

**DISCLOSURE STATEMENT**  
**MEDICAL MARIJUANA, INC.**

AN OREGON CORPORATION

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San Diego, CA 92191  
(866) 273-8502

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SIC Code: 7383

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As of June 30, 2019, the number of shares outstanding of our Common Stock was: 3,653,591,056

As of December 31, 2018, the number of shares outstanding of our Common Stock was: 3,562,197,168

Indicate by check mark whether the company is a shell company (as defined by Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934).

Yes  No

Indicate by check mark whether the company's shell status has changed since the previous reporting period.

Yes  No

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period.

Yes  No

**INFORMATION AND DISCLOSURE STATEMENT PURSUANT TO  
RULE 15c2-(11)(a)(5)**

All information contained in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c211(a)(5) promulgated under the Securities Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format as set forth in the rule.

**FORWARD LOOKING STATEMENTS**

This Disclosure Statement contains forward-looking statements. To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “may,” “anticipates,” “believes,” “should,” “intends,” “estimates,” and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products; legal and regulatory risks associated with the share exchange our ability to raise additional capital to finance our activities; the effectiveness, profitability and; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed from time to time in our filings with the OTC Markets (the “OTC”), or otherwise.

Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

## FOOD AND DRUG ADMINISTRATION (FDA) DISCLOSURE

The statements found herein have not been evaluated by the Food and Drug Administration (FDA) and are not intended to diagnose, treat, cure or prevent any disease or medical condition.

### 1. NAME OF THE ISSUER AND ITS PREDECESSORS (IF ANY)

Medical Marijuana, Inc. (the “Company,” “we,” “our,” “us,” “MJNA”) was originally incorporated in Oregon in 2005 as Berkshire Collection, Inc. Subsequently, we changed our name on two separate occasions prior to changing our name to Medical Marijuana, Inc. and trading symbol to “MJNA” on April 28, 2009.

Has the issuer or any of its Predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years: Yes  No

### 2. SECURITY INFORMATION

|  |                    |                     |
|--|--------------------|---------------------|
| <b>Trading Symbol:</b>   | MJNA               |                     |
| <b>Exact title and class of securities outstanding:</b>          | Common Stock       |                     |
| <b>CUSIP:</b>  | 58463A105          |                     |
| <b>Par or Stated Value:</b>                                      | \$.01 per share    |                     |
|  |                    |                     |
| <b>Common Stock</b>  |                    |                     |
| Total shares authorized:   | 5,000,000,000      | As of June 30, 2019 |
| Total shares outstanding:  | 3,563,591,056      | As of June 30, 2019 |
| Number of shares in the public float:                            | 2,460,052,222      | As of June 30, 2019 |
| Total number of shareholders of record:                          | 960 <sup>(1)</sup> | As of June 30, 2019 |
|  |                    |                     |
| <b>Preferred Stock</b>   |                    |                     |
| Total shares authorized:   | 50,000,000         | As of June 30, 2019 |
| Total shares of Series A Redeemable Preferred Stock authorized:  | 1,000,000          | As of June 30, 2019 |
| Total shares of Series A Redeemable Preferred Stock outstanding: | 1,000,000          | As of June 30, 2019 |

<sup>(1)</sup> This number does not include beneficial holders of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of shareholders represented by these record holders.

#### Transfer Agent

Action Stock Transfer Corporation  
2469 E. Fort Union Blvd., Suite 214  
Salt Lake City, UT 84121  
Telephone: (801) 274-1088  
Fax: (801) 274-1099  
Email: [info@actionstocktransfer.com](mailto:info@actionstocktransfer.com)

Is the Transfer Agent registered under the Exchange Act? Yes  No

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

None

**List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the last 12 months:**

None

### **3. ISSUANCE HISTORY**

#### **A. Changes to the Number of Outstanding Shares**

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

The Changes to the Number of Outstanding Shares is attached as Exhibit A to this Disclosure Statement.

#### **B. Debt Securities, Including Promissory and Convertible Notes**

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

The Debt Securities, Including Promissory and Convertible Notes is attached as Exhibit B to this Disclosure Statement.

### **4. FINANCIAL STATEMENTS**

Our Financial Statements are attached as Exhibit C to this Disclosure Statement.

A. The Financial Statements were prepared in accordance with:  U.S. GAAP.

B. The Financial Statements for this reporting period were prepared by: Medical Marijuana, Inc.

### **5. ISSUER'S BUSINESS, PRODUCTS AND SERVICES**

#### **A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")**

1. Medical Marijuana Inc. (OTCMarkets: MJNA) is the first publicly held company vested in the cannabis and industrial hemp space in America. We have had many significant accomplishments since that time. Our slogan, "A Company of Firsts"<sup>TM</sup>, prevails as we lead the CBD industry toward national and international opportunities. At our inception, we were the first publicly traded company vested in the cannabis and industrial hemp space in the United States and we have had many significant accomplishments since that time. We have brought about many industry firsts, including establishing in 2012 the world's first supply chain of industrial hemp-derived cannabidiol (CBD) consumer nutraceutical products. Subsequently, we were awarded the first distribution rights for these products into the countries of Brazil (April 2014) and Mexico (February 2016). In the U.S., we developed and marketed the first fully THC-free version of CBD nutraceuticals. Soon thereafter, the *World Anti-Doping Agency* approved CBD for professional sport and Olympic competition.

In many countries we have been directly responsible for changing laws and regulations to allow nutraceutical hemp-based CBD consumer products to be marketed. In November 2017, our HempMeds Mexico<sup>TM</sup> President Raul Elizalde addressed the *World Health Organization* at its hearings on CBD – with favorable outcomes for the CBD movement.

2. Medical Marijuana, Inc. is in the development stage.
3. To the best of our knowledge our we are not now, nor have we ever been, a “shell company.”
4. The effect of existing or probable government regulations on our business is not known at this time. Due to the nature of our business, it is anticipated that there may be increasing government regulation that may cause us to have to take serious corrective actions, changes in business plan, or even close or stop its business practices and/or operations.
5. We, on a consolidated basis, have approximately 99 employees (including subsidiaries) as of the date of this Disclosure Statement.

## **Company Philosophy and Overview**

### **One Plant | Three Initiatives**

We are a company of firsts®. Medical Marijuana, Inc. is a cannabis and industrial hemp company with three distinct business units in the non-psychoactive cannabinoid space: a global portfolio of cannabinoid-based nutraceutical brands led by Kannaway® and HempMeds®; a pioneer in sourcing the highest-quality legal non-psychoactive cannabis products derived from industrial hemp; and a cannabinoid-based clinical research and botanical drug development sector led by its internal R&D and scientific team and its pharmaceutical investment companies and partners including AXIM® Biotechnologies, Inc. and Kannalife, Inc.

Medical Marijuana, Inc. was also the first company to receive historic import permits for CBD products from the governments of Brazil, Mexico, Argentina, and Paraguay and is a leader in the development of international markets.

We expect to continue to generate significant revenues from our core competencies. The demand for our products continues to increase, with the Brightfield Group recently reporting that the global demand for hemp-derived CBD products is expected to reach \$22 billion by 2022, presenting a large business opportunity for the Company’s CBD-based products both within and outside of the U.S.

### **First Initiative – A Global Cannabinoid Brand Portfolio**

Medical Marijuana Inc. has developed a global portfolio of hemp-derived nutraceutical wellness brands, led by its subsidiaries, Kannaway® and HempMeds®. Through its subsidiaries, Medical Marijuana Inc. offers over 100 SKUs in diverse, high impact consumer categories such as digestibles, topicals, personal care, pet foods, and more. Medical Marijuana, Inc. brands are known as industry leading in safety and effectiveness -- selling in over 30 countries -- and have been featured by outlets such as GQ, women’s health, Vogue, and countless more.

### **Second Initiative – Product Innovation & Supply**

Medical Marijuana, Inc. established the world’s first supply chain of industrial hemp-derived cannabidiol, or CBD and in 2012, was awarded the first importation licenses for its CBD products into countries like Mexico, Argentina, Brazil and Paraguay, and became the first company to have its products listed in the Prescribers’ Digital Reference.

Medical Marijuana, Inc. continues to lead the industry as one of the largest suppliers of raw hemp-derived CBD. This supply is used in products across the globe.

Additionally, the company is focused on further investment in vertical integration and manufacturing capacity that will enable further product innovation in the non-psychoactive nutraceutical space.

### **Third Initiative – Clinical Research & Development**

While cannabinoid-based nutraceutical wellness products will continue to become a part of people's everyday lives, Medical Marijuana Inc. has always foreseen the potential therapeutic benefits of cannabinoids on a pharmaceutical level. As such, Medical Marijuana Inc. has developed a clinical research and botanical product development vertical led by its internal R&D and scientific team as well as its pharmaceutical investment companies and partners AXIM® Biotechnologies, Inc. and Kannalife, Inc. who are conducting various studies on cannabinoids as treatments for multiple indications.

Through these initiatives, Medical Marijuana Inc. has continued to grow and further position itself as a leader in the burgeoning industrial hemp market.

### **Operations Group Leads Growth**

Over the last few years, our management team has implemented aggressive strategic plans that are now bearing fruit. In 2016, we were experiencing multiple organizational challenges including the inability to achieve profitability from operations as well as shrinking market share due to increased competition. We are proud that we have successfully grown our company in three short years from \$8 million in annual revenue as of the end of 2016 to nearly \$60 million in 2018. Revenues through the first half of 2019 exceeded \$40.9 million and we are committed to meet or exceed our target range of \$80-85 million in annual revenue for 2019

### **Finance and Accounting**

We prepare our financial statements in accordance with generally accepted accounting principles (GAAP); however, like many companies, we do an additional financial analysis using non-GAAP methods as a supplemental measure to review and assess the operating performance of our company. This analysis renders additional measures such as non-GAAP adjusted EBITDA. For an explanation of Non-GAAP Net Income and Non-GAAP EBITDA and a reconciliation of Net Income/(Loss) to Non-GAAP EBITDA please refer to [Exhibit D](#) - Explanation Non-GAAP Net Income, Non-GAAP EBITDA and Reconciliation of Net Income/(Loss) to Non-GAAP EBITDA.

In addition to our revenue growth, we have achieved a new level of profitability and margin on our sales. Through the first half of 2019, with over \$40.9 million in net revenues, we generated nearly \$2.4 million in net ordinary income.

Some of the financial metrics that we believe are key indicator of our financial success include:

#### **1. Sales Growth**

Our plan calls for continued sales growth in 2019 in the range of 39% to 47%. We have seen rapid growth over the last two years. Sales for 2018 and 2017 increased in excess of 125% and 230%, respectively. We anticipate continued but more moderate growth through 2019. Our ability to exceed our targets will be highly dependent upon our ability and the timing with which we enter the market in Japan. Our Kannaway™ business will launch in Japan before the close of 2019. If we execute this launch successfully, we expect the

growth from Japan to have a similar impact that the launch of Kannaway Europe™ had on our business in 2018.

## 2. Improvements to Gross Margins

Our plan calls for an improvement in gross margins to 70%, a 260 basis point improvement over 2018. Gross margins through the first half of 2019 (adjusted for a favorable one-time inventory adjustment of \$414,436) were 75.2%. We anticipate that we will continue to meet or exceed our targets for gross margins. We have implemented several key initiatives in our supply chain to improve our material costs. However, we do anticipate some regression from the first half 2019 performance given certain new product launches and focused growth on our wholesale businesses.

## 3. Improvements to Operating Expenses

Our plan calls for non-GAAP operating expenses (exclusive of Stock Based Compensation Expenses, Direct Selling Commissions and Merchant Fees) to decrease as a percentage of sales to 30%. Non-GAAP operating expenses as a percent of sales for fiscal years 2018 and 2017 (adjusted for Goodwill Impairment, Stock Based Compensation Expenses, Direct Selling Commissions and Merchant Fees) were 38.0% and 65.6%, respectively. Our non-GAAP operating expenses for the first half of 2019 (adjusted for Stock Based Compensation and Direct Selling Commissions) were 34.6% of sales. While our first half 2019 non-GAAP operating expenses exceed our full year target as a percentage of sales, we expect that our continued sales growth and key internal focus on cost containment will result in meeting our full year target of 30% for non-GAAP operating expenses as a percent of sales.

Per our strategic financial plan that we implemented at the beginning of the year, we are on-track to reach the target goals laid out in the plan and we are on-track to reach annual adjusted EBITDA of between \$4.8 million and \$5.1 million. These financial results, if borne out, are a testament to the management team's performance and drive.

## **Looking Forward**

As we look to continue to build our company, we understand the importance of building value for our shareholders.

We are working daily to put the appropriate procedures in place to meet the standards and transparency required of a NASDAQ listed company. We pledge that transparency will be a major focus for us moving forward. We hope to be fully GAAP-compliant with audited financials starting in year 2020. We continue to consult with financial experts on improving our debt position, limiting dilutive financings and improving our level of financial reporting.

We are developing an investment presentation for our shareholders who seek greater insight into our business initiatives, product offerings and operational fundamentals. We will announce the release of this investor deck in the near future and encourage shareholders to review it and provide feedback as they see fit. We hope to begin hosting quarterly investor earnings calls by year end, where we will welcome the opportunity to address investor questions about our operational and financial health.

All of these initiatives and items we have addressed are a part of our overall plan to build greater transparency and further shareholder value.

**B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference**

**Sales Channels**

A. Direct Internet Presence.

Medical Marijuana, Inc. maintains an online presence to provide investor relations and educational information and news relating to medical marijuana and the cannabis industry. The company also maintains an ecommerce website for sales of quality cannabidiol and ancillary products.

B. Subsidiary Operations

We have operations through the following subsidiaries:

**Kannaway<sup>®</sup> USA, LLC (100% owned)**

Kannaway<sup>®</sup> USA, LLC is a direct selling company which distributes quality cannabidiol (“CBD”) hemp oil-based products for the entire family, including pets, that promote a healthy lifestyle. As the first Cannabis based direct selling company, Kannaway<sup>®</sup> has become what is termed as a “Category Creator”. Kannaway<sup>®</sup> markets its products in the United States and will look to expand to Japan.

**Kannaway Japan KK (100% owned)**

Kannaway Japan KK is a wholly owned Japanese subsidiary which conducts operations in Japan.

**Kannaway<sup>®</sup> Europe B.V. (100% owned)**

Kannaway<sup>®</sup> Europe B.V. is Kannaway’s European based subsidiary which is located in The Netherlands and operates Kannaway<sup>®</sup>’s European operations. A Polish subsidiary has also been established by Kannaway<sup>®</sup> to provide customer support, marketing and logistics for European operations.

**Kannaway<sup>®</sup> DE Mexico S.A. DE C.V. (100% owned)**

Kannaway<sup>®</sup> DE Mexico S.A DE C.V. is Kannaway<sup>®</sup>’s Mexican based subsidiary which operates Kannaway<sup>®</sup>’s Mexico operations.

**HempMeds<sup>®</sup> PX, LLC (100% owned)**

HempMeds<sup>®</sup> PX, LLC is our primary distributor, operating through our other subsidiaries and affiliates to distribute our portfolio of products.



## Real Scientific Hemp Oil®

HempMeds®PX flagship product is Real Scientific® Hemp Oil (RSHO®). RSHO® is a full spectrum, complete CBD hemp oil, containing the highest quality natural Hemp Oil in the industry. RSHO®CBD hemp oil supplements contain from 10-30% CBD content, and is offered in 3 varieties. Our RSHO® Blue Label is the most popular version of our CBD hemp oil products, going through a decarboxylation process before being made ready for consumption. RSHO® Gold Label is decarboxylated like our Blue Label product, then goes through an additional filtration process, creating a golden oil with great taste and smoother consistency. RSHO® Green Label is the non-decarboxylated, raw variety of our Real Scientific® Hemp Oil, and is as close as you can get to juicing the hemp plant.

## HempMeds Pet Division

Our HempMeds Pet division provides plant-based, non-GMO pet products for health & wellness, play & wear, and environmentally-friendly supplies. HempMeds Pets is dedicated to providing an all-natural alternative to the harsh chemical-based products often given to pets and hemp-based CBD supplements and chemical-free hemp animal bedding and litter are designed specifically to promote the health and wellness of the animal members of your family.

## **HempMeds® Mexico S.A. DE C.V. (100% owned)**

HempMeds® Mexico S.A. DE C.V. is our Mexico based subsidiary which focuses on providing non-psychoactive cannabidiol products to the Mexican people. HempMeds® Mexico was the first company to have a medical cannabis product approved for import into Mexico which is in the process of restructuring national policies regarding cannabis.

HempMeds® Mexico supports patients as they navigate the process of approval for HempMeds® RSHO-X™, product which is currently available with a prescription. The HempMeds® Mexico team assists patients in applying for a certificate for import and allows approved patients to order RSHO-X™ directly from its website.

HempMeds® Mexico facilitates the process for all qualifying patients who are interested in accessing CBD hemp oil. Medical Marijuana, Inc. and HempMeds® Mexico are also working with partners and health organizations in Mexico to improve the approval process that applications must go through, so patients can become approved for RSHO-X™ more easily and efficiently.

## **HempMeds® Brazil, LLC (93.4% owned)**

HempMeds® Brazil currently has three cannabis products approved for importation into Brazil as a prescription medication for multiple conditions including; Epilepsy, Parkinson's, Chronic Pain, Psoriasis, Cancer, Alzheimer's, Diabetes, ALS, Multiple Sclerosis and Migraines. The Brazilian health care system is HempMeds® Brazil's single largest client. We had the first-ever cannabis product allowed for import into Brazil and its products are currently subsidized by the Brazilian government, under their health care system, for the medical indications listed above. It is believed to also be the world's first prescription cannabis product for Epilepsy, Parkinson's, and pain. HempMeds® Brazil is working on additional approvals for multiple indications.

### **CanChew<sup>®</sup> Biotechnologies, LLC (50% owned)**

CanChew<sup>®</sup> Biotechnologies, LLC ("CanChew<sup>®</sup> Biotech") focuses on the treatment of pain and other medical disorders with the application of chewing gum-based cannabis/cannabinoid medical products. CanChew<sup>®</sup> Biotech is focused on the R&D and execution of their clinical development plan and the out-licensing of their technology. Patents related to the chewing gum technology held by CanChew<sup>®</sup> Biotech include U.S. Patent No. 9,023,322 and 9,433,601. Clinical development focuses on the R&D of the formulation, production and the development of chewing gum-based products for the treatment of issues like pain, nausea and vomiting, anorexia, spasticity and various other medical issues.

In May of 2015, CanChew<sup>®</sup> Biotech entered into a 50 year, worldwide, exclusive intellectual property licensing agreement ("Agreement") with AXIM<sup>®</sup> Biotechnologies, Inc. (OTCQB: AXIM) whereby it licensed all of its intellectual properties to AXIM<sup>®</sup>, including its proprietary CanChew<sup>®</sup> formulation of gum-based oral mucosal delivery system. AXIM<sup>®</sup> is required to pay CanChew<sup>®</sup> Biotech a royalty fee of approximately 2-3% of all gross sales derived from products produced by AXIM<sup>®</sup> under the Agreement. Should AXIM<sup>®</sup> remain in compliance with the Agreement, it has the option to purchase the licensed intellectual property after 5 years at a purchase price equal to fifty percent (50%) of the annual royalty fee paid.

### **C. Investment Holdings**

We have the following investment holdings.

#### **Kannalife, Inc. (Approximate 26% common equity ownership)**

Kannalife<sup>™</sup> Sciences, Inc. ("Kannalife"<sup>™</sup>) is a bio-pharmaceutical and phyto-medical company involved in the research and development of novel new therapeutic agents designed to reduce oxidative stress, and act as immuno-modulators and neuroprotectants. Kannalife<sup>™</sup> currently holds two licenses with National Institutes of Health – Office of Technology Transfer for the Commercialization of U.S. Patent #6630507, "Cannabinoids as Antioxidants and Neuroprotectants". The first license, issued in June 2012, is an exclusive license to develop commercial drug candidates for the treatment of Hepatic Encephalopathy ("HE"). The second license, issued in July 2014, is a license to develop commercial drug candidates for the treatment of Chronic Traumatic Encephalopathy ("CTE"). Kannlife<sup>™</sup> is currently conducting research and development at the Bucks County Pennsylvania Biotechnology Center in Doylestown, PA, and has filed its first PCT ("Patent Cooperation Treaty") application with the United States Patent and Trademark Office (the "USPTO") as the receiving office for an international phase entry patent application covering Kannalife<sup>™</sup>'s novel cannabidiol-like target drug candidates for the treatment of certain neurological disorders and as a novel neuroprotectant for the treatment of HE and CTE. HE and CTE are both neurodegenerative and oxidative stress related diseases that affects the hippocampus which controls cognitive and behavioral functions in humans.

#### **AXIM<sup>®</sup> Biotechnologies, Inc. (Approximate 38% common equity ownership)**

AXIM<sup>®</sup> Biotechnologies, Inc. ("AXIM<sup>®</sup>" - OTCBB: AXIM). AXIM<sup>®</sup> is an innovative biotechnology company working on the treatment of pain, spasticity, anxiety and other medical disorders with the application of cannabinoids based products as well as focusing on research, development and production of pharmaceutical, nutraceutical, oral health and cosmetic products as well as procurement of genetically and nano-controlled active ingredients. AXIM<sup>®</sup> intends to broaden its current operations to include pharmaceutical products, manufacturing facilities, genetically controlled botanical products, extraction and purification of biomaterials technologies.

### **C. Describe the issuers' Principal products or services and their markets.**

Medical Marijuana, Inc. pioneered the first CBD products to market in 2012. Since then, the cannabis and CBD industries have exploded, with many legitimate (and less-than-legitimate) industry players entering the space. We maintain our leadership through our international expansion efforts where today we now ship to over 40 countries worldwide making branded products available through e-commerce, direct sales, retail and wholesale distribution channels.

Medical Marijuana, Inc. is comprised of a diversified portfolio of products, services, technology and businesses solely focused on the Legal Hemp industry. Our services include development of cannabinoid based health and wellness products, and the development of medical grade compounds as further discussed below.

### **6. ISSUER'S FACILITIES**

We lease an approximate 16,663 square foot facility in Lindon, Utah which includes executive offices, warehouse and manufacturing and distribution center. We lease an additional 18,500 square feet of professional office space in San Diego, California. Our prior 14,274 square foot warehouse facility in Poway, California is now vacant and is available for sub-lease. The lease on the Poway facility expires in February 2020.

## 7. OFFICERS, DIRECTORS, AND CONTROL PERSONS

### Beneficial Ownership

The following table indicates the Beneficial Ownership of our Officers, Directors and Shareholders of 5% or more based upon 3,653,591,056 shares outstanding as of June 30, 2019.

| Name                         | Affiliation                                   | Address   | # Shares    | Type   | %            |
|------------------------------|---|---|-------------|--------|--------------|
| Stuart W. Titus (1)          | Chairman<br>CEO<br>President<br>Acting<br>CFO | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 68,000,000  | Common | 1.86%        |
| Blake N. Schroeder           | COO   | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 40,000,000  | Common | 1.09%        |
| Michael L. Corrigan          | SEC   | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 500,000     | Common | (3)          |
| Michelle Sides, Esq. (2)     | Director                                      | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 89,283,877  | Common | 2.44%<br>(5) |
| Timothy R. Scott, PhD        | Director                                      | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 750,000     | Common | (3)          |
| Robert L. Cunningham         | Director                                      | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 750,000     | Common | (3)          |
| Chris Prine                  | Director                                      | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 750,000     | Common | (3)          |
| Columbia & Beech Corporation | Affiliate                                     | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 454,047,389 | Common | 12.43%       |
| General Hemp, LLC (4)        | Affiliate                                     | 3974 Sorrento Valley Blvd. #910889<br>San Diego, CA 92191 | 480,828,203 | Common | 13.16%       |

(1) Does not include any shares held by General Hemp, LLC ("GH") of which Dr. Titus is a 9.42% owner and member of a three-person Executive Committee that manages the affairs of GH (GH has a two-member Special Committee having sole voting and dispositive authority over GH's investments in the Company. Dr. Titus is not a member of the Special Committee).

(2) Does not include any shares held by Columbia & Beech Corporation (formerly known as Hemp Deposit and Distribution Corporation), of which Ms. Sides claims a 50% ownership interest.

(3) Less than 1%.

(4) Does not include the 68,000,000 shares shown owned by Dr. Titus individually.

## **Professional Background of our Officers and Directors**

### **Stuart W. Titus, PhD - Chairman of the Board, CEO, President, Acting CFO**

Dr. Titus began his association with our family of companies in 2009, playing a pivotal role in raising capital among several other duties. Dr. Titus' expertise in finance was forged on Wall Street, where he worked as a bond trader for eleven years, managing a trading and underwriting department as a V.P. for CS First Boston Corp. Dr. Titus is a graduate of Rollins College in Winter Park, Florida, where he majored in Economics and minored in Business Administration. He earned his PhD degree from the Open International University which is a World Health Organization (WHO) chartered affiliate.

Following his work on Wall Street Dr. Titus worked as a British Physiotherapist for over 15 years having run clinics that specialized in integrative pain management and injury rehabilitation. Dr. Titus remains active in the medical community with specific interest in electro-physiotherapy as well as in anti-aging medicine. He holds a Fellowship with the American Academy of Pain Management and clinical association with the American Association of Integrative Medicine. Dr. Titus has unique first-hand experience with hemp oil products as nutritional supplements, having found great relief from a nerve-related disorder after beginning a regimen of high-concentration CBD therapeutic hemp products combined with hemp oil (health food store).

### **Blake N. Schroeder, J.D. - Chief Operating Officer**

Mr. Schroeder's career has been in marketing natural products and opening international marketplaces to those products. Before joining Kannaway®, Mr. Schroeder was the Chief Operating Officer of Forevergreen International, where he was responsible for global operation of the multinational organization, including oversight of a global supply chain. He holds a B.S. in Finance from Utah State University and a law degree from Syracuse University College of Law.

### **Michael L. Corrigan, J.D., M.B.A. – Secretary**

Mr. Corrigan is a businessman and attorney whose work has focused on representation of emerging high technology and other operating companies in a broad range of industries, including computer hardware and software, telecommunications, multimedia, action sports, restaurant, entertainment and sporting goods manufacturing. In addition, Mr. Corrigan has represented several regional investment banking, advisory and management firms in securities and underwriting transactions. Mr. Corrigan received his undergraduate degree from the University of Notre Dame, where he majored in finance. Thereafter, he attended the University of Denver where he received both a J.D. and M.B.A. degree. While at the University of Denver, he was an editor of the Denver Journal of International Law & Policy and clerked at the U.S. Securities & Exchange Commission. Mr. Corrigan is a member of the California bar, a 1988 graduate of the San Diego LEAD program and sits on the Medical Bioethics Committee of Sharp Memorial Hospital. He previously sat on the Board of Directors of the National Kidney Foundation of Southern California, the Board of Directors of United Way/CHAD, the Board of Trustees of the California Ballet Association, the Board of Trustees of the San Diego Repertory Theatre and the Eagle Scout review board.

### **Michelle Sides, J.D. - Director**

Prior to joining Medical Marijuana Inc., Ms. Sides was Chief Operating Officer for HDDC (d.b.a. CannaBANK®), located in San Diego, California. She earned her law degree from Nova Southeastern University. She is a member of the Florida State Bar Association. Ms. Sides holds a Bachelor of Science from Palm Beach Atlantic College, majoring in Business and Organizational Management. Michelle spent six years on the Board of Directors, as Executive Vice President, and as General Counsel for EH Building Group II, LLC, which was nationally recognized as one of the fastest-growing developers in 2006-08, winning numerous awards for production, design, and marketing. Prior to EH, Michelle honed her legal expertise as

Legal and Operations Manager for the Commonwealth Network Corporation, as well as the Director of Legal Affairs for Power Sports, Inc. Both positions focused mainly on corporate and real estate transactional law.

**Timothy R. Scott, PhD – Director**

From September 2001 to May 2008, Dr. Scott served on the Board of Directors of Naturewell, Incorporated, a publicly traded company engaged in the nutraceutical and homeopathic drug business. From April 1998 to June 2000, Dr. Scott served as a member of the Board of Directors of ICH Corporation, an American Stock Exchange listed company which owned 265 fast food and family dining restaurants having approximately \$265 million in revenues and 7,800 employees, and as a member of ICH's compensation committee. Dr. Scott currently serves as Chairman of the Board of Directors, President and Senior Pastor of a 1,200-member church located in San Diego, California and as Chairman and President of Project Reach World, Inc., a 501(c)(3) charitable organization. Dr. Scott received his Ph.D. in theology from Christian University in 1981 and served as a professor of philosophy and religion at Pacific International College from 1981 to 1985.

**Robert L. Cunningham – Director**

Robert “Bob” Cunningham has over 40 years of executive management experience in financial services and venture capital. He currently is the Chief Executive Officer of Preferred Dealer Programs LLC, a venture funded firm developing electronic payment technologies for banks. Prior to joining PDP he was the founding partner in Placer Financial Group, a nationwide mortgage and real estate development company. Mr. Cunningham also served as Trustee for the U.S. Department of Justice, and as a member of the board for numerous firms, including Allied Commercial Corporation, Vermillion Development, Pacific Building Industries Corporation and Bond HD Hospitality Group.

**Chris Prine - Director**

From 1994 until the present Mr. Prine has operated his own company, Prines Lines, which acts as a manufacturers’ representative for five furniture manufacturing companies located within the United States. From 1988 to 1994 Mr. Prine served as Marketing Director for the Cleator Corporation, an office furniture manufacturer with approximately \$10 million in annual sales. From 1986 to 1988 Mr. Prine served as the Old Globe Theatre’s Director of marketing and from 1983 to 1985 served as Audience Development Manager for the Old Globe. Chris received his BA in Communications from the University of Wisconsin in 1977.

**8. LEGAL/DISCIPLINARY HISTORY**

**A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of the following:**

None of the individuals identified in Section 7 above have, in the past 10 years, been the subject of:

1. a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding;
2. the entry of an order, judgment or decree not subsequently reversed, suspended or vacated by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, securities, commodities, or banking activities;
3. a finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated;

4. the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

## **B. Legal Proceedings**

In the ordinary course of business, we vigorously defend against and prosecutes various legal actions. The following is a summary of outstanding, potentially material, legal actions we are a party to.

1. *Medical Marijuana, Inc. & HempMeds® PX, LLC v. CannLabs, Inc.* San Diego Superior Court Case No. 37-2014-00036039-CU-DF-CTL (Complaint filed October 22, 2014). Medical Marijuana, Inc. and HempMeds PX, LLC have filed a \$100,000,000 California Superior Court libel action against Project CBD.com, Aaron Miguel Cantu and Martin Lee for damages resulting from false and libelous statements made by the defendants in regard to HempMeds® PX, LLC's RSHO® product.

## **9. THIRD PARTY PROVIDERS.**

### **Securities Counsel:**

Law Offices of Michael L. Corrigan  
Michael L. Corrigan, Esq.  
10525 Vista Sorrento Parkway, #210  
San Diego, CA, 92121

### **Shareholder Inquires:**

Please call (888) 764-0700

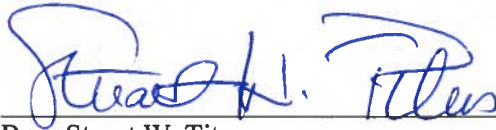
## 10. ISSUER CERTIFICATION

### *Principal Executive Officer and Principal Financial Officer*

I, Stuart W. Titus, certify that:

1. I have reviewed this Disclosure Statement of Medical Marijuana, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, which have been prepared by the Company's financial and accounting personnel and advisors, present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 14, 2019



By: Stuart W. Titus

Its: Chief Executive Officer and Principal Financial Officer

Its: Director



MEDICAL MARIJUANA, INC.

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2019 and 2018**

**Note 1: Summary of Significant Accounting Policies**

Nature of Operations.

Medical Marijuana, Inc. ("MJNA" or "Company") is an Oregon corporation, which through its subsidiaries and investment holdings focuses on the development, sale and distribution of hemp oil that contains naturally occurring cannabinoids, including cannabidiol ("CBD") and other products containing CBD-rich hemp oil ("Legal Hemp"). Company products are formulated for the pharmaceutical, nutraceutical and cosmeceutical industries, including dietary supplements, skin care products and prescription-based hemp oil for sale in countries (such as Brazil and Mexico) that have approved, by doctor prescription, the Company's flagship hemp oil product, RSHO™, for the treatment of various illnesses and conditions. The Company is not in the business of selling or dispensing either recreational or medical marijuana, directly or indirectly, so long as marijuana remains a federally controlled substance (the Company's products contain only those substances that are derived from the part of the cannabis plant that is excluded from the definition of marijuana under the Controlled Substances Act and are both federally legal and outside of the purview of the Drug Enforcement Administration). Finally, MJNA services include the licensing of its proprietary testing, genetics, labeling, and packaging, tracking, production and standardization methods for the medicinal cannabinoid industry.

Basis of Financial Statement Presentation. The accompanying unaudited condensed financial statements have been prepared in accordance with United States generally accepted accounting principles. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash Equivalents. Holdings of highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. Cash equivalents are stated at cost, which approximates quoted market value and includes amounts held in money market funds.

Marketable Securities. Management classifies all equity investments at fair value and recognizes any changes in fair value in net income pursuant to ASU 2016-01 which went into effect in March of 2018.

Property, Plant, and Equipment. Property, plant, and equipment are recorded at cost less depreciation and amortization. Depreciation and amortization are primarily accounted for on the straight-line method based on estimated useful lives. The amortization of leasehold improvements is based on the shorter of the lease term or the life of the improvement. Betterments and large renewals which extend the life of the asset are capitalized whereas maintenance and repairs and small renewals are expensed as incurred.

Revenue Recognition. Revenue is recognized in the financial statements (and the customer billed) either when materials are shipped from stock or when the vendor bills the Company for the order. Net sales are arrived at by deducting discounts, and sales taxes from gross sales.

The Company adopted the Emerging Issue Task Force (EITF) guidelines 99-19 “Reporting Revenue Gross as a Principal Versus Net as an Agent” for the correct treatment of revenue in the quarter ended December 31, 2108. As a result, the Company recorded all of certain selling expenses for the fiscal year as operating expenses, rather than reductions to net revenue. The result of this change had no impact on net income/(loss). However, for the purpose of comparison of prior quarters net revenues and total operating expenses the following basis of presentation may be used:

|                            | Q1'18  | Q2'18  | Q3'18  | Q4'18  | 2018   |
|----------------------------|--------|--------|--------|--------|--------|
| Net Revenue                | 11,051 | 15,815 | 18,222 | 14,736 | 59,824 |
| Expense                    |        |        |        |        |        |
| Sales and Marketing        | 6,754  | 8,169  | 8,835  | 10,083 | 33,841 |
| General and Administrative | 2,466  | 3,413  | 4,016  | 4,621  | 14,516 |
| Total Expense              | 9,220  | 11,582 | 12,851 | 14,704 | 48,357 |

Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Examples of significant estimates include plant and equipment, the recoverability of intangible assets and other long-lived assets, fair value measurements, including those related to financial instruments, goodwill, and intangible assets, unrecognized tax benefits, contingencies and identification and valuation of assets acquired and liabilities assumed in connection with business combinations.

Goodwill. The fair market value of the Company's investments in its subsidiaries that is in excess of the Company's consolidated tangible assets is recorded as goodwill. The Company tests goodwill for impairment on an annual basis. Impairment testing for goodwill is performed annually in the fourth fiscal quarter or more frequently if impairment indicators are present.

Income Taxes: Our effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations and tax planning strategies available to us in the various jurisdictions in which we operate. Significant management judgment is required in evaluating our tax positions and in determining our effective tax rate.

Deferred income taxes are provided for temporary differences in the basis between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at tax rates in effect for the years in which those tax assets and liabilities are expected to be realized or settled. We record valuation allowances to reduce our deferred tax assets to the amount that is more likely than not to be realized.

## **Note 2: Inventories**

Inventories are comprised of hemp-based raw materials and finished goods held for sales, which is carried at the lower of cost or net realizable value.

## **Note 3: Warrants, Options and Stock-Based Compensation.**

For the quarter ending June 30, 2019 the Company had no warrants or options outstanding and incurred (i) \$688,571 of stock-based compensation expense related to the expiration of repurchase rights of common shares from executives or directors of the Company.

## **Note 4: Capital Stock**

### Common Stock

The Company has 5,000,000,000 authorized shares of common stock. As of June 30, 2019, there are 3,653,591,056 shares outstanding of common stock, of which 1,193,538,834 shares are restricted.

### Preferred Stock

The Company has 50,000,000 authorized shares of "blank check" preferred stock. As of June 30, 2019, there are 1,000,000 shares outstanding of Series A Redeemable Preferred Stock, of which 1,000,000 shares are restricted. On February 19, 2019, pursuant to authority expressly granted to the Board by the shareholders under the Company's articles of incorporation, the Company created 1,000,000 shares of Series A Redeemable Preferred Stock and set forth the rights, privileges and preferences of the Series A Preferred in the amendment to the articles of incorporation that effected the creation of the Series A Preferred. On February 19, 2019 the Company sold 1,000,000 shares of the Series A Redeemable Preferred Stock to Juniper & Ivy Corporation for \$100,000 (\$.10 per share). Juniper & Ivy is one third owned by each of Axim Biotechnologies, Inc. (Symbol: AXIM - OTCQB), Kannalife, Inc. (Symbol: KLFE - Pinksheets) and John W. Huemoeller II, the Chief Executive Officer of AXIM. The Series A Redeemable Preferred Stock is non-convertible, non-transferable without the consent of the Board of Directors of the Company, redeemable by the Company at any time after February 15, 2023 at a price of \$.10 per share and the holders of the Series A Preferred are entitled to cast 5,000 votes per share on any matter that is presented to the shareholders of the Company for a vote.

## **Note 5: Notes Payable – Long Term Convertible Notes**

At June 30, 2019, long term convertible notes payable totaling \$13,530,875 consists of three convertible notes issued to a third-party lender including interest accrued thereon, and one convertible note issued to a related party including interest thereon. Each of the third party notes is unsecured, pays interest of 8% per annum, and is convertible at holder's option at any time at a conversion price equal to 70% of the average of the three (3) lowest closing bid prices in the 20-days prior to conversion, however, conversions under the note are subject to a "blocking provision", which restricts conversion of the notes if such conversion(s) would result in holder and its affiliates owning more than 9.99% of the Company's common stock in the aggregate. The notes are as follows:

- a. A third-party convertible note having a balance due of \$848,653 at June 30, 2019 that matures on July 31, 2019, which is limited by to a maximum monthly conversion amount of \$300,000 in addition to the 9.99% blocking provision.
- b. A third-party convertible note having a balance due of \$3,352,034 at June 30, 2019 that matures on April 12, 2020, which is limited to a maximum monthly conversion amount of \$400,000 in addition to the 9.99% blocking provision.
- c. A third-party convertible note having a balance due of \$9,076,394 at March 31, 2019 that matures on July 21, 2021, which is limited to a maximum monthly conversion amount of \$400,000 in addition to the 9.99% blocking provision.
- d. A related-party convertible note having a balance due of \$253,795 at June 30, 2019 that matures on December 31, 2023, accrues interest at the rate of 3% per annum an is convertible at a fixed rate of \$0.0747 per common share (see also Footnote 7 - "Related Party Transactions").

#### **Note 6: Notes and Loans Receivable**

Notes and loans receivable – Current totaling \$5,354,213 consisting of the following:

- (i) A demand note totaling \$1,259,569, including interest accrued thereon, payable by Axim Biotechnologies, Inc. (OTCB: AXIM) to Canchew® Biotechnologies, LLC ("Canchew"), a subsidiary of which the Company owns 50% (accordingly, the Company records 50% of the demand notes which total \$2,519,138). The Notes accrue interest at the average rate of 3% per annum until payable upon demand.
- (ii) A demand note for \$60,000 (50% of a \$120,000 demand note held by Canchew) owed to Canchew by the CEO of Axim Biotechnologies, Inc., which accrues interest at the rate of 3% per annum beginning on January 1, 2017 (see also Footnote 7 - "Related Party Transactions").
- (iii) \$3,141,370 of note receivable from a third-party borrower (which party is the lender on a convertible note issued to the Company having a balance of \$9,076,394 as of June 30, 2019 which is described further in Footnote 5 - "Long term - Notes Payable", Section (c).
- (iv) A demand note receivable from General Hemp, LLC in the amount of \$211,212 which accrues interest at a rate of 3% per annum (see also Footnote 7 - "Related Party Transactions").
- (v) A promissory note receivable from Juniper & Ivy Corporation having a balance of \$439,712. The not was received in exchange for partial payment of a purchase of 500 shares of Series C Preferred Stock of Axim Biotechnologies, Inc. (see also Footnote 10 – "Other Income/Expense"). The note accrues interest at a rate of 3% per annum and matures on February 20, 2024. The note is unsecured, however John W. Huemoller II, the CEO of Axim Biotechnologies, provided a personal guarantee for payment of the note. The Company has no recourse against the Series C Preferred Stock or the assets of Juniper & Ivy Corporation.
- (vi) A promissory note totaling \$107,636 including interest accrued thereon, payable by the Company's CEO. The note accrues interest at a rate of 2% per annum and matures on March 30, 2023 (see also Footnote 7 - "Related Party Transactions").
- (vii) A promissory note totaling \$77,625 including interest accrued thereon, payable by Kannalife Sciences, Inc.'s CEO. The note accrues interest at a rate of 3% per annum and matures on October 1, 2023 (see also Footnote 7 – "Related Party Transactions").

- (viii) Promissory notes from certain members of the Company's management team totaling \$57,090 including interest thereon. The notes accrue interest at a rate of 3% per annum and mature on 4/30/2022.

Notes and loans receivable – Long Term totaling \$4,023,333 consisting of the following:

- (i) A \$4,000,000 convertible note receivable from Axim Biotechnologies, Inc. which accrues interest at a rate of 3.5% per annum and is convertible at any time into shares of common stock at a purchase price of \$1.50 per share, however, conversions under the note are subject to a "blocking provision", which restricts conversion of the notes if such conversion(s) would result in holder and its affiliates owning more than 4.9% of Axim Biotechnologies, Inc.'s common stock in the aggregate. (see also Footnote 7 – "Related Party Transactions").

### **Note 7: Related Party Transactions**

The Company has a demand note receivable from General Hemp, LLC in the amount of \$211,212.

The Company received management and consulting services rendered by General Hemp, LLC for the fiscal year ending December 31, 2018 in exchange for a \$250,000 convertible promissory note issued December 31, 2018 (see also Footnote 5 – "Notes Payable – Long Term Convertible Notes").

The Company received a \$4,000,000 convertible note receivable from Axim Biotechnologies, Inc. as payment from a third-party borrower (which party is the lender on a convertible note issued to the Company having a balance of \$8,953,551 as of March 31, 2019 which is described further in Footnote 5 - "Long term - Notes Payable", Section (c).

Canchew® Biotechnologies, LLC loaned \$120,000 to its Chief Executive Officer in the form of a demand note. The Company is a 50% owner of Canchew and accordingly records one half of the \$120,000 (\$60,000) as a note receivable.

In the period ending December 31, 2018 the Company loaned \$75,000 to the Chief Executive Officer of Kannalife Sciences, Inc. in the form of a demand note. The demand note accrues interest at a rate of 3% per annum and matures October 1, 2023.

In the period ending June 30, 2018 the Company issued 10 million restricted shares of common stock to an affiliate of the Company in exchange for \$100,000 in cash. The Company retains the right to re-acquire all of the shares purchased at a purchase price of \$.01 per share, provided however, such right is decreased by one-third of the number of shares subject to re-acquisition from for every 14 months of continuous service by the affiliate.

In the period ending March 31, 2018 the Company issued 100 million restricted shares of common stock to three individuals who are employees, officers and/or directors of the Company in exchange for \$1,000,000 in cash (50 million shares to Stuart W. Titus Chairman and CEO of the Company, 40 million shares to Blake Schroeder, COO of the Company and 10 million shares to Michelle Sides, a member of the board of directors of the Company). The Company retains the right to re-acquire all of the shares purchased by each individual at a purchase price of \$.01 per share, provided however, such right is decreased by one-third of the number of shares subject to

re-acquisition from each individual for every 14 months of continuous employment/service by the individual.

The Company has an unsecured promissory note receivable from Stuart W. Titus, Chairman and CEO of the Company with a principal balance of \$105,000. The note accrued interest at a rate of 2% per annum and matures of March 30, 2023.

## **Note 8: Stock Issuances**

### Common Stock

For the quarter ended June 30, 2019 the Company issued 49,551,631 shares of common stock as follows for the conversion of \$1,800,000 face value convertible notes, plus interest accrued thereon.

## **Note 9: Litigation**

In the ordinary course of business, the Company defends against and prosecutes various legal actions. The following is a summary of outstanding, potentially material, legal actions the Company is a party to.

**Medical Marijuana, Inc. & HempMeds PX, LLC v. CannLabs, Inc.** Medical Marijuana, Inc. has filed a \$100,000,000 California Superior Court libel action against CannLabs, Inc., Rifle Mountain, LLC, Genifer Murray, Jason Cranford, Project CBD.com, Aaron Miguel Cantu and Martin Lee for damages resulting from false and libelous statements made by the defendants regarding HempMeds PX, LLC's RSHO product.

The Company intends to vigorously defend and prosecute all actions.

## **Note 10: Other Income/Expense**

In the period ending June 30, 2019 the Company recorded a net loss of \$15,695,882 under Other Income/Expense. \$15,188,314 of the net loss under Other Income/Expense is a non-cash items that is the result of changes in the fair value of publicly traded equity investments held by the Company. Under prior applicable accounting standards, the Company previously reported such changes in fair value as comprehensive income (loss) and accumulated and unrealized comprehensive income (loss) in its shareholder equity section of the balance sheet. The remaining net loss of \$507,568 under Other Income/Expense is comprised of \$99,757 of Interest Income and \$233,253 of Interest Expense, \$300,353 of Litigation Expense, \$61,773 of Bad Debt and \$11,946 of Other Expense.

**Exhibit A**  
**Changes to the Number of Outstanding Shares**

| Number of shares outstanding as of 06/30/17<br>3,182,572,856 | Opening Balance<br>Common: 3,182,572,856<br>Preferred: 0 |   |  |                     |   |  |  |   |   |
|--|--|---|--|---------------------|---|--|--|---|---|
|  | Date of Transaction                                      | Transaction type (e.g. new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed). | Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable) | Restricted or Unrestricted as of this filing? |
| 8/14/2017  | New  | 8,680,544   | C                                      | 0.0432              | Y   | TL-66, LLC - James Arabia  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 8/14/2017  | New  | 9,326,619   | C                                      | 0.0402              | Y   | TL-66, LLC - James Arabia  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 8/14/2017  | New  | 100,000   | C                                      | 0.0877              | N   | Jeff Lessard   | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 200,000   | C                                      | 0.0877              | N   | Jeff Lessard   | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 400,000   | C                                      | 0.0877              | N   | Jeff Lessard   | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 100,000   | C                                      | 0.0877              | N   | Valerie Aloisio  | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 100,000   | C                                      | 0.0877              | N   | Randy Schroeder  | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 200,000   | C                                      | 0.0877              | N   | Randy Schroeder  | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 100,000   | C                                      | 0.0877              | N   | George Todd Richie   | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 100,000   | C                                      | 0.0877              | N   | Dana Neubert   | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 100,000   | C                                      | 0.0877              | N   | Nicole Neubert   | Compensation   | R   | 4(a)(2)                                       |
| 8/14/2017  | New  | 100,000   | C                                      | 0.0877              | N   | Damian Callais   | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 700,000   | C                                      | 0.0877              | N   | Jeff Lessard   | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 100,000   | C                                      | 0.0877              | N   | Samantha Schroeder   | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 200,000   | C                                      | 0.0877              | N   | Damian Callais   | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 200,000   | C                                      | 0.0877              | N   | George Todd Richie   | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 200,000   | C                                      | 0.0877              | N   | Valerie Aloisio  | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 400,000   | C                                      | 0.0877              | N   | Valerie Aloisio  | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 400,000   | C                                      | 0.0877              | N   | Randy Schroeder  | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 100,000   | C                                      | 0.0877              | N   | Karen Miles Lucas  | Compensation   | R   | 4(a)(2)                                       |
| 9/8/2017   | New  | 100,000   | C                                      | 0.0877              | N   | Juraj Mojzis   | Compensation   | R   | 4(a)(2)                                       |
| 10/1/2017  | New  | 750,000   | C                                      | 0.0100              | Y   | Tim Scott  | Purchase   | R   | 4(a)(2)                                       |
| 10/1/2017  | New  | 750,000   | C                                      | 0.0100              | Y   | Bob Cunninham  | Purchase   | R   | 4(a)(2)                                       |
| 10/1/2017  | New  | 750,000   | C                                      | 0.0100              | Y   | Chris Prine  | Purchase   | R   | 4(a)(2)                                       |
| 10/9/2017  | New  | 7,139,925   | C                                      | 0.0056              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 10/27/2017   | New  | 2,260,696   | C                                      | 0.0495              | Y   | George E. Anastassov   | Debt Conversion  | NO  | 4(a)(2)                                       |
| 10/27/2017   | New  | 2,260,696   | C                                      | 0.0495              | Y   | Lekhram Changoer   | Debt Conversion  | NO  | 4(a)(2)                                       |
| 10/27/2017   | New  | 2,260,696   | C                                      | 0.0495              | Y   | Philippus Ann Van Damn   | Debt Conversion  | NO  | 4(a)(2)                                       |
| 11/9/2017  | New  | 7,751,609   | C                                      | 0.0047              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 11/10/2017   | New  | 8,652,711   | C                                      | 0.0433              | Y   | TL-66, LLC - James Arabia  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 11/10/2017   | New  | 8,747,905   | C                                      | 0.0429              | Y   | TL-66, LLC - James Arabia  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 12/6/2017  | New  | 6,430,145   | C                                      | 0.0622              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 12/20/2017   | New  | 3,167,564   | C                                      | 0.0631              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 12/29/2017   | New  | 9,723,844   | C                                      | 0.0617              | Y   | TL-66, LLC - James Arabia  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 12/29/2017   | New  | 5,531,192   | C                                      | 0.0678              | Y   | TL-66, LLC - James Arabia  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 1/4/2018   | New  | 3,000,000   | C                                      | 0.0686              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 1/4/2018   | New  | 2,826,912   | C                                      | 0.0586              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 1/4/2018   | New  | 4,000,000   | C                                      | 0.0700              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 1/4/2018   | New  | 3,140,511   | C                                      | 0.0700              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 1/9/2018   | New  | 1,000,000   | C                                      | 0.1000              | N   | Michael Coleman  | Compensation   | R   | 4(a)(2)                                       |
| 1/17/2018  | New  | 5,457,140   | C                                      | 0.0712              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 1/17/2018  | New  | 5,457,140   | C                                      | 0.0712              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 1/19/2018  | New  | 100,000   | C                                      | 0.1100              | N   | Melissa Marie Temple   | Compensation   | R   | 4(a)(2)                                       |
| 1/19/2018  | New  | 100,000   | C                                      | 0.1100              | N   | Rafael Lopatka   | Compensation   | R   | 4(a)(2)                                       |
| 2/16/2018  | New  | 50,000,000  | C                                      | 0.0100              | Y   | Stuart W. Titus  | Purchase   | R   | 4(a)(2)                                       |
| 2/16/2018  | New  | 40,000,000  | C                                      | 0.0100              | Y   | Blake N. Schroeder   | Purchase   | R   | 4(a)(2)                                       |
| 2/16/2018  | New  | 10,000,000  | C                                      | 0.0100              | Y   | Michelle L. Sides  | Purchase   | R   | 4(a)(2)                                       |
| 2/21/2018  | New  | 100,000   | C                                      | 0.1100              | N   | Melissa Marie Temple   | Compensation   | R   | 4(a)(2)                                       |
| 2/21/2018  | New  | 1,000,000   | C                                      | 0.1100              | N   | Randy Schroeder  | Compensation   | R   | 4(a)(2)                                       |
| 2/21/2018  | New  | 200,000   | C                                      | 0.1100              | N   | Samantha Schroeder   | Compensation   | R   | 4(a)(2)                                       |
| 3/13/2018  | New  | 1,333,333   | C                                      | 0.0999              | N   | Mauricio J. Gatto  | Compensation   | R   | 4(a)(2)                                       |
| 3/20/2018  | New  | 400,000   | C                                      | 0.1000              | N   | Samantha Schroeder   | Compensation   | R   | 4(a)(2)                                       |
| 3/20/2018  | New  | 200,000   | C                                      | 0.1000              | N   | Rafael Lopatka   | Compensation   | R   | 4(a)(2)                                       |
| 3/20/2018  | New  | 100,000   | C                                      | 0.1000              | N   | Beate Emmmer   | Compensation   | R   | 4(a)(2)                                       |
| 3/21/2018  | New  | 400,000   | C                                      | 0.1000              | N   | Juraj Mojzis   | Compensation   | R   | 4(a)(2)                                       |
| 4/6/2018   | New  | 100,000   | C                                      | 0.1000              | N   | Kimberlee Sheppard   | Compensation   | R   | 4(a)(2)                                       |
| 4/23/2018  | New  | 4,500,000   | C                                      | 0.0652              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 4/23/2018  | New  | 4,703,442   | C                                      | 0.0652              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 5/18/2018  | New  | 4,156,852   | C                                      | 0.0722              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 5/24/2018  | New  | 4,168,983   | C                                      | 0.0720              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 5/31/2018  | New  | 1,666,667   | C                                      | 0.1020              | Y   | Aleksay Grapov   | Compensation   | R   | 4(a)(2)                                       |
| 6/8/2018   | New  | 5,558,644   | C                                      | 0.0072              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 6/12/2018  | New  | 5,587,290   | C                                      | 0.0671              | Y   | TL-66, LLC - James Arabia  | Debt Conversion  | NO  | 4(a)(2)                                       |
| 6/20/2018  | New  | 2,789,284   | C                                      | 0.0072              | Y   | Chicago Venture Partnes-John Fife  | Debt Conversion  | NO  | 4(a)(2)                                       |

**Exhibit A**  
**Changes to the Number of Outstanding Shares**

|            |        |            |   |        |   |                                   |                 |    |         |
|------------|--------|------------|---|--------|---|-----------------------------------|-----------------|----|---------|
| 6/30/2018  | New    | 1,666,667  | C | 0.1010 | Y | James Gibson                      | Compensation    | R  | 4(a)(2) |
| 6/30/2018  | New    | 10,000,000 | C | 0.0010 | Y | Brad J. Tayles                    | Purchase        | R  | 4(a)(2) |
| 7/6/2018   | New    | 4,277,160  | C | 0.0701 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 7/11/2018  | New    | 200,000    | C | 0.0990 | N | Beate Emmer                       | Compensation    | R  | 4(a)(2) |
| 7/11/2018  | New    | 100,000    | C | 0.0990 | N | Renita Brannan                    | Compensation    | R  | 4(a)(2) |
| 8/6/2018   | New    | 5,106,122  | C | 0.0588 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | R  | 4(a)(2) |
| 8/21/2018  | New    | 700,000    | C | 0.1027 | N | Juraj Mojzis                      | Compensation    | R  | 4(a)(2) |
| 8/21/2018  | New    | 200,000    | C | 0.1027 | N | Beate Emmer                       | Compensation    | R  | 4(a)(2) |
| 8/21/2018  | New    | 100,000    | C | 0.1027 | N | Renita Brannan                    | Compensation    | R  | 4(a)(2) |
| 8/21/2018  | New    | 100,000    | C | 0.1027 | N | Franz & Hana Pollak               | Compensation    | R  | 4(a)(2) |
| 9/7/2018   | New    | 1,000,000  | C | 0.0909 | N | Jeff Lessard                      | Compensation    | R  | 4(a)(2) |
| 9/7/2018   | New    | 1,000,000  | C | 0.0909 | N | Valerie Aloisio                   | Compensation    | R  | 4(a)(2) |
| 9/7/2018   | New    | 200,000    | C | 0.0909 | N | Franz & Hana Pollak               | Compensation    | R  | 4(a)(2) |
| 9/7/2018   | New    | 100,000    | C | 0.0909 | N | Karen Boger                       | Compensation    | R  | 4(a)(2) |
| 9/7/2018   | New    | 100,000    | C | 0.0909 | N | Jill Levine                       | Compensation    | R  | 4(a)(2) |
| 9/10/2018  | New    | 4,774,257  | C | 0.0628 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 9/27/2018  | New    | 500,000    | C | 0.0909 | Y | Peter and Diane Woodard           | Compensation    | R  | 4(a)(2) |
| 9/27/2018  | New    | 2,000,000  | C | 0.0909 | Y | Dion Markgraaff                   | Compensation    | R  | 4(a)(2) |
| 10/1/2018  | New    | 100,000    | C | 0.0652 | N | Melissa Marie Temple              | Compensation    | R  | 4(a)(2) |
| 10/1/2018  | New    | 500,000    | C | 0.0888 | Y | Levan Darjania                    | Compensation    | R  | 4(a)(2) |
| 10/1/2018  | New    | 100,000    | C | 0.0888 | N | Bill Wilkinson                    | Compensation    | R  | 4(a)(2) |
| 10/1/2018  | New    | 700,000    | C | 0.0969 | N | Randy Schroeder                   | Compensation    | R  | 4(a)(2) |
| 10/1/2018  | New    | 200,000    | C | 0.0969 | N | Juraj Mojzis                      | Compensation    | R  | 4(a)(2) |
| 10/1/2018  | New    | 700,000    | C | 0.1035 | N | Valerie Aloisio                   | Compensation    | R  | 4(a)(2) |
| 10/3/2018  | New    | 4,804,612  | C | 0.0624 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 10/31/2018 | New    | 5,146,945  | C | 0.0583 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 11/6/2018  | New    | 100,000    | C | 0.1081 | N | Lene West                         | Compensation    | R  | 4(a)(2) |
| 11/7/2018  | Cancel | (200,000)  | C | 0.1027 | N | Beate Emmer                       | Compensation    | R  | 4(a)(2) |
| 11/14/2018 | New    | 1,666,667  | C | 0.0800 | N | Stephen Jones                     | Compensation    | R  | 4(a)(2) |
| 11/14/2018 | New    | 1,250,000  | C | 0.0800 | Y | Brooke Beers                      | Compensation    | R  | 4(a)(2) |
| 11/14/2018 | New    | 416,667    | C | 0.0800 | Y | Mary Suzanne Thibodeau            | Compensation    | R  | 4(a)(2) |
| 11/14/2018 | New    | 666,667    | C | 0.0800 | Y | Robert Brannin                    | Compensation    | R  | 4(a)(2) |
| 11/16/2018 | New    | 100,000    | C | 0.9400 | N | Csaba Devenyi                     | Compensation    | R  | 4(a)(2) |
| 11/16/2018 | New    | 5,585,240  | C | 0.0537 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 12/4/2018  | New    | 6,593,407  | C | 0.0455 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 11/7/2018  | Cancel | (100,000)  | C | 0.1027 | N | Renita Brannan                    | Compensation    | R  | 4(a)(2) |
| 12/7/2018  | New    | 700,000    | C | 0.1055 | N | Samantha Schroeder                | Compensation    | R  | 4(a)(2) |
| 12/13/2018 | New    | 100,000    | C | 0.1090 | N | Larjos Farkas                     | Compensation    | R  | 4(a)(2) |
| 12/13/2018 | New    | 400,000    | C | 0.1090 | N | Franz & Hana Pollak               | Compensation    | R  | 4(a)(2) |
| 12/13/2018 | New    | 1,000,000  | C | 0.1090 | N | Juraj Mojzis                      | Compensation    | R  | 4(a)(2) |
| 12/18/2018 | New    | 8,900,757  | C | 0.0449 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 12/31/2018 | New    | 57,938,800 | C | -      | Y | Michelle L. Sides                 | Compensation    | R  | 4(a)(2) |
| 1/4/2019   | New    | 6,513,244  | C | 0.0461 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 1/10/2019  | New    | 8,419,812  | C | 0.0475 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 2/5/2019   | New    | 5,489,780  | C | 0.0546 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 2/14/2019  | New    | 7,319,706  | C | 0.0546 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 2/20/2019  | New    | 1,000,000  | P | 0.1000 | N | Juniper & Ivy Corporation         | Purchase        | R  | 4(a)(2) |
| 3/5/2019   | New    | 6,024,943  | C | 0.0498 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 3/12/2019  | New    | 8,074,772  | C | 0.0495 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 4/22/2019  | New    | 9,471,267  | C | 0.0422 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 5/6/2019   | New    | 7,127,076  | C | 0.0421 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 5/9/2019   | New    | 12,166,560 | C | 0.0329 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 6/4/2019   | New    | 9,124,920  | C | 0.0329 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |
| 6/6/2019   | New    | 11,661,808 | C | 0.0343 | Y | Chicago Venture Partnes-John Fife | Debt Conversion | NO | 4(a)(2) |

|   |   |  |
|---|---|--|
| Number of shares outstanding as of 03/31/19 | Ending Balance<br>Common: 3,653,591,056<br>Preferred: 1,000,000 |  |
| 3,654,591,056                               |   |  |



Exhibit B  
Debt Securities, Including Promissory and Convertible Notes

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder             | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|--|--------------------------------|---|
| 3/29/2017             | \$848,653                | \$5,500,000                       | \$9,478               | 7/31/2019     | 70% of the average three (3) lowest closing bid prices in the 20-days prior to conversion    | Chicago Venture Partners, L.P. | Working Capital                                 |
| 12/11/2017            | \$3,352,034              | \$5,500,000                       | \$20,042              | 4/12/2020     | 70% of the average three (3) lowest closing bid prices in the 20-days prior to conversion    | Chicago Venture Partners, L.P. | Working Capital                                 |
| 11/28/2018            | \$9,076,394              | \$8,810,000                       | \$266,394             | 8/29/2021     | 70% of the average three (3) lowest closing bid prices in the 20-days prior to conversion    | Atlas Sciences, LLC            | Working Capital                                 |
| 12/31/2018            | \$253,795                | \$250,000                         | \$3,795               | 12/31/2021    | Fixed rate of \$0.0747 per share   | General Hemp, LLC.             | Management Fees                                 |

## Exhibit C

**Medical Marijuana, Inc.**  
**Consolidated Balance Sheet**

|  | As of<br>June 30, 2019 | As of<br>June 30, 2018 |
|--|------------------------|------------------------|
| <b><u>ASSETS</u></b>                   |                        |                        |
| <b>Current Assets</b>                  |                        |                        |
| Cash                                   | 5,499,384              | 3,035,937              |
| Accounts Receivable                    | 474,820                | 411,981                |
| Other Current Assets                   |                        |                        |
| Prepaid Assets                         | 2,299,393              | 233,340                |
| Inventory                              | 5,033,598              | 2,768,319              |
| Merchant Account Reserves              | 1,067,918              | 756,233                |
| Notes and Loans Receivable             | 5,354,213              | 4,731,368              |
| Deposits                               | 104,257                | 52,744                 |
| Deferred Taxes                         | 630,531                |                        |
| Total Other Current Assets             | 14,489,910             | 8,542,003              |
| <b>Total Current Assets</b>            | <b>20,464,115</b>      | <b>11,989,921</b>      |
| Total Fixed Assets Net of Depreciation | 1,664,733              | 390,788                |
| <b>Other Assets</b>                    |                        |                        |
| Other Asset                            |                        |                        |
| Convertible Discount Asset             | 300,000                | 200,000                |
| Convertible Notes Receivable           | 4,032,986              |                        |
| Goodwill                               | 45,367,477             | 45,367,477             |
| Investments - Equity Securities        | 18,588,682             | 64,153,624             |
| Total Other Assets                     | 68,289,145             | 109,721,101            |
| <b>TOTAL ASSETS</b>                    | <b>90,417,993</b>      | <b>122,101,810</b>     |
| <b><u>LIABILITIES &amp; EQUITY</u></b> |                        |                        |
| <b>Current Liabilities</b>             |                        |                        |
| Accounts Payable                       | 3,091,364              | 736,375                |
| Accrued Liabilities                    | 1,592,546              | 1,394,090              |
| Deferred Revenue                       | 2,175,840              | 6,102                  |
| Other Current Liability                | 1,714,560              |                        |
| Total Payables                         | 8,574,310              | 2,136,567              |
| Convertible Notes                      | 13,530,875             | 10,021,420             |
| Total Long Term Liabilities            | 13,530,875             | 10,021,420             |
| <b>Total Liabilities</b>               | <b>22,105,186</b>      | <b>12,157,987</b>      |
| <b>Equity</b>                          |                        |                        |
| Common Stock                           | 36,735,775             | 34,442,698             |
| Pref Stock - Series A                  | 10,000                 |                        |
| Additional Paid in Capital             | 160,530,268            | 151,977,735            |
| Retained Earnings                      | (128,963,235)          | (76,476,610)           |
| <b>Total Equity</b>                    | <b>68,312,808</b>      | <b>109,943,823</b>     |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <b>90,417,993</b>      | <b>122,101,810</b>     |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Exhibit C

**Medical Marijuana, Inc.**  
**Consolidated Statement of Operations**  
**For the Three Months Ending**

|  | Three Months Ending<br>June 30, 2019 | Three Months Ending<br>June 30, 2018 |
|--|--------------------------------------|--------------------------------------|
| <b>Ordinary Income/(Expense)</b>                 |                                      |                                      |
| Total Revenue                                    | 20,687,080                           | 15,815,529                           |
| Total COGS                                       | 5,321,438                            | 6,238,908                            |
| <b>Gross Profit</b>                              | <b>15,365,641</b>                    | <b>9,576,621</b>                     |
| <br>Expense                                      |                                      |                                      |
| Sales & Marketing                                | 10,883,245                           | 8,169,130                            |
| General & Administrative                         | 3,494,709                            | 3,412,810                            |
| Research & Development                           | 107,724                              |                                      |
| <b>Total Expense</b>                             | <b>14,485,677</b>                    | <b>11,581,940</b>                    |
| <br><b>Net Ordinary Income/(Loss)</b>            | <br><b>879,964</b>                   | <br><b>(2,005,319)</b>               |
| <br>Interest Income                              | 106,064                              | 38,151                               |
| Interest Expense                                 | (235,328)                            | (231,326)                            |
| Other Expense                                    | (94,368)                             | (24,701)                             |
| Bad Debt   | (181,042)                            | (155,278)                            |
| Litigation Expense                               | (300,353)                            | 11,413                               |
| Gain/(Loss) on Investments                       | (15,188,314)                         | (18,704,941)                         |
| <b>Total Other Income or Expense Gain/(Loss)</b> | <b>(15,893,341)</b>                  | <b>(19,066,681)</b>                  |
| <br><b>Net Income/(Loss)</b>                     | <br><b>(15,013,377)</b>              | <br><b>(21,072,000)</b>              |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Exhibit C

**Medical Marijuana, Inc.**  
**Consolidated Statement of Cash Flows**

|  | Three Months Ending<br>June 30, 2019 | Three Months Ending<br>June 30, 2018 |
|--|--------------------------------------|--------------------------------------|
| <b>OPERATING ACTIVITIES</b>  |                                      |                                      |
| Net Income/(Loss)  | (15,013,377)                         | (21,072,000)                         |
| Adjustments to reconcile Net Income<br>to net cash provided by operations: |                                      |                                      |
| Depreciation   | (45,214)                             | 4,112                                |
| Stock Compensation Expense   | (688,571)                            | 663,790                              |
| Inventories Adjustment   |                                      | 2,187,963                            |
| Changes in operating assets and liabilities:                               |                                      |                                      |
| Inventories  | 626,211                              | (815,596)                            |
| Accounts Receivable  | 810,811                              | (165,833)                            |
| Prepaid Epxenses   | 90,392                               | (181,739)                            |
| Merchant Account Reserve   | 292                                  | (132,927)                            |
| Deposits   | (23,712)                             |                                      |
| Accounts Payable   | (792,207)                            | (242,040)                            |
| Deferred Revenue   | 412,679                              |                                      |
| Deferred Taxes   | (285,510)                            |                                      |
| Accrued Liabilities  | 289,742                              | 161,603                              |
| Other Current Liability  | 301,893                              |                                      |
| <b>Net Cash Provided (Used) by Operating Activities</b>                    | <b>1,430,590</b>                     | <b>(1,370,430)</b>                   |
| <b>INVESTING ACTIVITIES</b>  |                                      |                                      |
| Gain/Loss on Investments   | 15,188,314                           | 18,389,185                           |
| Convertible Notes Receivable   | 15,236                               | (1,960,866)                          |
| Convertible Notes Payable  | 1,915                                |                                      |
| Convertible Notes  | (1,577,712)                          |                                      |
| Capital Purchases  | (521,118)                            | 30,616                               |
| <b>Net Cash Provided (Used) by Investing Activities</b>                    | <b>13,106,634</b>                    | <b>16,458,935</b>                    |
| <b>FINANCING ACTIVITIES</b>  |                                      |                                      |
| Notes Receivable   | (127,618)                            | 255,694                              |
| Proceeds from Sale of Stock  | 3,177,143                            | 2,504,314                            |
| <b>Net Cash Provided (Used) by Financing Activities</b>                    | <b>3,049,525</b>                     | <b>2,760,008</b>                     |
| Net Cash Increase (Decrease) for the Period                                | 1,839,587                            | (368,994)                            |
| Cash At Beginning of Period  | 3,659,798                            | 3,404,931                            |
| <b>Cash at End of Period</b>   | <b>5,499,384</b>                     | <b>3,035,937</b>                     |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Exhibit D

Explanation Non-GAAP Net Income, Non-GAAP EBITDA and Reconciliation of Net Income/(Loss) to Non-GAAP EBITDA

Non-GAAP Net Income/(Loss) is defined as net income/(loss) excluding share-based compensation expenses. Although share-based compensation is necessary to attract and retain quality employees, our consideration of share-based compensation places its primary emphasis on overall shareholder dilution rather than the accounting charges associated with such grants. Because of the varying availability of valuation methodologies and subjective assumptions, we believe that the exclusion of share-based compensation allows for more accurate comparison of our financial results to previous periods. In addition, we believe it useful to investors to understand the specific impact of the application of the fair value method of accounting for share-based compensation on our operating results.

Adjusted EBITDA is defined by the company as EBITDA (net income (loss) adjusted for interest income/(expense), income taxes, depreciation and amortization), further adjusted to exclude certain non-cash expenses and other adjustments as set forth below (share based compensation, litigation expenses, deferred revenues\* and gains/(losses) on investments). We use Adjusted EBITDA because we believe it more clearly highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures, since Adjusted EBITDA eliminates from our results specific financial items that have less bearing on our core operating performance.

A reconciliation from our net income / (loss) to Adjuted EBITDA, a non-GAAP measure, for the quarter ended June 30, 2019 and 2018 is below

|                            | <b>June 30, 2019</b>  | <b>June 30, 2018</b> |
|----------------------------|-----------------------|----------------------|
|                            | <i>(in thousands)</i> |                      |
| Net Income (loss)          | \$ (14,930)           | \$ (21,072)          |
| Depreciation               | 45                    | 4                    |
| Interest expense           | 127                   | 193                  |
| EBITDA                     | <u>(14,758)</u>       | <u>(20,875)</u>      |
| Stock-based compensation   | 689                   | 664                  |
| Gain (loss) on investments | 15,188                | 18,705               |
| Litigation expense         | 300                   | (11)                 |
| Inventory adjustments      | -                     | 2,188                |
| Deferred revenue           | 118                   |                      |
| Adjusted EBITDA            | <u>\$ 1,537</u>       | <u>\$ 671</u>        |