on the Company's licensing, business activities, or operations are required by Staff Notice 51-352 to be promptly disclosed by the Company.

Cannabis Production Requirements

A producer license permits the holder to cultivate cannabis, including planting, growing, and harvesting cannabis. A licensee must submit to the CCD a premises diagram that shows the location of all entrances, exits, rooms, cultivation areas, light locations, and security camera locations, among other things. A producer must develop and implement policies and procedures that include, at a minimum, cannabis testing criteria and procedures consistent with the CRA, employee training materials, training requirements, recordkeeping protocols, transportation, testing protocols, employee policies, and procedures.

Licensees must also develop a cultivation plan that details, among other things, the cultivation areas, water usage, pesticide storage areas, processing areas, packaging areas, a light diagram, if applicable, pest management and cannabis waste procedures. A producer must follow stringent health and safety requirements that cover premises, equipment and employees. The use of pesticides is permitted so long as they are used in accordance with the New Mexico Pesticide Control Act.

Manufacturing Requirements

There are four classes of manufacturing licenses in New Mexico:

1. Class I: A licensee that only packages or repackages cannabis products or labels or relabels the cannabis product container.
2. Class II: A licensee that conducts Class I activities and manufactures edible products or topical products using infusion processes, or other types of cannabis products other than extracts or concentrates and does not conduct extractions.
3. Class III: A licensee that conducts Class I and Class II activities and extracts using mechanical methods or non-volatile solvents.
4. Class IV: A licensee that conducts Class I, Class II and Class III activities and extracts using volatile solvents or supercritical CO2.

A manufacturing license permits the holder to manufacture cannabis in accordance with the Class of a license held. A licensee must submit to the CCD a premises diagram that shows the location of all entrances, exits, rooms, cultivation areas, light locations, and security camera locations, among other things. A manufacturer must develop and implement policies and procedures that include, at a minimum cannabis testing criteria and procedures consistent with the CRA, employee training materials, training requirements, recordkeeping protocols, transportation, testing protocols, employee policies and procedures, and training documentation. The CCD sets forth requirements regarding purity and materials used and requires all extractions to be performed in a closed loop system.

Retail Requirements

Adult-use retail licenses permit the sale of cannabis and cannabis products to any individual age 21 years of age or older or to any individual 18 years of age or older if such person possesses a valid qualified patient, primary caregiver, or reciprocal participant registry card. As with all state-legal cannabis programs, only cannabis grown in New Mexico can be sold in New Mexico.

Cannabis retailers may only display cannabis goods for inspection and sale in the retail area. Such goods may be removed from their packaging and placed in containers to allow for customer inspection, so long as the containers are not readily accessible to customers without the assistance of retailer personnel. A container must be provided to the customer by the licensed retailer or its employees, who must remain with the customer at all times that the container is being inspected by the customer. Cannabis goods removed from their packaging in this way may not be sold or consumed. They must be destroyed appropriately when they are no longer being used for display. Retailers may also sell live, immature cannabis plants and seeds. A retailer may not sell more than two ounces of cannabis, sixteen grams of cannabis extract, eight hundred milligrams of edible cannabis, or six immature cannabis plants to a customer in a single purchase.

Courier Requirements

A licensee may deliver cannabis products directly to a qualified patient who is at least 18 years of age, a primary caregiver or a reciprocal participant, or to a consumer who is at least 21 years of age. Payment for cannabis and cannabis products cannot be requested or received by a cannabis courier. Licensees may only deliver cannabis products to the person who is identified by the retail cannabis licensee as an intended, authorized recipient.

Licensees must obtain cannabis from a licensed retailer and the courier must be employed by the retailer or have established a delivery agreement. Licensees must comply with any local laws restricting the time of deliveries and restricting location of the delivery to a residential address.

Reporting Requirements

New Mexico uses BioTrackTHC (“BioTrack”) as the state’s track-and-trace system used to track commercial cannabis activity and movement across the distribution chain for all state-issued annual licensees. The system allows for other third-party system integration via application programming interface. Only licensees have access to BioTrack.

Storage, Transportation and Security Requirements

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, the CCD requires licensed businesses to do the following:

- maintain a video surveillance system that records continuously 24 hours a day;
- maintain a fully operational security alarm system;
- ensure that the facility’s outdoor premises have sufficient lighting;
- not dispense from its premises outside of permissible hours of operation;
- store all cannabis and cannabis products in a secured, locked room or a vault;
- report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and

- ensure the safe transport of cannabis and cannabis products between licensed facilities and maintain a delivery manifest in any vehicle transporting cannabis and cannabis products.

In addition to CCD storage and security requirements, local jurisdictions may have additional storage and security requirements. Such requirements, to the extent they exist, may vary from one locality to another.

Site Visits and Inspections

The CCD and its authorized representatives have broad authority, with or without notice, to inspect licensed cannabis operations, including premises, facilities, equipment, books, and records (which may be copied, and such copies retained), and cannabis products. In addition, a licensed producer must submit annual reports to the CCD on inventory, sales, revenue, and other matters. Failure to grant representatives from CCD full and immediate access to facilities, property, and premises, or to cooperate with inspections and investigations, may result in disciplinary action and referral to law enforcement. Any non-compliance citations or notices of violation which may have a material impact on the Company's licensing, business activities, or operations are required by Staff Notice 51-352 to be promptly disclosed by the Company.

Employees and Human Capital

As of March 1, 2024, the Company employed 729 full time and 111 part time employees across all reporting segments, and the Company expects its labor demand to increase as it continues to expand operations in Colorado and New Mexico and into potential new markets in the future. The Company also employs several specialty contractors to provide support for various roles in retail sales, wholesale, cultivation, and distribution operations and general corporate roles. The Company occasionally engages temporary staffing agencies to fill labor demand during peak times in the Company's cultivation and harvest cycle. Full time employees are distributed among several departments, including retail, cultivation, manufacturing, integration and operations, construction and project management, supply chain and distribution, facilities and security, information technology, sales and marketing, human resources, finance, mergers, acquisitions, and real estate, regulatory licensing and compliance, and legal.

The Company offers company-sponsored benefits packages to all eligible full-time employees, which includes participation in a 401(k) retirement savings plan (for which full-time and part-time employees are both eligible), medical, vision, and dental plans, disability insurance, employee assistance programs, life insurance, and other voluntary benefits such as accident insurance, hospital indemnity, critical illness coverage, and pet insurance. None of the Company's employees are represented by a labor union or a collective bargaining agreement. Management currently evaluates employee performance based on financial metrics such as EBITDA, revenue, and free cash flow, along with specific individual performance goals for certain roles, to assess and reward employee performance.

The Company is committed to attracting, developing, and retaining qualified, hard-working individuals to contribute to a diverse and successful culture. During 2023, the Company expanded its team dedicated to human capital needs for more direct engagement with its employees and the labor needs of the organization. The Company engages with its employees to evaluate overall satisfaction and culture through anonymous surveys and interviews, the results of which are aggregated and compiled into action plans designed to address pressure points in its workforce. The Company has invested in developing people as leaders across the organization (at all levels) with a leadership program that started in November 2023. The Company anticipates implementing additional policies in future periods to further its efforts to attract and retain qualified talent across the organization.

Environmental, Social, and Governance

The Company strives to be an exemplary steward for the cannabis industry in the markets in which it operates, and the Company is committed to its contribution to a more equitable and sustainable industry.

The cannabis industry experiences a higher degree of organic diversity than is often common in other industries, and the Company seeks to capitalize on this unique characteristic to build a more diverse workforce to foster new ideas and innovation within the cannabis community. The Company seeks to hire diverse talent at every level in the organization,

including management. The Company implemented a diversity, equity, and inclusion strategy in 2023 that seeks to attract and support a diverse workforce. Several of the Company's Denver-based dispensaries were awarded a diversity and inclusion badge for meeting certain goals as part of its social impact plan.

The Company believes that strong governance and processes are key to maximizing operational synergies and success while managing and minimizing risk. Management incorporates automation and organizational checks and balances in its corporate processes to manage human resources, and it maintains good communication with the Company's board of directors. Management meets regularly with a subset of directors of the Company to discuss acquisition activity, strategy, financing, and other relevant matters affecting the Company. The Company appointed Jonathan Berger as Lead Independent Director of the Company's board of directors to strengthen its governance position.

The cannabis industry is dependent on certain resources such as water and electricity to succeed. The Company strives to achieve efficient and sustainable practices so as to conserve these resources. The cost of these resources, and the cost of compliance with expanding environmental regulations, could increase in the future.

The Company has an insider trading policy that governs the purchase, sale, and/or other disposition of our securities by our directors, officers, and employees, as well as their immediate family members and entities owned or controlled by them, and that is designed to promote compliance with insider trading laws, rules and regulations.

COVID-19 and Future Pandemics

In March 2020, the World Health Organization categorized coronavirus disease 2019 (together with its variants "COVID-19") as a pandemic. In response to the COVID-19 pandemic, the Company implemented safety protocols and procedures to protect our employees, our subcontractors, and our customers. These protocols include complying with social distancing and other health and safety standards as mandated by state and local government agencies, taking into consideration guidance from the Centers for Disease Control and Prevention and other public authorities. In the future, a resurgence of the COVID-19 pandemic or an unrelated pandemic illness may present similar or unique operational challenges faced by the Company during the COVID-19 pandemic, including but not limited to labor shortages, supply chain disruption, travel and work restrictions, and recessionary macroeconomic conditions impacting consumer behavior.

The Company's financial results of operations were not materially impacted by the COVID-19 pandemic for the year-ended December 31, 2023. However, the continued impact of the COVID-19 pandemic and any future pandemics may impact the Company's business operations in future periods.

Competition

As discussed above, our business has recently expanded. The Company continues to expand its operations in the Colorado and New Mexico markets. With expansion in existing and new markets and operational developments, our competition has also increased. As a multi-state operator ("MSO") with vertically integrated operations, we compete with a variety of other operators for market share, including other regional MSOs, single store operators, consumer packaged goods companies, cultivators, illicit market participants, and potentially pharmaceutical companies in the future.

In the majority of states that have legalized adult-use cannabis sales, there are specific license caps that create high barriers to entry. There are not state-wide license caps prescribed by state law in Colorado and New Mexico where we currently operate; however, some local jurisdictions place caps, outright prohibition, and/or restrictions on new license issuances, which can add additional complexity and practical barriers to our expansion efforts in certain geographic areas.

As of December 31, 2023, there were 686 recreational cannabis licenses issued in Colorado, up from 670 recreational cannabis licenses issued as of December 31, 2022, approximately 16 recreational cannabis licenses were issued in 2023. The 686 recreational cannabis licenses do not account for licenses surrendered or terminated throughout the year. Our most direct competitors within Colorado include Native Roots, Green Dragon, LivWell, The Cannabist Company, Craft Concentrates, Mammoth Manufacturing, Colorado Cannabis Company, and Spherex Inc.

In New Mexico, there were 452 cannabis licenses as of December 31, 2022, which increased to 677 cannabis licenses as of December 31, 2023. Our most direct competitors within New Mexico include Pecos Valley, Oasis, Dark Matter, PurLife, Assurance, and Bloom.

Outside of Colorado and New Mexico, we also view other vertically integrated MSOs as potential competitors due to our growth and future plans; these competitors include Green Thumb Industries, Inc., iAnthus Capital Holdings, Inc., Acreage Holdings, Inc., and Curaleaf Holdings, Inc. Like us, these companies can realize centralized synergies to produce higher margins.

Additionally, we compete with the illicit markets. The New Mexico market presents more competition from illicit participants as compared to the Colorado market due to the infancy of the cannabis industry in that state as well as fewer caps and restrictions on new license issuances. During the 2023 legislative session, the Company, in collaboration with other industry participants, successfully engaged with members of the New Mexico legislature to increase funding for enforcement and crack down on the illicit market. As the regulatory environment continues to develop in Colorado, New Mexico, and nationwide, management believes there will be a meaningful reduction of the illicit market.

Industry Analysis

Nationally, the marijuana industry has continued to expand through the passage of legislation in many states permitting medical and/or recreational use of cannabis under state law. While there certainly appears to be a trend towards acceptance of cannabis on a state-by-state basis, there are no assurances offered that this business will be able to sustain itself over time if the Federal government changes its current position related to state legalized operations.

As of March 1, 2024, at least 44 states and the District of Columbia, the Commonwealth of the Northern Mariana Islands, Puerto Rico, the U.S. Virgin Islands, and Guam have legalized marijuana for medical use. Twenty-four of those states and the District of Columbia, the Commonwealth of the Northern Mariana Islands, and Guam have legalized the adult-use of cannabis.

Sales in the Colorado market decreased in 2023 for the second consecutive year. The Colorado market dropped 14% from $1.77 billion in gross sales during 2022 to $1.53 billion in gross sales during 2023. The New Mexico market showed strong growth in 2023 following legalization of adult-use cannabis sales starting on April 1, 2022. According to BDSA, the leading provider of market intelligence for the cannabis industry, the New Mexico market generated approximately $610 million in sales in 2023, up from approximately $461 million in sales during 2022 or approximately 32%.

Available Information

Our principal executive offices are located at 865 N. Albion St., Suite 300, Denver, CO 80220, and the Company's telephone number is 303-371-0387. Our website address is www.schwazze.com. Information found on our website, or any other website referenced in this Report is not incorporated into this Report and does not constitute a part of this Report. Website addresses referenced in this Report are intended to be inactive textual references only and not active hyperlinks to the referenced websites. We make available, free of charge through our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant

to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Recent Developments

On February 23, 2024, the Company announced that Forrest Hoffmaster, the Company's Chief Financial Officer, had been appointed to the additional role of interim Chief Executive Officer ("CEO"). This followed Nirup Krishnamurthy's resignation as CEO and as a member of the Board of Directors.

ITEM 1A. RISK FACTORS.

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties of which you should be aware before making a decision to invest. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary; and other risks we face, can be found below under the heading "Risk Factors" and should be carefully considered, together with other information in this Annual Report on Form 10-K and our other filings with the SEC, before making a decision to invest. These risks include, among others, the following:

- We have incurred both losses and profits in prior periods and there is no assurance we can generate profits in the future; future losses could cause the quoted price of our Common Stock to decline or have a material adverse effect on our financial condition, our ability to pay our debts as they become due, and on our cash flow.
- We have a relatively short operating history, limited capitalization and limited funds available for operations, and we will require additional financing to successfully implement our business strategy. If we are unable to service or repay our indebtedness when due, the applicable lender may execute on the collateral.
- Our officers or directors may have conflicts of interest and some of our current officers have other interests outside of our business.
- We may be unable to attract or retain skilled labor and personnel with experience in the cannabis sector, obtain adequate equipment, parts, and components, and we may be unable to attract, develop, and retain additional employees required for our operations and future developments.
- We plan to expand our business and operations into jurisdictions outside of the current jurisdictions where we currently conduct business and doing so will expose us to new risks.
- We may not be able to successfully identify and execute future acquisitions or dispositions or to successfully manage the impacts of such transactions on our operations. Resources spent researching acquisitions that are not consummated could materially adversely affect subsequent attempts to locate and acquire other businesses.
- Our sales are difficult to forecast, and changes in consumer spending may harm our business.
- We are subject to risks from product liability claims.
- Our business is dependent on regulatory licensing.
- Our insurance coverage may be inadequate to cover all significant risk exposure.
- Epidemics, pandemics, including the COVID-19 pandemic, and other health crises could adversely affect our business, financial condition, and results of operations.
- Failure to execute our strategies and external market conditions could result in impairment of goodwill or other intangible assets, which may negatively impact profitability.

- We are required to comply concurrently with various federal, state, and local laws, many of which are unsettled and still developing, in each jurisdiction where we operate. Cannabis remains illegal under federal law, and our business is dependent on state laws pertaining to the cannabis industry.
- Competition in our industry is intense, and competition from synthetic production, technological advances, and the illicit cannabis market could impact our ability to succeed.
- Access to banking and other financial services is limited in the cannabis industry, and we are not always able to obtain quality services, favorable market rates, or financially advantageous opportunities as compared to businesses in other industries.
- Our success is dependent on consumer acceptance of cannabis products generally, and specifically of our products. We, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception.
- We are subject to risks related to unsafe concentration of heavy metals and other contaminants in our cannabis and nutrient products and associated inconsistent treatment under state law.
- We are subject to risks inherent in an agricultural business, such as reliance on certain resources and utilities and the risk of crop failure.
- If we are unable to source raw materials in sufficient quantities, on a timely basis, and at acceptable costs, our ability to manufacture and sell our products may be harmed.
- The scientific community has not yet extensively studied the long-term health effects of the use of vaporizer products, and there is uncertainty related to the regulation of vaporization products and certain other consumption accessories. Increased regulatory compliance burdens could have a material adverse impact on our business development efforts and our operations.
- The cannabis industry and market, which are relatively new in the United States, could face strong opposition from other industries, may not continue to exist or develop as anticipated, or we may ultimately be unable to succeed in the cannabis industry and market.
- We are unable to deduct all of our business expenses.
- Businesses involved in the cannabis industry are subject to a variety of laws and regulations related to money laundering, financial recordkeeping, and proceeds of crimes. We could be subject to criminal prosecution or civil liabilities under the Racketeer Influenced and Corrupt Organizations Act ("RICO"), and there is a risk of civil asset forfeiture of our assets.
- We may be unable to seek the protection of the bankruptcy courts.
- We may seek to raise additional funds, finance acquisitions, or develop strategic relationships by issuing securities that would dilute the ownership of our existing stockholders. Our Preferred Stock ranks senior to our Common Stock but junior to all of our existing and future liabilities in the event of a liquidation, winding up, or dissolution of our business.
- The market price for our Common Stock will be particularly volatile given our status as a relatively unknown company with a limited operating history and lack of profits, which could lead to wide fluctuations in our share price, and there is no assurance that there will continue to be an active trading market for our Common Stock. Our stockholders may be unable to sell their Common Stock at or above their purchase price, which may result in substantial losses to such stockholders.
- The Financial Industry Regulatory Authority ("FINRA") sales practice requirements may also limit a stockholder's ability to buy and sell our Common Stock, which could depress the price of our Common Stock.
- Because we hold a license to operate a cannabis business in Colorado and New Mexico, our stockholders may be required to make filings with the MED or the CCD and we may be forced to redeem shares of our capital stock held by stockholders who are deemed "unsuitable" to be owners of our Company.
- Our Preferred Stock, our right to issue additional preferred stock, our classified Board of Directors, the provisions of our Articles of Incorporation and Bylaws, and the concentration of board appointment rights with a few insiders may delay or prevent a take-over that may not be in the best interests of our stockholders.

- Our management and principal stockholders could significantly influence or control matters requiring a stockholder vote, and other stockholders may not have the ability to influence corporate transactions.
- We are classified as a "smaller reporting company," and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our Common Stock and other securities less attractive to investors.
- We have not paid dividends on our Common Stock in the past and do not expect to pay dividends on our Common Stock in the foreseeable future. Any return on investment may be limited to potential future appreciation in the value of our Common Stock.
- We may be subject to risks related to our information technology systems, including the risk that we may be the subject of a cyber-attack and the risk that we may be in non-compliance with applicable privacy laws.
- We may not be able to enforce our intellectual property as a result of our participation in the cannabis industry and its illegality under federal law.

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

Risks Related to Our Industry

Cannabis remains illegal under federal law.

Despite the successful development of a cannabis industry legal under state laws in most states, state laws legalizing medicinal and recreational adult cannabis use are in conflict with the CSA, which classifies cannabis as a Schedule I controlled substance and makes cannabis use and possession illegal under federal law. The U.S. Supreme Court has ruled that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes, and thus federal law criminalizing the use of cannabis preempts state laws legalizing its use.

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

Under federal law, and more specifically the CSA, the possession, use, cultivation and transfer of cannabis is illegal. It is also federally illegal to advertise the sale of cannabis, or to sell paraphernalia designed or intended primarily for use with cannabis, unless the paraphernalia is authorized by federal, state, or local law. Our business involves the cultivation, production and sale of cannabis and cannabis products, and, therefore, violates federal law. Further, we provide services

to customers that are engaged in the business of possession, use, cultivation and/or transfer of cannabis. As a result, law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against us, including, but not limited to, a claim of aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aides, abets, counsels, commands, induces, or procures its commission, is punishable as a principal".

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

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

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

While there appears to be ample public support for legislative action to legalize cannabis use and possession, numerous factors may impact or negatively affect the legislative process(es) within the various states in which we have business interests. Any one of these factors could slow or halt the use of cannabis, which would negatively impact our business up to possibly causing us to discontinue operations as a whole.

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

We are required to comply concurrently with federal, state and local laws in each jurisdiction where we operate.

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

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

We are subject to a variety of state and federal laws in the United States. In the United States, despite having been legalized for medical use in many states, and for adult recreational use in a number of states, cannabis meet the definition of "marijuana" and continues to be categorized as a Schedule I controlled substance under the CSA. Following the passage of HB19-1090 in Colorado, we elected to move into plant-touching operations in addition to non-plant-touching operations by acquiring several plant-touching businesses in Colorado and New Mexico. As a public company involved in direct plant-touching activities, we may face additional scrutiny from the U.S. federal government or other regulatory agencies.

Such scrutiny, and any investigation of our operations related to plant-touching activities, could have a material adverse impact on our prospects, business, financial condition, and results of operations.

Competition in our industry is intense.

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

Competition from the illicit cannabis market could impact our ability to succeed.

We face competition from illegal market operators that are unlicensed and unregulated including illegal dispensaries and illicit market suppliers selling cannabis and cannabis-based products. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may have significantly lower costs. The perpetuation of the illegal market for cannabis may have a material adverse effect on our business, and the results of operations, as well as the perception of cannabis use. Furthermore, given the restrictions on regulated cannabis retail, it is possible that legal cannabis consumers revert to the illicit market as a matter of convenience.

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

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

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

We face competition from synthetic production and technological advances.

The pharmaceutical and hemp industries may attempt to dominate the cannabis industry through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect our ability to secure long-term profitability and success through the sustainable and profitable operation of our business.

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

Our ability to generate revenue and be successful in the implementation of our business plan is significantly dependent on consumer acceptance of and demand for cannabis products generally, and, specifically, our products. Consumer acceptance will depend on several factors, including federal, state, and local regulation of cannabis as well as availability, cost, ease

of use, familiarity of use, convenience, effectiveness, quality, safety, and reliability of cannabis products. If consumers do not accept cannabis products generally, or, specifically, our products, or if we fail to meet customers' needs and expectations, our ability to continue generating revenues could be reduced.

We are subject to risks inherent in an agricultural business such as reliance on certain resources and the risk of crop failure.

We work in the cannabis industry, which relies on agricultural processes. The cultivation of cannabis plants requires large amounts of resources like water and electricity for a successful harvest. If we are unable to obtain sufficient quantities of these resources at affordable prices, whether by reason of climate change, political forces, civil unrest, market conditions, weather events, pandemic outbreaks, or other forces beyond our control, our operations and financial condition could be materially impacted. Our business is also subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, insects, plant diseases and similar agricultural risks that might affect our operations and profitability. Additionally, during the harvest season, cannabis plant prices often decrease and reduce gross margins, which tends to impact our liquidity and results of operations depending on the severity of such price fluctuations.

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

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

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

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

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

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

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

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

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

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

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

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

We are unable to deduct all of our business expenses.

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

The cannabis industry could face strong opposition from other industries.

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

Businesses involved in the cannabis industry are subject to a variety of laws and regulations related to money laundering, financial recordkeeping and proceeds of crimes, decreasing access to secure banking and other financial services.

We are subject to a variety of laws and regulations that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (the "Bank Secrecy Act") as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (which we refer to as the USA Patriot Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes and the Bank Secrecy Act, among other applicable federal statutes. Accordingly, pursuant to the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan or any other service could be criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions.

Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to our business. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks, and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. The above-mentioned laws and regulations can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances, including cannabis, which are illegal under federal law, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. We may also be exposed to the foregoing risks.

In February 2014, the Financial Crimes Enforcement Network of the Treasury Department ("FinCEN") issued a memorandum (the "FinCEN Memorandum") providing guidance to banks seeking to provide services to cannabis-related businesses. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. The FinCEN Memorandum directed prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has FinCEN given any indication that it

intends to rescind the FinCEN Memorandum itself. Shortly after former U.S. Attorney General Jeff Sessions rescinded the Cole Memorandum in January 2018, FinCEN did state that it would review the FinCEN Memorandum, but FinCEN has not yet issued further guidance.

Although the FinCEN Memorandum remains in effect, it is unclear whether the current administration will continue to follow its guidelines. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, which occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the prosecution of banks and financial institutions for crimes that were not previously prosecuted.

If our operations or revenues derived from our operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime (the sale of a Schedule I drug) under the Bank Secrecy Act's money laundering provisions. This may restrict our ability to access our capital and utilize our established banking institutions for routine services, payments, and distributions.

The FinCEN Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear comfortable providing banking services to cannabis-related businesses or relying on this guidance given that it has the potential to be amended or revoked by the current administration. This has negatively impacted, and may continue to negatively impact, our ability to establish and maintain banking relationships. There are no assurances that this position will change under the Biden administration or under future administrations. Increased uncertainty surrounding financial transactions related to cannabis activities may also result in financial institutions discontinuing services to the cannabis industry, reducing our already-limited access to banking services.

In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, we may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it operates in permits cannabis sales. Our inability or limitation of our ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for us to operate and conduct our business as planned or to operate efficiently.

Other potential violations of U.S. federal law resulting from cannabis-related activities include the Racketeer Influenced Corrupt Organizations Act ("RICO"). RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the CSA), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. As such, all officers, managers and owners in a cannabis related business could be subject to criminal prosecution under RICO, which carries substantial criminal penalties, and the Company or its subsidiaries, as well as its officers, managers and owners could all be subject to civil claims under RICO. Defending such claims could be extremely costly and potentially fatal to our business operations.

On March 18, 2021, the Secure and Fair Enforcement Banking Act (the "SAFE Banking Act") was reintroduced in the House of Representatives. On March 23, 2021, the bill was reintroduced in the Senate as well. The House previously passed the SAFE Banking Act in September 2019, but the measure stalled in the Senate. Most recently, the U.S. Senate introduced the SAFE Banking Act in 2023 and for the first time the bill passed out of the Senate Banking Committee under the name the SAFER Banking Act. The bill must still pass the full Senate and House of Representatives, of which there can be no guarantee. The SAFER Banking Act (or similar bill) would allow financial institutions to provide their services

to state-legal cannabis clients and ancillary businesses serving state-legal cannabis businesses without fear of federal sanctions. There is no guarantee the SAFER Banking Act will become law in its current form or at all.

Access to banking and other financial services is limited in the cannabis industry, and we are not always able to obtain quality services, favorable market rates, or financially advantageous opportunities as compared to businesses in other industries.

Given the current regulatory framework regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to cannabis companies. Specifically, since financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under anti-money laundering statutes, unlicensed money transmitter statutes, and the Bank Secrecy Act, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks that do accept deposits from cannabis-related businesses in the United States must do so in compliance with the FinCEN Memorandum, which typically increases the cost to the cannabis business due to increased due diligence requirements and regulatory complexity. We have banking relationships in the states where we operate; however, we have limited access to traditional bank financing. We have utilized private financing through use of private offerings to raise capital in the past, but securing private financing in the cannabis industry can be difficult due to the federal illegality of marijuana and often includes substantial costs and fees.

Additionally, the health of the banking industry as a whole could impact our banking access and liquidity. Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. If some or all of the limited subset of banks and financial institutions willing to engage with the cannabis industry enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be impaired and could have a material adverse effect on our business and financial condition. If any of our banks were to experience such an insolvency event, it might be difficult for us to establish new banking relationships on a timely basis with favorable terms due to our participation in the cannabis industry, which could generate operational delays, challenges making and receiving payments to support operations, and additional resource demands. In addition, if any of the parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected.

There is a risk of civil asset forfeiture of our assets.

Since the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

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

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

Risks Related to our Operations

We have a relatively short operating history.

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

- market acceptance of our current and future products and services;
- changing regulatory environments and costs associated with compliance;
- our ability to compete with other companies offering similar products and services;
- our ability to effectively market our products and services and attract new customers;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- our ability to control costs, including operating expenses;
- our ability to manage organic and strategic growth;
- market cycles, pricing pressure, and new and emerging market growth;
- public perception and acceptance of cannabis-related products and services generally; and
- general economic conditions and events.

If we do not manage these risks successfully, our business and financial performance will be adversely affected. Our long-term results of operations are difficult to predict and depend on the commercial success of our products and services, the continued growth of the cannabis industry generally (including public acceptance of cannabis-related products) and the regulatory environment in which the cannabis industry operates. If the legalized cannabis marketplace does not continue to grow because the public does not increasingly accept cannabis-related products, or if government regulators adopt laws, rules or regulations that terminate or diminish the ability for commercial businesses to develop, market and sell cannabis-related products, our business and financial performance would be materially adversely affected. Additionally, even if the cannabis marketplace continues to grow rapidly and government regulation allows for the free-market development of this industry, there can be no assurance that our products and services will be preferable to or competitive with those offered by our competitors. The legalized cannabis industry may not continue to grow, and the regulatory environment may not remain favorable to participants in the industry. More generally, our products and services may not experience growing market acceptance, which would adversely impact our ability to grow revenue.

Our business is dependent on regulatory licensing.

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

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

We have incurred significant losses in prior periods. There can be no assurance that we will generate profits in any particular year or at all in the future. Our ability to generate profits will depend on a number of factors and is subject to risks, many of which are beyond our control. Any losses in the future could cause the quoted price of our Common Stock to decline or have a material adverse effect on our financial condition, our ability to pay our debts as they become due, and on our cash flow.

We may be unable to attract or retain skilled labor and personnel with experience in the cannabis sector, acquire adequate equipment, parts, and components for operational needs, and we may be unable to attract, develop and retain additional employees required for our operations and future developments.

We may be unable to attract or retain employees with sufficient experience in the cannabis industry, and may prove unable to attract, develop and retain additional employees required for our development and future success.

Our success is currently largely dependent on the performance of our skilled employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them.

In addition, our ability to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labor, adequate equipment, parts and components, and real estate zoned or permitted for cannabis use. No assurances can be given that we will be successful in maintaining the required supply of skilled labor, adequate equipment, parts and components, or sufficient real estate. It is also possible that the final costs of major equipment purchases or expansion projects budgeted by our capital expenditure projections may be significantly greater than anticipated or available, and there could be a materially adverse effect on our financial results in such instances.

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

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

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

Further, there is no guarantee that future acquisitions will be accretive. The existence of one or more material liabilities of an acquired company or business that are unknown to us at the time of acquisition could result in our incurring those liabilities. A strategic transaction may result in a significant change in the nature of our business, operations and strategy, and we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

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

Expansion of our business will require investment of capital. Our capital requirements will depend upon numerous factors, including the size and success of our marketing and sales network, the quality of and demand for our products and services, and the terms of our external financing arrangements. If funds generated from our operations are insufficient to allow us to grow in accordance with our strategic plans, we will need to raise additional funds through public or private financing. No assurance can be given that additional financing will be available or that, if available, it will be obtained on terms favorable to us. If we are unable to obtain adequate financing, we may have to reduce or eliminate expenditures and curtail or delay our growth strategy, including the expansion of our sales and marketing capabilities and future acquisitions, which likely would have a material adverse effect on our prospects, business, financial condition and results of operations.

In addition, if we raise additional capital in the future by issuing equity securities or securities exercisable for or convertible into equity securities, existing holders of our Common Stock could suffer significant dilution, and any new securities

issued could have rights, preferences and privileges superior to our existing stockholders. Furthermore, if we raise additional capital in the future by incurring debt or issuing debt securities, such debt may impose covenants restricting our ability to incur additional indebtedness, grant liens, make dividends and other payments, issue securities and buy and sell assets, or otherwise restrict financial or operational activities, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Our existing debt and financing arrangements, including the Loan Agreement and the Indenture, contain restrictions on the amount of debt the Company can issue without obtaining the approval of the applicable secured party or parties, which can add delays and complexity in executing the Company's acquisition strategy.

Our officers or directors may have conflicts of interest and some of our current officers have other interests outside of our business.

Some of our executive officers or directors are employed on a full-time basis by or have financial interests in other businesses. Consequently, there are potential inherent conflicts of interest when acting in their capacity as officers or directors of the Company. Many of our directors have also participated directly or indirectly in our private placements and capital raises, such as participation in the Investor Notes offering by four of our directors. Where a conflict of interest may arise, our Audit Committee and/or the full Board, with advice from outside counsel, reviews such conflict of interest. Although we believe that our related party transaction policy is currently adequate in guarding against material conflicts of interests, we cannot give any assurance that we are able to identify all material conflicts of interest or that conflicts of interest will be resolved in a manner beneficial to the Company.

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

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

We rely on key utility services.

Our business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to our growing operations, as well as electricity, water and other local utilities. Our cannabis growing operations consume and will continue to consume considerable energy, which makes us vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely impact our business and our ability to operate profitably in the future. Additionally, any significant interruption or negative change in the availability or economics of the supply chain for our key inputs could materially impact our business, financial condition and operating results. If we are unable to secure the required supplies and services on satisfactory terms, it could have a materially adverse impact on our business, financial condition and operating results.

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

We have outstanding indebtedness that is secured by a security interest in all of our assets. If we fail to comply with the covenants set forth in the applicable debt instruments or if we fail to make certain payments under the debt instruments when due, the holders of such indebtedness could declare the debt instruments in default. If we default under any such debt instruments, the holders have the right to seize our assets that secure the debt instruments, which would have a material adverse effect on our prospects, business, financial condition and results of operations.

Several of our wholly-owned subsidiaries are borrowers under a Loan Agreement with Altmore, as lender, and GGG Partners LLC, as collateral agent. The loan is secured by a security interest in substantially all current and future assets of the borrowers. We guaranty the payment and performance by the borrowers when due. If the borrowers and we are unable

to pay the debt service or repay the term loan when due, the lender may, among other remedies, sell the collateral and use the proceeds to satisfy amounts owed under term loan.

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

Our Investor Notes are secured by a first priority security interest in all of the current and future assets of the Company and the Subsidiary Guarantors not otherwise pledged as collateral, which are held by the Indenture Collateral Agent for the benefit of the Note Investors, and payment under the Investor Notes and Indenture are guaranteed by the Subsidiary Guarantors. The Investor Notes provide that on December 7, 2025, the Note Investors will have the right to require the Company to repurchase some or all of the Investor Notes for cash in an amount equal to the principal amount of such Investor Note being repurchased plus accrued and unpaid interest up to the date of repurchase. If the Company or the Subsidiary Guarantors are unable to pay the debt service or repay the Investor Notes when due, the Indenture Collateral Agent may, among other remedies, sell the collateral and use the proceeds to satisfy the amounts owed under the Investor Notes.

We plan to expand our business and operations into jurisdictions outside of the jurisdictions where we currently conduct business and doing so will expose us to new risks.

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

Failure to consummate identified acquisitions could materially adversely affect our capital resources and subsequent attempts to locate and acquire other businesses.

The investigation of each specific acquisition target business and the negotiation, drafting, and execution of relevant transaction agreements and other ancillary documents, disclosure documents, and other instruments, requires substantial management time and attention, as well as costs related to fees payable to counsel, accountants, and other third parties. Our ability to consummate an acquisition is dependent on a number of factors and conditions that require time, attention, and collaboration across multiple parties, including receipt of all necessary state and local approval of the contemplated transaction. When an identified transaction is not consummated, we are not able to recover the cost spent pursuing such transaction, which reduces the amount of capital available for other identified targets. Our growth strategy is dependent on identifying willing counterparties to transact with, and our ability to acquire existing businesses in the future could also be impacted if we are consistently unable to consummate negotiated acquisitions. Our inability to efficiently identify, diligence, and acquire future acquisition targets could negatively impact our business, results of operations, financial condition, and ability to execute on our growth strategy.

Our sales are difficult to forecast.

We must rely largely on our own market research and market research from newer companies in the cannabis industry to forecast sales as detailed forecasts are not generally obtainable from other, more reliable sources at this early stage of the cannabis industry. A failure in the demand for our products to materialize as a result of competition, technological change or other factors could have a material adverse effect on our business, results of operations, financial condition or prospects.

Changes in consumer spending may harm our business.

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

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

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

We are subject to risks from products liability claims.

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

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

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

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

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

properties and operations. Any business disruption or natural disaster could result in substantial costs and diversion of resources.

We may be exposed to risk of fraudulent or illegal activity by employees, contractors and consultants.

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent unauthorized conduct that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal, state and provincial healthcare fraud and abuse laws and regulations; (iv) laws that require the true, complete and accurate reporting of financial information or data; or (v) contractual arrangements, including confidentiality requirements. It may not always be possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with applicable laws or regulations or contractual requirements. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

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

As of December 31, 2023, we have goodwill of approximately $67.50 million and other intangible assets of approximately $166.17 million (net of accumulated amortization), which represents approximately 66% of our total assets as of that date. We evaluate goodwill for impairment on an annual basis or more frequently if impairment indicators are present based upon the fair value of each reporting unit. We assess the impairment of other intangible assets on an annual basis, or more frequently if impairment indicators are present, based upon the expected future cash flows of the respective assets. These valuations include management's estimates of sales, profitability, cash flow generation, capital structure, cost of debt, interest rates, capital expenditures, and other assumptions. Significant negative industry or economic trends, disruptions to our business, inability to achieve sales projections or cost savings, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets or in entity structure, and divestitures may adversely impact the assumptions used in the valuations. If the estimated fair value of our reporting units changes in future periods, we may be required to record an impairment charge related to goodwill or other intangible assets, which would reduce earnings in such period.

If our relationship with our employees were to deteriorate, we may be faced with unionization efforts, labor shortages, disruptions or stoppages, which could adversely affect our business and reduce our operating margins and revenue.

Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees could reduce our operating margins and revenue. None of our employees are subject to collective bargaining agreements. Our workforce has not been subject to union organization efforts; however, we could be subject to future unionization efforts as our operations expand. The non-union status of the Company is an important factor in our ability to compete in our markets, and if all or a portion of our workforce becomes unionized it could increase our costs and subject us to workplace rules, which could have a material adverse impact on our financial condition, results of operations, liquidity and cash flows.

Fines, judgments and other consequences resulting from our failure to comply with regulations or adverse outcomes in litigation proceedings could adversely affect our business, financial condition, results of operations and prospects.

From time to time, we may be involved in lawsuits and regulatory actions, including class action lawsuits that are brought or threatened against us in the ordinary course of business. These actions may seek, among other things, compensation for alleged personal injury, workers' compensation, violations of the Fair Labor Standards Act and state wage and hour laws, employment discrimination, breach of contract, property damage, product liability, punitive damages, civil penalties, and

consequential damages or other losses, or injunctive or declaratory relief. Please refer to Item 3. Legal Proceedings of this Annual Report on Form 10-K for a detailed description of the pending legal actions and investigations, if any.

Any defects or errors, or failures to meet our customers' expectations could result in large damage claims against us. Claimants may seek large damage awards and, due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such proceedings.

The ultimate resolution of these matters through settlement, mediation or court judgment could have a material adverse effect on our financial condition, results of operations and cash flows. Regardless of the outcome of any litigation, these proceedings could result in substantial cost and may require us to devote substantial resources to defend ourselves. When appropriate, we may establish reserves for litigation and claims that we believe to be adequate in light of current information, legal advice and professional indemnity insurance coverage, and we may adjust such reserves from time to time according to developments. If our reserves are inadequate or insurance coverage proves to be inadequate or unavailable, our business, financial condition, results of operations and prospects may suffer.

Risks Related to our Common Stock and Preferred Stock

We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing securities that would dilute the ownership of our existing stockholders.

We may raise additional capital in the future. Such capital raising transactions may take the form of equity issuances, debt raising, issuance of derivative securities, or a combination thereof. If we issue any shares of Common Stock or securities convertible into or exercisable for shares of Common Stock in connection with any capital raising transaction, our existing stockholders will experience immediate dilution upon such issuance or upon the future conversion or exercise of such securities. Further, derivative securities, such as convertible debt, convertible preferred stock, options and warrants, currently outstanding or issued in the future may contain anti-dilution protection provisions, which, if triggered, could require us to issue a larger number of the security underlying such derivative security than the face amount. We cannot predict the effect, if any, that future sales or issuance of shares of our Common Stock into the market, or the availability of shares of our Common Stock for future sale, will have on the market price of our Common Stock. Sales of substantial amounts of our Common Stock (including shares issued upon exercise of options and warrants or conversion of convertible securities), or the perception that such sales could occur, may materially affect prevailing market prices for our Common Stock.

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

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

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

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

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

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

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

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

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

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

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

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

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

Because we hold a license to operate a cannabis business in Colorado and New Mexico, our stockholders may be required to make filings with the Colorado Marijuana Enforcement Division or the New Mexico Cannabis Control Division and we may be forced to redeem shares of our capital stock held by stockholders who are deemed "unsuitable" to be owners of our Company.

We hold various licenses from the Colorado Marijuana Enforcement Division and the New Mexico Cannabis Control Division to operate a cannabis business in Colorado and New Mexico. As a result, beneficial owners with a 10% or greater interest are required to make filings with, and to be found suitable to be equity owners of a cannabis business in Colorado, by the Colorado Marijuana Enforcement Division. Our Bylaws provide that for as long as we hold (directly or indirectly) a license for a governmental agency to conduct our business, which license is conditioned upon some or all of our stockholders possessing certain qualifications, we may redeem any and all of our shares of capital stock to the extent necessary to prevent loss of such license or to reinstate such license. If we at any time determine, in our sole discretion, that one of our stockholders or an affiliate of a stockholder is unsuitable to be a direct or indirect equity owner of a cannabis business in Colorado or any other jurisdiction we may operate in where we are subject to other similar licensing or suitability requirements, we have the right, but not the obligation, to redeem such stockholder's shares of capital stock at a redemption price described in Exhibit 4.1 to this Report. After redemption, a stockholder would only be allowed to own up to 9.99% of the Company. Company funds used to redeem an unsuitable stockholder will reduce funds available for operations and distributions. This redemption right may negatively impact potential investors' willingness to invest in our Common Stock, which could negatively impact the trading price of our Common Stock. In addition, the provisions of the Articles of Incorporation related to the Preferred Stock and the Indenture provide for a similar redemption right in favor of the Company that is specific to the Preferred Stock and the Investor Notes if a holder of such securities or one of its affiliates is determined by an applicable state governmental authority to be unsuitable or disqualified from owning a direct or indirect interest in the Company.

Our results of operations may vary significantly, which could adversely affect the price of our Common Stock.

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

Our Preferred Stock, our right to issue additional preferred stock, our classified Board of Directors, the provisions of our Articles of Incorporation and Bylaws, and the concentration of Board appointment rights with a few insiders may delay or prevent a take-over that may not be in the best interests of our stockholders.

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

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

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

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

Certain members of our Board and principal stockholders also maintain the contractual right to nominate individuals to occupy eight of our nine director seats so long as they maintain certain agreed-upon ownership amounts, and our Board is required to recommend such nominees for election to the Board so long as the ownership requirements are met. This could frustrate our stockholders' ability to nominate and successfully appoint qualified directors independent of management. The concentration of Board appointment rights in a small number of insiders could also create conflicts of interest that might result in actions not in the best interest of our stockholders if such conflicts are not sufficiently managed and assessed in accordance with sound corporate governance principles.

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

Currently, management and our principal stockholders beneficially own a significant amount of our outstanding Common Stock and Preferred Stock. As a result, management and such principal stockholders have the ability to significantly influence the outcome of all matters requiring the approval of our stockholders, including the election of directors and approval of significant corporate transactions. As of March 1, 2024, our executive officers and directors controlled more than a majority of the voting power of our capital stock, based on the number of shares of Common Stock and Preferred Stock outstanding as of such date or convertible into Common Stock within 60 days of such date. Therefore, management and our principal stockholders have the ability to significantly influence the outcome of all matters requiring approval of our stockholders, including the election of directors and approval of significant corporate transactions, such as a change of control transaction for the Company.

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

We are classified as a "smaller reporting company" as defined in Item 10 of Regulation S-K. As such, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations in our periodic reports and proxy statements. We cannot predict if investors will find our Common Stock and other securities less attractive because we may rely on these exemptions. If

some investors find our Common Stock or other securities less attractive as a result, there may be a less active trading market for our Common Stock and our stock price may be more volatile. Decreased disclosures in our SEC filings due to our status as a "smaller reporting company" may make it harder for investors to analyze our results of operations and financial prospects.

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

Our ability to pay dividends is restricted by the terms and provisions of our financing agreements, including but not limited to our Loan Agreement, the Indenture, and the provisions of our Articles of Incorporation related to our Preferred Stock. We currently intend to retain any future earnings to support the development and expansion of our business and do not anticipate paying cash dividends on our shares of Common Stock in the foreseeable future. Our payment of any future dividends will be at the discretion of our Board after taking into account various factors, including without limitation, our financial condition, operating results, cash needs, growth plans and the terms of any contractual provisions related to the payment of dividends that we may be a party to at the time. To the extent we do not pay dividends, our shares of Common Stock may be less valuable because a return on investment will only occur if and to the extent our stock price appreciates, for which there can be no guarantee. In addition, investors must rely on sales of their Common Stock after price appreciation as the only way to realize a return on their investment; if the price of our Common Stock does not appreciate, then there will be no return on investment. Investors seeking cash dividends should not purchase our Common Stock.

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

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

Risks Relating to Information Technology, Data Privacy and Intellectual Property

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

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

We collect and store personal information about our consumers and are responsible for protecting that information from privacy breaches. Some of our consumers purchase our products for medical use. There are several laws protecting the confidentiality of certain patient health information and other personal information, including patient records, and

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

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

We may not be able to enforce our intellectual property as a result of our participation in the cannabis industry.

When entering into confidentially agreements with our employees, consultants, and corporate clients, we take what we believe are commercially reasonable steps to control access to and protect the distribution of our technologies, documentation, and other proprietary information. Despite efforts to protect our proprietary rights from unauthorized use or disclosure, parties may attempt to disclose, obtain, or use our products, solutions, or technologies. We cannot be certain that the steps we take will prevent misappropriation of our proprietary solutions or technologies. Further, this is particularly difficult in foreign countries where the laws or law enforcement may not provide as robust protection of the Company's proprietary rights as compared to United States laws and law enforcement. As of the date of this report, we are shipping nutrients outside of the United States, but we do not currently conduct any operations outside of the United States or any territory thereof. The Company does not have current plans to expand its operations to foreign jurisdictions.

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

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

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

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

General Risk Factors

We are dependent upon our management and corporate support employees to continue our growth.

There are no assurances we will be able to continue or sustain our growth. However, if we are able to continue and sustain our growth in a sustainable fashion, we will need to significantly expand our administrative facilities, which we believe is and will remain necessary to address potential market opportunities. Rapid growth will place a significant strain on our management, operational and financial resources. Our success is principally dependent on our competent management personnel and our corporate support staff for the operation of our business.

We may not be able to hire or retain qualified staff. If qualified and skilled staff are not attracted and retained, the growth of our business may be limited. The ability to provide high quality service will depend on attracting and retaining qualified staff, as well as professionals with experience relevant to our market, including marketing, technology, and general experience in the cannabis industry. There will be competition for personnel with these skill sets. Some technical job categories may experience severe shortages in the U.S. due to general economic conditions, the COVID-19 pandemic, lack of experience, and other similar constraints on the U.S. labor market.

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

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

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

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

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

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

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

consolidated financial statements could have a material adverse effect on our financial results, harm our business, and cause our share price to decline.

Climate change could exacerbate certain of the risks inherent in our agricultural operations.

Climate change could result in increasing frequency and severity of weather-related events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages and changing temperatures, any of which can damage or destroy crops, resulting in us having no or limited cannabis to process. If we are unable to harvest cannabis through our proprietary cultivation operations, our ability to meet customer demand, generate sales, and maintain operations will be impacted. Climate change is most likely to disrupt our operations by impacting the availability and costs of materials and resources needed for production, and it could increase insurance, compliance, and other operating costs.

While most of our cultivation operations are conducted indoors, we may be directly or indirectly exposed to climate change risk from natural disasters, changes in weather patterns and severe weather, which may result in physical damage to our cultivation and processing facilities, potentially requiring expenditures to respond during the event, to recover from the event, and to possibly modify existing or future infrastructure requirements to prevent recurrence. Such damage may result in disrupted operations, and it may be difficult for us to continue its business for a substantial period of time, which could materially adversely impact our business, financial condition or operating results and could cause the market value of our stock to decline.

In addition, climate change has continued to attract the focus of governments, the scientific community and the general public as an important threat, given the emission of greenhouse gases and other activities continue to negatively impact the planet. We face the risk that our operations will be subject to government initiatives aimed at countering climate change, which could impose constraints on our operational flexibility or require additional expenses or infrastructure changes to comply with such initiatives.

Epidemics, pandemics, including the COVID-19 pandemic, and other health crises could adversely affect our business, financial condition and results of operations.

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

The risk of a pandemic, such as the COVID-19 pandemic, or public perception of such a risk, could cause customers to avoid public places, including our retail dispensaries, and could cause temporary or long-term disruptions in our supply chains and/or delays in the delivery of our products. These risks could also adversely affect our customers' financial condition, resulting in reduced spending for the products we sell. Moreover, any epidemic, pandemic, outbreak or other public health crisis, including COVID-19, could cause our employees to avoid public spaces, which could adversely affect our ability to adequately staff and manage our businesses. "Shelter-in-place" or other such orders by governmental entities could also disrupt our operations if employees who cannot work remotely are not able to report to work. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19, could also lead to the complete or partial closure of one or more of our stores or other facilities. Although our dispensaries were considered essential services through the COVID-19 pandemic and therefore were allowed to remain operational, there can be no guarantee that our adult-use operations will continue to be allowed to remain open during a pandemic or other health crisis or that our retail dispensary operations would be deemed essential.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions

taken to contain or prevent its further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect our business, financial condition, growth strategies and results of operations.

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

The occurrence of unforeseen or catastrophic events such as terrorist attacks, social unrest, extreme terrestrial or solar weather events or other natural disasters, emergence or continuation of a pandemic (such as COVID-19), or other widespread health emergencies (or concerns over the possibility of such an emergency), could create economic and financial disruptions, which could lead to operational difficulties that could impair our ability to manage our business. We operate in a new and novel industry for which there is no precedent or historical data to indicate how the industry, or the Company, would be impacted by such an event.

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

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

Due to our limited financial resources, litigation could negatively impact our financial condition even if such claims are without merit.

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

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

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

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs

necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected.

Being a public company, rules and regulations may make it more expensive for us to obtain director and officer liability insurance. These factors could also make it more difficult for us to attract and retain qualified members of our Board, particularly to serve on our audit committee and compensation committee, and qualified executive officers. Also, our business and financial condition are visible to the public, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected. Even if potential future claims do not result in litigation or are resolved in our favor, the time and resources necessary to resolve such claims could divert the attention and resources of management and adversely affect our business and operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

The Company is committed to ensuring that it has processes in place to detect, mitigate, and respond to cybersecurity risks. We approach cybersecurity by implementing best practices based on known frameworks. These frameworks include highly developed security checklists that serve as a guide to addressing critical cybersecurity needs. We augment our internal controls to include industry-standard security measures that protect against unauthorized access to our systems and proprietary information. These controls consider cybersecurity risks like potential breaches, technological disruptions, regulatory non-compliance, data theft, and third-party cybersecurity threats.

The Company reviews cybersecurity risks within their risk management function, which is led by our senior leadership team, including the Chief Legal Officer, Chief Financial Officer, and Vice President of Information Technology.

Cybersecurity Governance

Our Board, as part of our risk management function, receives periodic updates on internal controls around information technology and evaluates incidents at least once a year. Our information technology team is led by our Vice President of Information Technology who has extensive experience working with information security systems. Management is responsible for developing and maintaining cybersecurity policies and standards, monitoring ongoing compliance, and ensuring our information security is aligned with our business objectives and strategies.

The Company has entered into agreements with third parties for hardware, software, telecommunications, and other information technology services in connection with our operations and is exploring other third-party vendors to support our cybersecurity needs.

Cybersecurity Risk

As of December 31, 2023, the Company is not aware of any material cybersecurity incidents that impacted the Company. However, we routinely face risks of potential incidents, whether through cyberattacks or cyber intrusions over the internet, ransomware, and other forms of malware, computer viruses, attachments to emails, phishing attempts, extortion, or other scams. Notwithstanding our risk management efforts related to cybersecurity, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material or other adverse effect on us. See Item 1A. "Risk Factors" for a discussion of our information technology and cybersecurity risks.

ITEM 2. PROPERTIES.

The following tables set forth the Company's owned and leased physical properties as of March 1, 2024, which include the corporate principal office, location of operating dispensaries, dispensaries under construction and actively being planned, and locations for operating cultivation and processing facilities. In some cases, dispensary sites under construction or being planned are intended to be relocation sites. The cultivation and processing facilities in operation comprise of over 1.58 million square feet.

PROPERTY TYPE	LOCATION	LEASED/OWNED
COLORADO		
The Big Tomato	Aurora	Leased
Star Buds Arapahoe Dispensary	Aurora	Leased
Star Buds Aurora Dispensary	Aurora	Leased
Emerald Fields Havana Dispensary	Aurora	Leased
Star Buds Boulder Dispensary	Boulder	Leased
Emerald Fields Boulder Dispensary	Boulder	Leased
Standing Akimbo Colorado Springs Dispensary	Colorado Springs	Leased
Star Buds Commerce City Dispensary	Commerce City	Leased
Brow Cultivation	Denver	Leased
Urban Cultivation	Denver	Leased
Colorado Storage Facility	Denver	Leased
Star Buds DU Dispensary	Denver	Leased
Star Buds Brighton Dispensary	Denver	Leased
Star Buds Lakeside Dispensary	Denver	Leased
Emerald Fields Highlands Dispensary	Denver	Leased
Emerald Fields Wash Park Dispensary	Denver	Leased
Standing Akimbo Denver Dispensary	Denver	Leased
Corporate Principal Office	Denver	Leased
Star Buds Pecos Dispensary	Denver,	Leased
Star Buds Federal Heights Dispensary	Federal Heights	Leased
Star Buds Fort Collins Dispensary	Fort Collins	Leased
Star Buds Garden City Dispensary	Garden City	Leased
Star Buds Glendale Dispensary	Glendale	Leased
Emerald Fields Glendale Dispensary	Glendale	Leased
Star Buds Lakewood Dispensary	Lakewood	Leased
Star Buds Las Animas Dispensary	Las Animas	Leased
Star Buds Niwot Dispensary	Longmont	Leased
Star Buds Longmont Dispensary	Longmont	Leased
Star Buds Louisville Dispensary	Louisville	Leased
Emerald Fields Parking Lot	Manitou Springs	Leased
Emerald Fields Manitou Dispensary	Manitou Springs	Owned
Star Buds Ordway Dispensary	Ordway	Leased
Colorado Manufacturing	Pueblo	Leased
Star Buds Pueblo Dispensary	Pueblo	Leased

Star Buds Pueblo West Dispensary	Pueblo	Leased
Star Buds Pueblo East Dispensary	Pueblo	Leased
Star Buds Rocky Ford Dispensary	Rocky Ford	Leased
SCG Cultivation	Rye	Owned

NEW MEXICO

R. Greenleaf Alamogordo Dispensary	Alamogordo	Leased
New Mexico Corporate Headquarters	Albuquerque	Leased
New Mexico Storage Facility	Albuquerque	Leased
New Mexico Manufacturing	Albuquerque	Leased
Edith Cultivation	Albuquerque	Leased
501 Conchas Cultivation	Albuquerque	Leased
R. Greenleaf Midtown Dispensary	Albuquerque	Leased
R. Greenleaf Westside Dispensary	Albuquerque	Leased
R. Greenleaf Cottonwood Dispensary	Albuquerque	Leased
R. Greenleaf Nob Hill Dispensary	Albuquerque	Leased
Nob Hill Parking Lot	Albuquerque	Leased
R. Greenleaf NE Heights Dispensary	Albuquerque	Leased
R. Greenleaf UNM Dispensary	Albuquerque	Leased
R. Greenleaf Paseo Del Norte Dispensary	Albuquerque	Leased
4th Street Farm Cultivation	Albuquerque	Leased
Coronado Manufacturing	Albuquerque	Leased
Everest Far NE Heights Dispensary	Albuquerque	Leased
Everest Montano Plaza Dispensary	Albuquerque	Leased
Everest North Valley Dispensary	Albuquerque	Leased
Everest Paradise Hills Dispensary	Albuquerque	Leased
Everest Uptown Dispensary	Albuquerque	Leased
Everest West Central Dispensary	Albuquerque	Leased
Everest Montgomery Dispensary	Albuquerque	Leased
Everest Belen Dispensary	Belen	Leased
R. Greenleaf Bernalillo Dispensary	Bernalillo	Leased
R. Greenleaf Carlsbad Dispensary	Carlsbad	Leased
R. Greenleaf Clovis Dispensary	Clovis	Leased
R. Greenleaf Farmington Dispensary	Farmington	Leased
R. Greenleaf Grants Dispensary	Grants	Leased
R. Greenleaf Hobbs Dispensary	Hobbs	Leased
R. Greenleaf Las Cruces South Dispensary	Las Cruces	Leased
R. Greenleaf Las Cruces North Dispensary	Las Cruces	Leased
Everest Las Cruces East Dispensary	Las Cruces	Leased
Everest Las Cruces South Valley Dispensary	Las Cruces	Leased
Everest Las Cruces North Dispensary	Las Cruces	Leased
R. Greenleaf Las Vegas Dispensary	Las Vegas	Leased
R. Greenleaf Los Lunas Dispensary	Los Lunas	Leased

Everest Los Lunas Dispensary	Los Lunas	Leased
R. Greenleaf Roswell Dispensary	Roswell	Leased
R. Greenleaf Ruidoso Dispensary	Ruidoso	Leased
R. Greenleaf Santa Fe Dispensary	Santa Fe	Leased
Everest Santa Fe Dispensary	Santa Fe	Leased
R. Greenleaf Sunland Park Dispensary	Sunland Park	Leased
Everest Sunland Park Dispensary	Sunland Park	Leased
Everest Texico Dispensary	Texico	Leased

The Company believes that its current leases will be sufficient for its existing needs to maintain current operations for the next 12 months. However, management anticipates entering into additional leases as the Company continues to execute its growth strategy.

Properties Subject to an Encumbrance. The real property owned by SCG Holdings, LLC, a wholly-owned subsidiary, located in Rye, Colorado, is subject to liens pursuant to the Loan Agreement. The real property owned by Emerald Fields Merger Sub, LLC, a wholly-owned subsidiary, located in Manitou, Colorado, is subject to a first priority security interest in favor of the Indenture Collateral Agent for the benefit of the Note Investors pursuant to the Indenture.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to legal proceedings and claims that have not been fully resolved and that have arisen in the ordinary course of business. The Company settled certain matters during the fourth quarter of 2023 that did not individually or in the aggregate have a material impact on the Company's financial condition or operating results. The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in the reporting period for amounts above management's expectations, the Company's financial condition and operating results for that reporting period could be materially adversely affected.

Justin Fowler v. Medicine Man Technologies, Inc. d/b/a Schwazze et al.

In August 2023, a Collective and Class Action lawsuit was filed against the Company, Schwazze New Mexico and R. Greenleaf, alleging violations of the Fair Labor Standards Act ("FLSA") and the New Mexico Minimum Wage Act ("NMMWA"). Mediation occurred on February 1, 2024, as a result of which the parties reached a preliminary settlement which must still be approved by the Court.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

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

MARKET INFORMATION

We have one class of publicly-traded stock, which is our Common Stock. Quotation of our Common Stock commenced on the OTCQB under the ticker symbol "MDCL" on or about January 25, 2016. On or about October 5, 2018, our Common Stock commenced quotation on the OTCQX under the same ticker symbol. On April 20, 2020, the Company rebranded and since then conducts its business under the trade name Schwazze. The corporate name of the Company continues to be Medicine Man Technologies, Inc. Effective April 21, 2020, the Company commenced trading under the OTC ticker symbol "SHWZ." Our Common Stock is also listed for trading on the NEO exchange, a tier one Canadian stock exchange based in Toronto, Ontario, under the ticker symbol "SHWZ."

As of March 1, 2024, the closing bid price of our Common Stock on the OTCQX Best Market was $1.14. Any over-the-counter market quotations for our Common Stock reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Trading volume in our Common Stock varies from day to day. We believe we will continue to experience expansion over time as our revenues and profitability grow to sustainable levels. As a result, the trading price of our Common Stock is subject to significant fluctuations in both volume and pricing.

HOLDERS

As of March 1, 2024, we had 122 holders of record of our Common Stock. The number of beneficial owners is substantially greater than the number of record holders because a portion of our common shares is held of record through brokerage firms in "street name."

STOCK TRANSFER AGENT

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

The stock transfer agent for our Common Stock in Canada is Odyssey Transfer US Inc., 2155 Woodlane Drive, Suite 100, Woodbury, Minnesota 55125, telephone number, including area code: (973) 528-7005.

DIVIDENDS

The Company has not declared or paid any cash dividends on its Common Stock, and the Company does not anticipate doing so in the foreseeable future. The Company's ability to pay dividends is restricted by the terms and provisions of its financing agreements, including but not limited to its Loan Agreement, the Indenture, and the provisions of the Articles of Incorporation related to the Preferred Stock. The Company currently intends to retain future earnings, if any, to operate its business and support its growth strategies. Any future determination to pay dividends on the Common Stock will be at the discretion of the Company's Board and will depend on the Company's financial condition, results of operations, contractual restrictions, restrictions imposed by applicable law, capital requirements and other factors that the Company's Board deems relevant. Dividends on the Preferred Stock are payable in kind in the form of an annual increase of the Preference Amount (as defined in the Articles of Incorporation), not cash.

REPORTS

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

ITEM 6. RESERVED.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our accompanying consolidated financial statements and the related notes appearing elsewhere in this Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under "Item 1A. Risk Factors" and "Forward Looking Statements" included elsewhere in this Report.

OVERVIEW OF THE COMPANY

Established in 2014 and headquartered in Denver, Colorado, Medicine Man Technologies, Inc., is a vertically integrated cannabis company with experienced retail leadership and operations in Colorado and New Mexico. The Company is focused on building a premier, vertically-integrated cannabis company by taking its retail operating playbook to other states where it can develop a differentiated leadership position. The Company blends purpose and a high-performance culture that employs customer-centric thinking and data science to test, measure, and drive decisions and outcomes.

DEVELOPMENTS

2023 Highlights

The Company continued to execute its growth strategy with acquisitions in both Colorado and New Mexico.

- In Colorado, the Company acquired two new retail dispensaries from Smokey's located in Fort Collins and Garden City, Colorado that were rebranded under the Star Buds banner and one new medical dispensary from Standing Akimbo located in Denver, Colorado. The Company also opened a Standing Akimbo branded medical dispensary located in Colorado Springs, Colorado in 2023. In addition, the Company acquired a recreational and a medical marijuana license from Vertical Investment Group LLC d/b/a Stellar Cannabis Co. ("Stellar") in 2023, which subsequently allowed the opening of a retail dispensary located in Lakewood, Colorado under the Star Buds banner.

- In New Mexico, the Company acquired fourteen retail dispensaries, one cultivation facility, and one manufacturing facility predominantly located in and around Albuquerque, New Mexico from Everest. The Company additionally opened three new retail dispensaries located in Albuquerque, Carlsbad, and Hobbs, New Mexico, and a relocation retail dispensary located in the Northeast Heights neighborhood of Albuquerque, New Mexico all of which were opened under the R. Greenleaf banner.

This brings the Company's total retail footprint to 63 stores as of December 31, 2023 with 30 located in Colorado and 33 located in New Mexico. With the new growth, the Company furthered chainwide synergies by enhancing assortment across new banners, leveraging companywide purchasing, and centralizing administrative support.

The Company continued to strengthen overall operations, executing on its retail playbook and responding to ongoing market pressure with competitive pricing. The Company also continued to improve supply chain efficiencies and furthered its ERP implementation efforts for seed to sale visibility.

On October 5, 2023, the Company relocated its corporate headquarters to 865 N. Albion Street, Denver, Colorado.

Recent Developments

On February 23, 2024, the Company announced that Forrest Hoffmaster, the Company's Chief Financial Officer, had been appointed to the additional role of interim Chief Executive Officer ("CEO"). This followed Nirup Krishnamurthy's resignation as CEO and as a member of the Board of Directors.

On January 4, 2024, the Company divested substantially all of the operating and intellectual property assets related to the Company's production, manufacturing, and sale of certain fertilizers and associated products operating under the name Success Nutrients, as well as the distribution and sale of certain cultivation resource materials associated with Three A Light, to Organitek, Inc. a California Corporation. The divested assets included all tangible inventory, customer lists, website and domain names, social media accounts, intellectual property rights held by the Company associated with those brands, and all rights, including but not limited to the copyrights in the Three A Light book. The aggregate consideration was $170,100, which is to be paid in quarterly installments with a final balloon payment due 24 months following the closing date.

RESULTS OF OPERATIONS – CONSOLIDATED

The following table sets forth the Company's selected consolidated financial results for the periods and as of the dates indicated. The (i) consolidated statements of operations for years ended December 31, 2023 and 2022 and (ii) consolidated balance sheet as of December 31, 2023 and 2022 have been derived from and should be read in conjunction with the accompanying consolidated financial statements and notes presented in Item 8 of this report.

The Company's consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in ordinary course of business.

The Company has consolidated financial statements across its businesses with operating segments consisting of (i) Retail, (ii) Wholesale, and (iii) Other.

	For the Year Ended December 31,		2023 vs 2022	
	2023	2022	$	%
Total revenue	$ 172,447,786	$ 159,379,219	$ 13,068,567	8 %
Total cost of goods and services	96,424,150	79,090,461	17,333,689	22 %
Gross profit	76,023,636	80,288,758	(4,265,122)	(5)%
Total operating expenses	72,734,944	67,433,924	5,301,020	8 %
Income from operations	3,288,692	12,854,834	(9,566,142)	(74)%
Total other expense	18,097,441	16,424,385	1,673,056	10 %
Provision for income taxes	19,740,595	14,898,064	4,842,531	33 %
Net loss	$ (34,549,344)	$ (18,467,615)	$ (16,081,729)	87 %
Earnings (loss) per share attributable to common shareholders – basic	$ (0.66)	$ (0.49)	$ (0.17)	35 %
Earnings (loss) per share attributable to common shareholders – diluted	$ (0.66)	$ (0.49)	$ (0.17)	35 %
Weighted average number of shares outstanding – basic	64,535,245	53,637,003	—	—
Weighted average number of shares outstanding – diluted	64,535,245	53,637,003	—	—

	For the Year Ended December 31,	
	2023	2022
Total assets	$ 358,144,332	$ 322,882,733
Total long-term liabilities	183,395,655	143,338,054

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

Revenue

Consolidated revenues for the year ended December 31, 2023, totaled $172.45 million compared to revenues of $159.38 million for the same period last year, representing an increase of $13.07 million or 8%. This increase in revenue resulted from both acquisition and organic growth in our retail footprint.

Cost of Goods and Services

Cost of goods and services for the year ended December 31, 2023, totaled $96.42 million compared to cost of goods and services of $79.09 million for the year ended December 31, 2022, representing an increase of $17.33 million or 22%. The increase in cost of goods sold in 2023, when compared to 2022, was mostly related to one-time non-cash inventory adjustments of $13.15 million, which is comprised of $3.09 million of product consolidation, obsolescence, and shrinkage expenses, $4.27 million of net realizable value adjustments, and $5.79 million of fair value adjustments on acquired inventory in New Mexico in 2023.

Gross Profit

Gross profit for the year ended December 31, 2023, totaled $76.02 million compared to gross profit of $80.29 million for the year ended December 31, 2022, representing a decrease of $4.27 million or 5%. The change in gross profit is driven by the factors that influenced revenue and cost of goods and services for 2023 discussed above.

Operating Expenses

Operating expenses for the year ended December 31, 2023, totaled $72.73 million, compared to operating expenses of $67.43 million during the year ended December 31, 2022, representing an increase of $5.30 million or approximately 8%. This increase was largely due to increased selling, general and administrative expenses such as rent, wages, and other operating costs, plus, other non-recurring expenses included in selling, general and administrative expenses.

SG&A

Selling, general and administrative expenses ("SG&A") for the year ended December 31, 2023, were $39.92 million compared to $29.04 million for the year ended December 31, 2022. The increase in SG&A in 2023 compared to the prior period is largely related to acquired and organic retail dispensary growth and is offset by amounts received for loss recoveries. The increase also includes certain one-time expenditures related to rent, utilities, insurance, and other dark carry costs of non-operational assets. The Company increased store count from 41 to 63 in 2023 compared to the same period last year.

Impairments

As of December 31, 2023, Success Nutrients was deemed held for sale and at that time, the Company revalued the goodwill of Success Nutrients and accounted for any goodwill impairment. Accordingly, the Company had approximately $1.80 million of goodwill impairment in 2023, of which $1.29 million was related to the sale of Success Nutrients and $511,740 was related to a previously acquired retail dispensary and cultivation facility located in Colorado.

Loss on Business Disposition

On December 31, 2023, Company discontinued operations related to one cultivation facility located in New Mexico acquired in the R. Greenleaf acquisition. The Company had approximately $1.01 million in fixed asset disposals, and $963 thousand of capitalized raw materials and work in process costs, that were disposed of relating to the cultivation facility.

Other Expense, Net

Other expense, net for the year ended December 31, 2023, totaled $18.10 million, compared to other expense, net $16.42 million during the year ended December 31, 2022, representing an increase in expenses of $1.67 million or approximately 10%, relating to the increase in interest paid on new debt from financing acquisitions.

Net Income (Loss)

As a result of the factors discussed above, we generated net loss for the year ended December 31, 2023, of $34.55 million, compared to net loss of $18.47 million during the year ended December 31, 2022.

Revenue by Segment

	For the Year Ended December 31,		2023 vs 2022	
	2023	2022	$	%
Retail	$ 155,463,816	$ 141,254,893	$ 14,208,923	10 %
Wholesale	16,765,425	17,819,938	(1,054,513)	(6)%
Other	218,545	304,388	(85,843)	(28)%
Total revenue	$ 172,447,786	$ 159,379,219	$ 13,068,567	8 %

Revenues for Retail for the year ended December 31, 2023, were $155.46 million, an increase of $14.21 million or 10% compared to prior period, which was largely due to the Company's increase in retail dispensary base from 2023 acquisitions.

Revenues for Wholesale for the year ended December 31, 2023, were $16.77 million, a decrease of $1.05 million or 6% compared to prior period, which was primarily due to the year-over-year decline in Colorado market prices.

Other revenues for the year ended December 31, 2023, were $218,545, a decrease of $85,843 or 28% compared to the prior period. The decrease in Other revenue was primarily driven by the discontinuation of the Company's consulting business in 2022 that was reported as Other revenue.

DRIVERS OF RESULTS OF OPERATIONS

Revenue

The Company derives its revenue from three revenue streams: (i) Retail, which sells finished goods sourced internally and externally to the end consumer in retail stores; (ii) Wholesale, which is the cultivation of flower and biomass used internally and/or sold externally and the manufacturing of biomass into distillate for integration into internally and externally developed products, such as edibles and internally developed products such as vapes and cartridges; and (iii) Other, which includes other income and expenses, such as in-store advertising, vendor promotions and other corporate operations.

Gross Profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes costs directly attributable to product sales and includes amounts paid for finished goods such as flower, edibles, and concentrates, as well as manufacturing and cultivation labor, packaging cost and labor, supplies and overhead such as rent, utilities and other related costs. Cannabis costs are affected by market supply. Gross margin measures our gross profit as a percentage of revenue.

Operating Income

Operating income consists of gross profit less operating expenses. Such operating expenses include selling, general, and administrative expenses (SG&A), professional services, salaries, and stock-based compensation. Operating income measures the profitability of the Company's operating assets.

Adjusted EBITDA

Adjusted EBITDA is derived from Operating Income, which is adjusted for one-time expenses including merger and acquisition and capital-raising costs, non-cash related compensation costs, goodwill impairment, costs related to discontinued operations, depreciation and amortization, and other one-time expenses. Adjusted EBITDA is a non-GAAP financial measure, please see the section entitled "Non-GAAP Measures" below.

NON-GAAP MEASURES AND RECONCILIATION

EBITDA and Adjusted EBITDA are non-GAAP measures and do not have standardized definitions under GAAP. The following information provides reconciliations for the supplemental non-GAAP financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP financial measures are presented because the Company believes it better explains the results of its core business. Management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insight when analyzing the core operating performance of the business. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with the GAAP financial measures presented.

Reconciliation:

	Year Ended December 31,	
	2023	**2022**
Net income (loss)	**$ (34,549,344)**	**$ (18,467,615)**
Interest expense, net	32,069,082	30,139,645
Provision for income taxes	19,740,595	14,898,064
Other (income) expense, net of interest expense	(13,971,642)	(13,715,260)
Depreciation and intangible amortization	18,970,960	12,524,677
Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-GAAP)	**$ 22,259,652**	**$ 25,379,511**
Non-cash stock compensation	2,219,319	2,672,713
Deal related expenses	5,528,048	6,822,111
Capital raise related expenses	38,559	533,958
Inventory adjustment to fair market value for purchase accounting	5,792,488	6,541,651
Net realizable value adjustment to inventory	4,268,085	-
One-time non-cash inventory adjustment	3,085,887	-
One-time goodwill impairment	1,801,740	8,011,405
Severance	537,584	334,910
Retention program expenses	505,655	-
Employee relocation expenses	70,107	15,360
Pre-operating and dark carry expenses	2,663,824	1,027,738
One-time legal settlements	1,204,058	440,000
Other non-recurring items	3,436,773	230,858
Adjusted EBITDA (non-GAAP)	**$ 53,411,779**	**$ 52,010,215**
Revenue	172,447,786	159,379,219
Adjusted EBITDA Percent	*31.0%*	*32.6%*

(1) Deal related expenses include external legal fees, accounting fees, bank fees, and internal resources associated with acquisition transactions.

(2) Capital raise related expenses include fees and expenses associated with the Investor Notes issued in December 2021.

(3) Other non-recurring expenses include utilities and rent for facilities not used in current operations and finder's fees for executive employment searches.

LIQUIDITY AND CAPITAL RESOURCES

Overview

As of December 31, 2023 and 2022, the Company had cash and cash equivalents of $19.25 million and $38.95 million, respectively. The decrease in cash balance in 2023 compared to the prior period was primarily driven by cash paid for acquisitions totaling $19.95 million.

As of December 31, 2023 and 2022, the Company had current assets, excluding cash, of $34.42 million and $32.79 million, respectively. The increase in current assets in 2023 compared to the prior period is primarily due to inventory on hand at year-end.

As of December 31, 2023 and 2022, the Company had current liabilities of $55.46 million and $47.38 million, respectively. Current liabilities increased from 2022 due to overall expansion and growth. Accounts payable, accrued expenses, and lease liabilities increased compared to the prior period in large part due to new store openings, acquisition integration, and operational development such as expansions, improvements, and remodels of existing facilities.

The Company generates cash from operational revenue and capital raises. Management believes the Company's current projected growth and revenue from operation of preexisting and newly acquired assets will be sufficient to meet its current obligations as they become due.

Management believes this combination of internal cash generated from operations and external liquidity will be sufficient to meet the Company's long-term obligations; however, it is possible the Company will seek additional external financing to meet capital needs in the future.

Trends Impacting Liquidity

While management believes that the Company has sufficient liquidity to support its capital needs, certain factors may positively or negatively impact the Company's liquidity and financing opportunities.

Due to our participation in the cannabis industry and the regulatory framework governing cannabis in the U.S., our debt and loan arrangements are generally subject to higher interest rates than other industries, which has an unfavorable impact on our liquidity and capital resources. We also tend to incur higher banking fees and rates than businesses in other industries. Additionally, the cash requirements to service our debt obligations increase with the passage of time due to interest accrual, which increases constraints on our capital resources and tends to reduce liquidity in the amount of such accruals. We currently anticipate meeting these cash requirements from operating revenue and cash on hand. While participation in the cannabis industry tends to negatively impact certain aspects of capital resources more than other industries, this could change in the future with changes to federal law. If the federal government enacts laws permitting the banking and financial industries to engage with the cannabis industry, the Company anticipates that this could have a positive impact on the Company's liquidity because it will open up financing and refinancing opportunities not otherwise widely available to cannabis companies at this time due to the current regulatory landscape.

The wholesale cannabis market has experienced downward pricing pressure from over-supply of certain cannabis products in the market, which has affected retail margins in certain periods and will likely impact the relationship between cost and revenue if and/or when supply is constrained. However, we maintain the ability to shift between external sales and internal use or transfer of our wholesale products due to vertical integration based on market conditions. This may mitigate some of the negative impacts of wholesale market downturns. Wholesale pricing can affect margins positively or negatively depending on market conditions, but profit as a percentage of revenue tends to have an inverse relationship with market

pricing conditions. Wholesale pricing increases could reduce retail margins and also generate positive profitability in the wholesale segment, and vice versa. The Company anticipates that the wholesale pricing will likely remain depressed relative to previous recent years, which can negatively impact the Company's overall liquidity.

Increasing inflation may also have a negative impact on our liquidity, as our cost of goods and services may increase without corresponding increases to revenue. Inflation increases could also impact our incremental borrowing rate and ability to obtain external financing on similar terms as previous financing arrangements. Increasing inflation and general economic downturn in the U.S. could also negatively impact revenue to the extent such factors affect consumer behavior. Additional factors or trends that have impacted or could potentially impact liquidity in future periods include general economic conditions such as market saturation, inflation, and general economic downturn.

Cash Flows

Net cash provided by (used in) operating, investing, and financing activities for the years ended December 31, 2023 and 2022:

	For the Periods Ended December 31,	
	2023	2022
Net cash provided by operating activities	$ 12,200,963	$ 6,694,346
Net cash used in investing activities	(26,438,088)	(74,989,118)
Net cash (used in) provided by financing activities	(5,463,196)	843,810

Operating Activities

During 2023, the Company had approximately $12.20 million of net cash provided by operating activities, compared to net cash provided by operating activities of $6.70 million in 2022, representing an overall increase in cash provided by operating activities of $5.51 million or 82% when compared to the prior period.

Investing Activities

Cash used in investing activities decreased by approximately $48.55 million in 2023 as compared to the prior year. Cash used in investing activities is largely due to acquisitions and the opening of new retail dispensaries. The decrease in cash used in investing activities compared to the prior period was driven by a shift in the structure of acquisition consideration, specifically using less cash in closing deals in favor of more stock consideration.

Financing Activities

Cash used in financing activities decreased by approximately $6.31 million as compared to the prior year, which is largely the result of principal payments coming due in 2023.

Description of Indebtedness

Loan Agreement

On February 26, 2021, the Company entered into the Loan Agreement with Altmore. Upon execution of the Loan Agreement, the Company received $10.0 million of loan proceeds. In connection with the Company's acquisition of SCG, the Company received an additional $5.0 million of loan proceeds under the Loan Agreement. The term loan incurs 15% interest per annum, payable quarterly on March 1, June 1, September 1, and December 1 of each year. The Company will be required to make principal payments beginning on June 1, 2023, in the amount of $750,000, payable quarterly with the remainder of the principal due upon maturity on February 26, 2025. The Company's obligations under the Loan Agreement are secured by the Altmore Collateral.

Under the terms of the loan, the Company must comply with certain restrictions and covenants. These include customary events of default and various financial covenants including, maintaining (i) a consolidated fixed charge coverage ratio of

at least 1.30 to 1.00 at the end of each fiscal quarter beginning in the first quarter of 2022, and (ii) a minimum of $3.0 million in a deposit account in which the lender has a security interest. As of December 31, 2023, the Company was in compliance with the requirements described above.

Seller Notes

As part of the acquisition of the Star Buds assets, the Company entered into a deferred payment arrangement with the sellers in an aggregate amount of $44.25 million, also referred to in this report as "seller note(s)". The seller notes incur 12% interest per annum, payable on the first of every month through November 2025. Principal payments are due in accordance with the following schedule: $13,901,759 on December 17, 2025, $3,474,519 on February 3, 2026, and $26,873,722 on March 2, 2026. The seller notes are secured by the Star Buds Collateral.

Investor Notes

On December 3, 2021, the Company and the Subsidiary Guarantors entered into the Note Purchase Agreement with 31 accredited investors pursuant to which the Company agreed to issue and sell to the investors 13% senior secured convertible notes due December 7, 2026, in an aggregate principal amount of $95.0 million for an aggregate purchase price of $93.1 million (reflecting an original issue discount of $1.9 million, or 2%) in the private placement. On December 7, 2021, the Company consummated the private placement and issued and sold the Investor Notes. The Company received net proceeds of approximately $92.0 million at the closing, after deducting a commission to the placement agent and estimated offering expenses associated with the private placement payable by the Company.

The Investor Notes were issued pursuant to an Indenture, dated December 7, 2021, among the Company, the Subsidiary Guarantors, Ankura Trust Company, LLC as trustee and Chicago Atlantic Admin, LLC as collateral agent for the Investor Note holders. The Investor Notes will mature five years after issuance unless earlier repurchased, redeemed, or converted. The Investor Notes bear interest at 13% per year paid quarterly commencing March 31, 2022, in cash for an amount equal to the amount payable on such date as if the Investor Notes were subject to an annual interest rate of 9%, with the remainder of the accrued interest payable as an increase to the principal amount of the Investor Notes. The proceeds from the Investor Notes are required to be used to fund previously identified acquisitions and other growth initiatives. The principal is due December 7, 2026. The Company's obligations under the Indenture and the Investor Notes are secured by (i) a junior security interest in the Altmore Collateral and the Star Buds Collateral, and (ii) a first priority security interest in all assets owned by the Company and the Subsidiary Guarantors on or after December 7, 2021.

Under the Indenture, the Company must comply with certain restrictions and covenants. These include customary events of default and various financial covenants, including maintaining (i) a consolidated fixed charge coverage ratio of no less than 1.30 to 1.00 at the end of each fiscal quarter, and (ii) a minimum of $10.0 million (in aggregate) in deposit accounts in which the Indenture Collateral Agent has a security interest. As of December 31, 2022, the Company was in compliance with the requirements described above.

Nuevo Note

As part of the acquisition of the R. Greenleaf assets in New Mexico, Nuevo Holding, LLC, a wholly-owned subsidiary of the Company, issued the Nuevo Note to RGA requiring the Company to make payments on an aggregate amount of $17.0 million. The deferred Nuevo Note incurs 5% interest per year, payable on the first of each month. The principal is due February 7, 2025. The Nuevo Note is unsecured.

Everest Note

On June 1, 2023, in connection with the Everest Purchase Agreement, Everest Purchaser issued the Everest Note to Everest Seller, requiring the Company to make payments on an aggregate amount of $17.4 million. The Everest Note incurs 5% interest per year, payable quarterly starting June 30, 2023. Two initial principal and interest payments of $1.25 million were paid on August 30, 2023 and November 28, 2023. The Company is required to make installment payments of principal and interest starting June 30, 2025, and the total outstanding principal is due and payable on May 31, 2027.

Contractual Cash Obligations and Other Commitments and Contingencies

Material contractual obligations arising in the normal course of business primarily consist of debt and interest related payments, lease obligations, and purchase price obligations for acquisitions. Management believes that cash flows from operations will be sufficient to satisfy our capital expenditures, debt services, working capital needs, and other contractual obligations for the next twelve months. We may need to obtain additional external financing to meet our material long-term obligations, and management believes the Company will need additional financing to continue execution of its growth strategy in future periods.

The following table quantifies the Company's material future contractual obligation as of December 31, 2023

	Total	2024	2025	2026	2027	2028	Thereafter
Notes Payable (*a*)	$ 192,127,368	$ 3,000,000	$ 41,526,414	$ 134,713,671	$ 12,887,284	$ —	$ —
Interest Due on Notes Payable *(b)*	46,231,579	18,252,178	16,379,690	11,331,798	267,913	—	—
Right of Use Assets *(c)*	51,692,715	8,676,288	7,395,717	6,626,556	5,100,672	4,334,953	19,558,530
Deferred Payment for acquisitions *(d)*	2,069,173	547,011	601,725	920,436	-	-	—
Total	$ 292,120,835	$ 30,475,477	$ 65,903,546	$ 153,592,461	$ 18,255,869	$ 4,334,953	$ 19,558,530

(a) *Excludes $32,469,683 of unamortized debt discount and $4,917,644 of unamortized debt issuance costs. See Note 11 "Debt" to our consolidated financial statements.*

(b) *Represents the cash interest accruals owed pursuant to the Loan Agreement, the Investor Notes, the Nuevo Note, and the seller notes. The Investor Notes are convertible into Common Stock freely at the option of the holder and subject to certain restrictions at the option of the Company such that conversion events could impact the interest and accrual obligations related to the Investor Notes in future periods. See Note 11 "Debt" to our consolidated financial statements.*

(c) *Reflects our contractual obligations to make future payments under all of the Company's leases in effect as of December 31, 2023. See Note 12 "Leases" to our consolidated financial statements.*

(d) *Represents the Akimbo Deferred Purchase Price obligation. See Note 7 "Business Combinations" to our consolidated financial statements.*

Critical Accounting Estimates and Recent Accounting Pronouncements

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company believes that of its significant accounting policies (see Note 2 to our consolidated Financial Statements), the ones that may involve a higher degree of uncertainty, judgment and complexity are revenue recognition, stock based compensation, derivative instruments, income taxes, goodwill and commitments and contingencies are the most important to the portrayal of our financial condition and results of operations and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Revenue Recognition and Related Allowances

We have three main revenue streams: (i) Retail sales, (ii) Wholesale sales, and (iii) Other revenue, which is derived from in-store advertisements and certain vendor promotions offered in the Company's retail dispensaries.

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

The Company's Other revenue, typically from marketing and promotional services, is recognized when our obligations to our client are fulfilled, which is determined when milestones in the contract are achieved.

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

Stock Based Compensation

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

Our stock compensation expense for stock options is recognized over the vesting period of the award or expensed immediately under ASC 718 when stock or options are awarded for previous or current service without further recourse.

Income Taxes

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

Goodwill and Intangible Assets

Goodwill represents the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized. The goodwill arising from our acquisitions is attributable to the value of the potential expanded market opportunity with new customers. Intangible assets have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their economic or legal life, whichever is shorter. Our amortizable intangible assets consist of licensing agreements, product licenses and registrations, and intellectual property or trade secrets. Their estimated useful lives range from 3 to 15 years.

Goodwill and indefinite-lived assets are not amortized but are subject to annual impairment testing unless circumstances dictate more frequent assessments. We perform an annual impairment assessment for goodwill during the fourth quarter of each year and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than the carrying amount. Goodwill impairment testing is a two-step process performed at the reporting unit level. Step one compares the fair value of the reporting unit to its carrying amount. The fair value of the reporting unit is determined by considering both the income approach and market approaches. The fair values calculated under the income approach and market approaches are weighted based on circumstances surrounding the reporting unit. Under the income approach, we determine fair value based on estimated future cash flows of the reporting unit, which are discounted to the present value using discount factors that consider the timing and risk of cash flows. For the discount rate, we rely on the capital asset pricing model approach, which includes an assessment of the risk-free interest rate, the rate of return from publicly traded stocks, our risk relative to the overall market, our size and industry and other risks specific to us. Other significant assumptions used in the income approach include the terminal value, growth rates, future capital expenditures and changes in future working capital requirements. The market approaches use key multiples from guideline businesses that are comparable and are traded on a public market. If the fair value of the reporting unit is greater than its carrying

amount, there is no impairment. If the reporting unit's carrying amount exceeds its fair value, then the second step must be completed to measure the amount of impairment, if any. Step two calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value of the reporting unit as calculated in step one. In this step, the fair value of the reporting unit is allocated to all of the reporting unit's assets and liabilities in a hypothetical purchase price allocation as if the reporting unit had been acquired on that date. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to the excess.

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

We performed our annual fair value assessment as of December 31, 2023 on our subsidiaries with material goodwill on our respective balance sheets and recognized a goodwill impairment charge of $1,801,740, of which $0 is presented under loss from disposal of assets in the accompanying consolidated statements of comprehensive (loss) and income as it is related to ceased operations during 2023. We recognized a goodwill impairment charge of $11,719,631 as of December 31, 2022, of which $3,708,226 is presented under loss from business disposition in the accompanying consolidated statements of comprehensive (loss) and income.

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

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

MEDICINE MAN TECHNOLOGIES INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Medicine Man Technologies, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Medicine Man Technologies, Inc. (the "Company") as of December 31, 2023 and 2022 and the related consolidated statements of operations, shareholders' equity, and cash flows for the two years in the period ended December 31, 2023, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the two years in the period ended December 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matter

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments.

We determined that there are no critical audit matters.

/S/ BF Borgers CPA PC (PCAOB ID 5041)
We have served as the Company's auditor since 2016
Lakewood, CO
March 27, 2024

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

	December 31, 2023 (Audited)	December 31, 2022 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,248,932	$ 38,949,253
Accounts receivable, net of allowance for doubtful accounts	4,261,159	4,471,978
Inventory	25,787,793	22,554,182
Note receivable - current, net	—	11,944
Marketable securities, net of unrealized loss of $1,816 and loss of $39,270, respectively	456,099	454,283
Prepaid expenses and other current assets	3,914,064	5,293,393
Total current assets	53,668,047	71,735,033
Non-current assets		
Fixed assets, net accumulated depreciation $8,741,782 and $4,899,977, respectively	31,113,630	27,089,026
Investment	2,000,000	2,000,000
Investment held for sale	202,111	—
Goodwill	67,499,199	94,605,301
Intangible assets, net accumulated amortization of $32,706,765 and $16,290,862, respectively	166,167,877	107,726,718
Other noncurrent assets	1,263,837	1,527,256
Operating lease right of use assets	34,233,142	18,199,399
Deferred tax assets, net	1,996,489	—
Total non-current assets	304,476,285	251,147,700
Total assets	$ 358,144,332	$ 322,882,733
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 13,341,561	$ 10,723,661
Accrued expenses	7,774,691	7,462,290
Derivative liabilities	638,020	16,508,253
Lease liabilities - current	4,922,724	3,139,289
Current portion of long term debt	3,547,011	2,250,000
Income taxes payable	25,232,782	7,297,815
Total current liabilities	55,456,789	47,381,308
Long term debt, net of debt discount and issuance costs	153,262,203	125,521,520
Lease liabilities	30,133,452	17,314,464
Deferred tax liabilities, net	—	502,070
Total long-term liabilities	183,395,655	143,338,054
Total liabilities	$ 238,852,444	$ 190,719,362
Commitments and contingencies (Note 17)	—	—
Stockholders' equity		
Preferred stock, $0.001 par value. 10,000,000 shares authorized; 85,534 shares issued and 85,534 shares outstanding as of December 31, 2023, and 86,994 shares issued and 86,994 shares outstanding as of December 31, 2022.	86	87
Common stock, $0.001 par value. 250,000,000 shares authorized; 74,888,392 shares issued and 73,968,242 shares outstanding as of December 31, 2023, and 56,352,545 shares issued and 55,212,547 shares outstanding as of December 31, 2022.	74,888	56,353
Additional paid-in capital	202,040,968	180,381,641
Accumulated deficit	(80,790,927)	(46,241,583)
Common stock held in treasury, at cost, 920,150 shares held as of December 31, 2023, and 920,150 shares held as of December 31, 2022.	(2,033,127)	(2,033,127)
Total stockholders' equity	**119,291,888**	**132,163,371**
Total liabilities and stockholders' equity	**$ 358,144,332**	**$ 322,882,733**

See accompanying notes to the consolidated financial statements.

MEDICINE MAN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) AND INCOME
For the Years Ended December 31, 2023 and 2022
Expressed in U.S. Dollars

	For the Year Ended December 31,	
	2023 (Audited)	**2022** (Audited)
Operating revenues		
Retail	$ 155,463,816	$ 141,254,893
Wholesale	16,765,425	17,819,938
Other	218,545	304,388
Total revenue	172,447,786	159,379,219
Total cost of goods and services	96,424,150	79,090,461
Gross profit	76,023,636	80,288,758
Operating expenses		
Selling, general and administrative expenses	39,916,518	29,036,962
Professional services	3,558,501	6,722,554
Loss on impairment	1,801,740	8,011,405
Salaries	23,883,354	20,990,290
Stock based compensation	3,574,831	2,672,713
Total operating expenses	72,734,944	67,433,924
Income from operations	3,288,692	12,854,834
Other income (expense)		
Interest expense, net	(32,069,082)	(30,139,645)
Unrealized gain on derivative liabilities	15,870,233	18,414,760
Other loss	68,400	24,136
Loss on disposition of business units	(1,968,807)	(4,684,366)
Unrealized gain (loss) on investments	1,816	(39,270)
Total other expense	(18,097,441)	(16,424,385)
Pre-tax net loss	(14,808,749)	(3,569,551)
Provision for income taxes	19,740,595	14,898,064
Net loss	$ (34,549,344)	$ (18,467,615)
Less: Accumulated preferred stock dividends for the period	(8,154,993)	(7,802,809)
Net loss attributable to common stockholders	$ (42,704,337)	$ (26,270,424)
Earnings (loss) per share attributable to common shareholders		
Basic (loss) earnings per share	$ (0.66)	$ (0.49)
Diluted (loss) earnings per share	$ (0.66)	$ (0.49)
Weighted average number of shares outstanding – basic	64,535,245	53,637,003
Weighted average number of shares outstanding – diluted	64,535,245	53,637,003
Comprehensive loss	$ (34,549,344)	$ (18,467,615)

See accompanying notes to the consolidated financial statements.

MEDICINE MAN TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2023 and 2022
Expressed in U.S. Dollars

	Preferred Stock		Common Stock		Additional Paid in	Accumulated	Treasury Stock		Total Stockholders'
	Shares	Value	Shares	Value	Capital	Deficit	Shares	Cost	Equity
Balance, December 31, 2022	86,994	$ 87	56,352,545	$ 56,353	$ 180,381,641	$ (46,241,583)	920,150	$ (2,033,127)	$ 132,163,371
Net loss	—	—	—	—		(34,549,344)	—	—	(34,549,344)
Issuance of stock as payment for acquisitions	—	—	15,531,905	15,532	17,860,788	—	—	—	17,876,320
Indemnification of escrowed shares associated with post-acquisition costs	—	—	(37,586)	(38)	(49,200)	—	—	—	(49,238)
Issuance of common stock as compensation to employees, officers and/or directors	—	—	1,224,400	1,224	972,869	—	—	—	974,093
Conversion of preferred stock to common stock	(1,460)	(1)	1,522,728	1,523	(1,521)	—	—	—	0
Restricted stock units vested	—	—	294,400	294	(109,272)	—	—	—	(108,978)
Stock based compensation expense related to common stock options, RSUs and PSUs	—	—	—	—	2,985,663	—	—	—	2,985,663
Balance, December 31, 2023	85,534	$ 86	74,888,392	$ 74,888	$ 202,040,968	$ (80,790,927)	920,150	$ (2,033,127)	$ 119,291,888

	Preferred Stock		Common Stock		Additional Paid in	Accumulated	Treasury Stock		Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Shares	Cost	Equity
Balance, December 31, 2021	86,994	$ 87	45,484,314	$ 45,485	$ 162,815,097	$ (27,773,968)	517,044	$ (1,517,036)	$ 133,569,665
Net income (loss)	—	—	—	—	—	(18,467,615)	—	—	(18,467,615)
Issuance of stock as payment for acquisitions	—	—	9,742,205	9,742	15,728,113	—	—	—	15,737,855
Issuance of common stock as compensation to employees, officers and/or directors	—	—	929,941	930	1,026,358	—	—	—	1,027,288
Return of common stock as compensation to employees, officers and/or directors	—	—	—	—	—	—	403,106	(516,091)	(516,091)
Stock based compensation expense related to common stock options	—	—	196,085	196	812,073	—	—	—	812,269
Balance, December 31, 2022	86,994	$ 87	56,352,545	$ 56,353	$ 180,381,641	$ (46,241,583)	920,150	$ (2,033,127)	$ 132,163,371

See accompanying notes to the consolidated financial statements.

MEDICINE MAN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
Expressed in U.S. Dollars

	For the Year Ended December 31,	
	2023	**2022**
Cash flows from operating activities		
Net income (loss) for the period	(34,549,344)	(18,467,615)
Adjustments to reconcile net income (loss) to cash for operating activities		
Depreciation and amortization	20,933,541	10,660,172
Non-cash interest expense	4,024,604	4,118,391
Impairment of goodwill	1,801,740	8,011,405
Non-cash lease expense	7,648,531	3,910,679
Deferred taxes	(2,090,967)	502,070
Loss on disposition of business units	1,968,807	4,684,369
Change in derivative liabilities	(15,870,233)	(18,414,760)
Amortization of debt issuance costs	1,686,049	1,686,048
Amortization of debt discount	8,523,493	7,484,613
(Gain) loss on investment, net	(1,816)	39,270
Stock based compensation	3,590,473	812,073
Changes in operating assets and liabilities (net of acquired amounts):		
Accounts receivable	927,259	(105,185)
Inventory, including certain one-time non-cash expenses	4,571,069	789,399
Prepaid expenses and other current assets	1,579,349	(2,770,179)
Other assets	263,419	(248,682)
Change in operating lease liabilities	(7,498,128)	(13,113,041)
Accounts payable and other liabilities	(3,241,850)	11,845,245
Income taxes payable	17,934,967	5,270,074
Net cash provided by operating activities	**12,200,963**	**6,694,346**
Cash flows from investing activities:		
Collection of notes receivable	11,944	—
Cash consideration for acquisition of business, net of cash acquired	(15,834,378)	(58,981,226)
Purchase of fixed assets	(7,865,654)	(14,007,892)
Purchase of intangible assets	(2,750,000)	—
Investment in private entity	—	(2,000,000)
Net cash used in investing activities	**(26,438,088)**	**(74,989,118)**
Cash flows from financing activities:		
Payment on notes payable	(5,354,218)	(134,498)
Proceeds from issuance of common stock	—	978,308
Payment for statutory withholdings on RSU	(108,978)	—
Net cash (used in) provided by financing activities	**(5,463,196)**	**843,810**
Net decrease in cash and cash equivalents	(19,700,321)	(67,450,962)
Cash and cash equivalents at beginning of period	38,949,253	106,400,216
Cash and cash equivalents at end of period	**$ 19,248,932**	**$ 38,949,253**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 17,896,954	$ 15,243,990
Cash paid for income taxes	5,000,000	12,340,000
Supplemental disclosure of non-cash investing and financing activities:		
Lease liability arising from right of use asset	14,006,930	14,105,320
Issuance of stock as payment for acquisitions	18,801,192	15,777,373
Deferred tax liability from acquisition	—	(3,214,080)
Issuance of debt for acquisition	20,157,766	17,000,000
Acquisitions:		
Tangible and intangible assets acquired, net of cash	55,021,859	34,402,043
Liabilities assumed	6,267,276	(1,837,221)
Goodwill	9,046,205	62,368,339

See accompanying notes to the consolidated financial statements.

MEDICINE MAN TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Nature of Operations

Medicine Man Technologies, Inc. ("we," "us," "our" or the "Company") was incorporated in Nevada on March 20, 2014. On May 1, 2014, the Company entered into an exclusive Technology License Agreement with Futurevision, Inc. f/k/a Medicine Man Production Corp. d/b/a Medicine Man Denver ("Medicine Man Denver") whereby Medicine Man Denver granted us a license to use all of the proprietary processes they have developed, implemented and practiced at their cannabis facilities relating to the commercial growth, cultivation, marketing, and distribution of medical marijuana and recreational marijuana pursuant to relevant state laws and the right to use and to license such information, including trade secrets, skills and experience (present and future). The Company's operations are organized into three different segments, as follows: (i) Retail, consisting of retail locations for the sale of cannabis products in Colorado and New Mexico, (ii) Wholesale, consisting of manufacturing, cultivation and sale of wholesale cannabis and non-cannabis products, and (iii) Other, consisting of all other income and expenses, including those related to certain in-store marketing and promotional activities, and corporate operations.

On April 20, 2020, the Company rebranded, and now conducts its business under the trade name, Schwazze. The corporate name of the Company continues to be Medicine Man Technologies, Inc. The Company's common stock is listed for trading in the United States on the OTCQX Best Market under the symbol "SHWZ" and also listed for trading in Canada on the NEO Exchange under the symbol "SHWZ."

2. Accounting Policies and Estimates

Basis of Presentation

These accompanying financial statements have been prepared in accordance with GAAP and pursuant to the rules and regulations of the SEC for consolidated financial statements. All intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

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

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no impact on net earnings and financial position. In accordance with ASC 230 *Statement of Cash Flows,* the Company updated its 2022 statement of cash flows presentation to reflect cash proceeds from financing and the change in the derivative from the valuation date. This change had no impact on net earnings and financial position.

Accounting for Business Combinations and Acquisitions

The Company accounts for acquisitions in which it obtains control of one or more businesses as a business combination. The purchase price of the acquired businesses is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recognized as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments, in the period in which they are determined, to the assets acquired and liabilities assumed with the corresponding offset to goodwill. If the assets acquired are not a business, the Company accounts for the transaction or other event as an asset acquisition. Under both methods, the Company recognizes the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity. In addition, for transactions that are business combinations, the Company evaluates the existence of goodwill or a gain from a bargain purchase.

Fair Value Measurements

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

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

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist of cash, accounts receivable, notes receivable, investments, tenant deposits, accounts payable, accrued liabilities, notes payable, derivative liabilities and warrant liability. The carrying values of these financial instruments approximate their fair value due to their short maturities. The carrying amount of the Company's debt approximates fair value because the interest rates on these instruments approximate the interest rate on debt with similar terms available to us. The Company's derivative liability was adjusted to fair market value at the end of each reporting period, using Level 3 inputs.

The following is the Company's assets and liabilities measured at fair value on a recurring and nonrecurring basis on December 31, 2023 and December 31, 2022, using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	December 31, 2023	December 31, 2022
Level 3 - Marketable Securities Available-for-Sale – Recurring	456,099	454,283

Marketable Securities at Fair Value on a Recurring Basis

Certain assets are measured at fair value on a recurring basis. The Level 3 position consists of an investment in equity securities of Canada House Wellness Group, Inc., a publicly traded company whose securities are actively quoted on the Toronto Stock Exchange. As of December 31, 2023 and 2022, the equity investment in Canada House Wellness Group, Inc. was determined to be Level 3 as the entity has halted trading due to a merger and is scheduled to resume trading once the purchase is complete. The Company used the last trading price to record the value at market for this investment due to the halt in observable and active market prices.

Investments Held at Cost

Investments without readily determinable fair value are measured at cost, less impairment. If the Company identifies an observable price change in an orderly transaction for an investment held at cost, it will measure the investment at fair value as of the date the observable transaction occurred. The Company shall reassess at each reporting period whether such investments should continue to be measured at cost, less impairment, or another method. Any resulting gain or loss from a change in measurement will be recorded in other income and expenses on the consolidated statement of comprehensive (loss) and income. Investments held at cost are reported within investments on the accompanying consolidated balance sheets. The Company has less than a 20% investment in a private company and does not have significant influence over the underlying entity. The fair value of the investment does not have a determinable fair value. The Company has accounted for this investment under the cost method and therefore records the investment at historical cost. Any dividends received

from this investment are recorded in the accompanying consolidated statements of comprehensive (loss) and income. As of December 31, 2023 and 2022, the investment totaled $2.00 million.

Investment Held for Sale

The Company classifies long-lived assets to be sold as held for sale in the period in which all of the following criteria are met: (i) management, having the authority to approve the action, commits to a plan to sell the asset; (ii) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; (iv) the sale of the asset is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Assets held for sale represent intangible assets, net of accumulated amortization and tangible assets, net of any accumulated depreciation in which the Company has no continuing involvement. We record assets held for sale in accordance with ASC 360 “Property, Plant, and Equipment,” at the lower of carrying value or fair value less cost to sell. Fair value is based on the estimated proceeds from the sale of the assets utilizing recent purchase offers. As of December 31, 2023, the Company had $202,111 of assets held for sale.

Fair Value of Financial Instruments

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

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost or amortized cost and represent cash on hand, deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date. The Company had $19.25 million and $38.95 million classified as cash and cash equivalents as of December 31, 2023 and December 31, 2022, respectively.

Accounts Receivable

The Company extends unsecured credit to its customers in the ordinary course of business. These accounts receivables relate to the Company’s Wholesale and Other revenue segments. Accounts receivables are recorded when a milestone is reached at a point in time resulting in funds being due for delivered goods or services, and where payment is reasonably assured. Wholesale revenues are generally collected within 14 to 30 days after invoice is sent.

The following table depicts the composition of our accounts receivable as of December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Accounts receivable - trade	$ 4,294,739	$ 4,564,918
Accounts receivable - tenant improvement allowances	263,846	—
Allowance for doubtful accounts	(297,426)	(92,940)
	$ 4,261,159	$ 4,471,978

The Company establishes an allowance for doubtful accounts based on management’s assessment of the collectability of trade receivables. A considerable amount of judgment is required in assessing the amount of the allowance. The Company makes judgments about the creditworthiness of each customer based on ongoing credit evaluations and monitors current

economic trends that might impact the level of credit losses in the future. If the financial condition of the customers were to deteriorate, resulting in their inability to make payments, a specific allowance will be required.

Inventory

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Cultivated inventories include direct and indirect costs of production, including costs of materials, labor and depreciation related to cultivation. Such costs are capitalized as incurred, and subsequently included within cost of goods sold in the accompanying consolidated statements of comprehensive (loss) and income, at the time the products are sold. Cost is determined using the weighted average cost basis. Products for resale, supplies, and consumables are valued at lower of cost and net realizable value. In calculating final inventory values, management is required to compare the inventory cost to estimated net realizable value.

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, aging of inventory, future demand for inventory, contractual arrangements with customers, and the future inventory selling price the Company expects to realize. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves, if any, is reflected in cost of goods sold.

Property and Equipment, net

Purchases of property and equipment are recorded at cost, net of accumulated depreciation and impairment losses, if any. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, its cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the accompanying consolidated statement of comprehensive (loss) and income. Depreciation is provided over the estimated economic useful lives of each class of assets and is computed using the straight-line method. The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial statement year-end and adjusted prospectively, if appropriate.

Depreciation on property and equipment is recorded using the straight-line method over the following expected useful lives:

Land	Indefinite
Building	39 years
Leasehold improvements	Lesser of the lease term or estimated useful life
Furniture and fixtures	3-5 years
Vehicles, machinery and tools	3-5 years
Software, servers and equipment	3 years

Construction in progress represents construction related to cultivation, manufacturing, and dispensary facilities not yet completed or otherwise not ready for use.

Prepaid Expenses and Other Assets (Current and Non-Current)

Prepaid expenses and other assets as of December 31, 2023 and 2022, were $5.18 million and $6.82 million, respectively. As of December 31, 2023, this balance included $2.74 million in prepaid expenses, $1.17 million in security deposits, and $1.27 million in prepaid inventory. As of December 31, 2022, prepaid expenses and other assets included $3.88 million in prepaid expenses, $1.53 million in security deposits and $1.41 million in prepaid inventory. Prepaid expenses were primarily comprised of insurance premiums, software subscriptions, business licenses, membership dues, and other general and administrative costs.

Goodwill and Intangible Assets

Goodwill represents the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized. The goodwill arising from the Company's acquisitions is attributable to the value of the potential expanded market opportunity with new customers. Intangible assets have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their economic or legal life, whichever is shorter. The Company's amortizable intangible assets consist of licensing agreements, product licenses and registrations, and intellectual property or trade secrets. Their estimated useful lives range from 3 to 15 years.

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

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

Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets, including property, plant and equipment, and certain identifiable intangible assets, whenever events or changes in circumstances have indicated that an asset may not be recoverable. The long-lived asset is grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected undiscounted cash flows is less than the carrying value of the assets, the assets are written down to the estimated fair value. The Company performs impairments tests of long-lived assets on an annual basis or more frequently in certain circumstances. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the business, a significant decrease in the market value of the assets or significant negative industry or economic trends.

The Company evaluated the recoverability of its long-lived assets as of December 31, 2022, and recorded an impairment charge of approximately $89,706 related to discontinued operations for cultivation facilities in New Mexico and Colorado, and is presented under loss on business disposition in the accompanying consolidated statement of comprehensive (loss) and income. No such impairment existed as of December 31, 2023.

Accounts Payable

Accounts payable as of December 31, 2023 and 2022 were $13.34 million and $10.72 million, respectively, and were comprised of trade payables for various purchases and services rendered during the ordinary course of business. Accounts payable due to related parties as of December 31, 2023 and 2022 were $0 and $22,380, respectively.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities as of December 31, 2023, and December 31, 2022, were $7.77 million and $7.46 million, respectively. As of December 31, 2023, accrued liabilities and other liabilities comprised of accrued payroll of $981,112, accrued interest of $3.37 million, legal settlement fees of $525,000, and operating expenses of $2.90 million. As of December 31, 2022, accrued expenses and other liabilities comprised of accrued payroll of $1.51 million, accrued interest of $3.42 million, and operating expenses of $2.53 million.

Derivative Liabilities

The Company uses the fair-value method of accounting for derivative liabilities and such liabilities are remeasured at each reporting date with changes in fair value recorded in the period incurred. The fair value is estimated using a Monte Carlo simulation model.

Revenue Recognition and Related Allowances

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

The Company has three main revenue streams: Retail, Wholesale, and Other.

Retail and Wholesale revenues are recorded at the point at which the customer takes control of the product. In evaluating the timing of the transfer of control to customers, the Company considers several indicators, including significant risks and rewards of products, its right to payment, and the legal title of the products. Based on the assessment of control indicators, sales are generally recognized when products are delivered to customers.

Other revenue consists of other income and expenses deriving from in-store advertisements and certain vendor promotions offered in the Company's retail dispensaries. Revenue is recognized when the obligations to the client are fulfilled, which is determined when milestones in the contract are achieved.

At some locations, the Company offers a loyalty reward program to its retail customers. A portion of the revenue generated from a sale to a customer participating in the program is allocated to the loyalty points earned. The amount allocated to the loyalty points earned is deferred until the loyalty points are redeemed or expire. As of December 31, 2023 and 2022, the loyalty liability totaled $1.41 million and $1.59 million, respectively, and is included in accrued expenses in the accompanying consolidated balance sheets.

Costs of Goods and Services Sold

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

General and Administrative Expenses

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

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and totaled $2.12 million and $2.37 million as of December 31, 2023 and 2022, respectively.

Stock Based Compensation

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

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

Share-based expense paid through direct stock grants is expensed as incurred. Since the Common Stock is publicly traded, the value is determined based on the number of shares of Common Stock issued and the trading value of the Common Stock on the date of the transaction.

Income Taxes

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

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

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

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

Right of Use Assets and Lease Liabilities

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize almost all leases on the balance sheet as a Right-of-Use ("ROU") asset and a lease liability, and requires leases to be

classified as either an operating or a finance type lease. The standard excludes leases of intangible assets or inventory. The standard became effective for the Company beginning January 1, 2019. The Company adopted Topic 842 using the modified retrospective approach, by applying the new standard to all leases existing at the date of initial application. The Company elected the package of practical expedients permitted under the standard, which also allowed the Company to carry forward historical lease classifications. The Company also elected the practical expedient related to treating lease and non-lease components as a single lease component for all equipment leases as well as electing a policy exclusion permitting leases with an original lease term of less than one year to be excluded from the ROU assets and lease liabilities.

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

Operating leases are included in operating lease ROU assets and operating lease liabilities, current and non-current, in the Company's accompanying consolidated balance sheets.

3. Recently Adopted Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements. Pronouncements that are not applicable to the Company or where it has been determined do not have a significant impact on the financial statements have been excluded herein.

In November 2023, the FASB issued *ASU No.2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures,* to provide enhanced segment disclosures. The standard requires disclosures about significant segment expense categories and amounts for each reportable segment, for all periods presented. Additionally, the standard requires public entities to disclose the title and position of the Chief Operating Decision Maker ("CODM") in the consolidated financial statements. These enhanced disclosures are required for all entities on an interim and annual basis, effective for fiscal years beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

4. Notes Receivable

On March 12, 2021, the Company sold equipment to Colorado Cannabis Company LLC ("Colorado Cannabis"). Colorado Cannabis is obligated to pay $215,000, payable in equal monthly installments for 18 months commencing 30 days from the date of taking possession of the equipment pursuant to the Purchase and Sale Agreement, dated January 29, 2021, between the Company and Colorado Cannabis. As of December 31, 2023 and 2022 the outstanding balance, including penalties for late payments, on the notes receivable from Colorado Cannabis Company totaled $0 and $11,944, respectively.

5. Inventory

The Company's inventory consists of the following at December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Raw materials	$ 2,005,306	$ 2,325,482
Work in process	5,814,290	14,504,490
Finished goods	17,968,197	5,724,210
Total inventories	$ 25,787,793	$ 22,554,182

As of December 31, 2023 and 2022, the company recognized an adjustment to the net realizable value within its inventory of $4,268,085 and $0, respectively.

6. Property and Equipment

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

	December 31, 2023	December 31, 2022
Land	$ 3,716,438	$ 3,716,438
Building	4,830,976	4,830,976
Leasehold improvements	15,917,124	4,100,165
Furniture and fixtures	651,676	655,698
Vehicles, machinery, and tools	4,040,908	3,796,695
Software, servers and equipment	5,404,592	4,132,621
Construction in progress	5,293,698	10,756,410
Total asset cost	**$ 39,855,412**	**$ 31,989,003**
Less: accumulated depreciation	(8,741,782)	(4,899,977)
Total property and equipment, net of depreciation	**$ 31,113,630**	**$ 27,089,026**

Depreciation expense for years ended December 31, 2023 and 2022 was $3,841,805 and $2,911,004, respectively.

7. Business Combinations

Business Combinations

On January 26, 2022, the Company acquired two retail dispensaries located in Boulder, Colorado pursuant to an asset purchase agreement dated June 25, 2021, with Double Brow, LLC, a wholly-owned subsidiary of the Company ("Double Brow"), BG3 Investments, LLC d/b/a Drift ("Drift"), Black Box Licensing, LLC, and Brian Searchinger, as the sole equity holder of Drift, as amended on October 28, 2021. The acquired assets included (i) the assets used in or related to Drift's business of distributing, marketing, and selling recreational cannabis products and (ii) the leases for two retail dispensaries located in Boulder, Colorado. The aggregate closing consideration for the acquisition was (i) $1.92 million in cash, and (ii) 1,146,099 shares of Common Stock issued to Drift. The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the Drift acquisition resulted in $2.14 million of goodwill and $1.03 million of intangibles.

On February 8, 2022, the Company acquired its New Mexico business pursuant to a purchase agreement with Nuevo Holding, LLC, a wholly-owned subsidiary of the Company ("Nuevo Purchaser"), Nuevo Elemental Holding, LLC ("Elemental Purchaser" and together with Nuevo Purchaser, the "Nuevo Purchasers"), Reynold Greenleaf & Associates LLC ("RGA"), Elemental Kitchen and Laboratories, LLC, a wholly-owned subsidiary of RGA ("Elemental"), the equity holders of RGA and Elemental, and William N. Ford, in his capacity as Representative, as amended on February 9, 2022 (the "Nuevo Purchase Agreement"). The Nuevo Purchasers acquired substantially all the operating assets of RGA and all of the equity of Elemental and assumed specified liabilities of RGA and Elemental. Pursuant to existing laws and regulations in New Mexico, the cannabis licenses for certain facilities managed by RGA were held by two not-for-profit entities ("NFP"): Medzen Services, Inc. ("Medzen") and R. Greenleaf Organics, Inc. ("R. Greenleaf" and together with Medzen, the "Nuevo NFPs"). At the closing, Nuevo Purchaser gained control over the Nuevo NFPs by becoming the sole member of each of the Nuevo NFPs and replacing the directors of the two Nuevo NFPs with executive officers of the Company. The business acquired from RGA was a management company, providing branding, marketing, and consulting services, licensing certain intellectual property related to the business, and supporting Elemental and the Nuevo NFPs to promote, support, and develop sales and distribution of products. Elemental is engaged in the business of creating and

distributing cannabis-derived products to licensed cannabis producers. Elemental and the Nuevo NFPs are in the business of cultivating, processing, and dispensing marijuana in New Mexico. At the closing of the Nuevo Purchase Agreement, Nuevo Purchaser entered into two separate Call Option Agreements containing substantially identical terms with each of the Nuevo NFPs. Each Call Option Agreement gives Nuevo Purchaser the right to acquire 100% of the equity or 100% of the assets of the applicable Nuevo NFP for a purchase price of $100 if, in the future, the New Mexico legislature adopts legislation that permits an NFP to (i) convert to a for-profit corporation and maintain its cannabis license or (ii) sell its assets (including its cannabis license) to a for-profit corporation. The aggregate closing consideration for the acquisitions was approximately (i) $32.20 million in cash, which included a $4.50 million cash earn-out based on EBITDA of the acquired businesses for the calendar year 2021, and (ii) $17.00 million in the form of an unsecured promissory note issued by Nuevo Purchaser to RGA, the principal amount of which is payable on February 8, 2025 with interest payable monthly at an annual interest rate of 5% (the "Nuevo Note"). The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the RGA acquisition resulted in $6.20 million of goodwill and $28.79 million of intangibles.

On February 9, 2022, the Company acquired MCG, LLC ("MCG"), which operates two dispensaries located in Denver and Manitou Springs, Colorado pursuant to the terms of an Agreement and Plan of Merger, dated November 15, 2021, with Emerald Fields Merger Sub, LLC, a wholly-owned subsidiary of the Company ("Emerald Fields"), MCG, MCG's owners, and Donald Douglas Burkhalter, and James Gulbrandsen in their capacity as the Member Representatives, as amended on February 9, 2022 (the "MCG Merger Agreement"). Under the MCG Merger Agreement, MCG merged with and into Emerald Fields, with Emerald Fields continuing as the surviving entity. The aggregate closing consideration for the merger was $29.00 million, consisting of: (i) $16.00 million in cash; (ii) 7,145,724 shares of the Common Stock issued to the members of MCG; and (iii) an aggregate of $2.32 million was held back as collateral for potential claims for indemnification under the MCG Merger Agreement. The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the MCG acquisition resulted in $19.85 million of goodwill and $12.40 million of intangibles.

On February 15, 2022, the Company acquired substantially all of the operating assets of Brow 2, LLC ("Brow") related to its indoor cannabis cultivation operations located in Denver, Colorado (other than assets expressly excluded) and assumed certain liabilities for contracts acquired pursuant to the terms of the Asset Purchase Agreement, dated August 20, 2021, among Double Brow, Brow, and Brian Welsh, as the owner of Brow (the "Brow Purchase Agreement"). The acquired assets included a 37,000 square foot building, the associated lease, and equipment designed for indoor cultivation. After purchase price adjustments for pre-closing inventory, the aggregate consideration was $6.7 million, of which Double Brow paid $6.20 million at closing and held back $500,000 as collateral for potential claims for indemnification under the Brow Purchase Agreement. The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the Brow acquisition resulted in $1.79 million of goodwill and $3.97 million of intangibles.

On May 31, 2022, the Company acquired substantially all of the operating assets of Urban Dispensary, which operates a dispensary and indoor cultivation in Colorado, pursuant to the terms of an Asset and Personal Goodwill Purchase Agreement, dated March 11, 2022, with Double Brow, Urban Health & Wellness, Inc. d/b/a Urban Dispensary ("Urban Dispensary"), Productive Investments, LLC, and Patrick Johnson (the "Urban Purchase Agreement"). Urban Dispensary operated an indoor cannabis cultivation facility and a single retail dispensary, each located in Denver, Colorado. The aggregate consideration for the Urban Dispensary acquisition was $1.32 million in cash and 1,450,381 shares of Common Stock. The Company held back 219,848 shares from the stock consideration at closing as collateral for potential claims for indemnification from Urban Dispensary under the Urban Purchase Agreement. The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the Urban Dispensary acquisition resulted in $398,148 of goodwill and $2.49 million of intangibles.

On December 15, 2022, the Company acquired substantially all of the operating assets associated with two retail dispensaries located in Denver and Aurora, Colorado owned by Lightshade Labs LLC ("Lightshade") pursuant to the terms of two Asset Purchase Agreements, dated September 9, 2022, among Double Brow, the Company, Lightshade, and Lightshade's owners, Thomas Van Alsburg, Steve Brooks, and John Fritzel, as amended on December 15, 2021 (the "Lightshade Purchase Agreements"). After purchase price adjustments, the aggregate consideration for the acquisition was approximately $2.75 million, all of which was paid in cash. The Company deposited $300,000 of the purchase price in

escrow as collateral for potential claims for indemnification from Lightshade under the Lightshade Purchase Agreements. The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The Lightshade dispensary acquisition resulted in $1.89 million of intangibles and $449,000 of goodwill.

On May 11, 2023, the Company acquired certain of the operating assets of Cannabis Care Wellness Centers, LLC (d/b/a Smokey's) and Green Medicals Wellness Center #5, LLC (d/b/a Smokey's) (together referenced herein as "Smokey's"), and assumed specific obligations of Smokey's, pursuant to the terms of the Asset Purchase Agreement, dated January 25, 2023, among Smoke Holdco, LLC, a wholly-owned subsidiary of the Company ("Smokey's Buyer"), Smokey's, Jeremy Lewchuk, Thomas Wilczynski, T&B Holdings, LLC, and Thomas Wilczynski, as Representative (the "Smokey's Purchase Agreement"). Pursuant to the Smokey's Purchase Agreement, the Smokey's Buyer acquired substantially all of Smokey's' assets related to its retail and medical cannabis stores located in Garden City, Colorado and Fort Collins, Colorado. After purchase price adjustments, the aggregate consideration for the Smokey's acquisition was approximately $7.50 million, of which approximately $3.75 million was paid in cash and $3.75 million was paid in Company common stock. Total shares issued at closing equaled 2,884,615. The stock consideration is subject to post-closing reduction if the inventory or cash at closing is less than certain targets stated in the Smokey's Purchase Agreement. The Company held back from issuance $600,000 from the stock consideration and $150,000 from the cash consideration as collateral for potential claims for indemnification from Smokey's under the Smokey's Purchase Agreement. The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the Smokey's acquisition resulted in $2.16 million of goodwill and $5.28 million of intangibles, however, valuation has not been finalized.

On June 1, 2023, the Company acquired 14 retail dispensaries, one cultivation facility, and one manufacturing facility in New Mexico pursuant to an Asset Purchase Agreement, dated April 21, 2023, between Evergreen Holdco, LLC, a wholly-owned subsidiary of the Company (the "Everest Purchaser"), Sucellus, LLC (the "Everest Seller"), James Griffin, Brook Laskey, William Baldwin, Andrew Dolan, and Greg Templeton, and Brook Laskey, as Representative, as amended on June 1, 2023 (the "Everest Purchase Agreement"). The Everest Purchaser acquired substantially all of the operating assets of the Everest Seller and assumed specified liabilities of the Everest Seller, subject to the terms and conditions set forth in the Everest Purchase Agreement (the "Everest Acquisition"). Pursuant to existing laws and regulations in New Mexico, the cannabis licenses for the facilities managed by the Everest Seller are held by an NFP, Everest Apothecary, Inc., ("Everest"). At the closing, the Everest Purchaser gained control over Everest by replacing the officers and directors of Everest with officers of the Company. On the same date, the Everest Purchaser entered into a separate Call Option Agreement that gives the Everest Purchaser the right to acquire 100% of the equity or 100% of the assets of Everest for a purchase price of $100 if, in the future, the New Mexico legislature adopts legislation that permits an NFP to (i) convert to a for-profit corporation and maintain its cannabis license or (ii) sell its assets (including its cannabis license) to a for-profit corporation. After purchase price adjustments and subject to post-closing adjustments, the aggregate purchase price for Everest Acquisition paid at closing was approximately $42.36 million, of which $12.50 million was paid in cash, $17.35 million was paid in the form of an unsecured promissory note issued by the Everest Purchaser to the Everest Seller (the "Everest Note"), $8.00 million was paid in Company common stock in the amount of 7,619,047 shares and $3.0 million is payable in two installment payments of $1,250,000 due to the Everest Seller on August 30, 2023 and November 28, 2023 (the "Everest Deferred Purchase Price"). In addition to the foregoing, the Everest Purchaser may be required to make a potential "earn-out" payment of up to an additional $8.00 million, payable in Company common stock priced at closing of the Everest Acquisition. The earn-out is based on the revenue performance of certain retail stores of Everest for the 12-month period following such stores opening for business and is revalued quarterly. Management currently estimates the expected earn-out payment to equal approximately $2.10 million based on current projections. Indemnification claims permitted under the Everest Purchase Agreement will be offset against the Everest Note. The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the Everest acquisition resulted in $5.12 million of goodwill and $25.15 million of intangibles, however, valuation has not been finalized.

On June 15, 2023, the Company acquired substantially all of the operating assets of Standing Akimbo, LLC ("Standing Akimbo") related to its medical cannabis store located in Denver, Colorado pursuant to the terms of the Asset Purchase Agreement, dated April 13, 2023 (the "Akimbo Purchase Agreement"), between Double Brow, Standing Akimbo, Spencer Kirson, and John Murphy (together with Spencer Kirson and John Murphy, the "Akimbo Equityholders"). The aggregate consideration for the acquisition was approximately $9.35 million, of which $3.75 million is payable in cash ("Akimbo

Cash Consideration") and approximately $5.54 million payable in the form of Company common stock ("Akimbo Stock Consideration" and together with the Akimbo Cash Consideration, the "Akimbo Purchase Price"). At the closing of the acquisition, the Company paid $1 million of the Akimbo Cash Consideration in cash, and approximately $4.50 million of the Akimbo Purchase Price in Company common stock for a total of 4,488,691 shares at a per share price of $1.00 per share. The Company also held back approximately $1.00 million worth of shares from the Akimbo Stock Consideration as collateral for potential claims for indemnification from Standing Akimbo and the Akimbo Equityholders under the Akimbo Purchase Agreement. The Company is obligated to pay the remainder of the Akimbo Cash Consideration over 12 fiscal quarters starting on July 15, 2023, as set forth in the Akimbo Purchase Agreement (the "Akimbo Deferred Purchase Price"). The Company utilized purchase price accounting to value assets acquired, which values such assets at approximately fair market value. The purchase price accounting for the acquisition of Standing Akimbo resulted in $1.77 million of goodwill and $7.25 million of intangibles, however, valuation has not been finalized.

The Company estimates intangible assets for current acquisitions based on prior valuations of acquisitions of similar size. The Company's policy is to record amortization on the intangible assets beginning on the purchase date. Upon the completion of valuation, the Company revises the intangible assets and related amortization as necessary.

These transactions were accounted for as a business combination in accordance with ASC 805, *Business Combinations* ("ASC 805"). In consideration of the sale and transfer of the acquired assets the Company paid as follows:

	Evergreen Holdco, LLC	Standing Akimbo, LLC	Smoke Holdco, LLC
Cash	$ 12,500,000	$ 1,000,000	$ 3,750,000
Akimbo Deferred Purchase Price	—	2,807,475	—
Everest Deferred Purchase Price	2,385,000	—	—
Seller notes	17,350,291	—	—
Common stock	8,000,000	5,542,990	3,750,000
Expected earn-out	2,130,654	—	—
Total purchase price	$ 42,365,945	$ 9,350,465	$ 7,500,000

Description	Evergreen Holdco, LLC	Standing Akimbo, LLC	Smoke Holdco, LLC
Assets acquired:			
Cash	$ 1,412,722	$ 2,100	$ 800
Accounts receivable	716,440	—	—
Inventory	10,177,488	330,000	67,630
Fixed assets	1,443,149	—	—
Intangible assets	25,150,226	7,249,732	5,276,415
Goodwill	5,122,417	1,768,633	2,155,155
Operating lease right of use assets	4,610,779	—	—
Total assets acquired	$ 48,633,221	$ 9,350,465	$ 7,500,000
Liabilities and Equity assumed:			
Accounts payable and accrued expenses	$ 1,656,497	$ —	$ —
Lease liability	4,610,779	—	—
Total liabilities assumed	6,267,276	—	—
Estimated fair value of net assets acquired	$ 42,365,945	$ 9,350,465	$ 7,500,000

The goodwill, which is not expected to be deductible for income tax purposes, consists largely of synergies, assembled workforce, and economies of scale expected from combining the operations of the acquired entities with the Company.

The following unaudited pro forma financial information set forth below gives effect to the Evergreen Holdco, LLC acquisition as if it had occurred on January 1, 2022. Pro forma financial information is not presented for Standing Akimbo, LLC and Smoke Holdco, LLC as such results are immaterial, individually and in aggregate, to both the current and prior periods. These unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of the result of operations that would have been achieved had the transaction been consummated as of that time, nor does it purport to be indicative of future financial operation results.

		For The Year Ended December 31, 2023			
		Medicine Man Technologies	**Evergreen Holdco, LLC**		**Total**
		(audited)	*(unaudited)*		*(unaudited)*
Pro forma revenue	$	43,324,816	9,152,029	$	52,476,845
Pro forma net income:					
Pre- acquisition net income			1,697,236		
Pro forma adjustments:					
(a) Transaction costs			232,853	(a)	
(b) Interest expense on Everest Note			(91,146)	(b)	
(c) Depreciation and intangible amortization			(783,042)	(c)	
(d) Income tax expense			(1,025,000)	(d)	
Total pro forma adjustments			(1,666,335)		
Total pro forma net income	$	(32,970,793)	30,901	$	(32,939,892)

a) Includes removal of transaction costs associated with the acquisition as they will be reflected as of the beginning of the earliest period presented (January 1, 2022). These costs were included as selling, general and administrative expenses in the statement of comprehensive (loss) income.
b) To record interest on Everest Note of 5% per annum.
c) To record depreciation of fixed assets and amortization of intangible assets related to fixed assets and intangible assets acquired in the transaction.
d) To record provision for income tax based on the estimated effective tax rate of 28.6% applied to income taxable under IRC Section 280E.

		For The Year Ended December 31, 2022			
		Medicine Man Technologies	**Evergreen Holdco, LLC**		**Total**
		(audited)	*(unaudited)*		*(unaudited)*
Pro forma revenue	$	159,379,219	22,439,548	$	181,818,767
Pro forma net income:					
Pre- acquisition net income			3,878,250		
Pro forma adjustments:					
(a) Transaction costs			(232,853)	(a)	
(b) Interest expense on Everest Note			(218,750)	(b)	
(c) Depreciation and intangible amortization			(1,879,302)	(c)	
Total pro forma adjustments			(2,330,905)		
Total pro forma net income	$	(18,467,615)	1,547,345		(16,920,270)

a) Includes removal of transaction costs associated with the acquisition as they will be reflected as of the beginning of the earliest period presented (January 1, 2022). These costs were included as selling, general and administrative expenses in the statement of comprehensive (loss) income.
b) To record interest on Everest Note of 5% per annum.
c) To record depreciation of fixed assets and amortization of intangible assets related to fixed assets and intangible assets acquired in the transaction.

Asset Acquisitions

On December 15, 2022, the Company acquired certain operating assets of a retail dispensary of Pikes Peak Industries LLC d/b/a Bud EZ ("Bud EZ") for $200,020 in cash consideration pursuant to the terms of a License Purchase Agreement, dated August 31, 2022, by and among the Company, Double Brow, Bud EZ, and John Jackson. Bud EZ operates a medical retail dispensary in Colorado Springs, Colorado.

In two separate closings on June 16, 2023, and September 13, 2023, the Company acquired a retail marijuana license and a medical marijuana license, respectively, from Stellar. Pursuant to the terms of the License Transfer Agreement, as amended and restated on April 17, 2023, the aggregate consideration for the Stellar medical and retail licenses was $3 million in cash. The Company held back $300,000 from the cash consideration as collateral for potential claims for indemnification from Stellar.

Acquisition related expenses incurred during the years ended December 31, 2023, and 2022, totaled $4.78 million and $6.82 million, respectively, and were recorded within selling, general and administrative expenses in the accompanying consolidated statement of comprehensive (loss) and income.

8. Goodwill Accounting

The Company accounts for acquisitions in which it obtains control of one or more businesses as a business combination. The purchase price of the acquired businesses is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recognized as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments, in the period in which they are determined, to the assets acquired and liabilities assumed with the corresponding offset to goodwill. If the assets acquired are not a business, the Company accounts for the transaction or other event as an asset acquisition. Under both methods, the Company recognizes the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity. In addition, for transactions that are business combinations, the Company evaluates the existence of goodwill or a gain from a bargain purchase.

The Company performed its annual fair value assessment as of December 31, 2023, on its subsidiaries with material goodwill on their respective balance sheets and recognized a goodwill impairment charge of $1,801,740. Impairment is recorded when the carrying values of the reporting units exceed the estimated fair value of such amounts.

As of December 31, 2022, acquisition valuations that resulted in goodwill were recorded with Other until final valuation was completed. Upon final valuation in 2023, the Company reclassified acquisition valuations that resulted in intangible assets from goodwill and correctly categorized amongst our Retail, Wholesale and Other segments. During 2023, the Company began estimating the valuation amongst intangible assets and segments upon the initial recording of the valuation from the acquisitions. As of December 31, 2022 and 2023, the goodwill balance in Other and the measurement-period adjustment to prior year acquisition mostly relates to Retail and Wholesale segments.

As of December 31, 2023, the balance of goodwill, by segment, consisted of the following:

	Retail	Wholesale	Other	Total
Balance as of January 1, 2023	$ 52,583,794	$ 7,219,936	$ 34,801,571	$ 94,605,301
Goodwill acquired during the period	9,046,205	—	—	9,046,205
Measurement-period adjustment to prior year acquisition	(5,565,567)	—	(28,785,000)	(34,350,567)
Goodwill Impairment during 2023	(104,148)	(1,697,592)	—	(1,801,740)
Balance as of December 31, 2023	$ 55,960,284	5,522,344	$ 6,016,571	$ 67,499,199

As of December 31, 2022, the balances of goodwill, by segment, consisted of the following:

	Retail	Wholesale	Other	Total
Balance as of January 1, 2022	$ 26,349,025	13,964,016	$ 3,003,226	$ 43,316,267
Goodwill acquired during the period	25,594,768	1,792,000	34,981,571	62,368,339
Measurement-period adjustment to prior year acquisition	640,001	—	—	640,001
Goodwill Impairment during 2022	—	(8,536,080)	(3,183,226)	(11,719,306)
Balance as of December 31, 2022	$ 52,583,794	7,219,936	$ 34,801,571	$ 94,605,301

9. Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

As of December 31, 2023 and 2022 intangible assets were comprised of the following:

	December 31, 2023		December 31, 2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
License agreements	$ 183,740,142	$ (25,092,938)	$ 111,491,280	$ (12,154,237)
Tradename	7,931,500	(3,757,875)	6,021,500	(1,862,242)
Customer relationships	5,150,000	(2,210,119)	5,150,000	(1,474,405)
Non-compete	2,053,000	(1,645,833)	1,265,000	(765,556)
Product license and registration	—	—	57,300	(21,783)
Trade secret	—	—	32,500	(12,639)
Total Intangible Assets	$ 198,874,642	$ (32,706,765)	$ 124,017,580	$ (16,290,862)

Amortization expense for the years ended December 31, 2023 and 2022 was $16,415,903 and $8,638,112, respectively. No impairment charges were recorded for the years ended December 31, 2023 and 2022.

The following table presents the Company's future projected annual amortization expense as of December 31, 2023:

2024	$ 15,124,635
2025	14,781,757
2026	13,970,580
2027	13,330,407
2028	12,492,489
Thereafter	96,468,009
Total future projected annual amortization expense	$ 166,167,877

10. Derivative Liabilities

Employee Common Stock

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

On January 8, 2019, the Company granted the right to receive 500,000 shares of restricted Common Stock to an officer, which was set to vest when the Company's stock price appreciated to $8.00 per share with defined minimum average daily trading volume thresholds. This right expired on January 8, 2022.

On June 11, 2019, the Company granted the right to receive 1,000,000 shares of restricted Common Stock to an officer, which was set to vest when the Company's stock price appreciated to $0 per share with defined minimum average daily trading volume thresholds. This right expired January 8, 2022.

The Company accounts for derivative instruments in accordance with the GAAP accounting guidance under ASC 815 *Derivatives and Hedging Activities*. The Company estimated the fair value of these derivatives at the respective balance sheet dates using the Black-Scholes option pricing model based upon the following inputs: (i) stock price on the date of grant ranging between $1.32 - $3.75, (ii) the contractual term of the derivative instrument ranging between 1 - 3 years, (iii) a risk-free interest rate of 4.85% and (iv) an expected volatility of the price of the underlying Common Stock of 45%.

The fair value of these derivative liabilities was $0 as of December 31, 2023 and 2022, respectively as these rights expired on January 8, 2022.

Investor Note

The Company issued Investor Notes in an aggregate principal amount of $95.00 million on December 7, 2021.

The Company accounts for derivative instruments in accordance with the GAAP accounting guidance under ASC 815 *Derivatives and Hedging Activities*. In accordance with GAAP, a contract to issue a variable number of equity shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the accompanying consolidated statements comprehensive (loss) and income at each period-end. The Company utilizes a Monte Carlo simulation in determining the appropriate fair value. The derivative liability will ultimately be converted into the Company's equity when the Investor Notes are converted or will be extinguished on the repayment of the Investor Notes. The derivative liability will not result in the outlay of any additional cash by the Company. Upon initial recognition in 2021, the Company recorded a derivative liability and debt discount of $48,936,674 in relation to the derivative liability portion of the Investor Notes.

The fair value of these derivative liabilities is $638,020 and $16,508,253 as of December 31, 2023 and 2022, respectively. The change in the fair value of derivative liabilities is a decrease of $15,870,232 and $18,414,760 for the years ended December 31, 2023 and 2022, respectively. The Company recorded $8,523,493 and $7,484,613 in amortization related to the debt discount for the year ended December 31, 2023 and 2022, respectively.

11. Debt

Term Loan — On February 26, 2021, the Company entered into a Loan Agreement with SHWZ Altmore, LLC, as lender, and GGG Partners LLC, as collateral agent. Upon execution of the Loan Agreement, the Company received $10.0 million of loan proceeds. In connection with the Company's acquisition of Southern Colorado Growers, the Company received an additional $5.0 million of loan proceeds under the Loan Agreement. The term loan incurs 15% interest per annum, payable quarterly on March 1, June 1, September 1, and December 1 of each year. The Company will be required to make principal

payments beginning on June 1, 2023, in the amount of $750,000, payable quarterly with the remainder of the principal due upon maturity on February 26, 2025.

Under the terms of the loan, the Company must comply with certain restrictions. These include customary events of default and various financial covenants including, maintaining (i) a consolidated fixed charge coverage ratio of at least 1.3 at the end of each fiscal quarter beginning in the first quarter of 2022, and (ii) a minimum of $3 million in a deposit account in which the lender has a security interest. As of December 31, 2023, the Company was in compliance with the requirements described above.

Seller Notes — As part of the acquisition of the Star Buds assets, the Company entered into a deferred payment arrangement with the sellers in an aggregate amount of $44,250,000. The deferred payment arrangement incurs 12% interest per annum, payable on the 1st of every month through November 2025. Principal payments are due as follows: $13,901,759 on December 17, 2025, $3,474,519 on February 3, 2026, and $26,873,722 on March 2, 2026.

Investor Notes – On December 3, 2021, the Company and the Subsidiary Guarantors entered into a Securities Purchase Agreement with 31 accredited investors pursuant to which the Company agreed to issue and sell to the investors 13% senior secured convertible notes due December 7, 2026, in an aggregate principal amount of $95.0 million for an aggregate purchase price of $93.1 million (reflecting an original issue discount of $1.9 million or 2%) in the private placement. On December 7, 2021, the Company consummated the private placement and issued and sold the Investor Notes. The Company received net proceeds of approximately $92.0 million at the closing, after deducting a commission to the placement agent and estimated offering expenses associated with the private placement payable by the Company.

The Investor Notes were issued pursuant to an Indenture, dated December 7, 2021, among the Company, the Subsidiary Guarantors, Ankura Trust Company, LLC, as trustee, and Chicago Atlantic Admin, LLC, as collateral agent for the Investor Note holders. The Investor Notes will mature five years after issuance unless earlier repurchased, redeemed, or converted. The Investor Notes bear interest at 13% per year paid quarterly commencing March 31, 2022 in cash for an amount equal to the amount payable on such date as if the Investor Notes were subject to an annual interest rate of 9%, with the remainder of the accrued interest payable as an increase to the principal amount of the Investor Notes. The proceeds from the Investor Notes are required to be used to fund previously identified acquisitions and other growth initiatives. The principal is due December 7, 2026.

Nuevo Note - As part of the acquisition under the Nuevo Purchase Agreement, the company entered into a deferred payment arrangement with the sellers requiring the Company to make payments on an aggregate amount of $17.0 million. The deferred payment arrangement incurs 5% interest per year, payable on the first of each month. The principal is due February 7, 2025.

Everest Note – On June 1, 2023, in connection with the Everest Purchase Agreement, the Everest Purchaser issued the Everest Note to the Everest Seller, requiring the Company to make payments on an aggregate amount of $17.35 million. The Everest Note incurs 5% interest per year, payable quarterly starting June 30, 2023. Two initial principal and interest payments of $1,250,000 are due on August 30, 2023 and November 28, 2023. The Company is required to make installment payments of principal and interest starting June 30, 2025, and the total outstanding principal is due and payable on May 31, 2027.

Akimbo Deferred Purchase Price – On June 15, 2023, in connection with the Akimbo Purchase Agreement, the Company entered into an agreement to pay $2.8 million of the Akimbo Cash Consideration over 12 fiscal quarters starting on July 15, 2023. The Akimbo Deferred Purchase Price arrangement incurs 5% of imputed interest payable over four years starting on July 15, 2023.

The following tables sets forth our indebtedness as of December 31, 2023 and 2022, respectively, and future obligations:

	December 31, 2023	December 31, 2022
Term loan dated February 26, 2021, in the original amount of $10,000,000. An additional $5,000,000 was added to the loan agreement on July 28, 2021. Interest of 15% per annum, due quarterly. Principal payments begin June 1, 2023.	$ 12,750,000	$ 15,000,000
Seller notes dated December 17, 2020, in the original amount of $44,250,000. Interest of 12% per annum, due monthly. Principal payments begin December 17, 2025.	44,250,000	44,250,000
Investor note dated December 3, 2021, in the original amount of $95,000,000. Interest of 13% per annum, 9% payable in cash and 4% accreting to the principal amount.	103,142,994	99,118,391
Nuevo note dated February 7, 2022, in the original amount of $17,000,000. Interest of 5% per annum, due monthly. Principal balance is due February 7, 2025.	17,000,000	17,000,000
Everest note dated June 1, 2023, in the original amount of $17,350,291. Interest of 5% per annum, due quarterly. Principal payments begin August 30, 2023.	14,984,375	—
Akimbo Deferred Purchase Price effective June 15, 2023, in the original amount of $2,807,474. Imputed interest of 5% per annum. Principal payments begin July 15, 2023.	2,069,172	—
Less: unamortized debt issuance costs	(4,917,644)	(6,603,695)
Less: unamortized debt discount	(32,469,683)	(40,993,176)
Total long-term debt	156,809,214	127,771,520
Less: current portion of long-term debt	(3,547,011)	(2,250,000)
Long term debt and unamortized debt issuance costs	$ 153,262,203	$ 125,521,520

	Principal Payments	Unamortized Debt Issuance Costs	Unamortized Debt Discount	Net Long Term Debt
2024	3,547,011	1,686,049	9,734,935	(7,873,973)
2025	42,128,139	1,686,049	11,057,799	29,384,291
2026	135,634,107	1,545,546	11,676,949	122,411,612
2027	12,887,284	—	—	12,887,284
Total	$ 194,196,541	$ 4,917,644	$ 32,469,683	$ 156,809,214

12. Leases

Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. Leases with a term greater than one year are recognized on the balance sheet at the time of lease commencement or modification of an ROU operating lease asset and a lease liability, initially measured at the present value of the lease payments. Lease costs are recognized in the income statement

over the lease term on a straight-line basis. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

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

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

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

Balance Sheet Classification of Operating Lease Assets and Liabilities

	Balance Sheet Line	December 31, 2023
Asset		
Operating lease right of use assets	Noncurrent assets	$ 34,233,142
Liabilities		
Lease liabilities	Current liabilities	$ 4,922,724
Lease liabilities	Noncurrent liabilities	30,133,452

Maturities of Lease Liabilities

The following table presents the Company's future minimum lease obligation under ASC 842 as of December 31, 2023:

2024	$ 8,753,538
2025	7,704,717
2026	6,935,556
2027	5,409,672
2028	4,643,953
Thereafter	21,381,630
Total future minimum lease obligations	$ 54,829,065
Less: interest	(19,772,889)
Present value of lease liabilities	$ 35,056,176

13. Stockholders' Equity

The Company is authorized to issue two classes of stock, Common Stock, par value $0.001 per share and Series A Cumulative Convertible Preferred Stock, par value $0.001 per share ("Preferred Stock").

Preferred Stock

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

The Company had 85,534 shares of Preferred Stock issued, of which 944 were held in escrow and were non-voting, as of December 31, 2023 and 86,994 shares of Preferred Stock issued, of which 944 were held in escrow and were non-voting, as of December 31, 2022. Among other terms, each share of Preferred Stock (i) earns an annual dividend of 8% on the "preference amount," which initially is equal to the $1,000 per-share purchase price and subject to increase, by having such dividends automatically accrete to, and increase, the outstanding preference amount; (ii) is entitled to a liquidation preference under certain circumstances, (iii) is convertible into shares of Common Stock by dividing the preference amount by $1.20 per share under certain circumstances, and (iv) is subject to a redemption right or obligation under certain circumstances. Accumulated and declared preferred dividends were $8,154,993 and $7,802,809 as of December 31, 2023 and December 31, 2022, respectively.

Conversion of Preferred Stock to Common Stock

On September 6, 2023, a holder of Preferred Stock converted 500 shares of Preferred Stock into 514,512 of Common Stock.

On December 18, 2023, two holders of Preferred Stock converted 480 shares of Preferred Stock each, resulting in 504,108 shares of Common Stock for one holder and 504,108 shares of Common Stock for the other.

Common Stock

The Company is authorized to issue 250,000,000 shares of Common Stock at a par value of $0.001. The Company had 74,888,392 shares of Common Stock issued, and 73,968,242 shares of Common Stock outstanding, 920,150 of treasury stock as of December 31, 2023, and 56,352,545 shares of Common Stock issued, 55,212,547 shares of Common Stock outstanding, 920,150 of treasury stock and 219,848 shares of Common Stock in escrow as of December 31, 2022.

Common Stock Issued as Compensation to Employees, Officers, and Directors

For the year ended December 31, 2022, the Company issued 929,941 shares of Common Stock valued at $1,027,288 to employees, officers, and directors as compensation.

For the year ended December 31, 2023, the Company issued 1,224,400 shares of Common Stock valued at $974,093 to employees, officers, and directors as compensation.

Equity Incentive Plan

The Company previously adopted the Medicine Man Technologies, Inc. 2017 Equity Incentive Plan, as amended (the "Equity Plan"), which permits the Company to grant stock awards, incentive stock option awards ("ISO Awards"), non-statutory stock options, restricted stock, restricted stock units ("RSUs"), and performance stock units ("PSUs") to certain qualifying employees and individuals. ISO Awards granted under the Equity Plan are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant, and the ISO Awards generally vest in four equal installments starting on the first anniversary of the grant date, subject to continuous service at the Company. ISO Awards under the Equity Plan generally have 10-year contractual terms and remain outstanding during the contractual life of the award unless forfeited prior to exercise, subject to the terms of the Equity Plan and the applicable award agreement. Effective May 3, 2023, the Company adopted and implemented the Medicine Man Technologies, Inc. 2023 Long-Term Incentive Plan (the "LTIP"), pursuant to which the Company awarded ISO Awards and PSUs to certain employees and management of the Company (the "LTIP Awards"). The LTIP Awards will vest over four years, with the ISO Awards vesting on each anniversary of the grant date and the PSU Awards to vest over four years on each anniversary of the grant date subject to satisfaction or completion of performance criteria set annually by the Board. The first installment of PSUs included in the LTIP Awards have assumed performance criteria has been met for the 2023 fiscal year, and 25% of the PSUs awarded in the LTIP Awards will vest on May 3, 2024.

The Company recognized $3,574,831 and $2,672,713 in expense for stock-based compensation from Common Stock options, RSUs and PSUs issued to employees, officers, and directors during the years ended December 31, 2023 and 2022, respectively.

The following table summarizes the ISO Awards activity granted under the Equity Plan as of the year ended December 31, 2023 and 2022.

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2023	10,356,500	$ 2.13	7.08	$ 772,996
Granted	7,145,000	1.14	9.23	—
Forfeited	(991,500)	1.36	—	—
Vested	(2,061,250)	2.05	—	—
Balance at December 31, 2023	14,448,750	$ 1.86	6.16	$ —
Exercised	—	—	—	—
Exercisable at December 31, 2023	14,448,750	$ 1.86	6.16	—

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on December 31, 2023 and 2022, respectively, and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on December 31, 2023 and 2022. This amount will change in future periods based on the fair market value of the Company's shares and the number of options outstanding.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted during year ended December 31, 2023 and 2022, using the following ranges of assumptions:

	December 31, 2023	December 31, 2022
Risk free rate	3.88%	3.96%
Expected dividend yield	0%	0%
Expected volatility	75.97%	78.97%
Expected option life	4.75 to 6.25 years	4.75 to 6.25 years

The following table summarizes the number of unvested RSU awards under the LTIP as of December 31, 2023 and 2022.

Options	Shares	Weighted-Average Grant Date Fair Value
Unvested shares at January 1, 2023	—	$ —
Granted	1,600,000	1.03
Exercised	—	—
Forfeited or expired	—	—
Vested	(400,000)	1.03
Unvested at December 31, 2023	1,200,000	$ 1.03

The following table summarizes the number of unvested PSU awards under the LTIP as of December 31, 2023 and 2022.

Performance Share Units	Units	Weighted-Average Grant Date Fair Value
Unvested shares at January 1, 2023	-	$ -
Granted	702,432	1.03
Exercised	-	-
Forfeited or expired	(25,976)	1.03
Vested	-	-
Unvested at December 31, 2023	676,456	$ 1.03

The following table summarizes the ISO Awards activity granted under the LTIP as of December 31, 2023 and 2022.

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2023	—	$ —	—	$ —
Granted	702,432	1.03	9.35	—
Forfeited	(25,976)	1.03	—	—
Vested	—	—	—	—
Balance at December 31, 2023	676,456	$ 1.03	9.35	$ —
Exercised	—	—	—	—
Exercisable at December 31, 2023	676,456	$ 1.03	9.35	—

Other Equity Awards

During 2021, the company granted an option award outside of the Equity Plan to a former officer of the Company to purchase an aggregate of 2,000,000 shares of Common Stock at an exercise price of $1.49 per share, which vested immediately. As of December 31, 2023, none of the options were exercised and 2,000,000 options were outstanding. The weighted average exercise price as of December 31, 2023, was $1.49 per share. There was no aggregate intrinsic value calculated because the calculated far value of the Company's stock as of December 31, 2023 and 2022, was determined to be less than the exercise price of each option. The weighted average remaining contractual life as of December 31, 2023 and 2022, was approximately 2 months and 3 months, respectively.

As permitted under ASC 718, the Company has an accounting policy to account for forfeitures when they occur.

Common and Preferred Stock Issued as Payment for Acquisitions

On July 21, 2021, the Company issued 2,213,994 shares of Common Stock valued at $5,377,786 of which 221,400 shares valued at $537,779 were placed in escrow for the acquisition of Southern Colorado Growers. In December 2022, the Company released 205,384 shares of escrow valued at $499,083 and cancelled 16,016 shares valued at $38,919 for satisfaction of indemnity claims pursuant to the asset purchase agreement with Southern Colorado Growers.

During 2022, the Company issued 1,146,099 shares of Common Stock valued at $1,948,620 for the acquisition of Drift.

Between February and May 2022, the Company issued 7,145,724 shares of Common Stock valued at $11,592,854 for the acquisition of MCG.

On May 31, 2022, the Company issued 1,450,381 shares of Common Stock valued at $1,900,000 for the acquisition of Urban Dispensary, of which 219,848 shares valued at $288,000 were held back as collateral for satisfaction of potential indemnity claims pursuant to the underlying purchase agreement. In December 2023, the Company released 182,262 shares of escrow valued at $238,763 and cancelled 37,586 shares valued at $49,237 for satisfaction of indemnity claims pursuant to the asset purchase agreement with Urban Dispensary.

On May 11, 2023, the Company issued 2,884,615 shares of Common Stock valued at $3,150,000 for the acquisition of Smokey’s.

On June 1, 2023, the Company issued 7,619,047 shares of Common Stock valued at $8,000,000 for the acquisition of Everest.

On June 15, 2023, the Company issued 4,488,691 shares of Common Stock valued at $4,488,692 for the acquisition of Standing Akimbo.

On December 29, 2023, the Company issued 555,567 shares of Common Stock valued at $583,346 for the acquisition of Everest.

Warrants

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

During the year ended December 31, 2020, the Company issued 187,500 Common Stock purchase warrants to an accredited investor with an exercise price of $3.50 per share with an expiration date of three years from the date of issuance. The Company estimated the fair value of these warrants at date of grant using the Black-Scholes option pricing model using the following inputs: (i) stock price on the date of grant of $3.50 , (ii) the contractual term of the warrant of three years , (iii) a risk-free interest rate ranging between 0.21% - 0.38% and (iv) an expected volatility of the price of the underlying Common Stock ranging between 173.07% - 187.52%. As of December 31, 2023, the 187,500 Common Stock purchase warrants have expired.

During 2021, the Company issued warrants to purchase an aggregate of 5,531,250 shares of Common Stock as purchase consideration for the acquisition of certain Star Buds assets. These warrants have an exercise price of $1.20 per share and expiration dates five years from the date of issuance. In addition, the Company issued a warrant to purchase an aggregate of 1,500,000 shares of Common Stock to SHWZ Altmore, LLC in connection with entering into the Loan Agreement. This warrant has an exercise price of $2.50 per share and expires five years from the date of issuance. The Company estimated the fair value of these warrants at date of grant using the Black-Scholes option pricing model using the following inputs: (i) stock price on the date of grant of $1.20 or $2.50, respectively, (ii) the contractual term of the warrant of five years, (iii) a risk-free interest rate ranging between 0.21% - 1.84% and (iv) an expected volatility of the price of the underlying Common Stock ranging between 157.60% - 194.56%.

The following table reflects the change in Common Stock purchase warrants:

	Equity Classified Warrants		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance as of December 31, 2022	7,218,750	$	1.76	2.99
Warrants exercised	—		—	—
Warrants forfeited/expired	(187,500)		—	—
Warrants issued	—		—	—
Balance as of December 31, 2023	7,031,250	$	1.48	2.11

14. Earnings per share (Basic and Dilutive)

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

The following is a reconciliation of the numerator and denominator used in the basic and diluted EPS calculations for the years ended December 31, 2023 and 2022:

	For the Year Ended December 31,	
	2023	2022
Numerator:		
Net income (loss)	$ (34,549,344)	$ (18,467,615)
Less: Accumulated preferred stock dividends for the period	(8,154,993)	(7,802,809)
Net income (loss) attributable to common stockholders	$ (42,704,337)	$ (26,270,424)
Denominator:		
Weighted-average shares of common stock	64,535,245	53,637,003
Basic earnings (loss) per share	$ (0.66)	$ (0.49)
Numerator:		
Net income (loss) attributable to common stockholders – Basic	(42,704,337)	(26,270,424)
Add: Investor note accrued interest	1,686,051	4,007,557
Add: Investor note amortized debt discount	8,523,493	7,484,613
Less: Loss on derivative liability related to investor note	15,870,233	(18,414,760)
Net income (loss) attributable to common stockholders – dilutive	$ (16,624,560)	$ (33,193,014)
Denominator:		
Weighted-average shares of common stock	64,535,245	53,637,003
Dilutive effect of investor notes	50,603,812	49,379,715
Diluted weighted-average shares of common stock	115,139,056	103,016,719
Diluted earnings (loss) per share	$ (0.66)	$ (0.49)

Basic net loss per share attributable to common stockholders is computed by dividing reported net loss attributable to common stockholders by the weighted average number of common shares outstanding for the reported period. Note that for purposes of basic loss per share calculation, stock purchase warrants, vested stock options, shares of Preferred Stock and RSUs are excluded from the calculation as for the years ended December 31, 2023 and 2022, as the inclusion of the common share equivalents would be anti-dilutive.

15. Tax Provision

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

The following table sets forth the components of income tax (benefit) expense for the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Current:		
Federal	$ 20,745,917	$ 17,127,037
State	1,900,829	483,037
Total current tax expense	**$ 22,646,746**	**$ 17,610,074**

	December 31, 2023	December 31, 2022
Deferred:		
Federal	$ (725,879)	$ (611,750)
State	(2,180,272)	(2,100,260)
Total deferred tax expense (benefit)	**$ (2,906,151)**	**$ (2,712,010)**

The following table sets forth a reconciliation of income tax expense (benefit) at the federal statutory rate to recorded income tax expense (benefit) for the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Income (loss) before income taxes	$ (15,408,802)	$ (3,569,552)
Statutory tax rate	21%	21%
Expense (benefit) based on statutory rates	(3,235,848)	(749,606)
State income taxes	(1,171,514)	(949,986)
Expenses disallowed under IRC Section 280E	19,957,552	16,308,522
Stock-based compensation	89,286	177,912
Remeasurement on derivative liability	(3,332,749)	(3,867,100)
Nondeductible penalties	1,796,633	-
Other permanent differences	941,328	244,130
Change in valuation allowance	-	(2,062,697)
Change in state rate	17,230	(176,568)
Return to provision	3,416,949	4,890,722
Deferred tax true-up	1,058,492	1,082,735
Other adjustments	203,236	-
Total income tax expense	$ **19,740,595**	$ **14,898,064**

The following tables set forth the components of deferred income taxes as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Net operating loss carryforwards	$ 1,619,741	$ —
Interest expense carryforwards	2,744,673	1,129,939
Goodwill and intangible assets	2,573,017	2,359,197
Lease liabilities	3,275,084	1,705,867
Share based compensation accruals	219,966	598,861
Loyalty points	365,565	412,218
Fixed assets	235,839	367,776
Capitalized transaction costs	114,269	217,320
Bad debt allowance	26,953	36,742
Accrued expenses	48,600	8,537
Net deferred tax assets	**11,223,707**	**6,836,457**
Deferred tax liabilities:		
Goodwill and intangible assets	5,902,988	5,594,714
Operating leases	3,206,284	1,595,394
Unrealized loss	117,946	117,750
Cash-to-accrual	—	30,669
Net deferred tax liabilities	**9,227,218**	**7,338,527**
Total net deferred tax assets (liabilities)	**$ 1,996,489**	**$ (502,070)**

As of December 31, 2023, the Company has gross Federal net operating loss carryforwards of $3,266,624, which can be carried forward indefinitely, and gross state net operating loss carryforwards of $18,642,171, which begin to expire in 2040. Federal and State tax laws impose significant restrictions on the utilization of tax attribute carryforwards in the event of a change in ownership of the Company, as defined by IRC Section 382. The Company has not completed a formal IRC 382 analysis but plans on doing so prior to utilizing its net operating losses.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. At December 31, 2022, the Company released its $2,062,697 valuation allowance that was recorded on all deferred tax assets as the Company had additional sources of income, primarily related to acquired deferred tax liabilities with known reversal periods, that result in future taxable income in excess of its deferred tax assets as of December 31, 2022. As of December 31, 2023, the Company continues to have no valuation allowance recorded on its deferred tax assets as it believes it is more likely than not that its deferred tax assets will be realized in future periods.

The Company is subject to examination of its income tax returns for the tax years where the statute of limitations remains open. Because tax matters that may be challenged by tax authorities are typically complex, the ultimate outcome of these challenges is uncertain. The Company recognizes the impact of a tax position only after determining that it is more likely than not that the tax position will be sustained upon examination. As of December 31, 2023 and 2022, the Company had no uncertain tax positions nor unrecognized tax benefits and does not expect this to significantly change within the next twelve months.

The Company files income tax returns in the United States, Colorado, and New Mexico. The federal statute of limitations remains open for the 2018 tax year to present. The state statutes of limitations remain open for the 2019 tax year through present.

16. Related Party Transactions

Transactions with Jonathan Berger

On May 4, 2022, and June 14, 2022, the Company issued 40,463 shares of Common Stock valued at $70,001 and 22,728 shares of Common Stock valued at $35,001, respectively, to Mr. Berger as compensation for services on the Board. On June 24, 2022, the Company issued 19,085 shares of Common Stock valued at $25,001 to Mr. Berger as compensation for services as the Chair of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee of the Board. On September 22, 2022, the Company issued 102,355 shares of Common Stock valued at $100,000 to Mr. Berger as compensation for services as Lead Independent Director of the Board.

On April 5, 2023, the Company issued 50,971 shares of Common Stock valued at $52,500 to Mr. Berger as compensation for services on the Board. On May 3, 2023, the Company issued 12,136 shares of Common Stock valued at $12,500 to Mr. Berger as compensation for services as the Chair of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee of the Board.

On September 29, 2023, the Company issued 40,900 shares of Common Stock valued at $32,311 to Mr. Berger as compensation for services on the Board and the Audit Committee, and, for the period from July 1, 2023 to August 2, 2023, for services as Chair of the Compensation Committee, and Nominating and Corporate Governance Committee of the Board.

On December 29, 2023, the Company issued 89,080 shares of Common Stock valued at $54,250 to Mr. Berger as compensation for services on the Board and, for services as Chair of the Audit Committee of the Board.

Transactions with Jeffrey Cozad and Entities Affiliated with Jeffrey Cozad

On February 26, 2021, the Company entered into a Securities Purchase Agreement (the "CRW SPA") with CRW pursuant to which the Company issued and sold 25,350 shares of Series A Preferred Stock to CRW at a price of $1,000 per share for aggregate gross proceeds of $25,350,000. The transaction made CRW a beneficial owner of more than 5% of the Company's common stock. The Company granted CRW certain demand and piggyback registration rights with respect to the shares of common stock issuable upon conversion of the Series A Preferred Stock under the CRW SPA. On the same date, the Company entered into a letter agreement with CRW, granting CRW the right to designate one individual for election or appointment to the Board and Board observer rights. Under the letter agreement, for as long as CRW has the right to designate a Board member, if the Company, directly or indirectly, plans to issue, sell or grant any securities or options to purchase any of its securities, CRW has a right to purchase its pro rata portion of such securities, based on the number of shares of Series A Preferred Stock beneficially held by CRW on the applicable date on an as-converted to common stock basis divided by the total number of shares of common stock outstanding on such date on an as-converted, fully-diluted basis (taking into account all outstanding securities of the Company regardless of whether the holders of such securities have the right to convert or exercise such securities for common stock at the time of determination). Further, under the letter agreement, the Company paid CRW Capital, LLC, the sole manager of CRW and a holder of a carried interest in CRW, a monitoring fee equal to $150,000 in monthly installments of $12,500. The Company paid CRW the final monitoring fee of $25,000 during 2022 and $0 monitoring fees during 2023. On March 14, 2021, the Board appointed Jeffrey A. Cozad as a director to fill a vacancy on the Board. Mr. Cozad is a co-manager and owns 50% of CRW Capital, LLC, and he shares voting and disposition power over the shares of Series A Preferred Stock held by CRW with Mr. Rubin. Mr. Cozad and his family members indirectly own membership interests in CRW.

On December 7, 2021, the Company entered into a Securities Purchase Agreement with Cozad Investments, L.P. pursuant to which the Company issued an Investor Note in the aggregate principal amount of $250,000 to Cozad Investments, L.P. for $245,000 in cash. The Investor Note bears interest at 13% per year payable quarterly commencing March 31, 2022 in cash for an amount equal to the amount payable on such date as if the Investor Note was subject to an annual interest rate of 9% with the remainder of the accrued interest payable as an increase to the principal amount of the Note. Mr. Cozad is the majority owner of Cozad Investments, L.P, and a member of the Board.

On May 4, 2022, and June 14, 2022, the Company issued 40,463 shares of Common Stock valued at $70,001 and 22,728 shares of Common Stock valued at $35,001, respectively, to Mr. Cozad as compensation for service on the Board.

On April 5, 2023, the Company issued 50,971 shares of Common Stock valued at $52,500 to Mr. Cozad as compensation for service on the Board.

On September 29, 2023, the Company issued 34,253 shares of Common Stock valued at $27,060 to Mr. Cozad as compensation for service on the Board and, for the period from August 2, 2023, to September 30, 2023, for services as the Chair of the Nominating and Corporate Governance Committee of the Board.

On December 29, 2023, the Company issued 45,156 of Common Stock valued at $27,500 to Mr. Cozad as compensation for service on the Board and, for services as the Chair of the Nominating and Corporate Governance Committee of the Board.

Transactions with Justin Dye and Entities Affiliated with Justin Dye

The Company has participated in several transactions involving Dye Capital, Dye Capital Cann Holdings, LLC ("Dye Cann I"), Dye Capital Cann Holdings II, LLC ("Dye Cann II"), and Dye Capital LLLP ("Dye LLLP"). Justin Dye, the Company's former Chief Executive Officer, current Chairman of the Board, and one of the largest beneficial owners of Common Stock and Preferred Stock, controls Dye LLLP and Dye Capital, and Dye Capital controls Dye Cann I and Dye Cann II. Dye Cann I is the largest holder of the Company's outstanding Common Stock. Dye Cann II is a significant holder of our Preferred Stock. Mr. Dye has sole voting and dispositive power over the securities held by Dye Capital, Dye Cann I, and Dye Cann II.

The Company entered into a Securities Purchase Agreement with Dye Cann I on June 5, 2019, (as amended, the "Dye Cann I SPA") pursuant to which the Company agreed to sell to Dye Cann I up to between 8,187,500 and 10,687,500 shares of Common Stock in several tranches at $2.00 per share and warrants to purchase 100% of the number of shares of Common Stock sold at a purchase price of $3.50 per share. At the initial closing on June 5, 2019, the Company sold to Dye Cann I 1,500,000 shares of Common Stock and warrants to purchase 1,500,000 shares of Common Stock for gross proceeds of $3,000,000, and the Company has consummated subsequent closings for an aggregate of 9,287,500 shares of Common Stock and warrants to purchase 9,287,500 shares of Common Stock for aggregate gross proceeds of $18,575,000 to the Company. The Company and Dye Cann I entered into a first amendment to the Dye Cann I SPA on July 15, 2019, a second amendment to the Dye Cann I SPA on May 20, 2020, and a Consent, Waiver and Amendment on December 16, 2020. At the time of the initial closing under the Dye Cann I SPA, Justin Dye became a director and the Company's Chief Executive Officer.

The Company granted Dye Cann I certain demand and piggyback registration rights with respect to the shares of Common Stock sold under the Dye Cann I SPA and issuable upon exercise of the warrants sold under the Dye Cann I SPA. The Company also granted Dye Cann I the right to designate one or two individuals for election or appointment to the Company's board of directors (the "Board") and Board observer rights. Further, under the Dye Cann I SPA, until June 5, 2022, if the Company desires to pursue debt or equity financing, the Company must first give Dye Cann I an opportunity to provide a proposal to the Company with the terms upon which Dye Cann I would be willing to provide or secure such financing. If the Company does not accept Dye Cann I's proposal, the Company may pursue such debt or equity financing from other sources but Dye Cann I has a right to participate in such financing to the extent required to enable Dye Cann I to maintain the percentage of Common Stock (on a fully-diluted basis) that it then owns, in the case of equity securities, or, in the case of debt, a pro rata portion of such debt based on the percentage of Common Stock (on a fully-diluted basis) that it then owns. The warrants granted to Dye Cann I pursuant to the Dye Cann I SPA expired during 2022 and 2023.

The Company entered into a Securities Purchase Agreement (as amended, the "Dye Cann II SPA") with Dye Cann II on November 16, 2020, pursuant to which the Company agreed to sell to Dye Cann II shares of Preferred Stock in one or more tranches at a price of $1,000 per share. The Company and Dye Cann II entered into an amendment to the Dye Cann II SPA on December 16, 2020, a second amendment to the Dye Cann II SPA on February 3, 2021, and a third amendment to the Dye Cann II SPA on March 30, 2021. The Company issued and sold to Dye Cann II 7,700 shares of Preferred Stock on December 16, 2020, 1,450 shares of Preferred Stock on December 18, 2020, 1,300 shares of Series Preferred Stock on

December 22, 2020, 3,100 shares of Preferred Stock on February 3, 2021, 1,300 shares of Preferred Stock on February 25, 2021, 2,500 shares of Preferred Stock on March 2, 2021 and 4,000 shares of Preferred Stock on March 30, 2021. As a result, the Company issued and sold an aggregate of 21,350 shares of Preferred Stock to Dye Cann II for aggregate gross proceeds of $21,350,000.

The Company granted Dye Cann II certain demand and piggyback registration rights with respect to the shares of Common Stock issuable upon conversion of the Preferred Stock under the Dye Cann II SPA. Further, the Company granted Dye Can II the right to designate one or more individuals for election or appointment to the Board and Board observer rights.

On December 16, 2020, the Company entered into a Secured Convertible Note Purchase Agreement with Dye Capital and issued and sold to Dye Capital a Convertible Note and Security Agreement in the principal amount of $5,000,000. On February 26, 2021, Dye Capital elected to convert the $5,000,000 principal amount and the $60,250 of accrued but unpaid interest under the Convertible Promissory Note and Security Agreement under its terms and Dye Capital and the Company entered into a Conversion Notice and Agreement pursuant to which the Company issued 5,060 shares of Preferred Stock to Dye Capital and also paid Dye Capital $230.97 in cash in lieu of issuing any fractional shares of Series Preferred Stock upon conversion.

On May 27, 2023, the Company entered into an agreement with Mr. Dye to provide for the compensation of Mr. Dye as the Chairman of the Board (the "Chair Agreement"). The Chair Agreement provides that Mr. Dye will be entitled to annual compensation in the amount of $300,000, payable quarterly in accordance with the Company's director compensation policy and schedule. Mr. Dye may, at his option, take payment in cash, common stock, or restricted stock units. The next payment is scheduled to occur on or around December 31, 2023. The Chair Agreement also contains a termination fee of $350,000, payable in cash, for which the Company will be liable in the event Mr. Dye is terminated as Chair of the Board other than for Cause (as defined in the Chair Agreement) on or before May 27, 2024. Pursuant to the Chair Agreement, the Company also accelerated the last vesting period of Mr. Dye's outstanding stock option award granted in December 2019, and Mr. Dye has 2,000,000 stock option awards vested and outstanding as of September 30, 2023.

On June 13, 2023, Dye Capital LLLP, an entity owned by Mr. Dye, indirectly provided a loan in the amount of approximately $2.3 million to Lakewood Wadsworth Partners, LLC ("Lakewood Landlord") to acquire property in the Lakewood neighborhood of Denver, Colorado for the purpose of leasing such property to the Company. The Company is obligated to make monthly rental payments of $22,649 for the first five years of the lease term to Lakewood Landlord, and such rental payments will be used to pay down the loan. Rental payments pursuant to this lease commence in the third quarter of 2023.

The Company also acquires certain advertising and marketing services from Tella Digital, an on-premises digital experience solution, of which Mr. Dye is a partial owner and Chairman of the Board. For the years ended December 31, 2023 and 2022, the Company recorded expenses from Tella Digital of $503,342 and $382,622, respectively.

On September 29, 2023, the Company issued 130,801 shares of Common Stock valued at $103,333 to Mr. Dye for services as Chairman of the Board for the periods of May 27, 2023 to June 30, 2023, and through December 31, 2023.

On December 29, 2023, the Company issued 123,153 shares of Common Stock valued at $75,000 to Mr. Dye for services as Chairman of the Board.

Transactions with Jeffrey Garwood

On December 7, 2021, the Company entered into a Securities Purchase Agreement with Jeff Garwood pursuant to which the Company issued an Investor Note in the aggregate principal amount of $300,000 to Mr. Garwood for $294,000 in cash. The Investor Note bears interest at 13% per year paid quarterly commencing March 31, 2022 in cash for an amount equal to the amount payable on such date as if the Note was subject to an annual interest rate of 9% with the remainder of the accrued interest payable as an increase to the principal amount of the Note. Mr. Garwood is a member of the Board.

On April 5, 2023, the Company issued 50,971 shares of Common Stock valued at $52,500 to Mr. Garwood as compensation for service on the Board. On May 4, 2022, and June 14, 2022, the Company issued 40,463 shares of

Common Stock valued at $70,001 and 22,728 shares of Common Stock valued at $35,001, respectively, to Mr. Garwood, as compensation for service on the Board.

On September 29, 2023, the Company issued 22,152 shares of Common Stock valued at $17,500 to Mr. Garwood and $8,750 of cash as compensation for service on the Board.

On December 29, 2023, the Company issued 15,158 shares of Common Stock valued at $9,231 to Mr. Garwood as compensation for service on the Board for the period from October 1, 2023 to November 2, 2023.

Transactions with Entities Affiliated with Nirup Krishnamurthy

The Company also acquires certain advertising and marketing services from Tella Digital, an on-premises digital experience solution, of which Mr. Krishnamurthy is a partial owner and serves as director on Tella Digital's board. For the years ended December 31, 2023 and 2022, the Company recorded expenses of $503,342 and $382,622, respectively.

On May 24, 2023, the Company entered into an Amended and Restated Employment Agreement with Mr. Krishnamurthy following his appointment as Chief Executive Officer (the "CEO Agreement"). Pursuant to the CEO Agreement, the Company granted Mr. Krishnamurthy an additional 800,000 stock options and 1,600,000 restricted stock units under the Equity Plan. The stock options vest in equal installments over four years starting on the first anniversary of the effective date of the CEO Agreement, and the restricted stock units vest in four equal installments, with the first tranche of 400,000 RSUs, valued at $412,000 vesting immediately upon execution of the CEO Agreement and the remainder to vest on each anniversary of the effective date of the CEO Agreement, unless the CEO resigns his employment and unilaterally terminates the CEO Agreement.

Transactions with Paul Montalbano

On April 5, 2023, the Company issued 50,971 shares of Common Stock valued at $52,500 to Mr. Montalbano as compensation for service on the Board. On May 4, 2022, and June 14, 2022, the Company issued 40,463 shares of Common Stock valued at $70,001 and 22,728 shares of Common Stock valued at $35,001, respectively, to Mr. Montalbano, as compensation for service on the Board.

On September 29, 2023, the Company issued 33,228 shares of Common Stock valued at $26,250 to Mr. Montalbano as compensation for service on the Board.

On December 29, 2023, the Company issued 43,103 shares of Common Stock valued at $26,250 to Mr. Montalbano as compensation for service on the Board.

Transactions with Pratap Mukharji

On December 7, 2021, the Company entered into a Securities Purchase Agreement with Pratap Mukharji pursuant to which the Company issued an Investor Note in the aggregate principal amount of $200,000 to Mr. Mukharji for $196,000 in cash. The Investor Note bears interest at 13% per year paid quarterly commencing March 31, 2022, in cash for an amount equal to the amount payable on such date as if the Note was subject to an annual interest rate of 9% with the remainder of the accrued interest payable as an increase to the principal amount of the Note. Mr. Mukharji is a member of the Board.

On April 5, 2023, the Company issued 50,971 shares of Common Stock valued at $52,500 to Mr. Mukharji as compensation for service on the Board. On May 4, 2022, and June 14, 2022, the Company issued 40,463 shares of Common Stock valued at $70,001 and 22,728 shares of Common Stock valued at $35,001, respectively, to Mr. Mukharji, as compensation for service on the Board.

On September 29, 2023, the Company issued 33,228 shares of Common Stock valued at $26,250 to Mr. Mukharji as compensation for service on the Board.

On December 29, 2023, the Company issued 43,103 shares of Common Stock valued at $26,250 to Mr. Mukharji as compensation for service on the Board.

Transactions with Marc Rubin and Entities Affiliated with Marc Rubin

On February 26, 2021, the Company entered into the CRW SPA with CRW, of which Marc Rubin is a beneficial owner. Pursuant to the CRW SPA, the Company issued and sold 25,350 shares of Series A Preferred Stock to CRW at a price of $1,000 per share for aggregate gross proceeds of $25,350,000. The transaction made CRW a beneficial owner of more than 5% of the Company's Common Stock. The Company granted CRW certain demand and piggyback registration rights with respect to the shares of Common Stock issuable upon conversion of the Series A Preferred Stock under the CRW SPA. Effective February 4, 2022, the Company registered the resale of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock on a Form S-3. Also on February 26, 2021, the Company entered into a letter agreement with CRW, granting CRW the right to designate one individual for election or appointment to the Board and Board observer rights. Under the letter agreement, for as long as CRW has the right to designate a Board member, if the Company, directly or indirectly, plans to issue, sell or grant any securities or options to purchase any of its securities, CRW has a right to purchase its pro rata portion of such securities, based on the number of shares of Series A Preferred Stock beneficially held by CRW on the applicable date on an as-converted-to-common-stock basis divided by the total number of shares of common stock outstanding on such date on an as-converted, fully-diluted basis (taking into account all outstanding securities of the Company regardless of whether the holders of such securities have the right to convert or exercise such securities for Common Stock at the time of determination). Further, under the letter agreement, the Company paid CRW Capital, LLC, the sole manager of CRW and a holder of a carried interest in CRW, a monitoring fee equal to $150,000 in monthly installments of $12,500. The Company paid CRW the final monitoring fee of $25,000 during 2022 and $0 monitoring fees in 2023. Mr. Rubin is a co-manager and 50% owner of CRW Capital, LLC, and he shares voting and disposition power over the shares of Series A Preferred Stock held by CRW with Mr. Cozad.

On December 7, 2021, the Company entered into a Securities Purchase Agreement with The Rubin Revocable Trust U/A/D 05/09/2011 (the "Rubin Revocable Trust") pursuant to which the Company issued an Investor Note in the aggregate principal amount of $100,000 to the Rubin Revocable Trust for $98,000 in cash. The Investor Note bears interest at 13% per year payable quarterly commencing March 31, 2022 in cash for the amount equal to the amount payable on such date as if the Investor Note was subject to an annual interest rate of 9% with the remainder of the accrued interest payable as an increase to the principal amount of the Note. Mr. Rubin is the majority owner of the Rubin Revocable Trust and a member of the Board. In October 2022, the Board appointed Mr. Rubin as a director to fill a vacancy on the Board.

On April 5, 2023, the Company issued 69,125 shares of Common Stock valued at $71,200 to Mr. Rubin as compensation for service on the Board.

On September 29, 2023, the Company issued 33,228 shares of Common Stock valued at $26,250 to Mr. Rubin as compensation for service on the Board.

On December 29, 2023, the Company issued 43,103 shares of Common Stock valued at $26,250 to Mr. Rubin as compensation for service on the Board.

Transactions with Bradley Stewart

On April 5, 2023, and May 3, 2023, the Company issued 13,825 shares of Common Stock valued at $14,240 on each date to Mr. Stewart as compensation for service on the Board.

On September 29, 2023, the Company issued 34,870 shares of Common Stock valued at $27,547 to Mr. Stewart as compensation for service on the Board and, for the period from August 2, 2023 to September 30, 2023, for service as Chair of the Compensation Committee of the Board.

On December 29, 2023, the Company issued 46,388 shares of Common Stock valued at $28,250 to Mr. Stewart as compensation for service on the Board, and for service as Chair of the Compensation Committee of the Board.

Transactions with Kathy Vrabeck

On December 29, 2023, the Company issued 27,946 shares of Common Stock valued at $17,019 to Ms. Vrabeck as compensation for service on the Board for the period from November 2, 2023 to December 31, 2023.

Transactions with Star Buds Parties

The Company has participated in several transactions involving entities owned or affiliated with one or more of its former directors that are affiliated with Star Buds and/or the Star Buds Acquisitions. These individuals include: (i) Brian Ruden, a former director of the Company as of October 2022, and (ii) Salim Wahdan, a former director of the Company as of March 2023 (hereinafter referred to as the "Star Buds Affiliates"). Both Brian Ruden and Salim Wahdan had an ownership stake in the Star Buds companies acquired by the Company between December 2020 and March 2021.

Between December 17, 2020, and March 2, 2021, the Company's wholly-owned subsidiary SBUD LLC acquired the Star Buds assets. The aggregate purchase price for the Star Buds assets was $118 million, paid as follows: (i) $44.25 million in cash at the applicable closings, (ii) $44.25 million in deferred cash, also referred to in this report as "seller note(s)," (iii) 29,506 shares of Series A Preferred Stock, of which 25,078 shares were issued at the applicable closings and 4,428 shares were held back by the Company as collateral for potential indemnification obligations pursuant to the applicable purchase agreements. In addition, the Company issued warrants to purchase an aggregate of 5,531,250 shares of Common Stock to the sellers. Each party's interests in the seller notes are as follows: (i) Brian Ruden: 31% and (ii) Salim Wahdan: 3.5%. The Company issued warrants to purchase an aggregate of (i) 1,715,936 shares of common stock to Mr. Ruden and (ii) 193,929 shares of Common Stock to Mr. Wahdan.

As of December 31, 2022, and 2023, the Company owed an aggregate principal amount of $44.25 million under the seller notes and held 944 shares of Series A Preferred Stock in escrow as collateral for potential indemnification obligations pursuant to the applicable purchase agreements. The Company paid $5.31 million in interest pursuant to the seller notes for each year ended December 31, 2023 and 2022. The Company has not paid any principal as of December 31, 2023, and December 31, 2022.

In connection with acquiring the Star Buds assets the Company also assumed and acquired several leases for which one or more of the Star Buds Affiliates serve as landlord or maintain an ownership interest in the landlord entity. SBUD LLC made aggregate rental payments pursuant to these leases of $382,622 and $503,342 for the years ended December 31, 2023 and 2022, respectively. In addition, SBUD LLC must pay each landlord's expenses and disbursements incurred in connection with the ownership, operation, maintenance, repair and replacement of the premises. SBUD LLC has the option to renew each lease for two additional three-year terms with escalation. The Company has an option to purchase the premises at fair market value at any time during the lease term and also has a right of first refusal if the landlords desire to sell the premises to a third-party.

On December 17, 2020, SBUD LLC entered into a Trademark License Agreement with Star Brands LLC ("Star Brands") under which Star Brands licenses certain trademarks to SBUD LLC effective as of the closing of the acquisitions of all of the Star Buds assets. SBUD LLC has no payment obligation under this agreement. On June 15, 2023, the Company entered into a Licensing Agreement with Star Brands pursuant to which Star Brands licenses additional trademarks to the Company for the exclusive right to sell such licensed products in New Mexico (the "Star Brands Agreement"). Pursuant to the Star Brands Agreement, the Company is required to make quarterly payments to Star Brands for use of such exclusive license. The Company has not made any payments pursuant to the Star Brands Agreement as of December 31, 2023. Mr. Ruden is a partial owner of Star Brands.

In connection with the Star Buds Acquisitions, the Company granted Mr. Ruden and Naser Joudeh, another recipient of Preferred Stock from the Star Buds Acquisitions, the right to jointly designate two or three individuals for election or appointment to the Board, depending on the size of the Board and subject to ownership limitations.

On May 4, 2022, and June 14, 2022, the Company issued 20,232 shares of Common Stock and 22,728 shares of Common Stock, valued at $35,001 and $35,001, respectively, to Mr. Ruden as compensation for service on the Board. In 2023, Mr. Ruden received $35,000 for his services on the Board in 2022.

On June 14, 2022, and June 24, 2022, the Company issued 14,584 shares of Common Stock and 15,586 shares of Common Stock, respectively, to Mr. Wahdan as compensation for service on the Board. These shares were valued at $42,887 for June 2022.

17. Commitments and Contingencies

Definitive Agreement to Acquire Smokey's

On January 25, 2023, the Company entered into the Smokey's Asset Purchase Agreement, and the Company acquired the operating assets related to the two dispensaries pursuant to the Smokey's Asset Purchase agreement on May 10, 2023. The aggregate consideration for the Acquisition was approximately $7.50 million, of which approximately $3.75 million was paid in cash and $3.75 million was paid in Company stock. The company held back from issuance $600,000 worth of Company Common Stock and $150,000 from the cash consideration, as collateral for potential claims for indemnification from Smokey's under the Smokey's Purchase Agreement. Any purchase price held back and not used to satisfy indemnification will be issued and released on November 11, 2024.

Definitive Agreement to Acquire Everest Apothecary Inc.

On April 21, 2023, the Company entered into Everest Purchase Agreement, and the Company acquired the operating assets related to Everest assets pursuant to the Everest Purchase Agreement on June 1, 2023. The aggregate purchase price for Everest Acquisition paid at closing was approximately $42.36 million, of which $12.50 million was paid in cash, $17.35 million was paid in the form of an unsecured promissory note issued by Everest Purchaser to Seller (the "Everest Note"), and $8.00 million was paid in Company Common Stock in the amount of 7,619,047 shares. In addition to the foregoing, Everest Purchaser may be required to make a potential "earn-out" payment of up to an additional $8.00 million, payable in Company Common Stock priced at closing, based on the revenue performance of certain retail stores of Everest Apothecary for 12 months following such store opening for business (collectively, the "Acquisition Consideration").

Definitive Agreement to Acquire Standing Akimbo

On April 13, 2023, the Company entered into the Standing Akimbo Purchase Agreement, and the Company acquired the operating assets related to Standing Akimbo dispensary pursuant to the Standing Akimbo Purchase Agreement on June 15, 2023. The aggregate consideration for the acquisition was approximately $9.35 million, consisting of (i) $3.80 million in cash consideration, (ii) 5.54 million shares of Common Stock issued to the equityholders of Standing Akimbo at a price of $1.00 per share, (iii) 1.00 million shares held back from the stock consideration as collateral for potential claims for indemnification from Seller and the equityholders and (iv) an aggregate of $750,000 is due to the Seller if certain obligations are secured pursuant to the Standing Akimbo Purchase Agreement and related agreements. The foregoing stock holdback which is not used to satisfy indemnification claims will be issued by the Company on the date that is the later of (i) 18 months from the closing of the acquisition or (ii) satisfaction of all outstanding obligations associated with certain Excluded Liabilities as set forth in the Standing Akimbo Purchase Agreement.

18. Segment Information

The Company has three identifiable segments: (i) Retail, (ii) Wholesale and (iii) Other. Retail represents our dispensaries which sell merchandise directly to customers via retail locations and e-commerce portals in Colorado and New Mexico. Wholesale represents our manufacturing, cultivation, and wholesale business which sells merchandise to customers via e-commerce portals, a retail location, and a manufacturing facility. Other derives its revenue from in-store advertisements and vendor promotions. The following information represents segment activity for the periods ended December 31, 2023:

	For The Year Ended December 31, 2023			
	Retail	**Wholesale**	**Other**	**Total**
External revenues	$ 155,463,816	$ 16,765,425	$ 218,545	$ 172,447,786
Depreciation and intangible assets amortization	10,792,018	3,840,969	6,300,554	20,933,541
Segment profit	44,032,159	(1,720,029)	(39,023,438)	3,288,692
Segment assets	211,279,966	113,288,960	33,575,406	358,144,332

Goodwill assigned to the Retail, Wholesale and Other segments as of December 31, 2023 totaled $55,960,284, $5,522,344, $6,016,571, respectively.

The following information represents segment activity for the periods ended December 31, 2022:

	For The Year Ended December 31, 2022			
	Retail	**Wholesale**	**Other**	**Total**
External revenues	$ 141,254,893	$ 17,819,938	$ 304,388	$ 159,379,219
Depreciation and intangible assets amortization	8,402,857	2,190,072	956,187	11,549,116
Segment profit	54,266,757	(11,043,975)	(30,367,948)	12,854,834
Segment assets	193,068,447	70,400,502	59,413,784	322,882,733

Goodwill assigned to the Retail, Wholesale and Other segments as of December 31, 2022, were $52,583,794, $7,219,936, and $34,801,571, respectively. As of December 31, 2022, goodwill acquired from acquisitions that were related to Retail or Wholesale were recorded with Other until final valuation was completed.

19. Subsequent events

In accordance with FASB ASC 855-10, Subsequent Events, the Company has analyzed its operations subsequent to December 31, 2023 to the date these consolidated financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these consolidated financial statements.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

DISCLOSURE CONTROLS AND PROCEDURES

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

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

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2023, at the reasonable assurance level.

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

MANAGEMENT ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Those rules define internal control over financial reporting as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

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

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

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

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the 2013 Treadway Commission (COSO).

Based on this assessment, management concluded that, as of December 31, 2023, our internal control over financial reporting was effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting during our fiscal fourth quarter ended December 31, 2022, which were identified in conjunction with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our internal control over financial reporting is not subject to attestation by our registered public accounting firm pursuant to SEC rules that permit us, as a non-accelerated filer, to provide only management's report on internal control over financial reporting. Therefore, this Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this item is incorporated by reference to our proxy statement for our 2024 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference to our proxy statement for our 2024 Annual Meeting of Stockholders.

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

The information required by this item is incorporated by reference to our proxy statement for our 2024 Annual Meeting of Stockholders.

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

The information required by this item is incorporated by reference to our proxy statement for our 2024 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item is incorporated by reference to our proxy statement for our 2024 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following exhibits are included herewith:

Exhibit No.	Description
2.1	Merger Agreement entered into by and among Medicine Man Technologies, Inc., PBS Merger Sub, LLC, Mesa Organics Ltd., James Parco, and Pamela Parco, dated November 23, 2019 (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed November 23, 2019 (Commission File No. 000-55450))
2.2	First Amendment to Agreement and Plan of Merger dated April 16, 2020 by and among Medicine Man Technologies, Inc., PBS Merger Sub, LLC, Mesa Organics Ltd., James Parco and Pamela Parco (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed April 24, 2020 (Commission File No. 000-55450))
2.3	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Colorado Health Consultants, LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.4	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Citi-Med LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.5	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Lucky Ticket LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.3 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.6	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Kew LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.7	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and SB Aurora LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.5 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.8	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and SB Arapahoe LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.6 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.9	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and SB 44th LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.7 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.10	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Pueblo LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.8 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.11	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Louisville LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.9 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.12	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Niwot LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.10 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.13	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Alameda LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.11 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.14	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Longmont LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.12 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))

Exhibit No.	Description
2.15	Asset Purchase Agreement entered into by and among Medicine Man Technologies, Inc., SBUD LLC, and Starbuds Commerce City LLC, dated June 5, 2020 (Incorporated by reference to Exhibit 2.13 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 8, 2020 (Commission File No. 000-55450))
2.16	Omnibus Amendment No. 1 dated September 15, 2020 to Asset Purchase Agreements dated June 5, 2020 (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed September 21, 2020 (Commission File No. 000-55450))
2.17	Omnibus Amendment No. 2 to Asset Purchase Agreement, dated as of December 17, 2020, by and among SBUD LLC, Medicine Man Technologies, Inc., and each signatory thereto designated as a seller (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
2.18+	Asset Purchase Agreement, dated June 25, 2021, by and among Double Brow, LLC, Medicine Man Technologies, Inc., BG3 Investments, LLC, Black Box Licensing, LLC, and Brian Searchinger (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed July 1, 2021 (Commission File No. 000-55450))
2.19	Amendment No. 1 to Asset Purchase Agreement, dated October 28, 2021, by and among Double Brow, LLC, Medicine Man Technologies, Inc., BG3 Investments, LLC, Black Box Licensing, LLC, and Brian Searchinger (Incorporated by reference to Exhibit 99.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed January 31, 2022 (Commission File No. 000-55450))
2.20+	Asset Purchase Agreement, dated August 20, 2021, by and among Double Brow, LLC, Brow 2, LLC and Brian Welsh (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed August 26, 2021 (Commission File No. 000-55450))
2.21	Agreement and Plan of Merger dated November 15, 2021, by and among Medicine Man Technologies, Inc., Emerald Fields Merger Sub, LLC, MCG, LLC, the Members of MCG, LLC, and Donald Douglas Burkhalter and James Gulbrandsen as Member Representatives. (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed November 16, 2021 (Commission File No. 000-55450))
2.22	Amendment No. 1 to Agreement and Plan of Merger, dated February 9, 2022, by and among Medicine Man Technologies, Inc., Emerald Fields Merger Sub, LLC, MCG, LLC, the Members of MCG, LLC, and Donald Douglas Burkhalter and James Gulbrandsen as Member Representatives (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 15, 2022 (Commission File No. 000-55450))
2.23	Contract to Buy and Sell Real Estate (Commercial), dated January 26, 2022, by and between Emerald Fields Merger Sub, LLC and Manitou Springs Real Estate Development, LLC (Incorporated by reference to Exhibit 2.3 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 15, 2022 (Commission File No. 000-55450))
2.24	Bill of Sale and Assignment and Assumption Agreement, dated February 9, 2022, by and between Emerald Fields Merger Sub, LLC and 1508 Management, LLC (Incorporated by reference to Exhibit 2.7 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 15, 2022 (Commission File No. 000-55450))
2.25	Asset Purchase Agreement, dated November 13, 2021, by and among Double Brow, LLC, Smoking Gun, LLC, Smoking Gun Land Company, LLC, and the Members defined therein (Incorporated by reference to Exhibit 2.29 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 31, 2022 (Commission File No. 000-55450))
2.26	Purchase Agreement, dated November 29, 2021, by and among Medicine Man Technologies, Inc., Nuevo Holding, LLC, Nuevo Elemental Holding, LLC, Reynold Greenleaf & Associates, LLC, William N. Ford, Elemental Kitchen and Labs, LLC and the Equityholders Named Therein (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 3, 2021 (Commission File No. 000-55450))

Exhibit No.	Description
2.27 +	Modification Agreement, dated February 8, 2022, by and among Medicine Man Technologies, Inc., Nuevo Holding, LLC, Nuevo Elemental Holding, LLC and William N. Ford in his capacity as Representative under the Purchase Agreement, dated November 29, 2021 (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 14, 2022 (Commission File No. 000-55450))
2.28	Call Option Agreement, dated February 8, 2022, by and between Nuevo Holding, LLC and R. Greenleaf Organics, Inc. (Incorporated by reference to Exhibit 2.3 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 14, 2022 (Commission File No. 000-55450))
2.29	Call Option Agreement, dated February 8, 2022, by and between Nuevo Holding, LLC and Medzen Services, Inc. (Incorporated by reference to Exhibit 2.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 14, 2022 (Commission File No. 000-55450))
2.30	Asset Purchase Agreement, dated September 9, 2022, by and among Medicine Man Technologies, Inc., Double Brow, LLC, Lightshade Labs LLC, Thomas Van Alsburg, Steve Brooks, and John Fritzel (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed September 30, 2022 (Commission File No. 000-55450))
2.31	First Amendment to Asset Purchase Agreement, dated December 15, 2022, by and among by and among Medicine Man Technologies, Inc., Double Brow, LLC, Lightshade Labs LLC, Thomas Van Alsburg, Steve Brooks, and John Fritzel (Incorporated by reference to Exhibit 2.34 to Medicine Man Technologies Inc.'s Annual Report on Form 10-K filed March 29, 2023 (Commission File No. 000-55450))
2.32	Asset Purchase Agreement, dated September 9, 2022, by and among Medicine Man Technologies, Inc., Double Brow, LLC, Lightshade Labs LLC, Thomas Van Alsburg, Steve Brooks, and John Fritzel (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed September 30, 2022 (Commission File No. 000-55450))
2.33	First Amendment to Asset Purchase Agreement, dated December 15, 2022, by and among by and among Medicine Man Technologies, Inc., Double Brow, LLC, Lightshade Labs LLC, Thomas Van Alsburg, Steve Brooks, and John Fritzel (Incorporated by reference to Exhibit 2.36 to Medicine Man Technologies Inc.'s Annual Report on Form 10-K filed March 29, 2023 (Commission File No. 000-55450))
2.34	Asset Purchase Agreement, dated April 13, 2023, by and among Medicine Man Technologies, Inc., Double Brow, LLC, Standing Akimbo LLC, Spencer Kirson, and John Murphy (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed April 19, 2023 (Commission File No. 000-55450))
2.35++	Asset Purchase Agreement, dated April 21, 2023, by and among Medicine Man Technologies, Inc., Evergreen Holdco, LLC, Sucellus, LLC, Brook Laskey, as Representative, and the Equityholders named therein (Incorporated by reference to Exhibit 2.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed April 26, 2023 (Commission File No. 000-55450))
2.36	Amendment to Asset Purchase Agreement, dated June 1, 2023, by and among Medicine Man Technologies, Inc., Evergreen Holdco, LLC, Sucellus, LLC, Brook Laskey, as Representative, and the Equityholders named therein (Incorporated by reference to Exhibit 2.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 7, 2023 (Commission File No. 000-55450))
2.37	Call Option Agreement, dated June 1, 2023, by and between Evergreen Holdco, LLC and Sucellus, LLC (Incorporated by reference to Exhibit 2.3 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 7, 2023 (Commission File No. 000-55450))
2.38*+	Asset Purchase Agreement, dated January 25, 2023, by and among Medicine Man Technologies, Inc., Smoke Holdco, LLC, Cannabis Care Wellness Centers, LLC, Green Medicals Wellness Center #5, LLC, Thomas Wilczynski, Jeremy Lewchuk, T&B Holdings, LLC, and Thomas Wilczynski as Representative (Incorporated by reference to Exhibit 2.3 to Medicine Man Technologies, Inc.'s Quarterly Report on Form 10 Q filed May 11, 2023 (Commission File No. 000 55450))
3.1	Complete Articles of Incorporation together with all Certificates of Amendment and the Certificate of Designation of Series A Cumulative Convertible Preferred Stock, as amended (Incorporated by reference to Exhibit 3.6 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 31, 2021 (Commission File No. 000-55450))

Exhibit No.	Description
3.2	Amended and Restated Bylaws of Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 3.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 11, 2019 (Commission File No. 000-55450))
4.1**	Description of Capital Stock of Medicine Man Technologies, Inc.
4.2	Form of Warrant to Purchase Common Stock of Medicine Man Technologies, Inc.(Incorporated by reference to Exhibit 4.5 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 31, 2021 (Commission File No. 000-55450))
4.3	Convertible Note and Security Agreement, dated December 16, 2020, issued to Dye Capital & Company, LLC (Incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
4.4	Form of Warrant to Purchase Common Stock of Medicine Man Technologies, Inc. issued to Star Buds Sellers and Members (Incorporated by reference to Exhibit 4.8 of Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 31, 2022 (Commission File No. 000-55450))
4.5	Warrant to Purchase Common Stock, dated February 26, 2021, issued by Medicine Man Technologies, Inc. to SHWZ Altmore, LLC (Incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 4, 2021 (Commission File No. 000-55450))
4.6	Indenture, dated December 7, 2021, among Medicine Man Technologies, Inc., the Subsidiary Guarantors, Chicago Atlantic Admin, LLC, in its capacity as collateral agent, and Ankura Trust Company, LLC, as Trustee (Incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 9, 2021 (Commission File No. 000-55450))
4.7	Form of 13% Senior Secured Convertible Note Due December 7, 2026, issued by Medicine Man Technologies, Inc. to each Investor thereto (Incorporated by reference to Exhibit 4.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 9, 2021 (Commission File No. 000-55450))
4.8 ++	Security Agreement, dated December 7, 2021, entered into by Medicine Man Technologies, Inc. and the Subsidiary Guarantors party thereto, in favor of Chicago Atlantic Admin, LLC, in its capacity as the collateral agent (Incorporated by reference to Exhibit 10.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 9, 2021 (Commission File No. 000-55450))
4.9 ++	Intercreditor Agreement, dated December 7, 2021, entered into among Medicine Man Technologies, Inc., the Subsidiary Guarantors, Chicago Atlantic Admin, LLC, as collateral agent for the Convertible Notes Secured Parties, GGG Partners LLC, as collateral agent for the Credit Agreement Secured Parties, Naser Joudeh, as collateral agent for the StarBuds Seller Secured Parties, Colorado Health Consultants LLC, StarBuds Aurora LLC, SB Arapahoe LLC, StarBuds Commerce City LLC, StarBuds Pueblo LLC, StarBuds Alameda LLC, Citi-Med LLC, StarBuds Louisville, LLC, Kew LLC, Lucky Ticket LLC, StarBuds Niwot LLC, LM MJC LLC, and Mountain View 44th LLC (Incorporated by reference to Exhibit 10.3 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 9, 2021 (Commission File No. 000-55450))
4.10	Note Guarantee, dated December 7, 2021, entered into by each Subsidiary Guarantor (Incorporated by reference to Exhibit 10.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 9, 2021 (Commission File No. 000-55450))
4.11	Security Agreement, dated December 17, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Alameda LLC, as secured party (Incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.12	Security Agreement, dated December 17, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Pueblo LLC, as secured party (Incorporated by reference to Exhibit 4.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.13	Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and LM MJC LLC, as secured party (Incorporated by reference to Exhibit 4.3 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))

Exhibit No.	Description
4.14	Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Lucky Ticket LLC, as secured party (Incorporated by reference to Exhibit 4.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.15	Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Commerce City, as secured party (Incorporated by reference to Exhibit 4.5 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.16	Security Agreement, dated December 18, 2020, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Niwot LLC, as secured party (Incorporated by reference to Exhibit 4.6 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.17	Security Agreement, dated February 4, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Colorado Health Consultants, LLC, as secured party (Incorporated by reference to Exhibit 4.7 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.18	Security Agreement, dated February 4, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Mountain View 44th LLC, as secured party (Incorporated by reference to Exhibit 4.8 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.19	Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Citi-Med LLC, as secured party (Incorporated by reference to Exhibit 4.9 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.20	Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and KEW LLC, as secured party (Incorporated by reference to Exhibit 4.10 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.21	Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and SB Arapahoe LLC, as secured party (Incorporated by reference to Exhibit 4.11 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.22	Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Aurora LLC, as secured party (Incorporated by reference to Exhibit 4.12 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.23	Security Agreement, dated March 2, 2021, among SBUD LLC and Medicine Man Technologies, Inc., as grantors, and Starbuds Louisville LLC, as secured party (Incorporated by reference to Exhibit 4.13 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 29, 2021 (Commission File No. 000-55450))
4.24	Loan Agreement, dated February 26, 2021, among Mesa Organics Ltd., Mesa Organics II Ltd., Mesa Organics III Ltd., Mesa Organics IV Ltd, SCG Holding, LLC and PBS Holdco LLC, as borrowers, SHWZ Altmore, LLC, as lender, and GGG Partners LLC, as collateral agent (Incorporated by reference to Exhibit 10.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 4, 2021 (Commission File No. 000-55450))
4.25	Promissory Note, dated February 26, 2021, issued by Mesa Organics Ltd., Mesa Organics II Ltd., Mesa Organics III Ltd., Mesa Organics IV Ltd, SCG Holding, LLC and PBS Holdco LLC, as borrowers, to SHWZ Altmore, LLC, as lender (Incorporated by reference to Exhibit 10.5 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 4, 2021 (Commission File No. 000-55450))

Exhibit No.	Description
4.26	Security Agreement, dated February 26, 2021, between Mesa Organics Ltd., Mesa Organics II Ltd., Mesa Organics III Ltd., Mesa Organics IV Ltd, SCG Holding, LLC and PBS Holdco LLC, as grantors, and GGG Partners LLC, as collateral agent (Incorporated by reference to Exhibit 10.6 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 4, 2021 (Commission File No. 000-55450))
4.27	Parent Guaranty, dated February 26, 2021, between Medicine Man Technologies, Inc, as guarantor, and GGG Partners LLC, as collateral agent (Incorporated by reference to Exhibit 10.7 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 4, 2021 (Commission File No. 000-55450))
4.28	First Amendment to Loan Agreement, dated July 28 2021, by and among Mesa Organics Ltd., SHWZ Altmore, LLC and GGG Partners, LLC (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed August 3, 2021 (Commission File No. 000-55450))
4.29	Promissory Note, dated February 8, 2022, issued by Nuevo Holding, LLC to Reynold Greenleaf & Associated, LLC (Incorporated by reference to Exhibit 4.33 of Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 31, 2022 (Commission File No. 000-55450))
4.30	Promissory Note, dated June 1, 2023, by and between Evergreen Holdco, LLC and Sucellus, LLC (Incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8 - K filed June 7, 2023 (Commission File No. 000 - 55450))
10.1	Securities Purchase Agreement by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 6, 2019 (Commission File No. 000-55450))
10.2	Amendment to Securities Purchase Agreement by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.' s Current Report on Form 8-K filed July 17, 2019 (Commission File No. 000-55450))
10.3	Amendment to Securities Purchase Agreement by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.1 of Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed May 22, 2020 (Commission File No. 000-55450))
10.4*	Agreement, dated May 27, 2023, by and between Medicine Man Technologies, Inc. and Justin Dye (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed May 31, 2023 (Commission File No. 000-55450))
10.5*	Amended and Restated Employment Agreement, dated May 24, 2023, by and between Medicine Man Technologies, Inc. and Nirup Krishnamurthy (Incorporated by reference to Exhibit 10.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed May 31, 2023 (Commission File No. 000-55450))
10.6	Securities Purchase Agreement, dated November 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Quarterly Report on Form 10-Q filed November 16, 2020 (Commission File No. 000-55450))
10.7	Amendment to Securities Purchase Agreement, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC (Incorporated by reference to Exhibit 10.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
10.8	Second Amendment to Securities Purchase Agreement, dated February 3, 2021, between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 9, 2021 (Commission File No. 000-55450))
10.9	Third Amendment to Securities Purchase Agreement, dated March 30, 2021, between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC (Incorporated by reference to Exhibit 10.25 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 31, 2021 (Commission File No. 000-55450))

Exhibit No.	Description
10.10	Letter Agreement, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings II, LLC(Incorporated by reference to Exhibit 10.21 to Medicine Man Technologies, Inc.'s Annual Report on Form 10-K filed March 31, 2021 (Commission File No. 000-55450))
10.11	Note Purchase Agreement, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital & Company, LLC (Incorporated by reference to Exhibit 10.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
10.12	Consent, Waiver and Amendment, dated December 16, 2020, by and between Medicine Man Technologies, Inc. and Dye Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.5 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 23, 2020 (Commission File No. 000-55450))
10.13	Securities Purchase Agreement, dated February 26, 2021, between Medicine Man Technologies, Inc. and CRW Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed March 4, 2021 (Commission File No. 000-55450))
10.14	Letter Agreement, dated February 26, 2021, between Medicine Man Technologies, Inc. and CRW Capital Cann Holdings, LLC (Incorporated by reference to Exhibit 10.3 to Medicine Man Technologies, Inc.' Quarterly Report on Form 10-Q filed May 13, 2021 (Commission File No. 000-55450))
10.15 *	First Amendment to Dan Pabon Employment Agreement, dated June 14, 2021 (Incorporated by reference to Exhibit 10.4 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed June 21, 2021 (Commission File No. 000-55450))
10.16++	Securities Purchase Agreement, dated December 3, 2021, among Medicine Man Technologies, Inc., the Subsidiary Guarantors and the Investors (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 9, 2021 (Commission File No. 000-55450))
10.17 *	Medicine Man Technologies, Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 4.1 to Medicine Man Technologies, Inc.'s Registration Statement on Form S-8 filed June 12, 2017 (Commission File No. 333-218662))
10.18 *	Amendment to Medicine Man Technologies, Inc. 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 16, 2019 (Commission File No. 000-55450))
10.19 *	Amendment to Medicine Man Technologies, Inc. 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed December 16, 2020 (Commission File No. 000-55450))
10.20 +	License Agreement, dated May 10, 2022, by and between Indus LF LLC and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.28 to Medicine Man Technologies, Inc.'s Annual Report on Form 10 K filed March 29, 2023 (Commission File No. 000 55450))
10.21 **, +	License Agreement Dated June 15, 2023 by and between Star Brands and Medicine Man Technologies, Inc.
10.22**, +	Assumed Licensing and Manufacturing Agreement Dated June 29, 2021 by and between Everest Apothecary, Inc.
10.22 *	Employment Agreement dated February 15, 2023, by and between Medicine Man Technologies, Inc. and Christine Jones (Incorporated by reference to Exhibit 10.29 to Medicine Man Technologies, Inc.'s Annual Report on Form 10 - K filed March 29, 2023 (Commission File No. 000 - 55450))
10.23 *	Employment Agreement dated January 16, 2023, by and between Medicine Man Technologies, Inc. and Forrest Hoffmaster (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed January 19, 2023 (Commission File No. 000-55450))
10.24 *	Stock Award Agreement, dated September 23, 2022, between Jonathan Berger and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.2 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))

Exhibit No.	Description
10.25 +	Preferred Stock Purchase Agreement, dated May 20, 2022, by and among Mission Holdings US, Inc., Medicine Man Technologies, Inc., and the Purchasers party thereto (Incorporated by reference to Exhibit 10.3 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.26 +	Omnibus Amendment, dated July 7, 2022, by and among Mission Holdings US, Inc., Medicine Man Technologies, Inc., and the Investors party thereto (Incorporated by reference to Exhibit 10.4 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.26 +	Brand Partnership Agreement, dated August 23, 2022, by and between Mission Holdings US, Inc. and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.5 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.28	Option Agreement, dated August 23, 2022, by and between Mission Holdings US, Inc. and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.6 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.29 +	Voting Agreement, dated May 20, 2022, by and among Mission Holdings US, Inc., Medicine Man Technologies, Inc., and the Investors party thereto (Incorporated by reference to Exhibit 10.7 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.30 +	Investors' Rights Agreement, dated May 20, 2022, by and among Mission Holdings US, Inc., Medicine Man Technologies, Inc., and the Investors party thereto (Incorporated by reference to Exhibit 10.8 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.31 +	Right of First Refusal and Co-Sale Agreement, dated May 20, 2022, by and among Mission Holdings US, Inc., Medicine Man Technologies, Inc., and the Investors party thereto (Incorporated by reference to Exhibit 10.9 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.32 +	Stockholders Agreement, dated May 20, 2022, by and among Mission Holdings US, Inc., Medicine Man Technologies, Inc., and the Stockholders party thereto (Incorporated by reference to Exhibit 10.10 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.33 *	Form of Indemnification Agreement, dated May 20, 2022, by and between Mission Holdings US, Inc. and Director (Incorporated by reference to Exhibit 10.11 to Medicine Man Technologies Inc.'s Quarterly Report on Form 10-Q filed November 9, 2022 (Commission File No. 000-55450))
10.34 *	Severance Agreement and Release, dated October 28, 2022, by and between Nancy Huber and Medicine Man Technologies, Inc. (Incorporated by reference to Exhibit 10.41 to Medicine Man Technologies, Inc.'s Annual Report on Form 10 K filed March 29, 2023 (Commission File No. 000 55450))
10.35 *	Settlement Agreement and Release, dated February 20, 2024, by and between the Company and Nirup Krishnamurthy. (Incorporated by reference to Exhibit 10.1 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 23, 2023 (Commission File No. 000-55450))
10.36 *	Amended and Restated Employment Agreement, dated February 21, 2024, by and between the Company and Forrest Hoffmaster. (Incorporated by reference to Exhibit 10.2 to Medicine Man Technologies, Inc.'s Current Report on Form 8-K filed February 23, 2023 (Commission File No. 000-55450))
19.1	Insider Trading Policy
21.1**	List of Subsidiaries
23.1**	Consent of BF Borgers CPA PC
31.1**	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1#	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.

Exhibit No.	Description
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Date File (formatted in iXBRL in Exhibit 101)

* Indicates management contract or compensatory plan or arrangement.

** Filed herewith.

Furnished herewith.

+ Certain exhibits and schedules to the agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to supplementally furnish copies of any omitted schedules to the SEC upon request.

++ Certain information has been redacted pursuant to Instruction 5 to Item 1.01 of Form 8-K and Item 601(a)(6) of Regulation S-K. The Company hereby undertakes to supplementally furnish any redacted information to the SEC upon request.

The agreements and other documents filed or furnished as exhibits to this Report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

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

Dated: March 27, 2024

MEDICINE MAN TECHNOLOGIES, INC.

By: /s/ Forrest Hoffmaster
Forrest Hoffmaster
Interim Chief Executive Officer / Chief Financial Officer
(Principal Executive Officer) / (Principal Financial and Accounting Officer)

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

Signature	Title	Date
/s/ Forrest Hoffmaster Forrest Hoffmaster	Interim Chief Executive Officer / Chief Financial Officer (Principal Executive Officer) / (Principal Financial and Accounting Officer)	March 27, 2024
/s/ Daniel R. Pabon Daniel R. Pabon	Chief Policy and Regulatory Affairs Officer	March 27, 2024
/s/ Christine Jones Christine Jones	Chief Legal Officer	March 27, 2024
/s/ Justin Dye Justin Dye	Director Principal Director	March 27, 2024
/s/ Jonathan Berger Jonathan Berger	Director	March 27, 2024
/s/ Jeffrey A. Cozad Jeffrey A. Cozad	Director	March 27, 2024
/s/ Kathy Vrabeck Kathy Vrabeck	Director	March 27, 2024
/s/ Paul Montalbano Paul Montalbano	Director	March 27, 2024
/s/ Pratap Mukharji Pratap Mukharji	Director	March 27, 2024
/s/ Marc Rubin Marc Rubin	Director	March 27, 2024
/s/ Bradley Stewart Bradley Stewart	Director	March 27, 2024

Description of Securities of Medicine Man Technologies, Inc.
Registered Pursuant to Section 12 of the Securities Exchange Act of 1934

General

The following is a summary of information concerning the capital stock of Medicine Man Technologies, Inc. (hereinafter referred to as the "Company", "our" and "we"). The summaries and descriptions below do not purport to be complete and are subject to and qualified in their entirety by reference to our Articles of Incorporation, as amended (the "Articles of Incorporation"), and our Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read our Articles of Incorporation, including the Certificate of Designation (as defined below), our Bylaws and any applicable provisions of relevant law, including the Nevada Revised Statutes. Our Common Stock (as defined below) is our only security registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Cannabis Law Compliance and Unsuitability Redemption Provision in Bylaws

The Company holds various licenses from the Colorado Marijuana Enforcement Division and the New Mexico Cannabis Control Division to operate its cannabis businesses in Colorado and New Mexico. As a result, depending on the jurisdiction, beneficial owners with a 10% or greater interest, directors, executive officers, and other controlling owners are required to make filings with, and to be found suitable to be equity owners of a cannabis business in Colorado, by the Colorado Marijuana Enforcement Division, and in New Mexico, by the New Mexico Cannabis Control Division. The Bylaws provide that for as long as the Company holds (directly or indirectly) a license for a governmental agency to conduct its business, which license is conditioned upon some or all of the Company's stockholders possessing certain qualifications, the Company may redeem any and all of the shares of capital stock to the extent necessary to prevent loss of such license or to reinstate such license. Under the Bylaws, the Company may redeem shares in this manner for cash, property or rights, on not less than five days' notice to the holder(s) thereof at a redemption price equal to the average closing price of such shares as reported on the exchange on which shares of Common Stock are quoted or traded for the 45 trading days immediately preceding the date of the redemption notice, or if such shares are not so traded or quoted, the Company's board of directors will determine the redemption price in good faith.

The Bylaws provide that it shall be unlawful for any stockholder who does not meet certain qualifications to (i) receive any dividend, payment, distribution or interest with regard to such stockholder's shares, (ii) exercise, directly or indirectly or through any proxy, trustee, or nominee, any voting or other right conferred by such shares, and such shares shall not for any purposes be included in the shares of the Company entitled to vote, or (iii) receive any remuneration that may be due to such stockholder, accruing after the date of such notice of determination of unsuitability or disqualification by the Colorado Marijuana Enforcement Division, in any form from the Company for services rendered or otherwise.

Common Stock

Authorized Shares. The Company is authorized to issue up to 250,000,000 shares of common stock, par value $0.001 per share (the "Common Stock").

Dividends. Holders of shares of Common Stock are entitled to receive dividends when, as and if declared by the Company's Board of Directors (the "Board") out of funds legally available for that purpose, subject to the rights of holders of any class or series of preferred stock, including our Series A Preferred Stock (as defined below), which may then be outstanding. The Company has not declared or paid any cash dividends on its Common Stock, and the Company does not anticipate doing so in the foreseeable future.

Voting Rights. Each share of Common Stock is entitled to one vote on all matters submitted to a vote of the Company's stockholders, including as to the election of directors to the Board. Unless otherwise required by the Articles of Incorporation, the Bylaws or applicable law, the affirmative vote of a majority of the shares of each class of capital stock present in person or electronically or represented by proxy at a meeting of stockholders at which a quorum is present and entitled to vote on the subject matter (including, but not limited to, the election of directors to the Board) shall be the act of the stockholders with respect to the matter voted upon. Stockholders are prohibited from cumulating their votes in any election of directors of the Company.

Liquidation Rights. In the event of any liquidation, dissolution, or winding up of the Company, subject to the rights of creditors and the holders of any outstanding shares of preferred stock having a preference, including our Series A Preferred Stock, holders of shares of Common Stock are entitled to ratable distribution of the remaining assets available for distribution to stockholders.

Redemption. The shares of Common Stock are generally not subject to redemption by operation of a sinking fund or otherwise; provided, however, so long as the Company holds (directly or indirectly) a license from a governmental agency to conduct its business, if such license is conditioned upon some or all of the holders of the Company possessing certain qualifications, then, the Company, in its sole option and sole discretion, may redeem the shares of Common Stock held by a holder that is deemed unsuitable or disqualified to own a direct or indirect interest in the Company by such license granting governmental agency.

Preemptive Rights. Holders of shares of Common Stock are not currently entitled to preemptive rights.

Fully Paid. The issued and outstanding shares of Common Stock are fully paid and non-assessable. This means the full purchase price for the outstanding shares of Common Stock has been paid and the holders of such shares will not be assessed any additional amounts for such shares. Any additional shares of Common Stock that the Company may issue in the future will also be fully paid and non-assessable.

Listing and Ticker Symbol. The Common Stock is currently quoted on the OTCQX and listed for trading on the NEO exchange, a tier one Canadian stock exchange based in Toronto, Ontario, under the ticker symbol "SHWZ."

Preferred Stock

Authority to Designate and Issue Shares of Preferred Stock. Subject to limitations prescribed by Nevada law, without vote or action by our stockholders, the Board is authorized to determine and alter the right, preferences, privileges and restrictions granted and imposed upon any wholly unissued series of preferred stock, and to fix the number and designation of shares of any series of preferred stock. The Board also may increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. The Board may authorize the issuance of preferred stock with rights, such as voting or conversion rights, that could adversely affect the rights of the holders of the Common Stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company.

Authorized Shares. The Company is authorized to issue up to 10,000,000 shares of preferred stock, par value $0.001 per shares. The Company has designated 110,000 shares of preferred stock as Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") pursuant to the Certificate of Designation of Series A Cumulative Convertible Preferred Stock filed with the Nevada Secretary of State on December 16, 2020 and amended on March 1, 2021 (the "Certificate of Designation").

Dividends. Holders of Series A Preferred Stock are entitled to receive cumulative dividends at the rate of 8% per annum on the "Preference Amount," which initially is equal to $1,000 per share and subject to increase, payable annually on each anniversary of the date of the first issuance of any shares of Series A Preferred Stock to holders of record on each such payment date, by having such dividends automatically accrete as of each dividend payment date to, and increase, the outstanding Preference Amount.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of Series A Preferred Stock are entitled to be paid out of the Company's assets available for distributions to its stockholders, before any payment shall be made to the holders of any junior securities, such as the Common Stock, an amount in cash equal to the Preference Amount (plus the pro rata portion of the next dividend, if any), for each share of Series A Preferred Stock. In connection with a Change of Control Transaction (as defined in the Certificate of Designation), either the Company or holders of Series A Preferred Stock holding no less than a majority of the then-issued and outstanding shares of Series A Preferred Stock may elect to treat such Change of Control Transaction as a liquidation and to receive the cash or the value of the property, rights or securities paid or distributed to holders of Series A Preferred Stock in such Change of Control Transaction. Generally, a Change of

Control Transaction means the occurrence of any of: (i) the acquisition by a person or group through a purchase, merger or other acquisition transaction or series or related transactions, in which such transaction or transactions are with the Company or approved by the Board, entitling that person or group to exercise more than a majority of the total voting power of all shares of the Company entitled to vote generally in the election of directors (including all securities such person has the right to acquire), (ii) a merger or consolidation involving the Company and, after giving effect to such transaction, the Company's stockholders immediately before such transaction own less than a majority of the Company's aggregate voting power the successor entity of such transaction immediately after such transaction, (iii) a sale, lease or transfer of all or substantially all of the Company's assets and the Company's stockholders immediately before such transaction own less than a majority of the aggregate voting power of the acquiring entity immediately after such transaction, or (iv) the Common Stock ceases to be listed on a Trading Market (as defined in the Certificate of Designation).

Conversion by Holders. Each share of Series A Preferred Stock will be convertible at the option of the holder thereof (i) for 90 days after the occurrence of a Listing Event (as defined in the Certificate of Designation), (ii) on the date of the consummation of a Change of Control Transaction if requested within 14 days after delivery to holders of a notice of an anticipated Change of Control Transaction, (iii) for 10 days after the receipt by the holders of a notice of forced redemption by the Company, and (iv) at any time after the first anniversary of the date of the first issuance of any shares of Series A Preferred Stock, in each case, into that number of shares of Common Stock determined by dividing the Preference Amount (plus the pro rata portion of the next dividend, if any) of such share of Series A Preferred Stock by $1.20. Generally, a Listing Event involves the listing of the Common Stock on the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange followed within 90 days thereafter by a public offering of Common Stock that generates gross proceeds to the Company of no less than $100,000,000.

Conversion by the Company. The Company may force conversion of the Series A Preferred Stock (i) within 90 days after the occurrence of a Listing Event, and (ii) on the date of the consummation of a Change of Control Transaction if requested within 14 days after delivery to holders of a notice of an anticipated Change of Control Transaction, other than a Change of Control Transaction as a result of the Common Stock ceasing to be listed on any Trading Market.

Redemption Rights. Each share of Series A Preferred Stock will be redeemable at the option of the holder thereof (i) for 90 days after the occurrence of a Listing Event, (ii) at any time after the fifth anniversary of the date of the first issuance of any shares of Series A Preferred Stock, (iii) on the date of the consummation of a Change of Control Transaction if requested within 14 days after delivery to holders of a notice of an anticipated Change of Control Transaction, or (iv) for five days after the receipt by the holder of a notice of forced conversion by the Company. In each case, a holder of Series A Preferred Stock may elect to have the Company redeem all or any portion of the shares of Series A Preferred Stock held for a redemption price per share equal to the Preference Amount (plus the pro rata portion of the next dividend, if any). The Company has a right to defer such redemption one or more times until no later than the one-year anniversary of the redemption date originally requested by the holder, provided that the dividend rate would be increased from 8% to 10% per annum during the first six months of such deferral period and 15% thereafter, if applicable. In addition, the Company may redeem all or any portion of the Series A Preferred Stock within 90 days after the occurrence of a Listing Event.

Cannabis Law Compliance and Unsuitability Redemption for Series A Preferred. Each holder of Series A Preferred Stock must take all action reasonably required by such holder to comply with applicable state cannabis laws and regulations, including, without limitation, making all requisite filings under such laws and regulations as and when required. The Company has the right but not the obligation to redeem all or any portion of the shares of Series A Preferred Stock held by any holder that is determined to be unsuitable or disqualified to own a direct or indirect interest in the Company by a state governmental authority, including, without limitation, the Colorado Marijuana Enforcement Division.

Ranking. With respect to conversion rights, redemption payments and rights upon the Company's liquidation, dissolution or winding-up or a Change of Control Transaction, the Series A Preferred Stock rank junior to the Company's indebtedness and any securities the Company issues in the future the terms of which expressly make such securities senior to the Series A Preferred Stock, on a parity with any securities the Company issues in the future the terms of which expressly make such securities on a parity with any or all of the Series A Preferred Stock,

but senior to the Common Stock and any securities the Company issues in the future that are not expressly made on a parity or senior to the Series A Preferred Stock.

Voting Rights. Each holder of Series A Preferred Stock will be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held would convert into as of the record date for determining stockholders entitled to vote on any matter presented to the Company's stockholders for their action or consideration at any meeting (or by written consent in lieu of meeting) voting together with the holder of Common Stock as a single class as if such shares of Series A Preferred Stock were convertible as of such date.

Convertible Notes

General. On December 7, 2021, the Company issued and sold an aggregate principal amount of $95,000,000 of 13% senior secured convertible notes due five years after issuance (the "Notes") governed by an Indenture, dated December 7, 2021, among the Company, the Subsidiary Guarantors (as defined therein), Ankura Trust Company, LLC as trustee and Chicago Atlantic Admin, LLC as collateral agent for the Note holders (the "Indenture"). The Notes will mature on December 7, 2026 unless earlier repurchased, redeemed, or converted. The Notes bear interest at 13% per year paid quarterly commencing March 31, 2022 in cash for an amount equal to the amount payable on such date as if the Notes were subject to an annual interest rate of 9%, with the remainder of the accrued interest payable as an increase to the principal amount of the Notes.

Prohibition on Dividends. The Indenture prohibits the Company from paying dividends and to repurchase, redeem, retire, or otherwise acquire any equity interest, option, or warrant of the Company or any Subsidiary Guarantor, subject to some exceptions. For example, the Company may declare and pay dividends (i) if payable solely in its own equity, (ii) in an amount or amounts not to exceed $500,000 until discharge of the Indenture, or (iii) after December 7, 2024, so long as the Company's Consolidated Leverage Ratio (as defined in the Indenture) is between 1.00 and 2.25 for the applicable reference period at the time of payment.

Conversion by Holders. Each Note is convertible at the option of the holder thereof (i) upon receipt by the holders of a notice of forced redemption by the Company, and (ii) at any time until the close of business on the business day immediately preceding the maturity date of the Notes, in each case, into that number of shares of Common Stock determined by dividing the principal amount of the Note (plus accrued interest) by $2.24. The conversion price will be adjusted in the event of any change in the outstanding Common Stock by way of stock subdivision (including a stock split), stock combination, issuance of stock or cash dividends, distributions of other securities or assets and other corporate actions.

Conversion by Company. On and after the second anniversary of the date of first issuance of the Notes, the Company may force conversion of up to 12.5% of the outstanding Notes each quarter if (i) the last reported sale price of the Common Stock exceeds 150% of the applicable conversion price, (ii) either (a) the Common Stock is listed on a permitted exchange or (b) the Company's daily volume weighted average price for the Common Stock exceeds $2,500,000, in each case for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period, and (iii) there is an effective registration statement covering the resale by the holders of the Notes of all Common Stock to be received in such conversion.

Limitation on Conversion. A holder of a Note may not convert a Note, and the Company may not issue shares of Common Stock under such Note if, after giving effect to the conversion and issuance, the holder, together with its affiliates, would beneficially own in excess of 4.9% of the outstanding shares of the Common Stock, subject to exceptions.

Redemption by Holders. On the fourth anniversary of the date of the first issuance of the Notes, Note holders will have the right, at their option, to require the Company 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. Further, upon the occurrence of a Change of Control (as defined in the Indenture), subject to certain conditions, a Note holder may require the Company to repurchase for cash all or any portion of the Note at a repurchase price equal to the principal amount of the Note to be repurchased, plus accrued and unpaid interest

thereon, plus the lesser of: (i) the present value of one year of additional interest on such Note, commencing on the date the repurchase price is payable, and (ii) the sum of the present values or the remaining scheduled interest payments that would have been paid on such Note from the repurchase date to the maturity date.

Redemption by Company. The Company may, at its option, elect to redeem all, but not less than all, of the Notes for cash, subject to certain conditions, at a repurchase price equal to the principal amount of the Notes plus accrued and unpaid interest thereon on such date, plus the greater of: (i) the sum of the present values or the remaining scheduled interest payments that would have been paid on the Notes from the repurchase date to the third anniversary of the date of the first issuance of the Notes, or (ii) the lesser of (a) the sum of the present values of the scheduled interest payments that would have been paid (assuming such payments are made in cash) on the Notes from the redemption date through the one-year anniversary of the redemption date or (y) the sum of the present values of the scheduled interest payments that would have been paid (assuming such payments are made in cash) on the Notes from the redemption date through the maturity date.

Cannabis Law Compliance and Unsuitability Redemption for Notes. Upon conversion of a Note, each Note holder, in such Note holder's capacity as a holder of Common Stock, must (i) take all action reasonably required by such holder to comply with applicable state cannabis laws and regulations, including, without limitation, making all requisite filings under such laws and regulations as and when required, and (ii) upon the Corporation's reasonable request, at the Company's sole cost and expense, reasonably cooperate with the Company regarding any Company report, filing, notification or other communication with or to any governmental authority related to the Company's licenses, approvals, consents or obligations under state cannabis laws and regulations related to such holder's capacity as a holder of Common Stock issued upon conversion of the Notes, including, without limitation, any investigation or inquiry by a state governmental authority related to any of the foregoing. The Company has the right but not the obligation to redeem all or any shares of Common Stock held by a Note holder issued upon conversion of the Notes who is (or whose affiliate is) determined to be unsuitable or disqualified to own a direct or indirect interest in the Company by a state governmental authority, including, without limitation, the Colorado Marijuana Enforcement Division; *provided* that the Company is only permitted to redeem such shares of Common Stock to the extent necessary to comply with applicable state cannabis laws and regulations.

Action by Written Consent.

The Bylaws provide that any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting if, before or after the action, a written consent to the action is signed by stockholders holding a majority of the voting power of each class of capital stock of the Company, or, if different, the proportion of voting power required to take such action at a meeting of stockholders.

Certain Anti-Takeover Measures

Under our Articles of Incorporation, the Board, without further vote by our stockholders, has the authority to issue shares of preferred stock and to determine the rights and preferences, price and restrictions, including but not limited to voting and dividend rights, of any such shares of preferred stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company.

The Bylaws contain provisions that may be deemed to have an anti-takeover effect and may del, defer or prevent a change of control. These provisions include:

Staggered Board of Directors. The Bylaws provide for a "staggered" or "classified" Board, whereby the directors of the Board are divided into two classes - Class A Directors consisting of one-half of the members of the Board, and Class B Directors consisting of one-half of the members of the Board. Each class shall be elected for two-year terms, in alternating years.

Change in the Number of Directors. The Bylaws provide that approval by a majority of the Board is required to change the total number of directors comprising the Board.

Transfer Agent

The Company's Transfer Agent is Globex Transfer, LLC.

Exhibit 10.21

LICENSING AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") is made and is effective as of June 15, 2023 ("Effective Date") between Star Brands LLC, of 7030 E. 46th Avenue Dr., Unit F, Denver, Colorado 80216 (the "Licensor") and Medicine Man Technologies Inc dba Schwazze, of 4880 Havana St. Suite 201, Denver, CO 80239 ("Licensee"). The Licensee and Licensor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

NOW THEREFORE, in consideration of the payment of the Fees described in Section 3 of this Agreement and the other mutual covenants and agreements contained herein, the adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Grant of License**. Licensor owns the following intellectual property: Kaviar trademark, Kaviar recipes, Kaviar Style Guide, Kaviar logo, Kaviar slogan, Kaviar apparel, Kaviar accessories, www.kaviar.co website, and Kaviar standard operating procedures, Kaviar supplier lists (collectively, the "Intellectual Property") as set forth on Exhibit A. In accordance with this Agreement, Licensor grants Licensee an exclusive, non-transferable, revocable (in accordance with the terms of this Agreement) license (the "License") to use the Intellectual Property within the Territory (as defined in Section 2 of this Agreement) until the expiration or earlier termination of this Agreement. Licensor retains title and ownership of the Intellectual Property and derivative works that are subject to the License. The products manufactured by Licensee that include any part of the Intellectual Property are sometimes referred to in this Agreement as the "Licensed Products."

2. **Territory.** Licensee's license shall be limited to the State of New Mexico (the "Territory").

3. **Payments.** Licensee shall pay to Licensor a quarterly fee (the "Quarterly License Fee") based on sales of Licensed Products in the Territory. The Quarterly License Fee shall be paid Quarterly in arrears (the "Quarterly Payment"). The Quarterly Payment shall be equal to eight percent (8%) of Licensee's Quarterly gross wholesale revenue of Licensed Products in the Territory. Beginning one hundred and twenty (120) calendar days from the Effective Date of this Agreement, the Licensee shall pay a minimum Quarterly payment (the "Minimum Quarterly Payment") in lieu of the Quarterly License Fee when certain conditions are present. For the first quarter that the Quarterly License Fee is less than Seven Thousand Five Hundred Dollars ($7,500), the Minimum Quarterly Payment shall be Seven Thousand Five Hundred Dollars ($7,500). If the Quarterly License Fee for the immediately following quarter is less than Fifteen Thousand Dollars ($15,000), then the Minimum Quarterly License Fee for that quarter shall be Fifteen Thousand Dollars ($15,000), and Licensee may terminate this Agreement. The Quarterly License Fee or, if applicable, the Minimum Quarterly Payment, shall be paid by the fourteenth (14th) of the month immediately following the month for which the payment is earned. Any fees due from Licensee hereunder shall accrue interest at the rate of fourteen percent (14%) per annum, compounded monthly. Additionally, Licensee shall provide Licensor with a monthly sales report no later than the fourteenth (14^{th}) of the month immediately following the month for which sales of Licensed Products are made.

4. **Term.** The initial term (the "Initial Term") of this Agreement begins on the Effective Date and shall continue for twenty-four (24) consecutive calendar months thereafter. If not

otherwise terminated pursuant to Sections 7 or 12 below or by written notice of one Party to the other one hundred eighty (180) days prior to the expiration of the then existing term, this Agreement shall automatically renew for an additional term (each an "Additional Term") of twenty four (24) consecutive calendar months each at the end of the then Initial Term or applicable Additional Term. The Initial Term and all Additional Terms are sometimes collectively referred to herein as the "Term." If the Agreement is terminated for any reason during the Initial Term, Licensee shall continue to be responsible for the payment of the Quarterly License Fee throughout the Initial Term.

5. **Quality Control and Marketing.** Licensee shall be bound by Licensor's quality control standards and marketing guidelines as set forth in Exhibit A. During the Term of this Agreement, any revisions to Licensor's quality control standards and marketing guidelines initially supplied by Licensor to Licensee shall be conveyed in writing by Licensor to Licensee at least thirty (30) days prior to the implementation of same. Licensee shall have the right under the License, to produce and cause to be produced, any and all Intellectual Property to be used in, and associated with, the retail stores where the Products are sold, and in and associated with, advertising and marketing, within the Territory. Licensee may source its own packaging, hardware and other materials needed to produce the product in the Territory, from a 3rd party vendor, or from the Licensor, however, the Licensee must source the proprietary, glass tip, from the Licensor. Should Licensor produce or caused to be produced Licensed Products or marketing materials, Licensee shall have the opportunity to purchase the Licensed Products at cost plus shipping and handling. Licensee and Licensor shall work together, should Licensee request new designs or marketing materials to be used in the Territory at any time during the Term. Licensee agrees to allocate, on a quarterly basis, a minimum of 5% of the gross revenue it receives from sales of the Licensed Products towards marketing and advertising efforts related to the promotion and sale of the Licensed Products. Licensee shall cooperate with Licensor to ensure that the Licensed Products are consistent with the quality and brand identity maintained by Licensor in all sales of same by Licensor, as well as under any third-party license agreement entered into by Licensor. Licensor shall have the right to inspect Licensee's facilities and review Licensee's quality control procedures at reasonable times upon seven (7) days prior notice to Licensee. If Licensee fails to maintain the quality standards set by Licensor, Licensor shall have the right to take action to ensure compliance, including termination of this Agreement.

5.1. Neither Party shall issue or distribute any press releases or make any announcements relating to the other Party or this Agreement without prior written consent of the Party unless required by applicable law.

6. **Modifications.** Unless the prior written approval of Licensor is obtained, Licensee may not modify or change the Intellectual Property in any manner. Further, if Licensee does modify the Intellectual Property in any manner, Licensor shall own full right, title, and interest in and to such modifications, and Licensee will cooperate with Licensor and execute any documents needed to ensure that Licensor's ownership of such modifications is perfected.

7. **Defaults.** If Licensee fails to abide by the obligations of this Agreement, including the obligation to make a payment when due, Licensor shall have the option to cancel this

Agreement by providing thirty (30) days prior written notice to Licensee. Licensee shall have the option of preventing the termination of this Agreement by taking corrective action that cures the default, if such corrective action is taken prior to the end of the time period stated in the previous sentence, and if there are no other outstanding defaults during such time period.

8. **Mediation.** All disputes related to this Agreement that cannot be resolved by the parties shall be submitted to non-binding mediation using a mediator mutually chosen by the parties before any court proceedings are undertaken.

9. Warranties and Indemnification.

a. Licensee warrants that all Licensed Products manufactured or sold by Licensee will be safe for their intended use and will comply with all applicable laws and regulations, including all state laws regulating manufacture and sale of products in the cannabis industry within the Territory (the "Applicable Law"). Licensee shall indemnify, defend, and hold Licensor, its officers, directors, employees, and agents harmless from and against any and all claims, damages, liabilities, costs, and expenses (including reasonable attorneys' fees) arising from or relating to any breach of this warranty or any defect or alleged defect in any Licensed Product manufactured or sold by Licensee, including any injury or damage to persons or property resulting from such defect.

b. Licensor represents and warrants that (i) it owns the Intellectual Property necessary to enter into this Agreement and grant the License to Licensee (ii) as of the Effective Date, Licensor has not previously granted, and is not currently obligated to grant to any other party, the rights granted to Licensee hereunder in the Territory with respect to the Intellecutal Property, and (iii) that there are not any suits or proceedings pending or threatened which allege that any of the Intellectual Property or the use thereof infringes upon any intellectual property right of a third party. Licensor shall indemnify, defend, and hold Licensee, its officers, directors, employees, and agents harmless from and against any and all claims, damages, liabilities, costs, and expenses (including reasonable attorneys' fees) arising from or relating to: (i) any breach of this warranty; (ii) any actions or claims by third parties related to Intellectual Property infringement in connection with Licensee's use of the Licensed Products.

c. In connection with any claim arising hereunder, the indemnifying Party may conduct the defense and have control of the litigation and settlement, provided that the indemnified Party shall fully cooperate in defending against such claims. The indemnified Party shall deliver prompt notice to the indemnifying Party of any such claims. This indemnification obligation shall survive the termination or expiration of this Agreement.

d. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR OTHERWISE, EXCEPT IN THE EVENT OF A FINAL DETERMINATION OF FRAUD, GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR INTENTIONAL MISREPRESENTATION, NEITHER

PARTY (INCLUDING EACH PARTY'S AFFILIATES, SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, MANAGERS, OWNERS, EMPLOYEES, LICENSORS AND AGENTS) SHALL BE RESPONSIBLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES, REGARDLESS OF WHETHER AN ACTION IS BROUGHT IN TORT, CONTRACT OR ANY OTHER BASIS, INCLUDING, WITHOUT LIMITATION, DAMAGES CHARACTERIZED AS LOST PROFITS OR BUSINESS REVENUE, DIMINUTION IN BUSINESS VALUE OR THE LIKE.

10. General Complaince with Law.

a. Complaince with Applicable Law. Each of Licnesor and Licnsee at all times shall comply with and preform its obligations under this Agreement in accordance with Applicable Law.

b. Conflict with Applicable Law. The Parties recognize that they are operating and entering into this Agreement in a highly-regulated, rapidly-evolving legal and bisoness envioremnt. As a result, the Parties may need to make adjustments to their business relationship. In the event of any inconsistency between the requirenents of Aopplicable Law and the terms of this Agreement, the requirements of Applicable Law shall control. Without limiting the Parties' right under Section 13, in the event Licensor or Licnesee believes that Applicable Law requires it to not comply with or to diverge from the requirements of this Agreement or that performance of its obligations under this agreement would violate Applicable Law (each, a "Regulatory Issue"), the affeceted Party shall so notify the other Party promptly of such Regulatory Issue and all the Parties shall use their good faith best efforts to resolve the Regulatory Issue promptly (and, if necessisary to amend the Agreement so the Parties' performance hereof will comply with Applicable Law while effecting the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible). In the event that the Parties cannot resolve the Regulatory Issue by way of an amdendment to the Agreement, the Agreement shall terminate immdeiatly in accordance with Section 13(a).

c. Federal Law. Licnensor and Licnesee both acknowledge that the activities contemplated by this AGreement relating to cannabis products are currently illegal under United States federal law. Neither Party, and no one acting on either Party's behalf, has made any representations to the contrary. The Parties hereby acknowledge and agree that, dispite the fact that the cultivation, possession, and distribution of cannabis products remain illegal under federal law, it is legal within the Territory. Accordingly, the Parties waive any defense as to the enforcement of this Agreement based upon an "illegality of purpose" theory or other related defenses.

11. **Confidentiality.** Each Party acknowledges it has previously or currently or will have access to confidential and/or proprietary information (the "Confidential Information"), owned by the other Party, including its Intellectual Property, and agrees to treat such Confidential Information as strictly confidential. Each Party shall not disclose the

Confidential Information of the other Party or permit the Party's Confidential Information to be accessed, used, or disclosed, in whole or part, by any third party without the prior written consent of the disclosing Party in each instance. Each Party shall not use any of the other Party's Confidential Information for any purpose except as required to perform the activities and obligations set forth under this Agreement. A Party shall notify the other Party immediately in the event it becomes aware of any loss or disclosure of any of Licensor's Confidential Information. Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that written notice of such disclosure is first provided to the other Party and with reasonable time to seek an injunction or other course of action to prevent or limit the required disclosure, and the disclosure, if the Party is unsuccessful in stopping or otherwise satisfying the requested disclosure, does not exceed the extent of disclosure required by such law, regulation, or order and, to the maximum extent possible, is submitted under process that prevents public access.

12. **Transfer of Rights.** This Agreement shall be binding on all permitted successors or assigns of the parties. Neither party shall have the right to assign its duties, rights responsibilities, or interests in this Agreement to a non-permitted party, unless the prior written consent of the other party is obtained. Such consent shall not be unreasonably withheld, delayed, or conditioned.

13. Termination.

a. Termination for Convenience. The Term of this Agreement shall be exclusive for the first twenty four (24) consecutive months, after which, either Party may terminate this Agreement for any reason or no reason at all upon thirty (30) days advance written notice to the other party.
b. Termination for Default. This Agreement is terminable by one party upon the default of the other party and only in accordance with the Section 7.
c. Inventory. In the event of any termination under this Agreement, Licensee shall be entitled to use any inventory in its possession at the time of termination until such inventory is depleted. However, Licensee agrees that, after termination, Licensee will not use any aspect of the Intellectual Property.

14. **Entire Agreement.** This Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether written or oral. This agreement supersedes any other prior written or oral agreements between the parties.

15. **Amendment.** This Agreement may be modified or amended in writing and signed by both parties.

16. **Severability.** If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid or enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

17. **No Waiver of Contractual Right.** The failure of either Party to enforce any provisions of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

18. **Applicable Law.** This Agreement shall be governed by the laws of the State of Colorado.

19. **Counterparts.** This Agreement may be executed in one or more counterparts, which, when read together shall be consider effective and one single and complete agreement.

20. **Waiver of Jury Trial.** The Parties to this Agreement do hereby jointly and severally waive their right to a trial by jury in any action or proceeding to which both are parties arising out of, or in any manner pertaining to, this Agreement. It is understood and agreed that this waiver constitutes a waiver of the right to trial by jury of all claims against all parties to such actions or proceedings. This waiver is knowingly, voluntarily, and willingly made by the Parties, and each represents and warrants to the other that no representations of facts or opinion have been made by any person to induce this waiver or to in any way modify or nullify its effect.

21. **Enforcement.** The location of any mediation regarding this Agreement shall be Denver, Colorado. The exclusive forum for any litigation involving this Agreement shall be the state court sitting in the City and County of Denver, Colorado. If either party institutes litigation to enforce or interpret any provision of this Agreement, the non-prevailing party shall pay to the prevailing party all costs and expenses (including a reasonable sum for attorneys' fees and all expert witness fees) incurred by the prevailing party in connection with any such action as determined by the finder of fact in such proceeding.

22. **Signatories.** This Agreement is signed on behalf of Licensor and Licensee by individuals that each has the right and full authority to do so and bind respective parties.

[SIGNAURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first written above.

LICENSOR: STAR BRANDS LLC

By: /s/ Brian Rader Manager
Name, Title

Date: 6/15/2023

LICENSEE: MEDICINE MAN TECHNOLOGIES INC d/b/a SCHWAZZE

By: /s/ Chris Driessen EVP - Commercial
Name, Title

Date: 6/15/2023

Exhibit A

Licensed Products, Packaging, SOPs, etc.

[Intentionally Omitted]

[Intentionally Omitted]

[Intentionally Omitted]

[Intentionally Omitted]

[Intentionally Omitted]

[Intentionally Omitted]

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[Intentionally Omitted]

[Intentionally Omitted]

Exhibit 10.22

LICENSE AND MANUFACTURING AGREEMENT

THIS LICENSE AND MANUFACTURING AGREEMENT (the **"Agreement")** is entered into as of July 1, 2021, by and between, THE CIMA GROUP LLC, a Colorado limited liability company, with its principal place of business located at 1668 Valtec Lane Boulder, CO 80301 **("Licensor"),** and Everest Apothecary, Inc., a New Mexico nonprofit corporation with its principal place of business located at 9241 4th Street NW, Albuquerque, NM 87114 **("Licensee").** Licensor and Licensee are each a **"Party"** and together the **"Parties".** The effective date of the Agreement shall be the date which Licensee receives regulatory approval of the Licensed Products (defined below) by either the New Mexico Department of Health, or the New Mexico Licensing and Regulation Department **("Effective Date").**

Recitals

A. Licensor is the developer and owner of the "Intellectual Property" or "Licensed IP" (defined below) related to cannabis-infused products.

B. Licensor has experience developing a market for sales of its cannabis-infused products.

C. Licensee wishes to use the Intellectual Property and Licensor's expertise in connection with the manufacture, sale, and distribution of the "Licensed Products" (defined below) in the state of New Mexico (the **"Territory").**

D. Licensee desires to secure the right to acquire certain packaging, promotional materials, and raw materials from Licensor in connection with its use of the Intellectual Property and production of the Licensed Products pursuant to the terms of this Agreement.

Agreement

IN CONSIDERATION OF the mutual promises and covenants contained in this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Grant of License. Licensor hereby grants to Licensee, subject to the terms and conditions of this Agreement, an exclusive, non-transferable, revocable (in accordance with the terms of this Agreement), license (the **"License")** to the Licensed IP to create, produce, manufacture, advertise, and sell the products set forth on Exhibit A (the **"Licensed Products")** in the Territory until the expiration or earlier termination of this Agreement. **"Licensed IP"** (sometimes referred to in this Agreement as **"Intellectual Property")** means, with respect to the Licensed Products in the Territory: (a) test results, databases, and notebook entries developed or made as a result of the manufacture of the Licensed Products, all of which shall immediately become the property of Licensor, whether created by Licensor or Licensee **("Data");** (b) any art or process, method, machine, manufacture, design, formulation, or composition of matter, or any new and useful improvement thereof, developed or made as a result of which is or may be

patentable under the patent laws of the United States, all of which shall immediately become the property of Licensor, whether created by Licensor or Licensee **("Inventions");** (c) Licensor's Standard Operating Procedures **("SOPs")** and formulations, recipes, production technology, packaging methodologies, information, distribution and sales networks and skills **("Know How");** and (d) brands, trademarks, trade dress and service marks owned by Licensor, whether registered or unregistered **("Marks").** In consideration for the License, Licensee shall pay to Licensor the Revenue share set forth on Exhibit B. Notwithstanding anything to the contrary, **"Licensed IP"** shall not include: (i) any industry standard or generic formulations, recipes, or combinations; (ii) any of the foregoing that relate to products other than the Licensed Products.

2. Acceptance of License. Licensee hereby accepts the License and shall create, produce, manufacture, and sell the Licensed Products only in accordance with the terms and conditions set forth in this Agreement. Licensee shall notify Licensor promptly, in writing, if Licensee becomes aware of any uses of the Licensed Names (as defined in Exhibit A) or names that are confusingly similar to the Licensed Names.

3. Term.

(a) Subject to the provisions below, the term of this Agreement shall be three (3) years, commencing on the Effective Date **("Initial Term").** The Parties shall meet six (6) months prior to the expiration of the Initial Term to discuss the potential renewal of this Agreement in accordance with this Section. Upon the conclusion of the Initial Term, the Agreement *may* renew for up to three (3) additional Terms of one (I) year each (each, a **"Renewal Term").** For purposes of clarification, the Parties may agree, but shall have no obligation, to extend this Agreement beyond the expiration date of the Initial Term. Additionally, the Parties may agree (but shall have no obligation) to extend the term of the current Agreement **("Extended Term")** and/or negotiate new or additional rights and/or obligations under the Agreement at any time during the Initial Term or any Renewal Term, pursuant to a written agreement signed by both Parties. The Initial Term and any and all Renewal Terms(s) and Extended Term(s) shall be referred to collectively as the **"Term".**

(b) Notwithstanding Section 3(a), either Party may terminate this Agreement prior to the expiration of the Term for breach of this Agreement as follows: Following a breach, the non breaching Party shall give the breaching Party written notice of the breach. If the breach remains uncured for fourteen (14) days after the date of receipt of such written notice, then the nonbreaching Party may terminate this Agreement by giving thirty (30) days written notice of termination. For purposes of this Section 3, the inability of Licensee to meet the agreed upon launch schedule or agreed upon modifications to such schedule shall be considered a breach of this Agreement to the extent that such inability does not arise from any delay on the part of the Licensor or result from circumstances over which Licensee has no control (e.g., events of force majeure). Licensor may terminate this Agreement prior to the expiration of the Term without Licensee having a right to cure for: i) material violation by Licensee of Applicable Law. **"Applicable Law"** means the state cannabis laws and regulations of the Territory; or ii) Licensee's inability to meet the agreed upon inventory unit numbers as set forth in Section 8(s) below, to the extent that such inability does not arise from any delay on the part of the Licensor or result from circumstances

over which Licensee has no control (e.g., events of force majeure).

(c) Notwithstanding Section 3(a), Licensor shall have the right to terminate this Agreement prior to the expiration of the Term for a change in Licensor's current ownership as follows: If fifty percent (50%) or more of the current ownership of Licensor (cumulatively) is transferred to a thirdparty that is unrelated to, or unaffiliated with, Licensor or any of the current owners of Licensor, then Licensor shall have the right to terminate this Agreement by giving thirty (30) days prior written notice of termination to Licensee.

(d) Notwithstanding Section 3(a), Licensee shall have the right to terminate this Agreement prior to the expiration of the Term for a change in Licensee's ownership as follows: If 50% or more of the ownership of Licensee (cumulatively) is transferred to a third-party that is unrelated to, or unaffiliated with, Licensee or any of the Licensee's current owners, then Licensee shall have the right to terminate this Agreement by giving thirty (30) days prior written notice of termination to Licensor.

(e) Notwithstanding Section 3(a), Licensor shall have the right to terminate this Agreement prior to the expiration of the Term for a change in federal cannabis law by giving thirty (30) days written notice of terminatio n.

4. Effects of Expiration and/or Termination. Upon termination or expiration of this Agreement for any reason, the obligations of each Party shall cease, except that Licensee shall (a) pay to Licensor the Revenue share and any and all monies owed pursuant to Exhibit B for charges for all services performed by Licensor and (b) have sixty (60) days **("Sell-Off Period")** to sell any Licensed Product in Licensee's possession or which is a work-in-process at the time of expiration and/or termination. Any Licensed Products sold by Licensee during the Sell-Off Period shall be subject to the Revenue sha re described in Exhibit B. With the exception of 4(b) above, upon the expiration or termination of the Agreement, Licensee shall immediately: a) cease all use of the Licensed IP; b) cease all manufacturing, marketing and/or sale of the Licensed Products; c) destroy and/or return to Licensor any and all marketing materials related to the Licensed Products and/or Licensed IP; and d) return to Licensor all Licensed **IP.**

5. Revenue share. No later than the fifteenth (15th) day of each calendar month, Licensee shall provide a calculation of the revenue share earned by Licensor for the previous calendar month, in accordance with Exhibit B **("Revenue share").** No later than the last day of each calendar month, Licensee shall pay to Licensor the Revenue share earned by Licensor for the previous calendar month, in the amount set forth on Exhibit B. Licensee shall pay to Licensor interest at the rate of one and one-half percent (1.5 %) per month, compounded monthly, on any amounts not paid when due.

6. Training. Licensor shall provide Licensee up to fifteen (15) days of R&D training at Licensee's facility, or on a remote basis, and SOPs related to the Licensed Products and reasonable ongoing support throughout the Term. If the Manufacturing Management of Licensee changes during the term of this Agreement, Licensor shall provide additional training.

"Manufacturing Management" is defined as the person or persons who train Licensee' s staff on Licensor's processes. All training described in this Section 6 shall be at Licensor' s expense.

7. Licensor's Obligations.

(a) Licensor shall provide to Licensee a copy of Licensor' s detailed SOPs and all other Licensed IP for any and all aspects of production, manufacture, & quality assurance, for the Licensed Products.

(b) Licensor shall provide to Licensee at no costs any and all Intellectual Property related to the Licensed Products and their packaging, labeling, and advertising as is reasonably necessary to allow Licensee to produce, package, advertise and/or sell the Licensed Products in accordance with Licensee's obligations under this Agreement and Applicable Law.

(c) Licensor shall print and provide Licensee with all Point-of-Sale displays, with such displays to be reviewed and approved by Licensee for compliance with Applicable Law.

(d) Licensor shall provide to Licensee a list of (i) required equipment for the production and packaging of the Licensed Products **("Required Equipment");** (ii) requirements for the safety, use and operation of Required Equipment; and (iii) all required raw material.

(e) Licensor shall provide to Licensee a floor plan and facility layout specific to the processing and manufacturing premises.

(f) Prior to the commencement of any production of the Licensed Products and as may be required by change in Applicable Law, Licensor shall design the packaging for the Licensed Products and submit packaging designs to Licensee. Licensee shall review such designs to determine such packaging complies with Applicable Law. Upon approval of the final design by both Parties, Licensee shall thereafter inform Licensor of any change to Applicable Law affecting the packaging, within thirty (30) days of the implementation of said change, as well as recommend changes to the existing packaging to conform to and comply with Applicable Law.

(g) Where state law allows, Licensor may dedicate a mutually agreed-upon number of Wana Brands brand ambassadors to the Territory.

(h) Where state law allows, Licensor agrees to share in the cost of promotional discounts offered by licensed retail establishments to customers, on a pro rata basis proportionate to the revenue share percentages described in Exhibit B.

(i) Upon approval of such budget by Licensor' s management team, Licensor shall provide Licensee with an annual sales and marketing budget for the Territory. Licensor shall also provide a mid-year reforecast of the sales and marketing budget for the Territory, based upon year-to-date sales performance and market conditions. Prior to any finalization of such budget, Licensor shall first receive approval from the Licensee on the amount and use of spend.

(j) Licensor shall have final approval on all marketing materials and press releases prior to release.

8. Licensee's Obligations. Licensee shall:

(a) Adhere to the recipes provided as part of the Licensed IP and other SOPs and to follow the quality assurance protocols for production and delivery as set forth in Exhibit C unless otherwise instructed by Licensor or agreed by the Parties in writing.

(b) Participate in production audits and oversight monitoring of all Licensed IP (using Licensor's internal team or a third-party auditor) and regulatory audits (using a third-party compliance or consulting firm) as reasonably required to ensure operational and regulatory compliance as specified in, and subject to the terms of Exhibit C. Any production audits, oversight monitoring, or third-party audits shall be paid for by Licensor.

(c) Make no changes to any branding, packaging, or marketing materials provided by Licensor, except if such branding, packaging, or marketing materials does not comply with Applicable Law.

(d) Use the appropriate ™ or ® symbol in connection with the Marks, as required by Exhibit C.

(e) Provide or purchase all the cannabis or its derivatives, and all other ingredients as determined to be reasonably necessary by Licensee for Licensee to produce a sufficient amount of the Licensed Products to meet the reasonably anticipated demand in the Territory for the Licensed Products.

(f) Provide or purchase the Required Equipment deemed to be reasonably necessary by Licensee for the production, packaging, and storage of the Licensed Products.

(g) Provide or purchase the packaging materials deemed to be reasonably necessary by Licensee for the packaging of the Licensed Products.

(h) Provide, in its reasonable discretion, adequate personnel to manufacture, sell, fulfill, and deliver the Licensed Products.

(i) Have on hand for the R&D session and the first training session all Required Equipment, and sufficient raw materials, reasonably necessary for the production of a three-month Supply of Licensed Products. Three-month supply is to be mutually determined by the Parties based upon agreed forecasted sales. If all of the required equipment and raw materials are not present when Licensor arrives at the facility, and if Licensor is not able to conduct R&D or begin training due to the lack of equipment or raw materials, then Licensee shall pay Licensor Five Hundred Dollars ($500) for every day that Licensor is unable to perform R&D or training while Licensor is present at the facility. In the event that the Licensor is unable to procure the required equipment and raw materials within four (4) business days in which the Licensor is present, then the Licensee shall terminate the R&D session, pay any out of pocket costs associated with the session and reschedule

a new date.

(j) Purchase labels or pre-printed packaging for Licensed Products from Licensor's prescribed vendor, or if Licensee chooses a vendor, Licensor gives approval of the vendor, such approval shall not be unreasonably denied, delayed, or conditioned.

(k) Provide licensed facilities, that comply with Applicable Law, in which to produce the Licensed Products and provide adequate personnel to ensure the ongoing compliance of the facilities and compliance responsibilities related to the Licensed Products.

(1) Provide Manufacturing and packaging areas that are climate controlled, not to exceed an average of forty (40%) humidity.

(m) Provide and pay for utilities, insurance, and all other operating requirements for Licensee's facility.

(n) Within one month after the Effective Date, both Parties will agree upon plans for allowing Licensee to provide its wholesale customers with medicated and /or non-medicated samples in compliance with state licensing laws (the **"Customer Sampling Plan").** Licensee may deduct the direct production cost of the non-medicated and/or medicated samples from the monthly Revenue share, as described in Exhibit B.

(o) Provide to Licensor copies of all production and laboratory test results supplied by external third parties pertaining to the quality and strength of all cannabis derivatives to be used in the production of the Licensed Products and pertaining to the manufactured Licensed Products.

(p) Timely pay to Licensor all fees described in Exhibit B. Licensee's failure to pay fees to Licensor within fifteen (15) days after written notice received from Licensor shall be a non-curable breach of this Agreement. If Licensor has given two (2) such notices to Licensee during a given calendar year of this Agreement, any subsequent failure of Licensee to timely pay to Licensor its fees shall be a non-curable breach of this Agreement without any notice by Licensor.

(q) Ensure that Licensed Products are available within ninety (90) days after Effective Date. If Licensee fails to meet this requirement, it shall pay to Licensor Five Thousand Dollars ($5,000) for every calendar month (prorated for any portion of any applicable calendar month) until Licensee makes the Licensed Products available.

(r) Purchase pectin from Licensor at Licensor's cost plus the actual cost of shipping and a fee of (10 %) of the product cost to account for handling.

(s) Maintain a minimum inventory of Licensed Products equal to three-fourths of the previous calendar month's sales, unless otherwise agreed by the Parties in writing. Within thirty (30) days after the Effective Date, both Parties will agree on how many units constitute a three-week inventory for the first six (6) months of sales **("The Initial Launch Period")**. Thirty (30) days prior to the end of the Initial Launch Period and each quarterly period thereafter, both Parties will

agree to the minimum quarterly backstock units required. If Licensee is unable to maintain the agreed upon inventory unit numbers for any two consecutive months, Licensor may, upon reasonable advance notice to Licensee, and following an opportunity to cure, terminate the Agreement.

(t) Fill and ship all orders within five (5) business days.

(u) Employ or contract with an expert with regard to local and state compliance matters, and alert Licensor of any regulatory changes in a timely manner.

(v) Provide notice to Licensor of any changes to the wholesale price of the Licensed Products at least fifteen (15) days in advance of the implementation of said changes.

(w) Obtain written approval from Licensor before offering trade or cash discounts on the licensed products.

(x) If Program is available in the Territory, participate in BOS Analytics' retail sales tracking program by sharing Licensee's retail sales data with BOS Analytics monthly, either manually through a data export or via API. Program described in Exhibit D.

(y) Where state law allows, share in the cost of promotional discounts offered by licensed retail establishments to customers, on a pro rata basis proportionate to the revenue share percentages described in Exhibit B.

(z) Review and approve Licensor-designed branding, packaging, point-of-sale displays and other marketing materials for compliance with Applicable Law.

(aa) Use THC distillate in the manufacture of the Licensed Products that meets the color and potency standards outlined in Exhibit E.

9. Mutual Indemnification. Licensee shall indemnify, defend, and hold harmless Licensor, its affiliates, managers, directors, officers, agents and employees, at its sole expense, against any and all proceedings, suits, claims , demands, causes of action, debts or liabilities, including reasonable attorneys' fees and amounts paid in settlement (collectively **"Losses")** arising out of or in connection with: (1) Licensee's breach of any representation , warranty, covenant, restriction , obligation or other agreement contained in this Agreement; or (2) any claim or allegation of a third-party of personal injury or property damage determined by a competent authority to be attributable to the acts, omissions or negligence of Licensee or Licensee's employees or agents; or (3) any false or misleading claims made by Licensee in connection with the use of Licensed IP and/or Licensed Products; provided, however, in all such cases, that the Loss does not arise from any negligence or misconduct on the part of Licensor. Licensor shall indemnify, defend and hold harmless Licensee, its affiliates, managers, directors, officers, agents and employees, at its sole expense, against any and all Losses arising out of or in connection with: (1) Licensor's breach of any representation, warranty, covenant, restriction, obligation or other agreement contained in this Agreement; (2) any claim or allegation of a third-party of personal

injury or property damage determined by a competent authority to be attributable to the acts, omissions or negligence of Licensor or Licensor's employees or agents; or (3) any false or misleading claims made by Licensor about or in connection with Licensed IP and/or Licensed Products; or (4) any claim or allegation of a third-party related to Licensee's use of Licensor's Licensed Marks, Licensed Recipes and/or Licensed Products to the extent it does not arise from any negligence or misconduct on the part of Licensee; or (5) that Licensee's rights hereunder, or the Licensed Products, infringes, misappropriates, or otherwise violates the intellectual property or proprietary rights of any third party.

10. Ownership of Licensed IP.

(a) Licensee acknowledges and agrees that Licensor has the exclusive right, title and interest in and to the Licensed IP, all goodwill associated therewith and all rights relating thereto, and shall not at any time do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of Licensor's rights in and to the Licensed IP. Any sales of the Licensed Products and/or any use of the Licensed IP by Licensee shall inure solely to the benefit of Licensor. Licensee shall not at any time knowingly adopt or use, without Licensor's prior written consent, any name or trademark that is similar to or likely to be confused with, the Marks, nor shall Licensee attempt to register or own any certificates of registration for any name or trademark similar to the Marks with the U. S. Patent and Trademark Office or with any state or local trade name or trademark registration entity or process.

(b) Licensor and Licensee agree to take whatever action Licensor, using reasonable business judgment, deems necessary to protect the validity and strength of the Licensed IP within the Territory. Such action may include, without limitation, (i) assuming responsibility for the defense of any lawsuit challenging or affecting rights to the Licensed IP, or (ii) instituting legal proceedings and/or litigation to protect Licensor's rights to the Licensed Products or the Licensed IP. Should Licensor choose to take any action with respect to protection of the strength and validity of the Licensed Products and/or Licensed IP, Licensee agrees to cooperate fully with Licensor and comply with all requests for assistance in connection therewith.

11. Confidentiality. Licensee acknowledges and agrees that the Licensed IP have been developed by Licensor through the investment of significant time, effort and expense, that the Licensed IP, and specifically the Standard Operating Procedures, constitute Trade Secrets of Licensor, and that the Licensed IP is a valuable, special and unique asset of Licensor which provides it with a significant competitive advantage in the marketplace and shall remain the exclusive property of Licensor. Except as required for its performance of this Agreement, Licensee shall hold in confidence and shall not, directly or indirectly use, disseminate, disclose to any person or organization, or publish any of the Licensed IP without the express permission of Licensor, or the contents of this Agreement, except as may be necessary to enforce it. Licensee shall take all commercially reasonable steps to ensure that its employees and subcontractors maintain the confidentiality of the Licensed IP and the contents of this Agreement. Upon termination or expiration of this Agreement for any reason and in addition to Licensee' s return obligations under Section 4, above, (a) except for any inforn1ation related to Licensee's proprietary, confidential information, or inforn1ation which is needed by Licensee for tax purposes, Licensee shall return to

Licensor any and all books, records , documents , materials and/or other repositories of information related to the Licensed IP or based upon (in whole or in part) the Licensed IP, including electronic media or devices and copies of such information , then in Licensee's possession, regardless of who prepared it or how it was obtained, and/or shall destroy such information and provide certification to Licensor of such destruction, and (b) Licensor shall return to Licensee all books, records, documents, materials, and/or other repositories of information related to Licensee's proprietary, confidential information, including electronic media or devices and copies of such information then in Licensors possession, regardless of who prepared it or how it was obtained, and/or shall destroy such information and provide certification to Licensee of such destruction. Each Party shall use all commercially reasonable efforts to delete all electronic copies of any of the other Party's confidential information in its possession or control and, upon the written request of the other Party, give such other Patty evidence of same. Licensee shall take all commercially reasonable and necessary measures to prevent disclosure of the Licensed IP to all unauthorized third parties.

12. Non-Competition.

(a) Without Licensor's express written consent, which consent may be withheld in Licensor's sole and absolute discretion:

i. Licensee may not utilize any of the Licensed IP or processes to either sell at wholesale, manufacture, or develop any cannabinoid-infused gummie products.

ii. Licensee may not sell, manufacture, or develop cannabis-infused, gummie products that compete, or might compete, with the Licensed Products, during the natural Term of this Agreement, defined above, with the lone exception that Licensee may *sell* cannabis-infused gummie products purchased from third-party manufacturers, via its retail locations in the Territory. In the event Licensee breaches this Agreement and it is terminated by Licensor on such grounds prior to the natural expiration of the Term, then Licensee shall be barred from selling, manufacturing, or developing cannabis-infused, gummie products for a period of twelve (12) months from the date of such early termination.

(b) Licensee shall obtain from its key employees and subcontractors with access to the Licensed IP or processes written agreements binding them to the terms set forth in Section l2(a) and shall provide to Licensor upon demand the names of such employees and subcontractors, and copies of such agreements.

13. Enforcement. If any provision of Sections 12 or 13 is found to be illegal or unenforceable, such provision shall be severed or modified only to the extent necessary to make it enforceable, and as so severed or modified, the remainder of those sections shall remain in full force and effect.

The Parties acknowledge that the provisions of Sections 10 through 12 are essential for Licensor's protection and that any breach or threatened breach of either of those sections would cause immediate and irreparable damage to Licensor, for which monetary relief would be

inadequate or impossible to ascertain. Accordingly, the Parties agree that upon the existence of any breach or threatened breach of Sections I0, 11, or 12, Licensor may, without limitation of any other rights it may have, including the recovery of damages, costs, and/or attorney's fees, seek a temporary restraining order, preliminary injunction, order for specific performance, or other appropriate form of equitable relief.

14. Right to Inspect. Licensee shall provide to Licensor the information regarding production and sales of the Licensed Products as set forth on Exhibit D, as may be modified from time to time by Licensor. All applicable records shall be open to inspection and full audit by Licensor and its agents at reasonable times during normal business hours and upon reasonable advance written notice to Licensee and at Licensor's cost. All such audits or inspections shall be conducted in a manner to minimally interfere with Licensee's operations. If any such inspection or audit discloses a liability for payment of monthly Revenue shares of five percent (5%) or more in excess of the Revenue share actually paid by Licensee for the applicable period, or if Licensee fails to timely deliver a required report following written notice of non-receipt of that report, in addition to paying the amount of the deficiency, Licensee shall pay Licensor's reasonable costs of the examination revealing the shortfall. The following occurrences within any twelve (l 2) month period shall constitute a breach of this Agreement by Licensee: Two (2) inspections or audits disclosing a liability for payment of the Revenue share of five percent (5%) or more in excess of the revenue share paid by Licensee for the applicable period , or Licensee's failure to deliver a required report two (2) times (following any notice that may be required elsewhere in this Agreement), or one inspection and one failure to deliver. In the event of a default under this Section 16, in addition to any other rights Licensor may have in connection with a breach of this Agreement, Licensor shall have the right to terminate this Agreement upon written notice and to collect damages from Licensee. Licensee shall keep all relevant records pertaining to production of the Licensed Products and calculation and payment of the Revenue shares to Licensor for at least three (3) years after the period to which such records relate, including any applicable records which would normally be examined by an independent accountant pursuant to generally accepted accounting principles.

15. Insurance. Licensee shall procure and maintain in full force, at its sole expense, beginning on the Execution Date, during the Term of this Agreement, for so long as Licensee continues to sell the Products after this Agreement terminates, and for 12 months following Licensee' s final sale of the Products, commercial general liability and product liability insurance including coverage for Products (including Personal/Advertising and completed operations and contractual liability with a minimum limit of One Million Dollars ($1,000,000) per occurrence issued on a form at least as broad as Insurance Services Office **("ISO")** Commercial General Liability Coverage "occurrence" form CG 00 01 10 01 or another ISO Commercial General Liability "occurrence" fom1 providing equivalent coverage, and a minimum aggregate amount of Three Million Dollars ($3,000,000). Such policy or policies shall be carried by insurance companies that are allowed to do business in the state(s) Licensee is located, and are in good standing, in the United States that have and maintain an A.M. Best's rating of A-7 or better, that specifically recognize and insure Licensee against its contractual liability under this Agreement. Such insurance shall include broad form contractual liability coverage and (I) be primary and noncontributory; and (2) name Licensor as an additional insured, as its interest appears. Licensee

shall also cause such coverage to contain an endorsement prohibiting cancellation, or failure to renew, without the insurer first giving Licensor thirty (30) days' prior written notice (by certified or registered mail, return receipt requested, or email) of such proposed action. Deductibles and self-insured retentions shall be deemed to be "insurance" for purposes of the waiver of subrogation described in this Agreement below. Licensee shall also maintain adequate comprehensive general liability insurance with waivers of subrogation, covering employees and representatives of Licensor visiting Licensee's facilities when providing any Training and Support. Licensee shall hold Worker's Compensation insurance that shall cover Licensee's employees while training in Colorado.

Licensor shall procure and maintain in full force , at its sole expense, beginning on the Execution Date, during the Term of this Agreement, for so long as Licensee continues to sell Licensor's Products after this Agreement terminates, and for 12 months following Licensee's final sale of Licensor's Products, commercial general liability and product liability insurance including coverage for Products (including Personal/Advertising and completed operations and contractual liability with a minimum limit of One Million Dollars ($1,000,000) per occurrence issued on a form at least as broad as Insurance Services Office **("ISO")** Commercial General Liability Coverage "occurrence" form CG 00 0l 10 01 or another ISO Commercial General Liability "occurrence" form providing equivalent coverage, and a minimum aggregate amount of Three Million Dollars ($3,000,000). Such policy or policies shall be carried by insurance companies that are allowed to do business in the state(s) Licensor is located, and are in good standing, in the United States that have and maintain an A.M. Best's rating of A-7 or better, that specifically recognize and insure Licensor against its contractual liability under this Agreement. Licensor shall also cause such coverage to contain an endorsement prohibiting cancellation, or failure to renew, without the insurer first giving Licensee thirty (30) days' prior written notice (by certified or registered mail, return receipt requested, or email) of such proposed action. Deductibles and self insured retentions shall be deemed to be "insurance" for purposes of the waiver of subrogation described in this Agreement below. Licensor shall also maintain adequate comprehensive general liability insurance with waivers of subrogation, covering employees and representatives of Licensee visiting Licensor's facilities when providing any Training and Support. Licensor shall hold Worker's Compensation insurance that shall cover Licensor's employees while training in New Mexico.

16. Product Recall.

(a) If a recall is based upon the Licensed Products made by Licensee and it is determined that the Licensee is solely responsible for such recall, Licensee shall be responsible, at its cost and expense, to take any and all necessary actions related to Licensed Product recall, including , but not limited to: a) adhering to Applicable Law or applicable guidelines and/or requirements; b) payment of any and all costs and/or fees related to the Licensed Product recall; c) informing the dispensaries of such Licensed Product recall; d) removing from the marketplace and/or storing the recalled Licensed Product in a timely manner. Further, Licensee shall promptly notify Licensor of any Licensed Product recall and the actions to be taken to comply with Applicable Law.

(b) If a recall is based upon the Licensed **IP** or materials provided by Licensor, then Licensor

shall be solely responsible, at its sole cost and expense, to take any and all necessary actions related to such Licensed Product recall, including, but not limited to: a) adhering to Applicable Law or appropriate guidelines and/or requirements; b) payment of any and all costs and/or fees related to the Licensed Product recall; c) coordinating with Licensee to inform the dispensaries of such Licensed Product recall.

17. Rights as to New Products. Licensor hereby grants to Licensee a right of first offer as to all new cannabis-infused products that it develops during the Term of this Agreement and which Licensor wishes to offer for sale within the Territory. Licensor shall give Licensee written notice of the name and general description of each such product and shall provide such additional general information as is reasonably requested by Licensee. The failure of the Parties to enter into an amendment to this Agreement adding any such product to the list of Licensed Products within thirty (30) days after Licensor's notice shall constitute a termination of Licensee's rights, solely with respect to such product under this Agreement, unless otherwise agreed by the Parties in writing.

18. Notice. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given: (a) the earlier of the date actually received or seven (7) days after it is sent, if sent by certified mail, return receipt requested, postage prepaid and addressed to the address set forth in the Preamble or such other address has been provided by notice, or (b) the earlier of the date actually received or one (1) day after it is delivered to a nationally recognized overnight courier with online tracking and trace capabilities, if sent by such courier addressed to the address set forth in the Preamble or such other address as has been provided by notice, or (c) the date of email transmission, if sent by email with transmission confirmed and addressed to the email address set forth on the, signature page of this Agreement or such other email address as has been provided by notice.

19. Survival. The Parties expressly agree and understand that Sections 4, 9, 11, l 2(a), 13, 16, 18 and 19 through 24 of this Agreement shall survive the termination or expiration thereof.

20. Severability. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative, and so far as it is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The paragraph headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or any part hereof.

21. Entire Agreement. This Agreement contains the entire understanding and agreement between the Parties hereto with respect to its subject matter and supersedes any prior or contemporaneous written or oral agreements, representations, or warranties between them respecting the subject matter hereof. This written Agreement may not be later modified except by a further writing signed by both Parties, and no term of this Agreement may be waived except by writing signed by the Party waiving the benefit of such terms.

22. Acceptance in Counterparts. It is expressly understood that this Agreement may be executed in original or electronically signed counterparts by the undersigned Parties, all of which may be construed together as but a single instrument.

23. Cannabis Disclosure. The Parties hereby acknowledge and agree that (a) this Agreement covers the production of cannabis-infused products to be marketed and sold in accordance with Applicable Law, and (b) despite the fact that the cultivation, possession, and distribution of cannabis and cannabis-infused products remains illegal under Federal law, it is legal within the Territory. Accordingly, the Parties waive any defense as to the enforcement of this Agreement based upon an "illegality of purpose" theory or other related defenses.

24. Mandatory Binding Arbitration.

(a) Except for disputes governed by Section 15 of this Agreement, any dispute, claim, interpretation, controversy, or issues of public policy arising out of relating to this Agreement, including the determination of the scope or applicability of this Section 26, shall be determined exclusively by arbitration held in Albuquerque, New Mexico, and shall be governed exclusively by the New Mexico Uniform Arbitration Act, NM Stat§§ 44-7A-1, et seq. (the **"NMUAA").**

(b) The arbitrator shall be selected from the roster of arbitrators at the National Academy of Distinguished Neutrals in Albuquerque, New Mexico **("NADN"),** unless the Parties agree otherwise. If the Parties do not agree on the selection of a single arbitrator within ten (10) days after a demand for arbitration is made, then the arbitrator shall be selected by JAG from among its available professionals. All arbitrations shall be held in Albuquerque, New Mexico, and proceed under the Commercial Arbitration Rules of the American Arbitration Association (the **"AAA"),** except the Parties are not required to initiate the arbitration through the AAA nor pay any associated fees to the AAA. Arbitration of all disputes and the outcome of the arbitration shall remain confidential between the Parties except as necessary to obtain a court judgment on the award or other relief or to engage in collection of the judgment.

(c) The Parties irrevocably submit to the exclusive jurisdiction of the state courts located in the City of Albuquerque and County of Bernalillo, New Mexico, with respect to this Section 26 to compel arbitration, to confirm an arbitration award or order, or to handle court functions permitted under the NMUAA. The Parties irrevocably waive defense of an inconvenient forum to the maintenance of any such action or other proceeding. The Parties may seek recognition and enforcement of any New Mexico state court judgment confirming an arbitration award or order in any United States state court or any court outside the United States or its territories having jurisdiction with respect to recognition or enforcement of such judgment.

(d) The Parties waive (i) any right of removal to the United States federal courts and (ii) any right to compel arbitration, to confirm any arbitration award or order, or to seek any aid or assistance of any kind in the United States federal courts.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the Effective Date set forth above.

LICENSOR:

THE CIMA GROUP, LLC
a Colorado limited liability company

By: /s/ Nancy Whiteman
Name: Nancy Whiteman
Title: CEO & Founder
Telephone: 855-668-3342
Email: nancy@wanabrands.com

LICENSEE:

Everest Apothecary, Inc.
a New Mexico Nonprofit Corporation

By: /s/ Trishelle Kirk
Name: Trishelle Kirk
Title: COO
Telephone: 505-899-8865
Email: tkirk@everestnm.com

EXHIBIT A

LICENSED PRODUCTS AND LICENSED NAMES

[Intentionally Omitted]

EXHIBIT B

COMPENSATION

[Intentionally Omitted]

EXHIBIT C

TRAINING AND QUALITY ASSURANCE

[Intentionally Omitted]

EXHIBIT D

REPORTING

[Intentionally Omitted]

EXHIBIT E

THC DISTILLATE SPECIFICATIONS

[Intentionally Omitted]

Insider Trading Policy

Private and confidential. Internal use only. Not for external distribution.

This Insider Trading Policy (the "Policy") sets forth the guidelines to all employees, Directors and Officers of Schwazze (the "Company" or "SCHWAZZE"), including its affiliates and subsidiaries. This Policy memorializes the Company's standards on trading and causing the trading of securities while in possession of material, non-public information.

Illegal insider trading is against Company policy. Everyone at SCHWAZZE has worked very hard to establish SCHWAZZE as a company known for integrity and ethical conduct and this Policy is intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company, not just so-called "insiders".

A copy of this Policy shall be delivered to all current and new employees and consultants upon the commencement of their relationship with SCHWAZZE. Individuals who fail to comply with the requirements of this Policy are subject to disciplinary action, at the sole discretion of the Company, including immediate dismissal for cause.

1. The Law Against "Insider Trading"

One of the principal purposes of the federal securities laws is to prohibit insider trading. In recent years, insider trading has become a major focus of the enforcement program of the Securities and Exchange Commission and of criminal prosecutions brought by United States Attorneys.

In general, an insider must not trade for personal gain in the securities of the Company if that person possesses material, nonpublic information about the Company. Prohibitions against "insider trading" apply to trades, tips, and recommendations by virtually any person associated with the Company (as further defined below in Covered Persons) if the information involved is "material" and "non-public." For example, an insider who is aware of material, nonpublic information must not disclose such information to family, friends, business or social acquaintances, employees or independent contractors of the Company or other third parties. An insider may make trades in the market or discuss material information *only* after the material information has been made public.

For compliance purposes, you should never trade, tip, or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with and obtain the advance written approval of the Company's General Counsel.

2. Definitions

(a) Covered Person(s): This Policy refers to an "insider" which shall include the following Covered Persons which include: (a) all members of the Company's Board of Directors, Officers and employees; (b) consultants to the Company or other persons associated with the Company and/or its affiliates and/or its subsidiaries, including but not

limited to distributors, sales agents or other partners or third parties that may, in the course of their work with SCHWAZZE, receive access to confidential, material non-public information; and (c) household and immediate family members of those listed in (a) and (b) above. No Covered Persons who knows of any material non-public information may communicate that information to any other person if he or she has reason to believe that the information may be improperly used in connection with securities trading. Covered Persons and certain related persons must "preclear" all trading in securities of the Company in accordance with the procedures set forth in Section 4 below.

(b) Securities: Securities of SCHWAZZE are defined as common stock, preferred stock, options to purchase stock, warrants, convertible debt and/or derivative securities. No Covered Persons may purchase or sell any security, whether or not issued by the Company, while in possession of material non-public information concerning the security.

(c) Black-Out Periods: A "Black-Out Period" is a time before and after a significant event wherein a Covered Person may not buy or sell Company's securities without violating this Policy. There are several Black-Out Periods which include twenty (20) days prior to the release of financial results for the periods ending March 31, June 30, September 30 and December 31 of each year and end after three full trading days of SCHWAZZE securities on the OTCQX after the results are announced for the preceding fiscal period. If the last day of the month falls on a weekend, the Black-Out Period will start at the close of business on the last trading day prior to the weekend. Additional Black-Out Periods may occur when other material events occur, such as a press release sent out to the public, wherein only a select few persons have knowledge of the event.

(d) Material Information:

Material Information is defined to be information that has market significance and its public dissemination is likely to affect the market price of securities or is information that a reasonable investor would want to know before making an investment decision.

Insider trading restrictions come into play only if the information you possess is "material." If you feel that the information is material, it probably is. Materiality involves a relatively low threshold and is difficult to define.

However, any information dealing with the following subjects is reasonably likely to be considered sensitive, non-public material:

- Significant changes in the Company's prospects;
- Significant write-downs in assets or increases in reserves;
- Developments regarding significant litigation or government agency investigations;
- Liquidity problems;
- Changes in earnings estimates or unusual gains or losses in major operation;
- Major changes in management;
- Changes in dividends;

- Extraordinary borrowings;
- Award or loss of a significant contract;
- Changes in debt ratings;
- Proposals, plans, or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets;
- Public offerings; and
- Pending statistical reports (*e.g.*, consumer price index, money supply and retail figures, interest rate developments).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition, or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on the Company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, exercise caution. Consult with the Company's General Counsel before making a decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.

(e) Non-Public Information:

Insider trading prohibitions come into play only when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated through recognized channels of distribution in a manner designed to reach public investors and public investors have had a reasonable period of time to react to the information. Even after public disclosure of information regarding the Company, you generally must wait a period of two or three business days for the information to be absorbed by public investors before you can treat the information as public.

Non-public information may include but is not limited to:

- Information available to a select group of analysts or brokers or institutional investors;
- Undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and
- Information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made *and* enough time has elapsed for the market to respond to a public announcement of the information.

As with questions of materiality, when in doubt about whether information is non- public contact the Company's General Counsel or assume that the information is "non-public" and therefore, treat it as confidential.

3. Reporting and Severe Penalties for Violating Insider Trading Laws

If any Covered Person has reason to believe that material, nonpublic information of the Company has been disclosed to an outside party without authorization, that person should report this to the Company's General Counsel immediately.

If any person subject to this Insider Trading Policy has reason to believe that an insider of the Company or someone outside of the Company has acted, or intends to act, on inside information, that person should report this to the Company's General Counsel immediately.

If it is determined that an individual maliciously and knowingly reports false information to the Company with intent to do harm to another person or the Company, appropriate disciplinary action will be taken according to the severity of the charges, up to and including dismissal. All such disciplinary action will be taken at the sole discretion of the Company.

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and their employers and supervisors. A person who violates insider trading laws can be subject to criminal penalties, sentenced to a substantial jail time and required to pay a penalty of several times the amount of profits gained, or losses avoided.

Moreover, Congress has passed insider trading legislation that, in a significant departure from prior law, explicitly empowers the Securities and Exchange Commission to seek substantial penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation." Such persons may be held liable for up to the greater of $1 million or three times the amount of the profit gained, or loss avoided. Thus, even for violations that result in a small or no profit, the Securities and Exchange Commission can seek a minimum of $1 million from the Company and various management and supervisory personnel.

Given the severity of the potential penalties, compliance with the policies set forth in this Policy are absolutely mandatory, and noncompliance is a ground for dismissal. Exceptions to these policies, if any, may only be granted by the Company's General Counsel and must be provided before any activity contrary to the above policies takes place.

4. Preclearance of Securities Transactions

Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all such persons to preclear all purchases and sales of the Company's securities in accordance with the following procedures:

(a) Subject to the exemption in part "(d)" below, no Covered Person may, directly or indirectly, purchase or sell any security issued by the Company without first obtaining prior written approval from the Company's General Counsel. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children, and to transactions by entities over which such person exercises control. Covered Persons are responsible for assuring that their family members comply with the restrictions set forth in this Section 4.

(b) The Company's General Counsel shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked in writing, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted.

(c) Requests are most likely to be approved for trading that is to occur in the following "window periods":

(i) The 30-day period beginning one week after the annual report has been mailed to shareholders, provided that the report adequately covers important corporate developments and no new major undisclosed developments occur within that period;

(ii) Following a release of quarterly results, which includes adequate comment on new developments during the period;

(iii) Following the wide dissemination of information on the status of the Company and current results; and

(iv) At those times when there is relative stability in the Company's operations and the market for its securities.

(d) Preclearance is not required for purchases and sales of securities under a preexisting written plan, contract, instruction, or arrangement that:

(i) Has been reviewed and approved at least one month in advance of any trades thereunder by the Company's General Counsel (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Company's General Counsel at least one month in advance of any subsequent trades);

(ii) Was entered into in good faith by the Covered Person at a time when the Covered Person was not in possession of material non-public information about the Company; and

(iii) Gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material non-public information about the Company; or

(iv) Explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

With respect to any purchase or sale under a prearranged trading plan as described above, the third-party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Company's General Counsel.

5. Black-Out Periods and Prohibited Transactions

All Covered Persons are prohibited from, directly or indirectly, purchasing, selling, or otherwise acquiring or transferring any equity security of the Company during a Black-Out Period as defined in Section 2(c) above. The Company reserves the right to issue Black- Out Period notices to all Covered Persons and such notice and the receipt thereof shall be strictly confidential and not disclosed to anyone else. Covered Persons should anticipate that trades are unlikely to be pre-cleared while the Company is in the process of assembling material, non-public information to be released and until such information has been released and fully absorbed by the public market.

A Covered Person, including such person's spouse, other persons living in such person's household, and minor children and entities over which such person exercises control, is prohibited from engaging in the following transactions in securities of the Company's unless advance approval is obtained from the Company's General Counsel:

(a) Short-term trading: Persons associated with the Company who purchase its securities must retain such securities for at least six months.

(b) Short sales. Persons associated with the Company may not sell the Company's securities short.

(c) Options trading. Persons associated with the Company's may not buy or sell puts or calls on the Company's securities.

(d) Trading on margin. Persons associated with the Company may not trade on the margin the Company securities.

6. Trading Windows

Covered Persons not in possession of material, non-public information about the Company may purchase, sell, or otherwise acquire or transfer equity securities of the Company without preclearance pursuant to Section 4 during the two-week period beginning at the end of the third full trading day following the Company's filing with the Securities and Exchange Commission of an annual report on Form 10-K and each quarterly report on Form 10-Q, (each such period, a "Trading Window"), in each case unless informed by the Company that trading during a Trading Window has been

suspended. A Covered Person in possession of material, non-public information about the Company during a Trading Window may not purchase, sell, or otherwise acquire or transfer equity securities of the Company until after the third full trading day after the Company has made a widespread public release of such information, provided that such trading day is within the Trading Window.

7. Liability of the Company

The adoption, maintenance and enforcement of this Policy is not intended to result in the imposition of liability upon the Company for any insider trading violations where such liability would not exist in the absence of this Policy.

This Policy pertains to the 2020 calendar year and each year thereafter until modified or revoked by the Directors and supersedes any previous policy of the Company concerning insider training.

Exhibit 21.1

Medicine Man Technologies, Inc.
List of Subsidiaries

Subsidiary	**State of Incorporation**
Schwazze IP Holdco LLC	Colorado
Schwazze Colorado LLC Medicine Man Consulting, Inc.	Colorado
Two J's LLC *d/b/a The Big Tomato*	Colorado
PBS Holdco LLC *d/b/a Mesa Organics* *d/b/a Purplebee's*	Colorado
SCG Holding, LLC	Colorado
MIH Manager LLC	Colorado
Schwazze Biosciences, LLC	Colorado
SBUD LLC *d/b/a Star Buds*	Colorado
Emerald Fields Merger Sub, LLC	Colorado
Reserve1, LLC *d/b/a Emerald Fields*	Colorado
Reserve 1 Manitou, LLC *d/b/a Emerald Fields*	Colorado
Liberty Fields, LLC	Colorado
Colorado Black Diamond Cannabis Company, LLC	Colorado
Double Brow, LLC *d/b/a Star Buds* *d/b/a Emerald Fields*	Colorado
Smoke Holdco, LLC *d/b/a Star Buds* *d/b/a Emerald Fields*	Colorado
Mesa Organics II Ltd	Colorado
Mesa Organics III Ltd	Colorado
Mesa Organics IV Ltd	Colorado
Schwazze New Mexico, LLC	New Mexico
Nuevo Holding, LLC	New Mexico
Nuevo Elemental Holding, LLC	New Mexico
Elemental Kitchen and Laboratories, LLC	New Mexico
Evergreen Holdco, LLC	New Mexico

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-262059) and Form S-8 (Nos. 333-265086, 333-218662 and 333-225947), as amended, of Medicine Man Technologies, Inc. of our report, dated March 27, 2024, relating to the consolidated financial statements of Medicine Man Technologies, Inc. for the year ended December 31, 2023, which appears in this Form 10-K.

/s/ BF Borgers CPA PC

Certified Public Accountants
Lakewood, Colorado
March 27, 2024

Exhibit 31.1

CERTIFICATION

I, Forrest Hoffmaster, certify that:

1. I have reviewed this annual report on Form 10-K of Medicine Man Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 27, 2024

/s/ Forrest Hoffmaster

Forrest Hoffmaster, Interim Chief Executive Officer and Chief Financial Officer

Exhibit 31.2

CERTIFICATION

I, Forrest Hoffmaster, certify that:

1. I have reviewed this annual report on Form 10-K of Medicine Man Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 27, 2024

/s/ Forrest Hoffmaster

Forrest Hoffmaster, Interim Chief Executive Officer and Chief Financial Officer

Exhibit 32.1

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

In connection with this annual report of Medicine Man Technologies, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2023, as filed with the Securities and Exchange Commission on March 27, 2024 (the "Report"), we, the undersigned, in the capacities and on the date indicated below, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

1. The Report fully complies with the requirements of Rule 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 27, 2024

/s/ Forrest Hoffmaster
Forrest Hoffmaster, Interim Chief Executive Officer and Chief Financial Officer