

MMJ Group Holdings Ltd

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MMJ Group Holdings investment WeedMD Inc expands distribution strategy with Starseed acquisition

MMJ Group Holdings Ltd (ASX:MMJ) investment WeedMD Inc (CVE:WMD) has expanded its multi-channelled distribution strategy following the acquisition of Starseed Medicinal Inc, which it is still in the process of completing.

Starseed's exclusive partnership with LiUNA, the largest construction union in Canada, complements WeedMD's direct sales to medical patients.

The company maintains strategic relationships across the seniors' market and supply agreements with Shoppers Drug Mart as well as six provincial distribution agencies where its adult-use brands Color Cannabis and Saturday are sold.

Path to profitability

WeedMD chief executive officer Angelo Tsebelis said the medical cannabis company is focused on executing its commercial plan in 2020.

Tsebelis told investors that the company's access to a substantial, captive and direct consumer audience of over 350,000 individuals will drive growth, margin expansion and set it on a path to profitability.

He said the company was on the path to profitability by sustaining and operating a lean business model across its cultivation sites, capturing higher-margin products rooted in low-cost cultivation platforms and securing nearly C\$10 million in selling, general and administrative expenses reduction run rate by the end of 2020

Business model centred on wholesale distribution

WeedMD's business model historically centred on wholesale product distribution, which generally carries a lower margin, according to Tsebelis.

With the addition of Starseed, the firm now has new and direct channels to a patient base with insurance coverage for medical cannabis.

Tsebelis outlined the firm's 2020 commercial plan, which includes:

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

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Price: 0.13

Market Cap: \$29.89 m

1 Year Share Price Graph



Share Information

Code: MMJ

Listing: ASX

52 week High Low
0.31 0.062

Sector: Cannabis

Website: www.mmjgh.com.au

Company Synopsis:

MMJ Group Holdings Ltd (ASX:MMJ), formerly known as MMJ Phytotech Ltd, owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors. The company is listed on the Australian Securities Exchange.

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