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

FORM 8-K/A
CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 17, 2020**

Medicine Man Technologies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**001-36868**	**46-5289499**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4880 Havana Street, Suite 201 Denver, Colorado	**80239**
(Address of Principal Executive Offices)	(Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instructions 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
Emerging growth company [X]

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. [X]

Section 2 Financial Information

Item 2.01. Completion of Acquisition or Disposition of Assets.

On December 23, 2020, Medicine Man Technologies, Inc., operating its business under the trade name Schwazze (the "Company") filed a Form 8-K in connection with the completion of the Asset Purchase Agreements (the "Agreements") with Starbuds Commerce City, LLC ("Commerce City") and Lucky Ticket, LLC ("Lucky Ticket").

This Form 8-K/A amends the Form 8-K the Company filed on December 23, 2020 to include (i) unaudited financial statements as of, and for the nine months ended, September 30, 2020 of Commerce City and Lucky Ticket, (ii) audited financial statements as of, and for the year ended, December 31, 2019 of Commerce City and Lucky Ticket, and (iii) unaudited pro forma condensed combined financial information of the Company giving effect to the Commerce City and Lucky Ticket agreements, required by Items 9.01(a) and 9.01(b) of Form 8-K.

Section 9 Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

1. The unaudited financial statements of Commerce City and Lucky Ticket and the notes thereto, for the nine months ended September 30, 2020 and 2019, are included as Exhibit 99.1 hereto and are incorporated herein by reference.

2. The audited financial statements of Commerce City and Lucky Ticket and the notes thereto, for the year ended December 31, 2019, are included as Exhibit 99.1 hereto and are incorporated herein by reference.

(b) Pro Forma Financial Information

The following unaudited pro forma condensed combined financial information of the Company, giving effect to the Commerce City and Lucky Ticket Agreements, is included in Exhibit 99.2 hereto and is incorporated herein by reference:

1. Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2020;

2. Unaudited Pro Forma Condensed Combined Statement of Operations for the nine months ended September 30, 2020; and

3. Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2019.

(d) Exhibits

Exhibit No.	Description
99.1	Commerce City, LLC and Lucky Ticket, LLC Unaudited Financial Statements for the nine months ended September 30, 2020 and 2019 and the Audited Financial Statements for the year ended December 31, 2019.
99.2	Unaudited Pro Forma Condensed Combined Financial Information.

SIGNATURES

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

Medicine Man Technologies, Inc.

Date: March 4, 2021

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

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

Exhibit 99.1

STARBUDS COMMERCE CITY LLC

FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2020 AND 2019 (UNAUDITED)
AND THE YEAR ENDED
DECEMBER 31, 2019**

STARBUDS COMMERCE CITY LLC
Index to Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members
Starbuds Commerce City LLC
Commerce City, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Starbuds Commerce City LLC (the "Company"), which comprise the balance sheet as of December 31, 2019, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Company operates in the marijuana industry which is currently illegal under federal law which supersedes any individual state enactments. If the federal government elects to enforce the laws as currently written or otherwise changes the laws in an adverse way with respect to marijuana it could have an adverse effect on the Company's operations, including potential prosecution under the laws and liquidation of the Company. Our opinion is not modified with respect to this matter.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
March 4, 2021

STARBUDS COMMERCE CITY LLC
Balance Sheets

	September 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Current Assets:		
Cash	$ 227,073	$ 222,692
Inventories	240,576	156,288
Prepaid Expenses and Other Current Assets	7,039	10,117
Total Current Assets	474,688	389,097
Property and Equipment, Net	313,144	334,589
TOTAL ASSETS	$ 787,832	$ 723,686
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Current Liabilities:		
Accounts Payable	$ 5,066	$ 5,066
Accrued Liabilities	103,002	89,535
Loyalty Points Liability	80,000	72,322
Total Current Liabilities	188,068	166,923
TOTAL LIABILITIES	188,068	166,923
TOTAL MEMBERS' EQUITY	599,764	556,763
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 787,832	$ 723,686

Accompanying Notes are an Integral Part of the Financial Statements

STARBUDS COMMERCE CITY LLC
Statements of Income

	Nine Months Ended September 30,		Year Ended December 31,
	2020 (unaudited)	2019 (unaudited)	2019
Revenues, Net of Discounts	2,876,996	$ 2,438,217	$ 3,227,482
Cost of Goods Sold	1,439,580	1,175,548	1,603,338
Gross Profit	1,437,416	1,262,669	1,624,144
Operating Expenses:			
General and Administrative	639,837	638,530	831,218
Sales and Marketing	4,536	5,006	7,956
Depreciation	24,042	23,991	31,988
Total Operating Expenses	668,415	667,527	871,162
Net Income	**$ 769,001**	**$ 595,142**	**$ 752,982**

Accompanying Notes are an Integral Part of the Financial Statements

Balance, January 1, 2019	**$**	**582,075**
Net Income		752,982
Member Contributions - Star Buds brand license		258,000
Distributions to Members		(1,036,294)
Balance, December 31, 2019	**$**	**556,763**
Balance, January 1, 2019	**$**	**582,075**
Net Income (unaudited)		595,142
Member Contributions - Star Buds brand license (unaudited)		195,000
Distributions to Members (unaudited)		(749,813)
Balance, September 30, 2019 (unaudited)	**$**	**622,404**
Balance, January 1, 2020	**$**	**556,763**
Net Income (unaudited)		769,001
Member Contributions - Star Buds brand license (unaudited)		230,000
Distributions to Members (unaudited)		(956,000)
Balance, September 30, 2020 (unaudited)	**$**	**599,764**

Accompanying Notes are an Integral Part of the Financial Statements

	For the Nine Months Ended September 30, 2020 (unaudited)	For the Nine Months Ended September 30, 2019 (unaudited)	Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 769,001	$ 595,142	$ 752,982
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	24,042	23,991	31,988
Star Buds brand license expense	230,000	195,000	258,000
Changes in Operating Assets and Liabilities:			
Inventories	(84,288)	(76,033)	(27,169)
Prepaid Expenses and Other Current Assets	3,078	12,642	13,009
Accounts Payable	–	–	5,066
Accrued Liabilities	13,467	(13,980)	10,820
Loyalty Points Liability	7,678	–	19,327
NET CASH PROVIDED BY OPERATING ACTIVITIES	962,978	736,762	1,064,023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	(2,597)	–	–
NET CASH USED IN INVESTING ACTIVITIES	(2,597)	–	–
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions to Members	(956,000)	(749,813)	(1,036,294)
NET CASH USED IN FINANCING ACTIVITIES	(956,000)	(749,813)	(1,036,294)
NET INCREASE (DECREASE) IN CASH	4,381	(13,051)	27,729
CASH, BEGINNING OF PERIOD	222,692	194,963	194,963
CASH, END OF PERIOD	**$ 227,073**	**$ 181,912**	**$ 222,692**

Accompanying Notes are an Integral Part of the Financial Statements

1. NATURE OF OPERATIONS

Starbuds Commerce City LLC (the "Company") owns and operates a recreational marijuana dispensary in Commerce City, Colorado. The dispensary sells a variety of products including buds, extracts, and edibles.

In June 2020, the Company entered into an asset purchase agreement with Medicine Man Technologies, Inc., for total consideration of approximately $7,200,000, which includes cash, deferred cash and shares in Medicine Man Technologies, Inc. The transaction closed in December 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements include unaudited interim information as of September 30, 2020 and for the nine months ended September 30, 2020 and 2019. The interim information is not reflective of full year results. Company management believes the interim information includes all normal recurring adjustments.

(b) Revenue

Revenue is recognized at the point of sale, at which time title and risk of loss pass to the customers. The Company has customer loyalty programs in which retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction

(c) Cash

Cash includes cash deposits in financial institutions and cash held at the store.

(d) Inventories

Inventories consist of cannabis and non-cannabis products that are valued at cost and subsequently at the lower of cost (first-in, first out basis) or net realizable value. The Company reviews its inventories for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. There were no reserves for obsolete inventories as of September 30, 2020 and December 31, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods.

Leasehold Improvements	Shorter of Remaining Life of the Lease or Useful Life
Furniture and Fixtures	5 - 7 Years
Computer Equipment	5 Years

The assets' carrying values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statements of Income in the year the asset is derecognized.

(f) Impairment of Long-Lived Assets

The Company accounts for its long-lived assets such as property and equipment in accordance with FASB ASC Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets" ("ASC 360").

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of an asset exceeds the undiscounted cash flows expected to be generated from the use of the asset. If an asset is determined to be impaired, the asset is written down to its fair value, and the loss is recognized in the statement of income in the period when the determination is made. No impairment charges for long-lived assets have been recorded for the year ended December 31, 2019 or the nine months ended September 30, 2020 and 2019.

(g) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Income Taxes

The Company's members have elected to have the Company treated as a partnership for income tax purposes. As such, all the Company's items of income, loss, deduction, and credit are passed through to, and taken into account by, the Company's members in computing their own taxable income.

As the Company operates in the cannabis industry, it is subject to the limits 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. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax position as a component of income tax expense. As of September 30, 2020 and December 31, 2019, the Company did not have any accrued interest or penalties associated with any unrecognized tax positions, nor was any interest or penalties recognized during the year ended December 31, 2019 or nine months ended September 30, 2020 and 2019.

(i) Fair Value Measurement

The carrying amounts of cash and accounts payable approximate fair value due to the short maturity of these instruments.

(j) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates inherent in the preparation of the Company's financial statements include the assumptions related to the valuation of inventory, the valuation and estimated useful lives for property and equipment and the loyalty program liability.

The Company's business is subject to a variety of state laws, regulations, and local ordinances. Certain states have legalized the possession, distribution, and cultivation of marijuana for medical and/or non-medical purposes; these activities remain illegal under federal law, which cause higher federal income taxation (IRC Section 280E) and difficulty in obtaining traditional banking relationships. If the federal government elects to enforce the laws as currently written or otherwise changes the laws in an adverse way with respect to marijuana it could have an adverse effect on the Company's operations, including potential prosecution under the laws and liquidation of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Concentrations of Credit Risk

The Company's financial instruments that at times are exposed to concentrations of credit risk consist primarily of cash. The Company maintains cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management does not believe the Company is exposed to significant credit risk related to cash because the Company maintains cash with high quality institutions.

(l) Recent Accounting Pronouncements

(i) The FASB issued ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. In May 2020, the FASB deferred the effective date of ASU 2014-09 making it effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements but does not believe the impact will be material.

(ii) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASC 842"), which will replace ASC 840, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. For private companies, the standard will be effective for annual periods beginning on or after December 15, 2021, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.

(iii) In June 2016, FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, an reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company's portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its financial statements will be material.

3. PROPERTY AND EQUIPMENT

The Company's property and equipment consists of the following at September 30, 2020 and December 31, 2019:

	September 30, 2020 (unaudited)	December 31, 2019
Leasehold Improvements	$ 388,276	$ 385,680
Furniture and Fixtures	30,423	30,423
Computer Equipment	6,825	6,825
Total Property and Equipment, Gross	425,524	422,928
Less: Accumulated Depreciation	(112,380)	(88,339)
Property and Equipment, Net	**$ 313,144**	**$ 334,589**

Depreciation expense for the year ended December 31, 2019 and the nine months ended September 30, 2020 and 2019 totaled $31,988, 24,022, and 23,991, respectively.

4. MEMBERS' EQUITY

Under the terms of the operating agreement, the Company has an indefinite life. Allocations of profits and losses for each fiscal year are allocated pro rata in proportion to the member's capital interest. Distributions shall be made to members in proportion to the member's capital interest and are approved by the manager of the Company in accordance with the terms of the operating agreement.

5. LEASE COMMITMENTS

The Company leases its business facility from a related party under an operating lease agreement that specifies minimum rentals. The lease expires in 2023. The Company's rent expense for the year ended December 31, 2019 and the nine months ended September 30, 2020 and 2019 was approximately $60,000, $45,000, and $45,000, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31	Total
2020 (remaining three months)	$ 15,000
2021	60,000
2022	60,000
2023	15,000
	$ 150,000

6. COMMITMENTS AND CONTINGENCIES

(a) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At September 30, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at September 30, 2020, cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

7. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Company purchases product from several related parties, CitiMed LLC, Colorado Health Consultants, LLC, Starbuds MIPS LLC, and Star Packaging and Supply LLC. The Company receives management, advisory and marketing support services from Star Packaging and Supply LLC. Amounts expensed and paid to each related party for the year ended December 31, 2019 and the nine months ended September 30, 2020 and 2019 were as follows.

	Nine Months Ended September 30,		Year Ended December 31,
	2020 (unaudited)	2019 (unaudited)	2019
CitiMed, LLC	$ 70,000	$ 55,000	$ 80,000
Colorado Health Consultants, LLC	50,000	–	5,000
Starbuds MIPS LLC	110,000	111,000	155,000
Star Packaging and Supply LLC	65,000	85,000	112,000
Total	$ 295,000	$ 251,000	$ 352,000

Purchases from Starbuds MIPS LLC were approximately 11% of the Company's purchases for the year ended December 31, 2019.

Star Brands, LLC provides the Company with the right to use the Starbuds brand and licensed property. The Company does not pay Star Brands LLC for the use of such assets. However, the Company recorded non-cash license expense of $258,000 for the year ended December 31, 2019 and $230,000 and $195,000 for the nine months ended September 30, 2020 and 2019, respectively.

(b) Related party leases

The Company has a lease for a facility with an entity owned by a member of the Company (see note 5).

8. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the balance sheet date and through March 3, 2021, the date the financial statements were available to be issued.

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency. The outbreak has spread throughout the globe, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions.

While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot reasonably be estimated at this time. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

In response to the COVID-19 pandemic and government mandates, safety, social distancing and other physical workforce distancing protocols were implemented. Although the impact of the coronavirus on the Companies' operations to date has not been significant, the ultimate impact of COVID-19 on the Companies will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain the coronavirus or treat its impact, among others.

As described in Note 1, the Company was acquired by Medicine Man Technologies, Inc.

Subsequent to December 31, 2019, the Company distributed approximately $3,900,000 to its members.

LUCKY TICKET LLC

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2020 AND 2019 (UNAUDITED)
AND THE YEAR ENDED
DECEMBER 31, 2019

Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Members
Lucky Ticket LLC
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Lucky Ticket LLC (the "Company"), which comprise the balance sheet as of December 31, 2019, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Company operates in the marijuana industry which is currently illegal under federal law which supersedes any individual state enactments. If the federal government elects to enforce the laws as currently written or otherwise changes the laws in an adverse way with respect to marijuana it could have an adverse effect on the Company's operations, including potential prosecution under the laws and liquidation of the Company. Our opinion is not modified with respect to this matter.

Crowe LLP

Crowe LLP

Oak Brook, Illinois
March 4, 2021

LUCKY TICKET LLC
Balance Sheets

	September 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Current Assets:		
Cash	$ 148,250	$ 252,359
Inventories	168,719	196,310
Total Current Assets	316,969	448,669
Property and Equipment, Net	73,618	79,873
Other Assets	5,400	5,400
TOTAL ASSETS	$ 395,987	$ 533,942
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Current Liabilities:		
Checks Issued in Excess of Bank Balance	$ 18,529	$ 45,977
Accrued Liabilities	106,480	127,271
Loyalty Points Liability	130,000	125,017
Total Current Liabilities	255,009	298,265
TOTAL LIABILITIES	255,009	298,265
TOTAL MEMBERS' EQUITY	140,978	235,677
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 395,987	$ 533,942

Accompanying Notes are an Integral Part of the Financial Statements

LUCKY TICKET LLC
Statements of Income

	Nine Months Ended September 30, 2020 (unaudited)	Nine Months Ended September 30, 2019 (unaudited)	Year Ended December 31, 2019
Revenues, Net of Discounts	$ 4,562,094	$ 4,275,770	$ 5,656,049
Cost of Goods Sold	2,270,708	1,972,639	2,535,833
Gross Profit	2,291,386	2,303,131	3,120,216
Expenses:			
General and Administrative	837,924	770,961	1,037,839
Sales and Marketing	16,138	15,528	17,514
Depreciation	6,255	5,786	7,714
Total Expenses	860,317	792,275	1,063,067
Net Income	$ 1,431,069	$ 1,510,856	$ 2,057,149

Accompanying Notes are an Integral Part of the Financial Statements

LUCKY TICKET LLC
Statements of Changes in Members' Equity

Balance, January 1, 2019	**$**	**62,594**
Net Income		2,057,149
Member Contributions - Star Buds brand license		452,000
Distributions to Members		(2,336,066)
Balance, December 31, 2019	**$**	**235,677**
Balance, January 1, 2019	**$**	**62,594**
Net Income (unaudited)		1,510,856
Member Contributions - Star Buds brand license (unaudited)		342,000
Distributions to Members (unaudited)		(1,852,993)
Balance, September 30, 2019	**$**	**62,457**
Balance, January 1, 2020	**$**	**235,677**
Net Income (unaudited)		1,431,069
Member Contributions - Star Buds brand license (unaudited)		365,000
Distributions to Members (unaudited)		(1,890,768)
Balance, September 30, 2020 (unaudited)	**$**	**140,978**

Accompanying Notes are an Integral Part of the Financial Statements

LUCKY TICKET LLC
Statements of Cash Flows

	For the Nine Months Ended September 30, 2020 (unaudited)	For the Nine Months Ended September 30, 2019 (unaudited)	Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 1,431,069	$ 1,510,856	$ 2,057,149
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	6,255	5,786	7,714
Star Buds brand license expense	365,000	342,000	452,000
Changes in Operating Assets and Liabilities:			
Inventories	27,591	(37,576)	(96,532)
Checks Issued in Excess of Bank Balance	(27,448)	(64,018)	(35,077)
Accounts Payable	–	107,000	–
Accrued Liabilities	(20,791)	199	33,158
Loyalty Points Liability	4,983	–	2,759
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,786,659	2,031,246	2,421,171
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	–	(1,856)	(1,856)
NET CASH USED IN INVESTING ACTIVITIES	–	(1,856)	(1,856)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions to Members	(1,890,768)	(1,852,993)	(2,336,066)
NET CASH USED IN FINANCING ACTIVITIES	(1,890,768)	(1,852,993)	(2,336,066)
NET INCREASE (DECREASE) IN CASH	(104,109))	9,397	83,249
CASH, BEGINNING OF PERIOD	252,359	169,110	169,110
CASH, END OF PERIOD	**$ 148,250**	**$ 178,507**	**$ 252,359**

Accompanying Notes are an Integral Part of the Financial Statements

1. NATURE OF OPERATIONS

Lucky Ticket LLC (the "Company") owns and operates a recreational marijuana dispensary in Denver, Colorado. The dispensary sells a variety of products including buds, extracts, and edibles.

In June 2020, the Company entered into an asset purchase agreement with Medicine Man Technologies, Inc., for total consideration of approximately $11,300,000, which includes cash, deferred cash and shares in Medicine Man Technologies, Inc. The transaction closed in December 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements include unaudited interim information as of September 30, 2020 and for the nine months ended September 30, 2020 and 2019. The interim information is not reflective of full year results. Company management believes the interim information includes all normal recurring adjustments.

(b) Revenue

Revenue is recognized at the point of sale, at which time title and risk of loss pass to the customers. The Company has customer loyalty programs in which retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction

(c) Cash

Cash includes cash deposits in financial institutions and cash held at the store.

(d) Inventories

Inventories consist of cannabis and non-cannabis products that are valued at cost and subsequently at the lower of cost (first-in, first-out basis) or net realizable value. The Company reviews its inventories for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. There were no reserves for obsolete inventories as of September 30, 2020 and December 31, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods.

Leasehold Improvements	Shorter of Remaining Life of the Lease or Useful Life
Equipment	7 Years
Furniture and Fixtures	7 Years

The assets' carrying values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statement of Income in the year the asset is derecognized.

(f) Impairment of Long-Lived Assets

The Company accounts for its long-lived assets such as property and equipment in accordance with FASB ASC Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets" ("ASC 360").

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of an asset exceeds the undiscounted cash flows expected to be generated from the use of the asset. If an asset is determined to be impaired, the asset is written down to its fair value, and the loss is recognized in the statement of income in the period when the determination is made. No impairment charges for long-lived assets have been recorded for the year ended December 31, 2019 or the nine months ended September 30, 2020 and 2019.

(g) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(h) Income Taxes

The Company's members have elected to have the Company treated as a partnership for income tax purposes. As such, all the Company's items of income, loss, deduction, and credit are passed through to, and taken into account by, the Company's members in computing their own taxable income.

As the Company operates in the cannabis industry, it is subject to the limits 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Income Taxes (*Continued)*

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax position as a component of income tax expense. As of September 30, 2020 and December 31, 2019, the Company did not have any accrued interest or penalties associated with any unrecognized tax positions, nor was any interest or penalties recognized during the year ended December 31, 2019 or nine months ended September 30, 2020 and 2019.

(i) Fair Value Measurement

The carrying amount of cash approximates fair value due to the short maturity of these instruments

(j) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates inherent in the preparation of the Company's financial statements include the assumptions related to the valuation of inventory, the valuation and estimated useful lives for property and equipment and the loyalty program liability.

The Company's business is subject to a variety of state laws, regulations, and local ordinances. Certain states have legalized the possession, distribution, and cultivation of marijuana for medical and/or non-medical purposes; these activities remain illegal under federal law, which cause higher federal income taxation (IRC Section 280E) and difficulty in obtaining traditional banking relationships. If the federal government elects to enforce the laws as currently written or otherwise changes the laws in an adverse way with respect to marijuana it could have an adverse effect on the Company's operations, including potential prosecution under the laws and liquidation of the Company

(k) Concentrations of Credit Risk

The Company's financial instruments that at times are exposed to concentrations of credit risk consist primarily of cash. The Company maintains cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management does not believe the Company is exposed to significant credit risk related to cash because the Company maintains cash with high quality institutions.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Recent Accounting Pronouncements

(i) The FASB issued ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. In May 2020, the FASB deferred the effective date of ASU 2014-09 making it effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements but does not believe the impact will be material.

(ii) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASC 842"), which will replace ASC 840, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. For private companies, the standard will be effective for annual periods beginning on or after December 15 2021, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.

(iii) In June 2016, FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company's portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its financial statements will be material.

3. PROPERTY AND EQUIPMENT

The Company's property and equipment consists of the following at September 30, 2020 and December 31, 2019:

	September 30, 2020 (unaudited)	December 31, 2019
Leasehold Improvements	$ 101,150	$ 101,150
Equipment	7,530	7,530
Furniture and Fixtures	5,295	5,295
Total Property and Equipment, Gross	113,975	113,975
Less: Accumulated Depreciation	(40,357)	(34,102)
Property and Equipment, Net	**$ 73,618**	**$ 79,873**

Depreciation expense for the year ended December 31, 2019 and the nine months ended September 30, 2020 and 2019 totaled $7,714, $6,255, and $5,786, respectively.

4. MEMBERS' EQUITY

Under the terms of the operating agreement, the Company has an indefinite life. Allocations of profits and losses for each fiscal year are allocated pro rata in proportion to the member's capital interest. Distributions shall be made to members in proportion to the member's capital interest and are approved by the manager of the Company in accordance with the terms of the operating agreement.

5. LEASE COMMITMENTS

The Company leases its business facility from a third party under an operating lease agreement that specifies minimum rentals. The lease expires in 2025 and has a renewal option for an additional five years. The Company's rent expense for the year ended December 31, 2019 and the nine months ended September 30, 2020 and 2019 was approximately $75,000, $65,000, and $57,000, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31	Total
2020 (three months remaining)	$ 18,739
2021	76,058
2022	77,980
2023	80,738
2024	84,175
2025	35,682
	$ 373,372

6. COMMITMENTS AND CONTINGENCIES

(a) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At September 30, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at September 30, 2020, cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

7. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Company purchases product from the several related parties, CitiMed LLC, Colorado Health Consultants, LLC and Starbuds MIPS LLC. In addition, the Company receives management, advisory and marketing support services from Star Packaging and Supply LLC. Amounts expensed and paid each related party were the following for the year ended December 31, 2019 and the nine months ended September 30, 2020 and 2019.

	Nine Months Ended September 30,		Year Ended December 31,
	2020 (unaudited)	2019 (unaudited)	2019
CitiMed LLC	$ 95,000	$ 45,000	$ 50,000
Colorado Health Consultants, LLC	45,000	30,000	80,000
Starbuds MIPS LLC	134,000	170,000	235,000
Star Packaging and Supply LLC	93,000	90,000	115,000
Total	$ 367,000	$ 320,000	$ 440,000

Purchases from Starbuds MIPS LLC were approximately 11%, 6%, 10% of the Company's purchases for the year ended December 31, 2019 and for the nine months ended September 30, 2020 and 2019, respectively.

The Company periodically sells inventory, at cost, to affiliate Starbuds stores. Product sales to affiliate stores were approximately $75,000 for the year ended December 31, 2019 and $10,000 and $70,000 for the nine months ended September 30, 2020 and 2019, respectively.

Star Brands, LLC provides the Company with the right to use the Starbuds brand and licensed property. The Company does not pay Star Brands LLC for the use of such assets. However, the Company recorded non-cash licensee expense of during the year ended December 31, 2019 and for the nine months ended September 30, 2020 and 2019 of approximately $452,000, $365,000 and $342,000, respectively.

8. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the balance sheet date and through March 3, 2021, the date the financial statements were available to be issued.

The novel coronavirus commonly referred to as “COVID-19” was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency. The outbreak has spread throughout the globe, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions.

While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot reasonably be estimated at this time. In addition, it is possible that estimates in the Company’s financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

In response to the COVID-19 pandemic and government mandates, safety, social distancing and other physical workforce distancing protocols were implemented. Although the impact of the coronavirus on the Companies’ operations to date has not been significant, the ultimate impact of COVID-19 on the Companies will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain the coronavirus or treat its impact, among others.

As described in Note 1, the Company was acquired by Medicine Man Technologies, Inc.

Subsequent to December 31, 2019, the Company distributed approximately $2,300,000 to its members.

Medicine Man Technologies, Inc.
Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined balance sheet as of September 30, 2020 and the unaudited pro forma condensed combined statements of operations for each of the nine months ended September 30, 2020 and for the year ended December 31, 2019 combine the financial statements of Medicine Man Technologies, Inc. ("**Medicine Man**"), Commerce City, LLC ("Commerce City) and Lucky Ticket, LLC ("Lucky Ticket")giving effect to the transaction described in the Agreements, as if they had occurred on January 1, 2019 in respect of the unaudited pro forma condensed combined statements of operations and on September 30, 2020 in respect of the unaudited pro forma condensed combined balance sheet.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- Medicine Man's audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2019, as contained in the Form 10-K filed on March 31, 2020 with the United States Securities and Exchange Commission (the "SEC").

- Medicine Man's unaudited condensed consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2020, as contained in its Quarterly Report on Form 10-Q filed on November 13, 2020 with the SEC.

- Commerce City and Lucky Ticket's audited financial statements as of and for the year ended December 31, 2019, contained elsewhere herein.

- Commerce City and Lucky Ticket's unaudited condensed financial statements as of September 30, 2020 and for the nine months ended September 30, 2020 and 2019, contained elsewhere herein.

- the other information contained in or incorporated by reference into this filing.

The final purchase consideration and the allocation of the purchase consideration may materially differ from that reflected in the unaudited pro forma condensed combined financial information after final valuation procedures are performed and amounts are finalized following the completion of the acquisition.

The unaudited pro forma adjustments give effect to events that are directly attributable to the transaction and are based on available data and certain assumptions that management believes are factually supportable. In addition, with respect to the unaudited condensed combined statements of operations, the unaudited pro forma adjustments are expected to have a continuing impact on the combined results.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and to aid you in your analysis of the financial aspects of the acquisition. The unaudited pro forma condensed combined financial information described above has been derived from the historical financial statements of Medicine Man, Commerce City, and Lucky Ticket and the related notes included elsewhere in this Form 8-K. The unaudited pro forma condensed combined financial information is based on Medicine Man's accounting policies. Further review may identify additional differences between the accounting policies of Medicine Man, Commerce City, and Lucky Ticket. The unaudited pro forma adjustments and the pro forma condensed combined financial information do not reflect the impact of synergies or post-transaction management actions and are not necessarily indicative of the financial position or results of operations that may have actually occurred had the transaction taken place on the dates noted, or of Medicine Man's future financial position or operating results.

Medicine Man Technologies, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
September 30, 2020

	Medicine Man	Lucky Ticket	Commerce City	Pro Forma Adjustments		Pro Forma Combined
ASSETS						
Current assets:						
Cash and cash equivalents	$ 2,981,688	$ 148,250	$ 227,073	$ (375,323)	(A)	$ 2,982,888
				1,200	(C)	
Accounts receivable, net of allowance for doubtful accounts	812,212	–	–	–		812,212
Accounts receivable – related party	91,990	–	–	–		91,990
Inventory	2,151,612	168,719	240,576	–		2,560,907
Notes receivable – related party	283,849	–	–	–		283,849
Prepaid expenses and other current assets	254,602	–	7,039	(7,039)	(A)	254,602
Total current assets	6,575,953	316,969	474,688	(381,162)		6,986,448
Non-current assets:						
Fixed assets, net	2,719,154	73,618	313,144	–		3,105,916
Goodwill	17,445,843	–	–	18,870,436	(C)	36,316,279
Intangible assets, Net	70,329	–	–	–		70,329
Investment	527,575	–	–	–		527,575
Accounts receivable – litigation	3,063,968	–	–	–		3,063,968
Deferred tax assets, net	268,423	–	–	–		268,423
Notes receivable – noncurrent, net	247,272	–	–	–		247,272
Operating lease right of use assets	1,650,117	–	–	–		1,650,117
Other assets	127,999	5,400	–	(5,400)	(A)	127,999
Total non-current assets	26,120,680	79,018	313,144	18,865,036		45,377,878
Total assets	$ 32,696,633	$ 395,987	$ 787,832	$ 18,483,874		$ 52,364,326

LIABILITIES AND STOCKHOLDERS' EQUITY					
Checks issued in excess of bank balance	$ –	$ 18,529	$ –	$ (18,529) (A)	$ –
Accounts payable	2,957,390	–	5,066	(5,066) (A)	2,957,390
Accounts payable – related party	127,694	–	–	–	127,694
Accrued expenses	1,426,315	106,480	103,002	(209,482) (A)	1,426,315
Seller note payable	–	–	–	5,919,319 (B)	6,921,214
Convertible note payable	–	–	–	2,491,258 (B)	2,491,258
Derivative liabilities	782,896	–	–	–	782,896
Income taxes payable	–	–	–	–	–
Loyalty points liability	–	130,000	80,000	–	210,000
Total current liabilities	5,294,295	255,009	188,068	8,177,500	13,914,872
Noncurrent liabilities:					
Lease liabilities	1,684,005	–	–	–	1,684,005
Total noncurrent liabilities	1,684,005	–	–	–	1,684,005
Total liabilities	6,978,300	255,009	188,068	8,177,500	15,598,877
Stockholders' equity					
Common stock $0.001 par value, 250,000,000 authorized, 42,194,878 shares issued and 41,762,146 shares outstanding at September 30, 2020, and 39,952,628 shares issued and outstanding at December 31, 2019.	42,195	–	–	–	42,195
Preferred Stock				4,429,956 (B)	4,429,956
Additional paid-in capital	60,714,343	–	–	6,617,160 (B)	67,331,503
Accumulated equity (deficit)	(33,705,705)	140,978	599,764	(740,742) (A)	(33,705,705)
Common stock held in treasury, at cost, 432,732 shares held at September 30, 2020 and 257,732 shares held at December 31, 2019	(1,332,500)	–	–	–	(1,332,500)
Total stockholders' equity	25,718,333	140,978	599,764	10,306,374	36,765,449
Total liabilities and stockholders' equity	$ 32,696,633	$ 395,987	$ 787,832	$ 18,483,874	$ 52,364,326

See notes to the unaudited pro forma condensed combined financial information.

Medicine Man Technologies, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Nine Months Ended September 30, 2020

	Medicine Man	Lucky Ticket	Commerce City	Pro Forma Adjustments		Pro Forma Combined
Operating revenues:						
Product sales, net	$ 14,292,374	$ 4,562,094	$ 2,876,996	$ –		$ 21,731,464
Product sales – related party, net	484,930	–	–	–		484,930
Consulting and licensing services	1,267,587	–	–	–		1,267,587
Other operating revenues	12,946	–	–	–		12,946
Total revenue	16,057,837	4,562,094	2,876,996	–		23,496,927
Cost of goods and services:						
Cost of goods and services	9,904,131	2,270,708	1,439,580	–		13,614,419
Gross profit	6,153,706	2,291,386	1,437,416	–		9,882,508
Operating expenses:						
Selling, general and administrative expenses	3,054,091	854,062	644,373	–		4,552,526
Professional services	5,390,186	–	–	–		5,390,186
Salaries, benefits and related expenses	5,973,482	–	–	–		5,973,482
Stock based compensation	5,815,808	–	–	–		5,815,808
Depreciation	–	6,255	24,042	–		30,297
Total operating expenses	20,233,567	860,317	668,415	–		21,762,299
Income from operations (loss)	(14,079,861)	1,431,069	769,001	–		(11,879,791)
Other income (expense):						
Gain on forfeiture of contingent consideration	1,462,636	–	–	–		1,462,636
Interest income (expense), net	46,726	–	–	(850,000)	(E)	(803,274)
Amortization of debt discount - warrants	–	–	–	(150,284)	(F)	(150,284)
Other income (expense)	32,621	–	–	–		32,621
Unrealized gain (loss) on derivative liabilities	1,527,850	–	–	–		1,527,850
Unrealized gain (loss) on investments	120,800	–	–	–		120,800
Total other income	3,190,633	–	–	(1,000,284)		2,190,349
Income (loss) before income tax expense	(10,889,228)	1,431,069	769,001	(1,000,284)		(7,689,442)
Income tax benefit (expense)	–	–	–	(880,000)	(D)	(880,000)
Net income (loss)	$ (10,889,228)	$ 1,431,069	$ 769,001	$ (1,880,284)		$ (10,569,442)
Earnings (loss) per share attributable to common shareholders:						
Weighted average number of shares outstanding - basic and diluted	41,242,041	–	–	865,821		42,107,862
Basic and diluted earnings (loss) per share	$ (0.26)	–	–	–		$ (0.25)

See notes to the unaudited pro forma condensed combined financial information

Medicine Man Technologies, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2019

	Medicine Man	Lucky Ticket	Commerce City	Pro Forma Adjustments		Pro Forma Combined
Operating revenues						
Product sales, net	$ 6,468,230	$ 5,656,049	$ 3,227,482	$ –		$ 15,351,761
Product sales – related party, net	1,351,578	–	–	–		1,351,578
Litigation revenue	1,782,457	–	–	–		1,782,457
Licensing, consulting and Cultivation Max fees	2,767,649	–	–	–		2,767,649
Other operating revenues	31,041	–	–	–		31,041
Total operating revenues	12,400,955	5,656,049	3,227,482	–		21,284,486
Cost of goods and services						
Cost of goods and services	7,616,221	2,535,833	1,603,338	–		11,755,392
Gross profit	4,784,734	3,120,216	1,624,144	–		9,529,094
Operating expenses						
Selling, general and administrative	2,199,609	1,055,354	839,174	–		4,094,137
Professional services	3,357,877	–	–	–		3,357,877
Salaries, benefits and related expenses	3,567,535	–	–	–		3,567,535
Stock-based compensation	7,279,363	–	–	–		7,279,363
Depreciation and amortization expense	61,708	–	–	–		61,708
Derivative expense – contingent compensation	5,400,559	–	–	–		5,400,559
Depreciation	–	7,714	31,988	–		39,702
Total operating expenses	21,866,651	1,063,068	871,162	–		23,800,881
Income from operations (loss)	(17,081,917)	2,057,148	752,982	–		(14,271,787)
Other income (expense)						
Bad debt expense	(151,169)	–	–	–		(151,169)
Amortization of debt discount - warrant				(200,379)		(200,379)
Unrealized gain on derivative liabilities	1,627,177	–	–	–		1,627,177
Unrealized loss on marketable securities	(1,792,569)	–	–	–		(1,792,569)
Interest expense	(160,195)	–	–	(1,130,000)	(E)	(1,290,195)
Total other expense	(476,756)	–	–	(1,130,000)		(1,807,135)
Income (loss) before income tax expense	(17,558,673)	2,057,148	752,982	(1,130,000)		(16,078,922)
Income tax benefit (expense)	582,931	–	–	(1,140,000)	(D)	(557,069)
Net (loss) income	$ (16,975,742)	$ 2,057,148	$ 752,982	$ (2,470,379)		$ (16,635,991)
Earnings (loss) per share attributable to common shareholders:						
Weighted average number of shares outstanding - basic and diluted	33,740,557	–	–	865,821		34,606,378
Basic and diluted earnings (loss) per share	$ (0.50)	–	–	–		$ (0.48)

See notes to the unaudited pro forma condensed combined financial information

Medicine Man Technologies, Inc.
Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Basis of Presentation

The unaudited pro forma condensed combined financial information set forth herein is based upon the consolidated financial statements of Medicine Man Technologies, Inc., Commerce City, LLC and Lucky Ticket, LLC. The unaudited pro forma condensed combined financial information is presented as if the transaction had been completed on January 1, 2019 with respect to the unaudited pro forma condensed combined statements of operations for each of the nine months ended September 30, 2020 and for the year ended December 31, 2019 and on September 30, 2020 in respect of the unaudited pro forma condensed combined balance sheet.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations had the transaction occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the completion of the transactions.

We have accounted for the acquisition in this unaudited pro forma condensed combined financial information using the acquisition method of accounting, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 805 "Business Combinations" ("ASC 805"). In accordance with ASC 805, we use our best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. Goodwill as of the acquisition date is measured as the excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired.

Pro forma adjustments reflected in the unaudited pro forma condensed combined balance sheet are based on items that are factually supportable and directly attributable to the transaction. Pro forma adjustments reflected in the pro forma condensed combined statements of operations are based on items that are factually supportable, directly attributable to the transaction and expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities or benefits from the transaction, including potential synergies that may be generated in future periods.

Note 2. Description of the Transaction

On December 17, 2020, Medicine Man Technologies, Inc. operating its business under the trade name Schwazze (the "Company") consummated the Agreements with Commerce City and Lucky Ticket. The aggregate purchase price for both entities is $19,457,693, which comprised of cash, seller notes, and stock in Medicine Man, Inc. In December 2020, the Company acquired the net assets of four other companies, which are not included in the unaudited pro forma condensed financial information presented.

Note 3. Purchase Price Allocation

The fair value of the consideration transferred was valued as of the date of the acquisition as follows:

Commerce City, LLC and Lucky Ticket, LLC Purchase Consideration		
Cash	$	6,921,214
Seller Notes		6,921,214
Stockholders' Equity		5,615,265
Total Purchase Consideration	$	19,457,693

The preliminary allocation for the consideration recorded for the acquisition is as follows if the acquisition had taken place as of September 30, 2020:

Current Assets	$	410,495
Property and Equipment		386,762
Goodwill		18,870,436
Loyalty Points Liability		(210,000)
Total	$	19,457,693

The purchase price allocation is preliminary. The purchase price allocation will continue to be preliminary until a third-party valuation is finalized and the fair value and useful life of the assets acquired is determined. The amounts from the final valuation may significantly differ from the preliminary allocation.

Note 4. Pro Forma Adjustments

The following pro forma adjustments give effect to the transaction.

Unaudited Pro Forma Condensed Combined Balance Sheet – As of September 30, 2020

Note A To remove Commerce City and Lucky Ticket assets, liabilities, and equity.

Note B To record purchase consideration and transaction financing.

The purchase consideration included cash, seller notes, and Medicine Man, Inc., stock. There were warrants associated with the seller notes that the Company determined required equity treatment. The exercise price was $1.20 per share and exercisable within five years from the acquisition date. The Company evaluated the warrants for liability or equity classification and concluded the warrants should be accounted for as equity. The Company determined the total fair value of the warrants to be $2,010,812, which will be amortized over the term of the notes. The warrant amount presented on the pro forma schedule of $1,001,895 was calculated based on a pro-rata allocation for Commerce City and Lucky Ticket.

The convertible note for $5,000,000, dated December 16, 2020, accrues interest at 12% per annum and matures in December 2021. If a Qualified Financing occurs on or prior to the Maturity Date or Holder receives a Prepayment Notice, then all (but not less than all) of the outstanding principal amount of this Promissory Note and Security Agreement and all accrued and unpaid interest on this Promissory Note and Security Agreement shall be convertible at the sole option of Holder into either (i) the securities issued in such Qualified Financing or (ii) shares of Maker's Series A Cumulative Convertible Preferred Stock, par value $0.001 per share at the price per share equal to the price per share paid by the other investors in the Qualified Financing on the issuance as preferred stock, as applicable. The terms are further described in the convertible promissory note and security agreement. The convertible note amount presented on the pro forma schedule was calculated based on a pro-rata allocation for Commerce City and Lucky Ticket.

The Company sold an aggregate of 12,400 shares of the Company's Series A preferred stock, par value $0.001 per share having the rights, preferences and privileges set forth in the securities purchase agreements, including the conversion of such Preferred Stock into shares of the Company's common stock, par value $0.001 per share. Such purchase and sale of Preferred Stock shall take place in a single closing subject to the terms and conditions of this Agreement. The preferred stock amount presented on the pro forma schedule was calculated based on a pro-rata allocation for Commerce City and Lucky Ticket.

Note C To record assets acquired and liabilities assumed from Commerce City and Lucky Ticket at preliminary estimated fair value. The Company has not completed its purchase price allocation and the amounts noted are preliminary.

Unaudited Pro Forma Condensed Combined Statement of Operations – For The Nine Months Ended September 30, 2020

Note D To record provision for income tax based on an estimated effective tax rate of 24% applied to income taxable under IRC Section 280E.

Note E To record interest on seller note and convertible note payable of 12% per annum.

Note F To record amortization of debt discount related to warrant. The amortization amount presented on the pro forma schedule was calculated based on a pro-rata allocation for Commerce City and Lucky Ticket and a five year life.

Unaudited Pro Forma Condensed Combined Statement of Operations – For The Year Ended December 31, 2019

Note D To record provision for income tax based on an estimated effective tax rate of 24% applied to income taxable under IRC Section 280E.

Note E To record interest on seller note and convertible note payable of 12% per annum.

Note F To record amortization of debt discount related to warrant. The amortization amount presented on the pro forma schedule was calculated based on a pro-rata allocation for Commerce City and Lucky Ticket and a five year life.