

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): **September 6, 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 | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------|------------------------------|--|
| Not applicable | Not applicable | Not applicable |

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

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

On September 6, 2019 (the "Execution Date"), Medicine Man Technologies (the "Company"), a Nevada corporation, entered into a binding term sheet (the "Term Sheet") with Ahab, LLC, Garden Greens, LLC, Slys LLC, Heartland Industries, LLC and Tri City Partners LLC, which entities operate under the name "Strawberry Fields" (collectively, the "Targets") pursuant to which the Company will purchase 100% of the capital stock or assets of the Targets, except for certain assets as outlined in the Term Sheet (the "Acquisition").

As consideration, the Company shall pay a total purchase price of \$31,000,000 (the "Purchase Price") consisting of \$14,000,000 in cash and 5,704,698 shares of its common stock, par value \$0.001 per share. The 5,704,698 shares was determined by averaging the closing price of Company's common stock for the five (5) days prior to August 22, 2019, which equated to \$2.98 per share.

A portion of the stock consideration will be subject to certain trading restrictions in the first six months 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 predicated on projected 2019 and 2020 annual gross revenues of the Targets, with an EBITDA margin of no less than 18.5% of net revenues for 2019 and 2020, and may be subject to adjustment in certain instances as will be outlined in the Long-Form Agreement (as defined below). However, no adjustment in the Purchase Price will be made if the variation between Targets' actual and projected sales for 2019 and 2020 are plus or minus 10%.

The Term Sheet provides for a closing on or before May 31, 2020, unless the parties agree to an extension.

The obligations of the Company and the Targets under the Term Sheet and the Long-Form Agreement (as defined below), as applicable, are conditioned upon the satisfaction or mutual waiver of certain closing conditions (the "Conditions") on or before May 31, 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 the Targets;
- vi. the execution of leases and employment agreements that are mutually acceptable to each party;
- vii. that the Company's stock remains publicly traded at the closing; and
- viii. that the Company's stock price is greater than \$2.00 per share at closing (if otherwise, the parties will simply recalculate in good faith the shares portion of the Purchase Price).

The Term Sheet also contemplates the entry into employment agreements with Michael Kwesell and Richard Kwesell, managing members of the Targets, as a condition to closing.

Under the terms of the Term Sheet, the Company and the Targets agreed to mutual 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.

The Long-Form Agreement will include a commitment by the Company to fund up to \$800,000 in store and architectural improvements for two of the Targets' existing stores after closing. The Targets may terminate the Long-Form Agreement if the Company suffers a material adverse event such as the Company's stock is de-listed or the regulatory approval for licensing transfer is denied by the Colorado Marijuana Enforcement Division after reasonable applications and appeals are satisfied.

On September 11, 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.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press Release dated September 11, 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.

Date: September 11, 2019

Medicine Man Technologies, Inc.

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

Medicine Man Technologies Enters into Binding Term Sheet to Acquire Strawberry Fields, an Integrated Operator in Southern Colorado

- *Strawberry Fields brings four dispensaries, manufacturing facilities, and over two acres of greenhouse cultivation facilities to the Company*
- *Extends its successful branded cannabis products, including Devour, an award-winning and fast-growing brand of gummies in the edibles market*
- *Will strengthen the Company's retail presence in the central and southern regions of Colorado, including in Pueblo, and will bring the number of dispensaries up to 34, following the close of the pending transactions*

DENVER, September xx, 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 Strawberry Fields, an integrated cannabis operator located in Southern Colorado.

Medicine Man Technologies will purchase Strawberry Fields for \$31 million, consisting of \$14 million in cash and \$17 million in common stock, satisfied by the issuance of 5,704,698 shares of its common stock priced at \$2.98 per share. The purchase price may be subject to adjustment, which will be detailed in the long form agreement entered into among the parties.

"The integration of Strawberry Fields into our family of Colorado pioneers will be impactful," said Andy Williams, Co-Founder and Chief Executive Officer of Medicine Man Technologies. "This transaction will provide our Company with low-cost cultivation assets located in Pueblo, a growing manufacturing facility, and branded products. In addition we will be acquiring four retail locations in Western and Southern Colorado, including a high yielding store that is a leader in that part of the state. Adding Strawberry Fields to our portfolio will strengthen our strategy to become the leading integrated cannabis operator of Colorado. Our broad and deep family of entrepreneurial pioneers with a shared vision and culture represent a unique and well-positioned asset for investors who truly understand the industry."

"We are thrilled to partner with Medicine Man Technologies and its growing family of brands and dispensaries," said Mike Kwesell, Co-Founder and Partner of Strawberry Fields. "Colorado is the most competitive cannabis market in the world, and to know we will have the support from other successful business teams and efficient operators all pulling in the same direction is quite significant. We have been working with Medicine Man Technologies throughout the years and they have lived up to their reputation for being a first mover and strategic leader. Consequently, making this deal was easier in many respects because of the positive business experiences both sides have had with one another over the years. By operating under a single unified umbrella, we can all recognize business efficiencies and synergies to help create the leading cannabis company in the Rocky Mountain region."

The terms of the transaction can also be referenced in the Company's 8-K, which outlines the closing conditions that are dependent upon the satisfaction or mutual waiver of certain stipulations.

The Company recently announced a series of binding term sheets to acquire 34 retail dispensaries, including four from Medicine Man, four from Purplebees, five from Starbuds, three from Colorado Harvest Company, four from a group of dispensaries, six from Roots Rx, four from another group of retail centers, and four from Strawberry Fields in today's announcement.

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

About Strawberry Fields

Founded in 2010, Strawberry Fields currently has four recreational dispensaries in Colorado, two in Pueblo and one each in Dumont and Trinidad, while also operating one of the largest cannabis greenhouses in the state. It has won multiple awards, including "Best Marijuana Store in Colorado" as well as "Best of Colorado Springs".

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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