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ASX RELEASE

19 March 2020

MMJ Investor Update - WeedMD

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, attaches the following release by one of MMJ's largest investees, **WeedMD Inc. (TSX-V:WMD) (OTCQX:WDDMF) (FSE:4WE) ("WeedMD" or the "Company")**, in relation to its operations in Appendix One.

The WeedMD release provides an update on the Company's product development, selling and administration overhead reduction program and highlights the benefits of the completing the investment by LiUNA Pension Fund of Central and Eastern Canada ("LPF") as its largest shareholder. The LPF investment strengthened WeedMD's balance sheet to further support the Company's growth plans at a time when liquidity and capital constraints have put the cannabis market under pressure.

MMJ's investment in WeedMD consists of:

- a) CAD6m in 8.5% unsecured convertible debenture units issued by WeedMD which MMJ has the option to convert into 3.75m shares by September 2022. The debenture units have preference over ordinary shares with interest paid to MMJ on quarterly basis.
- b) The right to make further investments in WeedMD through warrants that allow MMJ to acquire an additional 3.75m shares for CAD1.80 each for a period of 3 years.

The book value¹ of MMJ's investment is approximately AUD5.2m.

WeedMD Inc. is a federally-licensed producer of cannabis products for both the medical and adult-use markets in Canada.

The a presentation of WeedMD's operations and recent capital raising may also be found on the MMJ website [WeedMD presentation February 2020](#) .

Investor and Media Enquiries

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¹ Based on TSXV market price for notes and warrants

About MMJ

MMJ is a global cannabis investment company (ABN 91 601 236 417). MMJ owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors including healthcare, technology, infrastructure, logistics, processing, cultivation, equipment and retail. For MMJ's latest investor presentation and news, please visit: <https://www.mmjgh.com.au/investors/>

Important Notice

This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of MMJ. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of MMJ may be influenced by a number of factors, many of which are outside the control of MMJ. No representation or warranty, express or implied, is made by MMJ, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause MMJ's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. MMJ does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in MMJ. This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). MMJ's shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.

Appendix One **Strong Roots and New Growth** for 2020

March 18, 2020

Dear Valued Shareholder,

It's been just over 30 days since my appointment to CEO and in that time, I have had the opportunity to experience first-hand our vast operational presence and pleasure of meeting with employees, business partners and key customers. We successfully completed our Toronto corporate office merger, bringing many of the Starseed and WeedMD professional teams together under one roof to streamline costs and integrate our talent for more efficient collaboration.

During this time we also announced the addition of four strategic partners and their benefits providers. To recap, we welcomed:

- LiUNA Local 1059 (London, Ontario)
- myHSA
- The International Union of Painters and Allied Workers
- The Insulators and Allied Workers Local 95

Likewise, our production facilities in Aylmer, Bowmanville and Strathroy completed their integration during this time to better support the increasing product demand that we have been experiencing with this uptick in new patient registrations.

The hard work and dedication that has gone into ensuring a smooth integration has helped shape our 2020 perspective of the cannabis sector in Canada. The market is starting to realize the value of the Starseed acquisition which is helping cement our vision for WeedMD's future.

Over the last couple of weeks, we have also established a number of protocols and risk mitigation strategies to ensure the health and safety of our employees and communities as a result of the COVID-19 global pandemic. Our top priority

is ensuring our employees have the information they need to remain healthy so they can continue providing our customers with the outstanding products and service upon which we have built our reputation. I wish you and your families stay safe and healthy during this period.

Barring the global volatility created by the coronavirus, it is clear that the cannabis market in Canada has experienced growing pains for several other reasons: pricing inconsistencies, retail outlet constraints in some provinces, and limited quality supply in certain consumer product segments. While these factors have tempered short-term market expectations - creating pressure on equity valuations across the board, longer term we are confident that WeedMD will emerge as a formidable leader in Canada's ever-evolving cannabis space.

How will we get there? WeedMD is widely lauded for its focus on high-quality cultivation, processing and product development, which remains intact today. Our infrastructure and operations are some of the most impressive operations I have seen. Since legalization, WeedMD's business model has mainly centered on wholesale or "LP to LP" product distribution, while this is a great way to move inventory, it generally carries a lower margin. With the addition of Starseed, we have now integrated a critical element of the value chain – new and direct channels to a patient base with insurance coverage for medical cannabis.

This access to a substantial, captive and direct consumer audience of over 350,000 individuals will drive growth, margin expansion and set us on a path to profitability. WeedMD is now expanding its best-in-class sales and marketing strategy and distribution channels by commercializing a cultivation platform that is the benchmark in Canada.

2020 is about executing our commercial plan:

- Scaling our unique medical distribution business model via paid benefits;
- Delivering high-quality cannabis into the adult-use market via our Color and Saturday brands; and
- Launching quality, customer-focused cannabis products in traditional and new formats to drive greater revenue across all markets.

We are trending towards profitability as follows:

- Sustaining and operating a lean and efficient business across each of our sites;
- Capturing higher-margin products rooted in our low-cost quality cultivation platform; and
- Securing an estimated \$10 million in SG&A cost reduction run-rate by the end of 2020.

At this time, I would also like to more formally welcome the LiUNA Pension Fund of Central and Eastern Canada (“LPF”) as our largest shareholder. Liquidity and capital constraints have put the cannabis market under pressure and LPF’s investment strengthens our balance sheet to further support our growth.

I am truly honoured by this opportunity to serve as WeedMD’s CEO. As both the CEO and as a shareholder, I look forward to working with our talented team in leading the Company through our next phase of growth. I am very excited about WeedMD’s strong prospects and the many opportunities ahead to build further value for our shareholders. In the coming months my team and I will be making a dedicated effort to share our evolving WeedMD story with new and prospective investors.

I’m pleased to provide a more detailed corporate update below. Thank you all for your trust and support.

Sincerely,

Angelo Tsebelis

Chief Executive Officer

WeedMD Inc.

Medical Product Integration

GHOST TRAIN HAZE

SATIVA DOMINANT



Our Starseed patients are beginning to have greater access to WeedMD products on the Starseed medical platform. Most recently, we introduced Umbra (Pedro's Sweet Sativa) and Ghost Train Haze to Starseed's online platform and both have been received very favourably.

More news about products and services, including information about the North Star Wellness platform, will be sent directly to all our medical patients. As we continue to onboard new patient registrations from all of our partners, we will also

be introducing client support services to WeedMD patients to align with Starseed's offerings.

Cultivation Readiness &
New Strains Coming



Snapshot of all 20 cultivation rooms in Strathroy, ON.

An external question I often get is how will WeedMD supply all of its channels?

I'm pleased to confirm that we have 17 cultivation rooms that are all cycling through various stages of production alongside our mother room and two propagation rooms in our hybrid greenhouse in Strathroy, Ontario. Our teams strategically stagger our rooms so that harvest schedules are spaced out for ease of production and packaging, expediting our speed to market. With the 10 additional rooms that came online in the second half of 2019, we are now seeing the full production capabilities of our cultivation platform as we brace for a major production surge.



New strains in Strathroy ON.

As you know, our industry continues to experience a shortage of **quality** cannabis products and we continue to adapt our product portfolio based on feedback from our customers. Stay tuned for more details as we will be introducing new strains to both the medical and adult-use markets. These strains grew beautifully outdoors and likewise, have taken well to our greenhouse.

New Product Formats:
Pre-Rolls and Ready-to-Roll



**High-THC strain, Ghost Train Haze, harvested outdoors in Strathroy, ON
slated for pre-roll cannabis products coming soon**



**Ready-to-Roll and pre-roll products in production for Color Cannabis &
Saturday Cannabis brands**

While on the topic of new strains and products, we are gearing up to launch new adult-use formats under our Color Cannabis and Saturday Cannabis brands. We've enhanced our pre-roll production and I am pleased to confirm that a significant portion of our **outdoor** Ghost Train Haze (one of the highest THC strains from the outdoors) has been allotted to our pre-roll cannabis product line and will be available in provincial stores soon.

Our teams are producing well over 12,000 pre-rolls a day and continue to fill the high demand of "Ready to Roll" products sold under the Color Cannabis brand. More news will be forthcoming about other new Color products and formats.

As for the remaining outdoor harvest – a significant portion has now been sold to a third party for extraction, in addition to keeping some for our own extraction destined for CX Industries.

CX Industries & Extraction



CX Industries extraction operations underway in Aylmer, ON.

At our CX Industries facility in Aylmer, Ontario, I was pleased to see our Vitalis Q-90 extractors in action. Now that we are operational, we are fine tuning our standard operating procedures (SOPs) to ensure we are well positioned to capture a number commercial opportunities currently under negotiation. As we advance these discussions, as well as launch our Cannabis 2.0 vapes and topicals, we will ensure to issue market announcements accordingly.

Bowmanville Research Licence

Meanwhile in Bowmanville, Ontario – the site of the original Starseed Medicinal facility, Health Canada recently granted the site a research licence. This gives way to further research activities and allows for the administration and distribution of cannabis to human research subjects for assessment of taste, sight, smell and/or touch. This means we can now conduct sensory (focus group) testing with vape product development in mind. We look forward to using this customer feedback in our product development for vapes. And yes, we are also eyeing new cannabis products such as rosin and hashish.
