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## ASX RELEASE

14 April 2020

### Weed Me Investor Update

**MMJ Group Holdings Limited (ASX:MMJ/OTC Code MMJF) ("MMJ")**, an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, attaches the following presentation by one of MMJ's largest investees, **Weed Me Inc. ("Weed Me")**, in relation to its operations.

The Weed Me presentation provides an update on its current operations and the expansion opportunities that are being considered by the company. The presentation follows the announcement of a CAD2.5m capital raising in March 2020 which strengthened Weed Me's balance sheet to support its growth plans.

Established in 2016, Weed Me is a licenced producer of cannabis with indoor growing facilities located in Ontario and holds Cultivation, Processing and Sales licences under the Cannabis Act from Health Canada. MMJ made its initial investment in Weed Me in December 2017.

MMJ's investment in Weed Me has a current book value of CAD5.8m and comprises:

- a) 3.46m shares (book value of CAD3.5m) representing approximately 14% of Weed Me's issued capital and 3.46m warrants each convertible at CAD0.8666 (book value of CAD1.3m); and
- b) CAD1m convertible note ("the Note") with a first ranking charge, bears interest at a rate of 8% per annum and is repayable on 7 August 2020. The Note is convertible at MMJ's option up to 7 August 2020 into 0.666m Weed Me shares and 0.666m warrants which entitle MMJ to acquire one share at an exercise price of CAD1.60 up to 7 August 2021.
- c) As at 31 March 2020, MMJ had generated a total return of 2.2 times on its investment in Weed Me<sup>1</sup>.

The attached presentation may also be found on the MMJ website.

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**Investor and Media Enquiries**

Announcement authorised for release to ASX by:  
Jim Hallam  
Chief Financial Officer and Company Secretary  
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<sup>1</sup> Based on unrealised market value of investment plus interest received/receivable divided by cash cost of investment

**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/>*

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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.



# Craft, Premium Indoor Toronto Area Based LP

March 2020

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All financial information included in this document is unaudited. There is a material risk that the audited financial results will differ significantly from the unaudited financial information presented herein. This document also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about prospective results of operations, future net revenue, share capital, cash flows, and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was made as of the date of this document and was provided for the purpose of providing information about management's current expectations and plans relating to the future. We disclaim any intention or obligation to update or revise any forward-looking statements or FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable securities law. Readers are cautioned that the forward-looking statements and FOFI contained in this document should not be used for purposes other than for which it is disclosed herein. The forward-looking statements and FOFI contained in this document are expressly qualified by this cautionary statement.

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# Our Story and Opportunity

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Weed Me has strong, differentiated fundamentals and needs investment to grow

## **Our Mission**

We create and sell unique cannabis strains and formulations that enhance the lives of medical and recreational users.

## **Company Fundamentals**

Licensed to Cultivate, Process & Sell

Extensive genetics library with 110+ strains

Ultra-compliant operation with top Health Canada inspection scores

Significant expansion opportunity without additional licenses

## **Objective**

Expand our facility in size (8K TO 20K sq. ft.) and capability in existing, licensed facility



“ Why Canada?

“ Why Weed Me?

“ Expansion Opportunities

# Why Canada?

High growth potential due to underlying population, evolution of market, and exports

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## 1. Canada is the 2<sup>nd</sup> highest potential North American Market, behind only California

- “ First developed country to legalize cannabis nationally
- “ Population demographics similar to California, but faster growing
- “ Social acceptance and prevalence to use cannabis in line with US trends

## 2. Nascent industry with significant growth opportunities

- “ Qualitative indicators suggest current legal inventory and production does not meet customer expectations
- “ Improvement in taxation schemes and law enforcement will lead to decreased illegal market competition
- “ New product categories allowed in late 2019 will be incremental to sales, similar to US markets

## 3. Access to global trade

- “ Potential to address demand in global markets as legalization spreads – Canada has NA, EU and UK trade agreements

## 4. Limited licenses

- “ Canada is, and will remain a limited license regime, creating significant value for early movers

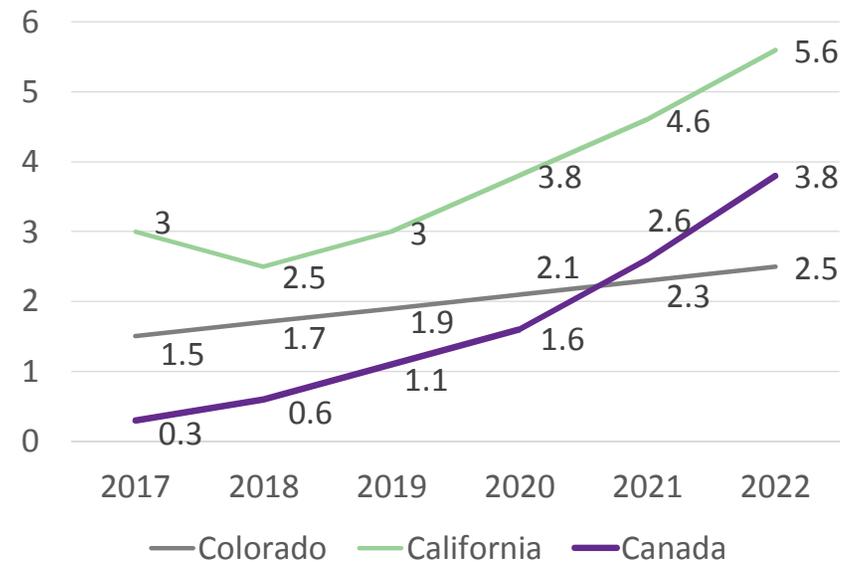
# Why Canada?

The Canadian cannabis industry is poised to grow at an outsized pace and will lead North America

- “ Rapidly increasing the number of cannabis retail stores.
- “ New Regulatory changes have permitted sale of products such as edibles and vapes.



Legal Cannabis Sales, \$B USD





” Why Canada?

” Why Weed Me?

” Expansion Opportunities

# Why Weed Me?

Stable differentiated business model with ability to expand immediately

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## 1. Strong financials and attractive valuation

- “ Strong financial performance
- “ Excellent valuation versus industry given current revenue and growth prospects
- “ Clean balance sheet

## 2. Outstanding business fundamentals

- “ Experienced operating team including tenured healthcare CEO
- “ Ultra compliant operation

## 3. Differentiation

- “ State-of-the art, highly productive cultivation facility
- “ Craft, small-batch, premium indoor product
- “ Genetics library with 110+ strains
- “ Sales license and distribution agreements with 4 provincial governments, pharmacies, retirement homes

# Why Weed Me?

Experienced Senior Management has the skills and experience to deliver the growth plan

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**EDWARD JAMIESON**

Chief Executive Officer

- “ Senior leadership experience in the healthcare and heavily regulated industries
- “ Prior CEO of Medical Pharmacies, G4S Cash services, Cara Operations and Calea.



**TERRY KULAGA**

Co-founder and Chief Compliance Officer

- “ 20+ years of entrepreneurial experience in real estate sales, construction, and agriculture
- “ Strong venture management acumen in the cannabis space



**BENNY PRESMAN**

Co-founder and Chief Commercial Officer

- “ Previous founder of one of the fastest growing moving companies with over 20 franchisees across Canada
- “ Strategic leader of over a dozen business launches in past 15 years

# Why Weed Me?

Backed by an executional team, deeply experienced in cannabis and regulated industries



**DR. SEV PERELMAN**

Advisory Board Member

- “ 20 years of MD practice & 10 years as a Medical Director
- “ 12 years as a WorldWide Medical Educator
- “ 3 Years as a team physician for the Toronto Raptors



**MAOR SHAYIT**

Chief Operating Officer

- “ Retail operations manager for Estée Lauder's eight MAC stores in Israel. Responsible from construction to operations.
- “ Former VP at Metropolitan Movers



**LIRON BAR**

Director of Research & Breeding

- “ Spent the last three years at Israel's Weizmann Institute of Science (one of the leading research institutions on cannabis genetics as a master grower)



**JENNIELEE TABUJARA**

Director of Quality Assurance

- “ Over seven years of experience in quality for the pharma, cosmetic and cannabis industries
- “ ASQ-certified HACCP Auditor

# Why Weed Me?

Focus on Customers & Focus on Core Competencies

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## Business Strategy

- “ Successful transition from Wholesale to Retail = increased margin
- “ Expand geographic footprint
- “ Adding product lines commencing 2020
  - “ Vapes
  - “ Oils
- “ Flexible “manufacturing” strategy to leverage licenses and capabilities
  - “ Outsource extraction
  - “ Process/sell 3<sup>rd</sup> party product

<sup>1</sup> Unaudited Results

NOTE: All figures in Canadian Dollars (CAD)

# Why Weed Me?

## Strong Operating Capabilities

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### ULTRA COMPLIANT OPERATION

- “ One of the first licensed producers, operating since April 2018
- “ Top inspection scores for Health Canada
- “ No major or critical inspection citations in our operational history

### ADVANCED PRODUCTION CAPABILITIES

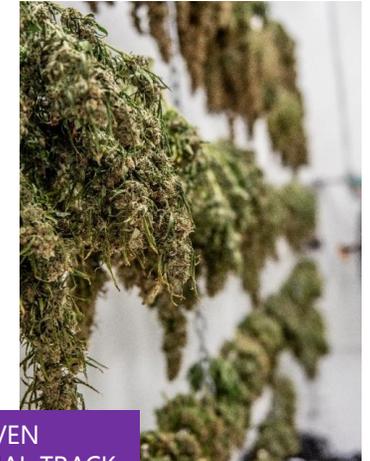
- “ Successfully cultivating premium product with industry leading yields
- “ A.I. powered tracking of key production drivers

### 8,000 SQ. FT. OF CURRENT CULTIVATION FACILITY

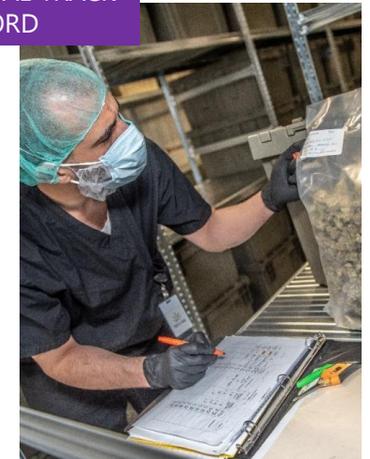
- “ Current capacity of 1,200KG annually
- “ Customized highly efficient facility

### OIL EXTRACTION CAPABILITIES

- “ Processing license received
- “ Inspection for Sales license scheduled
- “ 18% ownership in a licenced pure play extraction business



PROVEN  
OPERATIONAL TRACK  
RECORD



# Why Weed Me?

Differentiated craft, small-batch, premium indoor product with high margins

## INDOOR PRODUCT ADVANTAGE

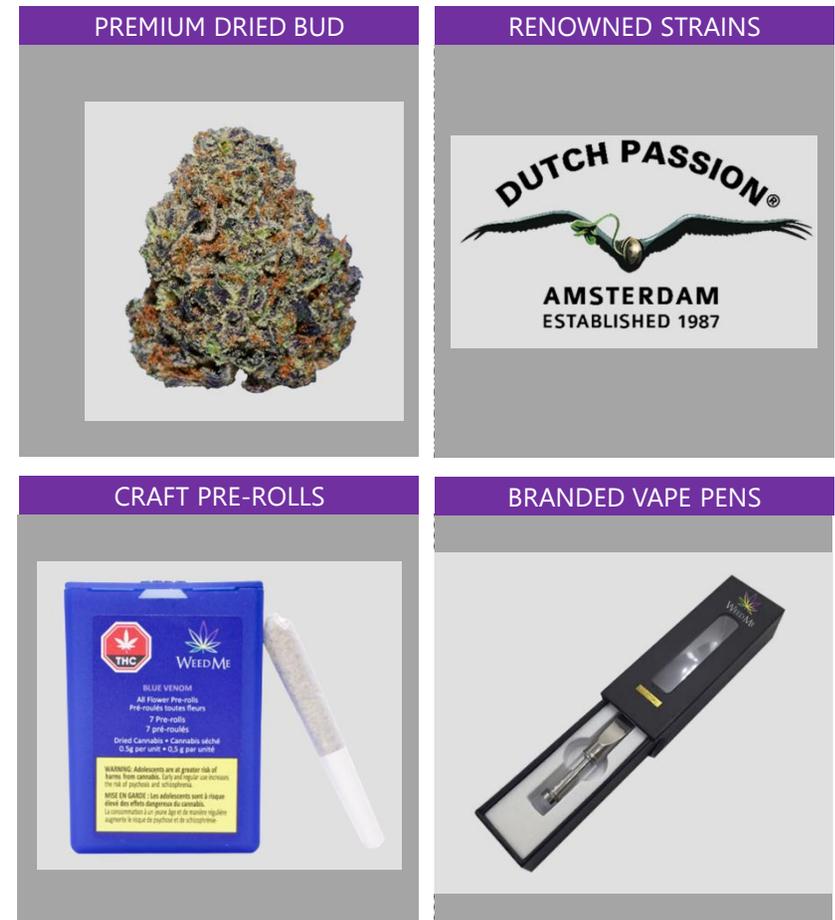
- “ Provincial distributors allocate top shelves to indoor product
- “ U.S. experiences show least price compression and highest gross margin over time

## CRAFT PRODUCER, CURATED PRODUCT LINE

- “ Craft is expected to represent an outsized share of the Canadian cannabis market

## GENETICS LIBRARY

- “ Extensive library with 110+ strains for competitive advantage using renowned strains within a restricted advertising environment



# Why Weed Me?

Access to a population of over 23 million in four provinces with key contracts already in place

## GOVERNMENT CONTROLLED DISTRIBUTION

Weed Me is approved in BC, Saskatchewan, Alberta, and Ontario, which accounts for three quarters of Canadian cannabis sales.

## WEED ME RECREATIONAL DISTRIBUTION

Province/Authority	Distribution system	Weed Me Status
Saskatchewan 	Wholesale: Private via Fire & Flower Retail: Private	Approved & Actively Selling
British Columbia 	Wholesale: Government Retail: Hybrid	Approved & Actively Selling
Alberta 	Wholesale: Government Retail: Private	Approved & Actively Selling
Ontario 	Wholesale: Government Retail (online): Government Retail (stores): Private	Approved & Under Contract; First OCS delivery Q2 2020

# Why Weed Me?

Positioned well in current market as a result of clear strategic focus and disciplined cost management

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## AGILE MANAGEMENT IN A DYNAMICALLY EVOLVING REGULATED MARKET

### Optimize Results

- “ Selectively outsource
- “ Scale technology with increased volume
- “ Leverage production capacity and sales license through spot buy of dried flower
- “ Accelerate Brand development by Partnering

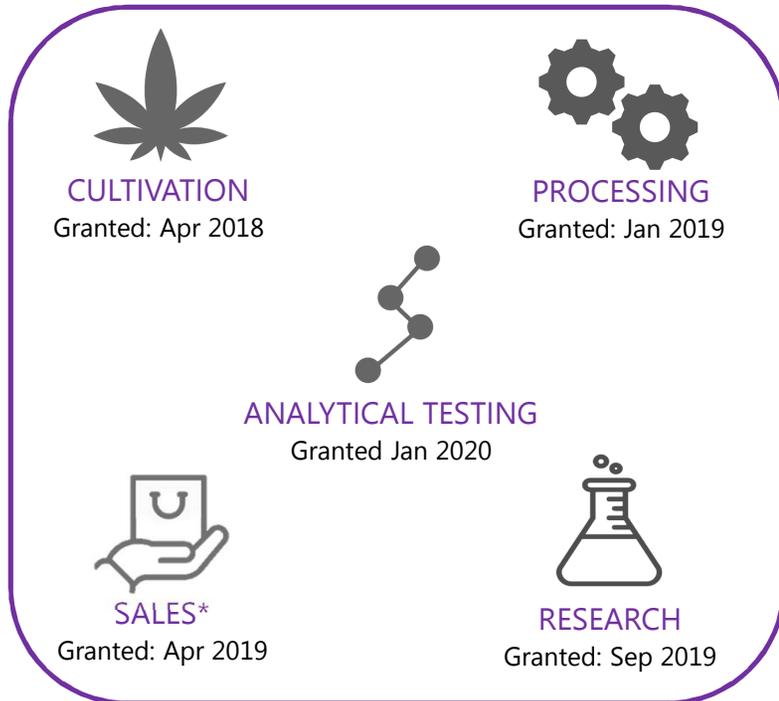
### Grow the Business

- “ Geographic Expansion - Quebec
- “ Product Line Expansion
- “ New Channels

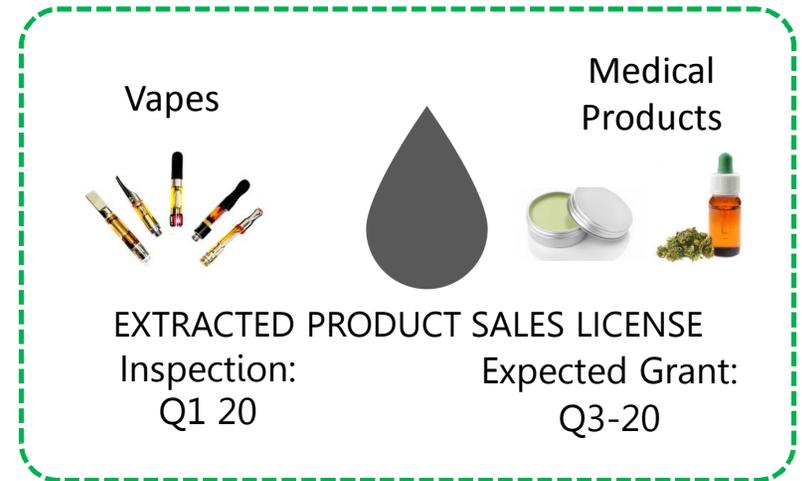
# Why Weed Me?

Licensed for Cultivation, Processing and Sales,  
additional licenses expected in early 2020

## CURRENT LICENSES ENABLE NATIONWIDE GO-TO-MARKET FOR FLOWER PRODUCTS



## EXPANSION OF ASSORTMENT AND INTELLECTUAL PROPERTY DEVELOPMENT



\* Only ~40 Canadian cannabis companies have sales licenses and are selling directly to wholesale/retail channels. Most can only offer wholesale products to other LPs for distribution

# Why Weed Me?

State of the Art Operating Facility: Current – 20,000 Sq. Ft. Property in Pickering, Ontario

## 8,000 SQ. FT. OF CURRENT CULTIVATION

- “ Current capacity of 1,200KG annually
- “ Customized highly efficient double racked system
- “ Option to buy for the lower of \$3.5M CAD or market value

## HIGH YIELD PRODUCTION

- “ Track record of high quality production
- “ 3<sup>rd</sup> rack addition to increase existing capacity by up to 50%
- “ A.I. powered tracking of key production drivers

## OIL EXTRACTION CAPABILITIES

- “ In house option: Processing license received
- “ Out source options: Ready access to
  - “ Existing high-quality, cost-effective third party
  - “ Weed Me has 18% stake in a pure play extraction business



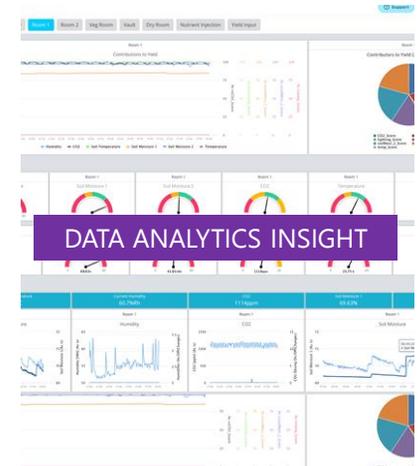
MULTI-TIER CULTIVATION



STATE OF THE ART FACILITY



FOCUSED PRODUCTION



DATA ANALYTICS INSIGHT

<sup>1</sup> Building is currently owned by two key stakeholders and leased to the company  
 NOTE: All figures in Canadian Dollars (CAD)



“ Why Canada?

“ Why Weed Me?

“ Expansion Opportunities

# Immediate Expansion Plans

Phase 2 Shovel ready expansion capabilities will triple cultivation capacity

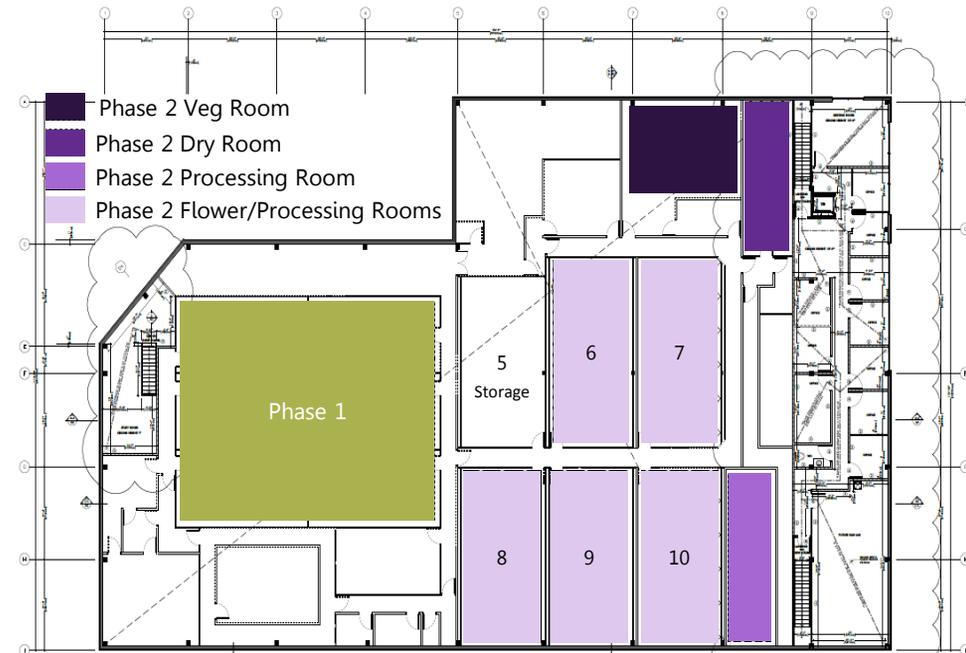
## 300% CAPACITY EXPANSION

Facility expansion under the same roof will increase capacity from 1,200KG to 4,800KG annually

- “ De-risked roll out of additional rooms replicating cultivation methodology and best practice with already proven feasibility from Phase 1
- “ Infrastructure ready for buildout upon funding
- “ \$6.5M CAD in Capex with short build phase
  - 12 week buildout for first 2 flower rooms
  - 24 weeks for full buildout

## OPTIONALITY

- “ Added rooms can be used for cultivation or processing allowing the business flexibility to maximize ROI
- “ Could invest in building out to EU GMP standard for processing space (*additional \$1M CAD capital cost*)



# Optional Expansion Opportunity

Phase 3 expansion opportunity on adjacent 2 Acre Plot, without additional licensing needed

## ADJACENT LAND EXPANSION OPTIONS

Up to four-storey facility with 15–18 ft of clear height for each floor; totaling up-to 200,000 sq. ft in build potential; Option to construct in tranches. May be used for a mix of:

- “ Commercial kitchen / bottling facility
- “ Cultivation/Processing (up to 40,000KG)
- “ Extraction
- “ R&D

Same municipal address as the production facility; allowing for no additional licensing requirements.

\$25-50M CAD build out costs, depending on scale, phasing and mix of cultivation versus production.

## CONTROL OPTIONS

1. Lease: Continue with the existing 20 year lease; or
2. Purchase: Price to own the land \$2.2M CAD
  - Seller has the option to choose cash or Weed Me shares at \$1.50 CAD

NOTE: All figures in Canadian Dollars (CAD)

