

August 8, 2018



# Medicine Man Technologies Reports Second Quarter 2018 Financial Results

## Company Achieves Record Quarterly Revenue of \$1.4+M, Maintains Profitability with Net Income of \$181,692

Denver, CO, Aug. 08, 2018 (GLOBE NEWSWIRE) -- Medicine Man Technologies Inc. (OTCQB: [MDCL](#)) ("Medicine Man Technologies" or "Company"), one of the United States' leading cannabis branding and consulting companies today provided financial results for the quarter ended June 30, 2018.

During the three months ending June 30, 2018, the Company generated revenues of \$1,417,687, an increase of 535,334 or approximately 61%, compared to revenues of \$882,353 in the three months ending June 30, 2017. Total revenues include Cultivation Max revenue of \$723,698, consulting and licensing fees of \$287,062, product sales net revenue of \$232,565, related party product sales net revenue of \$148,135, and reimbursements of \$20,099. The increase in revenues is primarily attributable to revenue related to Cultivation Max, which began support for several operators during mid to late fiscal 2017.

The Company reported cost of goods and services totaling \$380,396 during the three months ended June 30, 2018. This is compared to \$272,001 during the same time period in 2017. The increase is primarily due to an increase in selling.

Operating expenses during the three months ended June 30, 2018, dropped 83% to \$884,119, compared to \$5,172,869 during the same time period in 2017. Operating expenses consisted of salaries expense of \$454,165, professional services fees of \$250,076, general and administrative expense of \$73,846, officers and directors bonuses of \$51,053, advertising expense of \$28,395 and conference and travel related expenses of \$26,584. The change is primarily attributable to a \$4,480,318 charge incurred during the three months ended June 30, 2017 related to stock based compensation expenses.

The Company reported net income of \$181,692 during the three months ending June 30, 2018, or approximately \$0.01 per common share, compared to a net loss of \$4,494,435, or approximately -\$0.44 per common share, during the same time period in 2017.

"We continue to demonstrate strong revenue growth as we conclude our second consecutive profitable quarter," Brett Roper, Medicine Man Technologies' co-founder, and CEO stated. "After considerable preparation, we are pleased to be applying to move the Company to QX status on the OTC markets, which we expect to finalize during the third quarter of 2018. This uplisting will, among other benefits, allow us to take full advantage of regulations in Colorado that allow fully reporting public companies to hold ownership of plant touching licenses in the state."

Joshua Haupt, Medicine Man Technologies' Chief Operating Officer stated, "We are pleased with the results, including revenue related to the successful deployment of our Cultivation MAX programs. "As we look to the second half of 2018, we expect to continue to generate meaningful revenue growth. Subsequent to the quarter end, the Company entered into a Master License Agreement with Canada House Wellness Group, for deployment of its Success Nutrients line as well as intellectual property in Canada. The initial payments for licensing totaled \$4.65M (CAD) and is being paid to the Company in the form of cash (\$1.15M) and Stock (\$3.5M) in Canada House Wellness. We expect that his new partnership will generate significant revenues, commencing in Q3 2018. Furthermore, we have also entered a binding term sheet for the acquisition of hydroponics store in Denver, which offers a range of cultivation equipment on a competitive price basis."

### **About Medicine Man Technologies, Inc.**

Established in March 2014, the Company secured its first client/licensee in April 2014. To date, the Company has provided guidance for several clients that have successfully secured licenses to operate cannabis businesses within their state. The Company currently has or has had active clients in California, Iowa, Oregon, Colorado, Nevada, Illinois, Michigan, Arkansas, Pennsylvania, Florida, Ohio, Maryland, New York, Massachusetts, Puerto Rico, Canada, Australia, Germany, and South Africa. We continue to focus on working with clients to 1) utilize its experience, technology, and training to help secure a license in states with newly emerging regulations, 2) deploy the Company's highly effective variable capacity constant harvest cultivation practices through its deployment of Cultivation MAX, and eliminate the liability of single grower dependence, 3) avoid the costly mistakes generally made in start-up, 4) stay engaged with an ever expanding team of licensees and partners, all focused on quality and safety that will "share" the ever-improving experience and knowledge of the network, and 5) continuing the expansion of our Brands Warehouse concept through entry into industry based cooperative agreements and pursuing other acquisitions as they prove suitable to our overall business development strategy.

### **Safe Harbor Statement**

This press release may contain forward-looking statements which are based on current expectations, forecasts, and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially from those anticipated or expected, including statements related to the amount and timing of expected revenues and any payment of dividends on our common and preferred stock, statements related to our financial performance, expected income, distributions, and future growth for upcoming quarterly and annual periods. These risks and uncertainties are further defined in filings and reports by the Company with the U.S. Securities and Exchange Commission (SEC). Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors detailed from time to time in our filings with the Securities and Exchange Commission. Among other matters, the Medicine Man Technologies may not be able to sustain growth or achieve profitability based on many factors including, but not limited to, general stock market conditions. Reference is hereby made to cautionary statements set forth in the Company's most recent SEC filings. We have incurred and will continue to incur significant expenses in the expansion of our existing and new service lines, noting there is no assurance that we will generate enough revenues to offset those costs in both the near and long-term. Additional

service offerings may expose us to additional legal and regulatory costs and unknown exposure(s) based upon the various geopolitical locations where we will be providing services, the impact of which cannot be predicted at this time.

To be added to the Medicine Man email distribution list, please email, [MDCL@kcsa.com](mailto:MDCL@kcsa.com) with MDCL in the subject line.

For more information, visit us at [www.medicinemantechologies.com](http://www.medicinemantechologies.com); [www.threalight.com](http://www.threalight.com)

**MEDICINE MAN TECHNOLOGIES, INC.**  
**BALANCE SHEET**  
*Expressed in U.S. Dollars*

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 849,223	\$ 748,715
Accounts receivable	1,275,125	461,343
Accounts receivable - related party	62,160	25,719
Short-term note receivable, net of allowance	195,988	191,111
Inventory	67,567	106,091
Other assets	60,320	42,819
Total current assets	<u>2,510,383</u>	<u>1,575,798</u>
Non-current assets		
Fixed assets, net accumulated depreciation of \$113,413 and \$82,038	102,485	150,047
Intangible assets, net accumulated amortization of \$10,646 and \$7,388	84,454	87,712
Goodwill	9,304,306	9,304,306
Other non-current assets	22,000	14,500
Total non-current assets	<u>9,513,245</u>	<u>9,556,565</u>
Total assets	<u><u>\$ 12,023,628</u></u>	<u><u>\$ 11,132,363</u></u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 19,733	\$ 123,251
Accounts payable - related party	-	155,177
Accrued expenses	57,619	-

Other liabilities	–	56,495
Total current liabilities	<u>77,352</u>	<u>334,923</u>
Long-term liabilities		
Note payable - related party	–	58,280
Total long-term liabilities	–	58,280
Total liabilities	<u>77,352</u>	<u>393,203</u>
Commitments and contingencies, note 13		
Shareholders' equity		
Common stock \$0.001 par value. 90,000,000 authorized, 25,019,981 and 22,991,137 were issued and outstanding June 30, 2018 and December 31, 2017, respectively.	25,141	23,113
Additional paid-in capital	16,449,299	13,997,441
Additional paid-in capital - Warrants	2,054,369	3,508,256
Accumulated other comprehensive (loss)	–	–
Retained earnings	<u>(6,582,533 )</u>	<u>(6,789,650 )</u>
Total shareholders' equity (deficit)	11,946,276	10,739,160
Total liabilities and stockholders' equity	<u>\$ 12,023,628</u>	<u>\$ 11,132,363</u>

**MEDICINE MAN TECHNOLOGIES, INC.**  
**STATEMENT OF COMPREHENSIVE (LOSS) AND INCOME**  
*For the Three and Six Months Ended June 30, 2018 and 2017*  
*Expressed in U.S. Dollars*

	<b>Three Months Ended June</b>		<b>Six Months Ended June 30,</b>	
	<b>30,</b>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Operating revenues</b>				
Product sales, net	\$ 232,565	\$ 229,214	\$ 558,296	\$ 229,214
Product sales - related party, net	148,135	122,944	281,738	122,944
Cultivation Max	723,698	–	916,244	–
Licensing fees	96,732	301,313	425,714	501,313
Consulting fees	190,330	226,582	386,330	565,796
Reimbursements	20,099	–	47,408	–
Services - related party	4,479	–	8,958	–
Seminars and others	1,649	2,300	4,036	4,222
Total revenue	<u>1,417,687</u>	<u>882,353</u>	<u>2,628,724</u>	<u>1,423,489</u>
<b>Cost of goods and services</b>				
Cost of goods and services	\$ 380,396	\$ 245,965	\$ 753,914	\$ 411,124

Cost of goods and services - related party	—	26,036	—	26,036
Total cost of goods and services	<u>380,396</u>	<u>272,001</u>	<u>753,914</u>	<u>437,160</u>
<b>Gross profit</b>	<u>\$ 1,037,291</u>	<u>\$ 610,352</u>	<u>\$ 1,874,810</u>	<u>\$ 986,329</u>
<b>Operating expenses</b>				
General and administrative	\$ 73,846	\$ 331,425	\$ 247,350	\$ 435,296
Professional services	250,076	141,953	480,591	233,483
Acquisition costs	—	98,701	—	98,701
Stock based compensation expenses	—	4,480,318	—	4,480,318
Officers and directors bonuses	51,053	—	51,053	—
Advertising	28,395	56,025	77,540	89,509
Conference and travel expenses	26,584	—	125,857	—
Salaries	454,165	64,447	721,220	64,447
Total operating expenses	<u>\$ 884,119</u>	<u>\$ 5,172,869</u>	<u>\$ 1,703,611</u>	<u>\$ 5,401,754</u>
<b>Income from operations</b>	<u>\$ 153,172</u>	<u>\$ (4,562,517 )</u>	<u>\$ 171,199</u>	<u>\$ (4,415,425 )</u>
<b>Other income/expense</b>				
Interest income	\$ (32,836 )	\$ (7,480 )	\$ (40,233 )	\$ (14,877 )
Net realized gain on available for sale securities	—	(82,373 )	—	(131,382 )
Interest expense related to convertible notes	—	21,990	—	44,329
Loss on management fee contracts	—	—	—	70,257
Net gain on derivative	—	—	—	(262 )
Other (income) expense	4,316	(219 )	4,316	(219 )
Total other expense	<u>(28,520 )</u>	<u>(68,082 )</u>	<u>(35,917 )</u>	<u>(32,154 )</u>
<b>Net (loss) income</b>	<u>\$ 181,692</u>	<u>\$ (4,494,435 )</u>	<u>\$ 207,116</u>	<u>\$ (4,383,271 )</u>
<b>Earnings per share attributable to common shareholders:</b>				
Basic and diluted (loss)/earnings per share	\$ 0.01	\$ (0.44 )	\$ 0.01	\$ (0.43 )
Weighted average number of shares outstanding - basic and diluted	25,019,981	10,226,086	25,019,981	10,226,086

Other comprehensive (loss), net of tax				
Net unrealized (loss) on available for sale securities	—	(9,248 )	—	(10,551 )
Total other comprehensive income (loss), net of tax	—	(9,248 )	—	(10,551 )
<b>Comprehensive (loss) gain</b>	<u>\$ 181,692</u>	<u>\$ (4,503,683 )</u>	<u>\$ 207,116</u>	<u>\$ (4,393,822 )</u>

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Source: Medicine Man Technologies, Inc.