

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 28, 2019**

Medicine Man Technologies, Inc.
(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

001-36868

(Commission
File Number)

46-5289499

IRS Employer
Identification No.)

4880 Havana Street, Suite 201
Denver, Colorado

(Address of principal executive offices)

80239

(Zip Code)

(303) 371-0387

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Title of each class
Not applicable

**Trading
Symbol(s)**
Not applicable

Name of each exchange on which registered
Not applicable

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

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

On August 28, 2019 (the “Execution Date”), Medicine Man Technologies (the “Company”), a Nevada corporation, entered into a binding term sheet (the “Term Sheet”) with Starbuds Pueblo LLC, Starbuds Louisville LLC, Starbuds Niwot LLC, Starbuds Longmont LLC and Starbuds Commerce City, LLC (collectively, the “Targets”) pursuant to which the Company will purchase the membership interests of the Targets (the “Acquisition”).

As consideration, the Company shall pay a total purchase price of \$31,005,089 (the “Purchase Price”) consisting of \$23,253,816 in cash (\$7,751,272.25 of which is payable over a period of twelve months after the closing as set forth in the Term Sheet) and 2,601,098 shares of its common stock, par value \$0.001 per share. The 2,601,098 shares was determined by averaging the closing price of Company’s common stock for the five (5) days prior to August 28, 2019, which equated to \$2.98 per share. A portion of the stock consideration will be subject to certain trading restrictions in the first year after issuance, to be defined in the Long-Form Agreement, as defined below. In addition, claw-back language for fifteen percent (15%) of the stock consideration will also be included in the Long-Form Agreement, as defined below. The Purchase Price is subject to adjustment in the event of a variance in excess of 10% in the Targets’ revenues.

The Term Sheet provides for a closing on or before May 1, 2020, unless the parties agree to an extension.

The obligations of the Company and Seller under the Term Sheet are conditioned upon the satisfaction or mutual waiver of certain closing conditions (the “Conditions”) on or before May 1, 2020 or unless the parties agree to a mutual extension, including the following:

- i. regulatory approval relating to all applicable filings and expiration or early termination of any applicable waiting periods;
- ii. regulatory approval of the Marijuana Enforcement Division and applicable local licensing authority approval;
- iii. receipt of all material necessary, third party, consents and approvals;
- iv. each party’s compliance in all material respects with the respective obligations under the Term Sheet;
- v. a tax structure that is satisfactory to both the Company and Seller; and
- vi. the execution of leases with right of first refusals for MMT to acquire the underlying real estate when applicable, in market terms).

The Term Sheet may be terminated (i) upon mutual consent of the parties, (ii) by the Company if the Targets shall materially breach the terms of the Term Sheet and fail to cure such breach after notice or such breach is incurable, (iii) by the Targets if the Company shall materially breach the terms of the Term Sheet and fail to cure such breach after notice or such breach is incurable, or (iv) by the Targets if the Company fails to deliver Proof of Funds on or before April 1, 2020, or (v) on November 15, 2019, if the Long-Form Agreement, as defined below, is not executed by the parties. The Company shall pay the targets a termination fee of one percent of the Purchase Price or \$310,051, in the event of the termination of the Term Sheet on the basis of the conditions set forth above in subparagraphs (iv) and (v).

Under the terms of the Term Sheet, the Company and the Targets agreed to indemnification upon the terms and conditions outlined therein.

The Term Sheet contemplates the parties entering into a long-form agreement and other ancillary documents to memorialize the Acquisition (the “Long-Form Agreement”) upon the conclusion of all standard legal and business due diligence. In the event the Long-Form Agreement is not agreed to on or before May 1, 2020 and all of the Conditions are either satisfied or waived, the Acquisition shall be consummated and governed by the terms of the Term Sheet.

On September 3, 2019, the Company issued a press release with respect to the foregoing, a copy of which is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release dated September 3, 2019

SIGNATURES

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

Medicine Man Technologies, Inc.

Date: September 3, 2019

By: /s/ Andrew Williams
Andrew Williams
Chief Executive Officer

Medicine Man Technologies Unveils its Largest Deal Yet with Entry into a Term Sheet to Acquire a Group of Dispensaries Operating under the Starbuds Brand

- *The Company's addition of a group of five dispensaries will increase the retail footprint and regional coverage of the Company in Colorado*
- *As part of the agreement, one of the original industry pioneers, Brian Ruden, will join the Company's Board of Directors, enhancing the depth of the senior management team, which is unrivaled in the cannabis industry*
- *The Company continues to create shareholder value by consolidating some of the most successful cannabis cultivation, manufacturing, and retail operations in Colorado*

DENVER, September 3, 2019 /PRNewswire/ -- Medicine Man Technologies, Inc. (OTCQX: MDCL) ("Medicine Man Technologies" or the "Company"), announced today that it has entered into a binding term sheet to acquire five dispensaries operating under the Starbuds brand in Colorado.

Under the terms of the transaction, Medicine Man Technologies will purchase the group of five dispensaries for \$31,005,089, which will consist of \$15,502,544.50 in cash, the issuance of 2,601,098 shares of its common stock at a price of \$2.98 per share, and a deferred cash payment of \$7,751,272.25 to be made twelve months following the initial closing date. Based on year-to-date results, management expects the dispensaries to generate over \$19 million in revenue in 2019 and in excess of \$5.6M in EBITDA.

"The acquisition of these dispensaries operating under the prestigious Starbuds brand will truly be a transformational corporate event for us," commented Andy Williams, Co-Founder and Chief Executive Officer of Medicine Man Technologies. "Adding these five dispensaries to our Colorado operations will make our vertical supply strategy more efficient and help us grab additional market share through added retail capacity. The Starbuds dispensary operations are truly top-tier in terms of brand, revenue-per-location, and profit across the cannabis retail industry."

In his trail-blazing efforts, Brian Ruden, the Managing Partner of the group of retail operations being acquired by the Company, has garnered both industry acclaim and brand recognition by creating an exemplary customer experience that includes discounts for cancer patients and veterans. Ruden stated, "I am incredibly excited to join the Medicine Man Technologies team. Together, we are building the most carefully considered cannabis company in the world, with a focus on consumer experience, branding, and profitability."

"Brian and his team have built an enviable brand and a most successful operation recognized in the industry for its award-winning strains, for its high profitability, and for having the most successful customer loyalty program around," added CEO Williams. "We happily welcome them and these five locations into the Medicine Man Technologies family."

The five Starbuds dispensaries being acquired in this transaction are located in Louisville, Longmont, Pueblo, Niwot, and Commerce City.

Management cautions that there can be no assurance that the dispensaries will achieve the stated revenue and EBITDA projections. The terms of the transaction can also be referenced in the Company's 8-K, which outlines the closing conditions and are conditioned upon the satisfaction or mutual waiver of certain conditions, including regulatory approval.

For more information about Medicine Man Technologies, please visit <https://www.medicinemantechnologies.com>.

About Medicine Man Technologies

Denver, Colorado-based Medicine Man Technologies (OTCQX: MDCL) is a rapidly growing provider of cannabis consulting services, nutrients and supplies. The Company's client portfolio includes active and past clients in 20 states and 7 countries throughout the cannabis industry. The Company has entered into agreements to become one of the largest vertically integrated seed-to-sale operators in the global cannabis industry. Current agreements will enable Medicine Man Technologies to offer cultivation, extraction, distribution and retail pharma-grade products internationally. The Company's intellectual property includes the "Three A Light" methodology for cannabis cultivation and pending acquisition candidate MedPharm's GMP-certified facility, which has the first cannabis research license to conduct clinical trials in the United States. Management includes decades of cannabis experience, a unique combination of first movers in industrial cannabis and proven Fortune 500 corporate executives.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) regulatory limitations on our products and services; (ii) our ability to complete and integrate acquisitions; (iii) general industry and economic conditions; and (iv) our ability to access adequate financing on terms and conditions that are acceptable to us, as well as other risks identified in our filings with the SEC. The Company assumes no obligation to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

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