

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 9, 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 September 9, 2019 (the “Execution Date”), Medicine Man Technologies (the “Company”), a Nevada corporation, entered into a binding term sheet (the “Term Sheet”) with Canyon, LLC (“Canyon”) and It Brand Enterprises (“It Brand” and together with Canyon, the “Targets”) pursuant to which the Company will purchase 100% of the capital stock or assets of Canyon and certain assets of It Brand (the “Acquisition”).

As consideration, the Company shall pay a total purchase price of \$5,130,000 (the “Purchase Price”) consisting of (i) a cash component, which will be calculated at the time the Long-Form Agreement (as defined below) is executed, but in no case will be greater than \$2,565,000, and (ii) an equity component, which will consist of shares of the Company’s common stock, par value \$0.001 per share, for the balance of the Purchase Price. The number of shares that make up the equity component will be determined by dividing the balance of the Purchase Price by the average closing price of Company’s common stock for the five (5) days prior to September 7, 2019, which equated to \$3.07 per share. The Purchase Price is payable by the Company to each of the Targets and is estimated to be \$4,950,000 for Canyon and \$180,000 for the It Brand assets.

A portion of the equity 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 equity consideration will also be included in the Long-Form Agreement (as defined below). The Purchase Price is predicated on projected 2019 annual gross revenues of the Targets and is subject to certain adjustments outlined in the Term Sheet, including adjustments in the event of a variance in excess of 10% in the Targets’ revenue.

The Term Sheet provides for a closing on or before September 9, 2020, unless the parties agree to an extension.

The obligations of the Company and the Targets under the Term Sheet are conditioned upon the satisfaction or mutual waiver of certain closing conditions (the “Conditions”) on or before September 9, 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 Canyon;
- vi. the execution of leases and employment agreements that are mutually acceptable to each party; and
- vii. mutual satisfactory completion of due diligence, upon review of all requested information.

The Term Sheet also contemplates the entry into employment agreements with Morgan Iwersen, Andrew Iwersen, and Timothy M. McMurray, owners of the Targets.

In addition, in the event the Targets obtain licensing rights or partners in Oregon, California, or Puerto Rico, as outlined in the Term Sheet, the Term Sheet contemplates certain profit sharing, licensing, or royalty arrangements between the Company and Targets, as well as rights of first refusal for the Company in lieu of such arrangements.

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 also provides that the members of Canyon will not commence or invest in a business that competes with the Company directly or through its affiliates during the eighteen months following the closing.

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 September 9, 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 12, 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 12, 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 12, 2019

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

Medicine Man Technologies to Increase Its Manufacturing Efficiencies and Branded Product Offerings with Binding Term Sheet for Canyon LLC

- *Another industry pioneer that is considered one of Colorado's leading manufacturers of all-natural, highly effective premium-infused edibles*
- *Utilizes proprietary CO₂ extraction process free of any non-medicinal plant constituents to isolate cannabis essential oil from plant materials*
- *One of the leaders in the micro-dosing cannabis movement, with revenue from its gummies growing over 250% YOY*
- *All its edible products are GMO-free and made in-house with all-natural or organic ingredients sourced locally whenever possible*

DENVER, September 12, 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 Canyon LLC ("Canyon"), a leading Colorado manufacturer of all-natural, discreet, and highly effective premium-infused edibles.

Under the terms of the transaction, Medicine Man Technologies will purchase Canyon LLC for \$5.13 million, payable in cash and common stock of the Company that will be determined and set forth in the long form agreement among the parties. The cash consideration, however, will not be greater than \$2.565 million and the shares of common stock will be valued at \$3.07 per share. Based upon the year-to-date results, Canyon is expected to generate gross revenues of \$3.3 million in 2019. The purchase price may be subject to adjustment, which will be detailed in the long form agreement entered into among the parties.

"Our latest series of announcements have been predicated on building out our footprint of retail dispensaries," said Andy Williams, Co-Founder and Chief Executive Officer of Medicine Man Technologies. "Canyon has been on our radar for several years given its strong following and high quality manufacturing and extraction methods. Its proprietary process using CO₂ to extract cannabis oil from plant materials yields flavorful products. From hard candies, capsules, and micro-dosed gummies to its cannabis-infused beverages, the unique products derived from its cannabis oil have gained a deserving reputation and garnered a tremendous customer base. We believe this acquisition is important in furthering the build-out of our infrastructure and diversifying our branded product offerings."

"Like Andy and the rest of his growing family of industry pioneers, we have been around since before the state went recreational," said Morgan Iwersen, Founder, Co-Owner, and Chief Executive Officer of Canyon LLC. "We have conducted business with Andy over the years and have also come to recognize and admire him for being an influential driving force for our industry. With a lot of bigger corporate competitors looking to enter the state now, we felt it was time to join the Medicine Man Technologies family to help build a stronger unified company that can remain competitive with these larger corporations but still maintain the authenticity of our Colorado roots."

"The time is right for Colorado companies to join forces and create a more expandable and national brand that can grow profitably despite external competition from corporate cannabis," added Andrew Iwersen, Co-Owner and Managing Partner of Canyon LLC.

Management cautions that there can be no assurance that the targeted acquisition will achieve the stated gross revenue projection.

More information regarding the binding term sheet, including the closing conditions, are set forth in the Company's current report on Form 8-K.

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

About Canyon LLC

Founded in 2009, Canyon LLC is one of Colorado's leading manufacturers of all-natural, discreet, and highly effective premium-infused edibles. All of its products are gluten-free, GMO-free, and made in-house using a proprietary extraction process that uses high-quality all-natural ingredients and is completely free of any non-medicinal plant constituents. Each batch of essential cannabis oil produced is tested both on and off-site to ensure that every dose its customers consume is pure and safe and delivers the same level of relief every time. Its hard candies, suckers, capsules, and cannabis-infused nitro brew coffee are known for their delicious flavors, long-lasting effects, and minimal cannabis flavor.

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 seven 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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