MMJ Group Holdings Limited
Suite 518, Level 5
165-167 Phillip Street
Sydney NSW Australia 2000
www.mmjgh.com.au
info@mmjgh.com.au

ASX RELEASE

05 March 2019

Harvest One provides update on strategic review and financial results for half year ended 31 December 2019

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, is pleased to advise that one of its largest investments, Harvest One Cannabis Inc. ("HVT") (TSX-V: HVT; OTCQX: HRVOF), has announced:

a) its financial and operating results for the six months ended 31 December 2019; and
b) progress of its initiatives to restructure its operations as announced in November 2019.

HVT is a global consumer packaged goods company that develops and distributes premium health, wellness, and selfcare products to patients and consumers in regulated markets around the world with a specific focus on sleep, anxiety and pain. MMJ is the largest shareholder holding 26% of HVT.

Significant progress on implementation of operational restructure

Since November 2019, HVT has undertaken a number of initiatives which are expected to contribute to a 30% reduction in selling, general and administrative (“SG&A”) expenses on an annualized basis. These initiatives include:

(i) an overall reduction in workforce by over 20%;
(ii) a comprehensive salary reduction program at the senior management level;
(iii) the downsizing and consolidation of corporate offices; and
(iv) the implementation of remote workforce programs. These cost reduction efforts have already positively impacted cash SG&A expenses in the December 2019 quarter. HVT expects cash operating overheads expenses to continue to decrease throughout the remainder of the 2020 fiscal year[1].

In February 2020, Harvest One announced the divestment its 19.99% interest in Burb Cannabis Corp. (“Burb”), a private cannabis retailer based in British Columbia for cash proceeds of CAD1.5m. Harvest One has also entered into a contract to sell its interest in its 398-acre site in Lillooet, British Columbia (the “Lillooet Property”) for cash consideration of CAD0.8m. The transaction is expected to close on March 31, 2020.

Harvest One continues to evaluate opportunities to realise surplus assets and raise additional debt and equity capital which is required to realise its business plan. HVT also advised that it is in discussions to divest its 50.1% interest in the Greenbelt Greenhouse facility located in Hamilton, Ontario, which would provide additional capital and allow HVT to focus on the growth of its core businesses in Cannabis 2.0, product branding and international distribution.

MMJ is holding discussions with HVT on the potential extension of the date of the repayment of the CAD2m secured loan which is currently repayable on 10 March 2020.

A copy of the HVT announcement is attached to this ASX announcement.

- - - - - - - - - -

[1] Year ending 30 June 2020

Investor and Media Enquiries

Announcement authorised for release to ASX by:
Jim Hallam
Chief Financial Officer and Company Secretary
E: Compsec@mmjgh.com.au

About MMJ

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

Important Notice

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

Harvest One Provides Strategic Update and Announces Q2 2020 Financial Results

*March 2, 2020 – Vancouver, British Columbia – Harvest One Cannabis Inc. ("**Harvest One**" or the "**Company**") (**TSX-V: HVT; OTCQX: HRVOF**) today announced its financial and operating results for the three and six months ended December 31, 2019, as well as an update on the Company's strategic plan.*

Update on Strategic Plan

On November 26, 2019, the Company announced a strategic plan to refocus on the Company's core strengths of product development, brands and distribution, while also committing to significant cost reductions and a targeted approach to capital investment.

"In light of industry challenges, Harvest One realigned its strategy to focus on our core strengths of brands and distribution and undertook significant cost cutting initiatives to rightsize the organization. We anticipate a strong rollout of our Cannabis 2.0 products, specifically our LivRelief™ cannabinoid-infused topical creams, which are in strong demand from retailers" said Grant Froese, Chief Executive Officer of Harvest One.

Mr. Froese continued, "We remain focused on solidifying our balance sheet with additional sales of non-core assets and continuing to evaluate various financing alternatives. We are confident that we are taking all the necessary steps to reduce costs and move the Company towards profitability."

Sale of non-core assets
As recently announced on February 26, 2020, the Company successfully closed the sale of its 19.99% interest in Burb Cannabis Corp., a private cannabis retailer based in British Columbia, for cash proceeds of $1.5 million and entered into a definitive agreement to sell its interest in its 398-acre site in Lillooet, British Columbia for cash consideration of $770,000.

The Company is also in discussions to divest its 50.1% interest in the Greenbelt Greenhouse facility located in Hamilton, Ontario, which would provide additional capital to the Company and allow the Company to focus on the growth of its core businesses in Cannabis 2.0, product branding and international distribution.

Cannabis 2.0 Products
Harvest One's initial Cannabis 2.0 product offerings include a selection of pain relief topical creams and vape pen cartridges. Products have undergone the necessary Health Canada notifications and are currently in the process of being listed in Ontario, British Columbia, Alberta, Saskatchewan and Manitoba. All five provinces have completed registrations and the Company is currently working through final arrangements with a production partner to finalize its product launch. Products are expected to be available later this quarter.

Satipharm Gelpell – Canadian Production
In November 2019, the Company received permission from Health Canada to import Satipharm's 10mg CBD Gelpell® capsules into Canada for research and development purposes. The Company also continues to prepare for a launch of Satipharm's CBD Gelpell® capsules into Canada and is working through the necessary arrangements with Gelpell®. The development of this business will be a key element of future growth for Harvest One, pending obtaining sufficient financing.

US Distribution of non-infused LivRelief™
Delivra has two US Food and Drug Administration ("FDA") approved LivRelief™ topical pain relief SKUs. Initial US online sales commenced on Amazon in January, 2020, and the Company continues to leverage its extensive US Dream Water distribution network to rollout US LivRelief™ distribution with major retailers across the US.

US distribution of CBD-infused Dream Water and LivRelief™
Harvest One continues to await clarification from the FDA in regards to both CBD-infused topicals and ingestibles. The Company has completed the necessary formulation and development work to move forward with the distribution of such products in the US once the regulatory environment in the US allows.

Cost Reduction Plan
Since November 2019, the Company has undertaken a number of initiatives which are expected to contribute to a 30% reduction in selling, general and administrative ("SG&A") expenses on an annualized basis. These initiatives include: (i) an overall reduction in workforce by over 20%; (ii) a comprehensive salary reduction program at the senior management level; (iii) the downsizing and consolidation of corporate offices; and (iv) the implementation of remote workforce programs. These cost reduction efforts have already positively impacted cash SG&A expenses in Q2 2020. The Company expects cash SG&A expenses to continue to decrease throughout the remainder of the 2020 fiscal year.

Capital Investment Optimization
In order to focus capital on the support of its existing operations, the Company has suspended active development at its Lucky Lake and Mission Road facilities. The Lucky Lake facility has been fully redesigned in support of the Company's renewed focus on Cannabis 2.0 products and distribution, while Mission Road Phase 1 expansion has been completed and licensed. Additional investment in these facilities remains an attractive strategic option, subject to obtaining suitable financing to support further development.

Summary of Key Financial Results

	Three months ended Dec 31		Six months ended Dec 31	
Select Financial Information	**2019**	**2018**	**2019**	**2018**
($000's, except share and per share amounts)	**$**	**$**	**$**	**$**
Net revenue	**1,768**	3,742	**5,832**	5,421
Gross profit	**66**	1,127	**1,331**	1,705
Expenses	**16,014**	4,355	**22,470**	10,750
Loss from operations	**(15,948)**	(3,228)	**(21,139)**	(9,045)
Net loss	**(15,991)**	(3,332)	**(21,252)**	(9,127)
Net loss per share – basic and diluted	**(0.07)**	(0.02)	**(0.10)**	(0.05)
Weighted average number of common shares	**214,753,945**	177,629,038	**214,207,173**	175,625,245
Adjusted EBITDA(1)	**(4,993)**	(1,591)	**(8,413)**	(5,564)

(1)Adjusted EBITDA is a non-GAAP measure defined as loss from operations before interest, taxes, depreciation and amortization adjusted for fair value items and other non-cash items, as reconciled in the Management's Discussion and Analysis for the three and six months ended December 31, 2019 (the "Q2 2020 MD&A").

Financial Commentary

Net revenues from our cultivation division were negatively impacted due to industry wide factors. The decrease in net revenue was primarily attributable to product returns, pricing adjustments and reduced provincial orders in comparison to the prior year. Despite this, our consumer division continued to show steady results with 11% revenue growth over the previous quarter. The Company has also made significant progress on reducing its overall SG&A expenses with cash expenses decreasing compared to the previous quarter, after adjusting for one-time items. The decrease is a result of the implementation of cost reduction initiatives mid-way through Q2 2020 as previously discussed. Q2 2020 expenses were impacted significantly by $9.9 million in non-cash impairment charges in the cultivation and consumer divisions.

Q3 2020 Outlook
Sales volumes to date in Q3 2020 have improved significantly from Q2 2020, most notably at United Greeneries. Both dried and bulk flower sales have increased significantly and Cannabis 2.0 sales are expected to be reflected in our Q3 2020 results as a result of strong demand from both our retail and provincial cannabis store partners. Revenues from our consumer and medical divisions are also expected to show steady quarter-over-quarter growth.

Non-GAAP Measures, Reconciliation and Discussion

This press release contains references to "Adjusted EBITDA", which is a non-GAAP financial measure.

Adjusted EBITDA is a non-GAAP measure used by management that does not have any standardized meaning prescribed by International Financial Reporting Standards and may not be comparable to similar measures presented by other companies. Management defines adjusted EBITDA as the loss from operations, as reported, before interest, taxes, depreciation and amortization and adjusted for share-based compensation, common shares issued for services, the fair value effects of accounting for biological assets and inventories, asset impairments and write-downs and other non-cash items. Management believes that Adjusted EBITDA is a useful financial metric to assess the Company's operating performance on a cash basis before the impact of non-cash items, and on an adjusted basis as described above.

A reconciliation of the supplemental non-GAAP measure is presented in the Q2 2020 MD&A. The Company believes *that the measure provides information useful to shareholders and investors in understanding its performance and may assist in the evaluation of the Company's business relative to that of its peers. For more information, please see "Non-GAAP Measures" in the Q2 2020 MD&A available on the Company's profile on SEDAR at www.sedar.com.*

About Harvest One

Harvest One is a global cannabis company that develops and provides innovative lifestyle and wellness products to consumers and patients in regulated markets around the world. The Company's range of lifestyle solutions is designed to enhance quality of life. Shareholders have significant exposure to the entire cannabis value chain through its wholly-owned subsidiaries: United Greeneries, a Licensed Producer; Satipharm (medical and nutraceutical); and Dream Water Global, and Delivra (consumer); as well as a controlling interest in Greenbelt Greenhouse. For more information, please visit www.harvestone.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. The forward-looking information contained in this press release is made as of the date hereof, and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties, and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.
Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Investor Relations:
Colin Clancy
Investor Relations
1-877-915-7934

Media and Other Enquiries:
Nicholas Van Dyk
Vincic Advisors
1-604-364-5752