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ASX RELEASE

12 March 2020

Net tangible asset backing as at 29 February 2020

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ") is required to announce its net tangible assets ("NTA") per share pursuant to Listing Rule 4.12. Accordingly, please find enclosed the MMJ Investment Portfolio Report as at 29 February 2020.

Investor and Media Enquiries

Announcement authorised for release to ASX by:
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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.

About MMJ

MMJ (ASX Code MMJ/OTC Code MMJF) 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.

MMJ is the only listed Australian investment company which offers the opportunity to Australian investors to invest in unlisted and listed cannabis-related businesses in Australia and offshore.

MMJ has a proven track record in acquiring and realising considerable value from its cannabis related investments.

Since 2015, MMJ has created a significant number of investment opportunities from its connections in Canada and Australia in the private investment sector and realised exits when it is to the benefit of MMJ and its shareholders:

20 Primary Acquisitions	7 Follow on investments ¹	4 Private to public	9 Sale of investments
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MMJ Investment Performance²

MMJ Historical Performance - period ended	1 month	3 months	Financial year to date	12 months	29-Feb-20 Since inception
Pre tax return	(6)%	(21)%	(43)%	(35)%	(15)%
Benchmark	(16)%	(19)%	(56)%	(62)%	(36)%
Out/(under) performance	10%	(1)%	13%	28%	21%

For MMJ's latest investor presentations and news, please visit www.mmjgh.com.au

General Investor Queries	Share Registry
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W: mmjgh.com.au	P: 1300 288 664
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Performance Update

Net Tangible Asset Value Per Share Before Tax³ as at 29 February 2020

\$0.2210

Total Portfolio Including Cash
as at 29 February 2020

\$50m

Investment Return Since Inception⁴
as at 29 February 2020 (per annum)

(15)% pa

Key Metrics as at 29 February 2020	AUD
Net Asset Value	m 48
Investee Portfolio (ex cash)	m 49
Cash	m 1
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)	0.2210
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)	0.2118
Net Asset Value per share	0.2132
MMJ share price (ASX)	0.10
Market capitalisation	m 22
Number of investments (ex cash)	15
ASX Investment Type	Listed Investment Company
Initial Public Offering Date (inception date)	22-Jan-15
No. of ordinary shares on issue	m 224

¹ Includes investments in existing investees

² MMJ uses the Alternative Harvest ETF (ticker symbol MJ) as its investment benchmark for the MMJ portfolio as it is a highly liquid portfolio trading in the North American market (where most of MMJ's holdings are based). MJ is listed on the New York Stock Exchange

³ Net Tangible Asset Value per share – net tangible assets per share before tax on unrealised gains on investment portfolio

⁴ Inception is 30 June 2018 being the date when MMJ commenced accounting for investments as an investment entity

MMJ NEWS**Performance of MMJ Portfolio for February 2020**

February was a very active month for MMJ's portfolio management and capital management.

MMJ Share Purchase Plan

On 14 February 2020, MMJ announced a Share Purchase Plan ("SPP") to raise \$5m by providing eligible MMJ shareholders the opportunity to purchase up to \$30,000 worth of new shares in MMJ ("New Shares"), irrespective of the size of their shareholding, without incurring brokerage or transaction costs ("SPP Offer"). The New Shares will be issued at an issue price of \$0.11 per share ("Issue Price").

The Issue Price represents a:

- 10.9% discount to the volume weighted average market price of Shares over the last five days on which sales of Shares were recorded on the Australian Securities Exchange ("ASX") immediately prior to the announcement of the SPP; and
- 51% discount to the last announced Net Tangible Asset Value per Share as at 31 January 2020, being \$0.2258.

We believe that a SPP is the fairest and most efficient means of raising equity, where our shareholders will be offered the first opportunity to invest additional funds in MMJ at a discount to the share price as at 13 February 2020.

Participation in the SPP is optional and open to all MMJ shareholders registered as at 5:00pm (AWST) on 13 February 2020 with a registered address in Australia or New Zealand ("Eligible Shareholders"). The closing date of the SPP has been extended to 5.00pm (AWST) on 17 March 2020.

Future investment opportunities

Funds from the SPP will be applied to fund investments into new businesses in the global cannabis market in line with MMJ's investment mandate, MMJ also holds warrants (similar to 'options' in Australia) and contractual rights in a number of its existing listed and unlisted investments which provide opportunities for MMJ to make follow-on investments in businesses at a discount to current valuations and where MMJ is well placed to understand their potential returns. Existing cannabis businesses where MMJ holds the right to make follow on investments include:

- a) Sequoya (European medicinal cannabis and CBD oil extraction),
- b) Medipharm Labs (Canadian cannabis oil extraction),
- c) Weed Me, (Canadian cannabis cultivation),
- d) Fire and Flower (Canadian cannabis retailer),
- e) Volero (Canadian cannabis vape manufacturer)
- f) Weed MD (Canadian cannabis cultivation and cannabis oil extraction)
- g) Embark Health (Canadian cannabis and CBD oil extraction)

We believe that the companies within our portfolio are well placed to transition from business establishment to producing operational cashflow and receive a material valuation uplift during the latter part of 2020 as investors reward those cannabis businesses which generate sales and earnings growth.

Whilst the deterioration in the Canadian cannabis market during the past six months has impeded MMJ's efforts to improve the MMJ share price, MMJ believes that its share price materially undervalues the opportunities provided by its existing portfolio as the Canadian investment market recovers and provides the opportunity for investors to acquire MMJ shares at an attractive price to their intrinsic value.

Portfolio management events

During February 2020, MMJ's material investments made significant announcements in terms of achievement of business objectives and funding their operations:

- a) Harvest One announced a strategic review and subsequent sale of non-core assets for CAD2.3m. Subsequently, Harvest One released an update on the progress of its restructuring plan.
- b) Embark Health announced that it had received its processing license from Health Canada for its Delta, BC facility and brings Embark one step closer to full scale production at that facility. Embark Health has advised its shareholders that the Company is seeking to publicly list in Canada during 2020 it was seeking a public listing during mid-2020.

- c) WeedMD appointed a new Chief Executive Officer and the completion of WeedMD capital raising.
- d) Sequoia Cannabis Ltd's ("Sequoia") Polish subsidiary, Sequoia Europe, has received EU GMP Certification for its newly completed European Centre of Extraction and CBD Production. Sequoia's recently completed cannabis extraction operations are located in Krakow, Poland, with plans to become a leading supplier of CBD extracts and isolate within the European Union.
- e) Cannabis Access – during the 4th quarter of 2019 Cannabis Access (Australian based medicinal cannabis business) launched umbrella brand Southern Cannabis Holdings, comprising CA Clinics, - FreshLeaf analytics, Applied Cannabis Research and Precision Pharma. The business received ethics approvals for clinical studies in endometriosis, fibromyalgia, cachexia (appetite) while becoming cashflow break even with revenue growing 30% over the previous quarter. The United Kingdom operations commenced seeing medicinal cannabis patients.

MMJ released its audit reviewed financial results for the half year ended 31 December 2019 which were unchanged from the net asset value announced on 13 January 2020.

Embark Ventures, MMJ's asset manager, conducted a roadshow to Australian retail and institutional investors which included an online openbriefing which allowed MMJ shareholders to ask questions. MMJ released an Investor presentation released including update of key assets.

MMJ paid \$5.9m of Australian company tax payable in respect of the financial year ended 30 June 2019.

Copies of the announcements related to MMJ's operations may be found on the MMJ website www.mmjgh.com.au

Embark Ventures Sector Update – 29 February 2020

Continuing fears surrounding the novel COVID-19 coronavirus has caused a contagion in global capital markets which are now pricing in negative GDP growth in Q1/2020 and potentially also in Q2/2020 meaning a recession heading into US presidential elections in the fall. For the beaten down Cannabis sector, the collapse in the broader market couldn't have come at a worse time. Bearing the brunt of broader market and sector-specific declines, our benchmark MJ Alternative Harvest index ETF was down almost 16% during the month of February.

While the broader markets and cannabis as a sector continue to underperform, we see plenty of relative outperformance in extraction-related names like Medipharm Labs (LABS) and Valens Groworks (VLNS) which were down only 10.5% and 12% respectively over the same time period. Embark Ventures and MMJ believe that the existing portfolio is well placed to provide superior returns due to their role in Cannabis 2.0 products and associated high margins:

- a) Cannabis and CBD extraction – Embark Health, Sequoya, Medipharm LABS and WeedMD
- b) Consumer packaged cannabis and CBD products – Volero (vape pens), Harvest One (CBD health and wellness - Dream Water, Delivera)

We continue to expect 2020 to play out as a bottoming year for the sector with a mild recovery in the second half leading to a broader recovery and acceleration in 2021. Some specific investee company highlights include:

Embark Health (private).

Embark Health received its processing license from Health Canada for its Delta, BC facility. This is a very positive step and brings Embark one step closer to full scale production at that facility. Now Embark is working closely with Delta, BC authorities to receive building & occupancy approval for both phases of the first floor – after which the company can begin processing biomass. All necessary extraction equipment for phase-one is being installed or on-route. Construction of the first phase at the Woodstock, ON facility also continues on schedule.

Medipharm Labs (LABS).

LABS announced it will release its audited financial results, within the timelines required by TSX issuers, for the three and twelve months ended December 31, 2019 before markets open on Monday, March 30, 2020. This will be the first quarter the company reports after its announcement earlier in the year about filing a statement of claim with the Ontario Superior Court regarding a C\$9.8mln payment due from a customer (which has been identified as Hexo by media outlets since). If this quarter shows significant QoQ growth from the prior quarter (which we expect given the buildup for Cannabis 2.0 rollout Canada-wide in December 2019), then the stock should close the gap due to the customer payment issue and lead the extraction space higher again.

WeedMD (WMD).

WeedMD's merger with Starseed is beginning to bear fruit as the company is signing up various unions to its medicinal cannabis program. During the month of February, WeedMD added the International Association of Heat and Frost Insulators and Allied Workers Local 95, the International Union of Painters and Allied Trades, and MyHSA as customers. We believe this is an innovative approach to ensuring higher product margins for WeedMD by securing a captured market.

Harvest One (HVT).

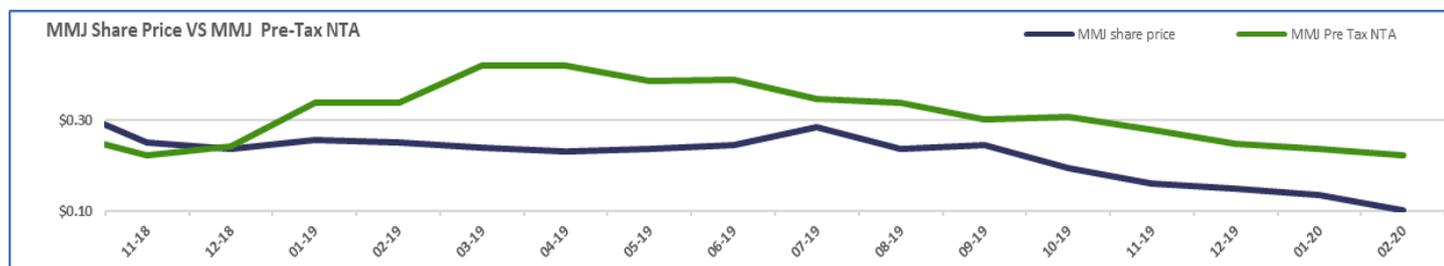
Harvest One initiated a process to evaluate a range of strategic alternatives with Mackie Research and AltaCorp acting as advisors to the company's Strategic Review Committee. The Review has begun to bear fruit as the company entered into definitive agreements to sell its interest in Burb Cannabis, a cannabis retailer located in British Columbia, as well as its interest in the 398-acre site in Lillooet, British Columbia for \$1,512,600 and \$770,000 respectively. The proceeds from these sales are a welcome relief for the company's balance sheet. Harvest One also reported Q2 financial results in early March which were below market expectations but provided a Q3 outlook that was positive. The company said 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 their Q3 2020 results as a result of strong demand from both retail and provincial cannabis stores.

Appendix One

1. The year to date performance of MMJ's NTA is detailed below⁵:
Table One

MMJ Historical Performance - financial year to date											
		30-Jun-18	30-Jun-19	31-Jul-19	31-Aug-19	30-Sep-19	31-Oct-19	30-Nov-19	31-Dec-19	31-Jan-20	29-Feb-20
Share price \$	AUD	0.335	0.245	0.285	0.235	0.245	0.195	0.160	0.150	0.135	0.100
NTA Post Tax \$	AUD	0.2860	0.3718	0.3321	0.3265	0.2901	0.2853	0.2601	0.2356	0.2256	0.2118
NTA Pre Tax \$	AUD	0.2900	0.3874	0.3445	0.3378	0.3006	0.3052	0.2780	0.2470	0.2357	0.2210
Net Return - pre tax NTA - year to date		n/a	33.6%	(11.1)%	(12.8)%	(22.4)%	(21.2)%	(28.2)%	(36.2)%	(39.1)%	(43.0)%
Premium/(discount) of share price to pre tax NTA		15.5%	(36.8)%	(17.3)%	(30.4)%	(18.5)%	(36.1)%	(42.4)%	(39.3)%	(42.7)%	(54.7)%

Chart One demonstrates the current discount of the MMJ share price to the pre-tax net tangible asset value (NTA).

Chart One

2. MMJ's investment portfolio (as at 29 February 2020) is detailed in Table Two:
Table Two⁶

Investment	CSE/TSXV/ TSX Code	Investment date	Shareholding %	Country	Company type	Investment structure	Business	Book Value (unaudited) 29-Feb-20 AUDm	Weight
Harvest One	HVT	Apr-17	26%	Canada	Public	Shares and secured loan of AUD2.2m	Health and wellness products	8.0	16%
WeedMD Inc.	WMD.WM and WMD.DB	Sep-19	n/a	Canada	Public	Convertible Notes (face value of AUD6.7m) and warrants	Cultivation	5.1	10%
MediPharm Labs	LABS	Jun-18	n/a	Canada	Public	Warrants	Extraction	1.5	3%
Fire & Flower	FAF	Apr-18	n/a	Canada	Public	Warrants	Retail stores	0.0	0%
Listed investments								14.6	30%
Weed Me		Dec-17	14%	Canada	Private	Shares, warrants and convertible note of AUD1.1m	Cultivation	4.9	10%
Embark Health		Jul-18	13%	Canada	Private	Shares and Warrants	Extraction	14.2	29%
Volero		May-19	7%	Canada	Private	Shares and warrants	Vapes	4.0	8%
Sequoia		Jul-19	27%	Canada	Private	Convertible note of AUD2.7m plus warrants and shares	Extraction	3.5	7%
Bespoke		Aug-19	n/a	Canada	Private	Bespoke A Limited Partnership holds shares and founders warrants issued by Bespoke Capital Acquisition Corp (TSX listed)	Investment in cannabis businesses	2.7	5%
VitaGenne		Nov-18	18%	USA	Private	Shares	Hemp CBD	1.1	2%
Bien		Jun-18	13%	Canada	Private	Shares + warrants	Research and development	0.7	1%
Cannabis Access		Apr-18	18%	Australia	Private	Shares	Clinics	1.0	2%
Hemple		Mar-19	10%	Australia	Private	Shares and loan (AUD0.3m)	Hemp CBD	0.8	2%
Martha Jane Medical		May-18	13%	Australia	Private	Shares	Extraction	0.6	1%
J Supply		Feb-19	6%	Canada	Public	Shares	Retail stores	0.3	1%
Unlisted investments								33.9	68%
Total portfolio								48.5	98%
Cash								1.0	2%
Total								49.5	100%

⁵ The results for 30 June 2018 and 30 June 2019 are for the year ended on those dates

Appendix One continued

3. Valuation of Assets

MMJ values its cannabis investments by applying the following principles:

- a) Listed securities – the book value is based on the closing share prices for public companies at period end converted into Australian dollars at the relevant prevailing foreign exchange rates.
- b) Unlisted securities - The book value is based on the most recent material funding round share prices for private companies converted into Australian dollars at the relevant prevailing foreign exchange rates. MMJ also takes in to account the recommendations of its asset manager, Embark Ventures, where it is considered that the fair value should be less than recent capital raisings due to outlook for the individual business.

The book values also include the unrealised gain arising from valuation of unlisted warrants using the Black-Scholes pricing model. The Black-Scholes attributes a value to warrants which may be “out of the money” at month end. The Black Scholes model is commonly used to determine the fair price or theoretical value for a call, or a put option based on six variables such as volatility, type of option, underlying stock price, time to expiry, strike price, and risk-free rate. The warrant valuation ascribed through Black Scholes assumes that the warrant is exercised on the expiry date of the warrant which may not be the actual outcome e.g. MMJ decides to exercise the warrant prior to expiry.

The Net Asset Value or NAV is calculated after deducting a provision for company tax on any net unrealised gains that may arise on such a theoretical disposal.

MMJ does not hedge the carrying value of existing investments denominated in non-AUD currencies.

MMJ’s financial statements are subject to statutory audit or review by our independent auditor BDO Audit (WA) Pty Ltd, at 31 December and 30 June each year.

Note:

- a) All information within this release is unaudited unless stated otherwise.
- b) The book value includes shares, convertible notes, options, loans and warrants.

4. Listed securities held by MMJ

MMJ holds the following shares and warrants in listed investees:

Table Three

Investment	No. of shares	Number of notes	No. of warrants	Exercise price of warrants	Warrants expiry
Harvest One	55,557,994	-	-	n/a	
MediPharm Labs	-	-	-	1.20	4 Oct 2020
Fire & Flower	-	-	1,250,000	1.05	20 Apr 2020
WeedMD	-	6,000,000	3,750,000	1.80	25 Sep 2022

Dividend Policy

On 7 June 2019, MMJ announced its intention to distribute 20% of its annual profit after tax after excluding unrealised gains and losses on investments (Annual Profit). The policy would first apply in respect of the Annual Profit for the year ending 30 June 2020. The dividend would be payable within three months of each half year after the completion of the half year and annual financial statements. It is MMJ’s intention that the dividend would benefit from available franking credits held by MMJ. The Company had a negative Annual Profit of \$1.4m for the half year (i.e. excluding unrealised gains and losses on investments) and accordingly no dividend has been declared in respect of the half year.

Glossary

ABBREVIATION	Definition
AUD	means Australian dollars.
AASB	Australian Accounting Standards Board.
ACMPR	means Access to Cannabis for Medical Purposes Regulations.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
ASX Listing Rules	means the Listing Rules of ASX.
CAD	means Canadian dollars.
CBD	means Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp.
CBG	means Cannabigerol is the non-acidic form of cannabigerolic acid, the parent molecule from which other cannabinoids are synthesized.
Company or MMJ	means MMJ Group Holdings Limited (ACN 601 236 417).
EBITDA	means Earnings before Interest, Tax, Depreciation and Amortisation.
GMP	GMP stands for Good Manufacturing Practices, and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications.
LPs	Canada's Licensed Producers of Cannabis Products
M	means million
MMPR	means Marihuana for Medical Purposes Regulation
MOIC	means multiple on invested capital
NTA	means net tangible assets.
Option	means an option to acquire a Share.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of a Share.
THC	means THC is the principal psychoactive constituent of cannabis
TSXV	Toronto Stock Exchange Venture
WST	means Western Standard Time as observed in Perth, Western Australia.