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ASX RELEASE

13 January 2020

Net Tangible Asset Backing as at 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, attaches an announcement in relation to ASX Listing Rule 4.12.

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.

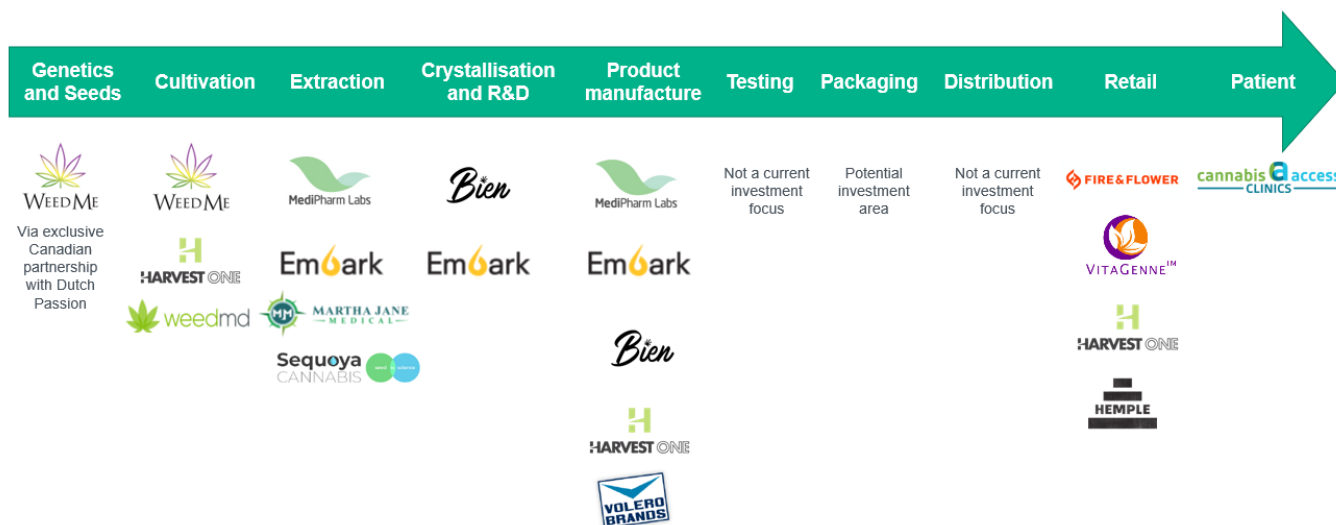


Investment Portfolio Report

31 December 2019

MMJ's Investments sit across most of the cannabis and hemp value chain

Capital is allocated to potential market leaders, consolidators and takeover targets



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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
6 Follow on investments¹
4 Private to public
9 Sale of investments

MMJ Investment Performance²

MMJ Historical Performance - period ended	31-Dec-19				
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(11)%	(18)%	(36)%	11%	(10)%
Benchmark	(3)%	(20)%	(47)%	(33)%	(31)%
Out/(under) performance	(8)%	2%	11%	43%	21%

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

General Investor Queries
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W: mmjgh.com.au

Share Registry
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Performance Update

Net Tangible Asset Value Per Share Before Tax³ as at 31 December 2019

\$0.2470

Total Portfolio Including Cash
as at 31 December 2019

\$61m

Investment Return Since Inception⁴
as at 31 December 2019 (per annum)

(10)% pa

Key Metrics as at 31 December 2019	AUD
Net Asset Value	m 53
Investee Portfolio (ex cash)	m 53
Cash	m 8
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)	0.2470
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)	0.2356
Net Asset Value per share	0.2377
MMJ share price (ASX)	0.15
Market capitalisation	m 34
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 six months ended 31 December 2019

Portfolio Investment Performance

The first half of 2019/20 saw MMJ implement its investment strategy to recycle capital raised from the sale of MediPharm Labs in 2018/19 into investment opportunities provided by existing and new investees. The significant new investments included existing investees (WeedMe and Embark Health), whilst we also added new investees in WeedMD, Sequoya and Bespoke.

During the same period, the market value of MMJ's major investment, Harvest One, declined approximately 74% to AUD12m which was a materially worse performance than MMJ's investment benchmark - Alternative Harvest ETF (MJ)⁵ - a decrease of 47% in the same period. We consider that HVT's stated intention to raise additional capital has been a major contributor to HVT's under performance relative to the overall market. Other material changes during the period in the fair value of investees were:

- The revaluation gain from Embark Health arising from its recent material capital raising; and
- Devaluation of investment in WeedMe following assessment of fair value based on recent material capital raising and advice from our asset manager, Embark Ventures.

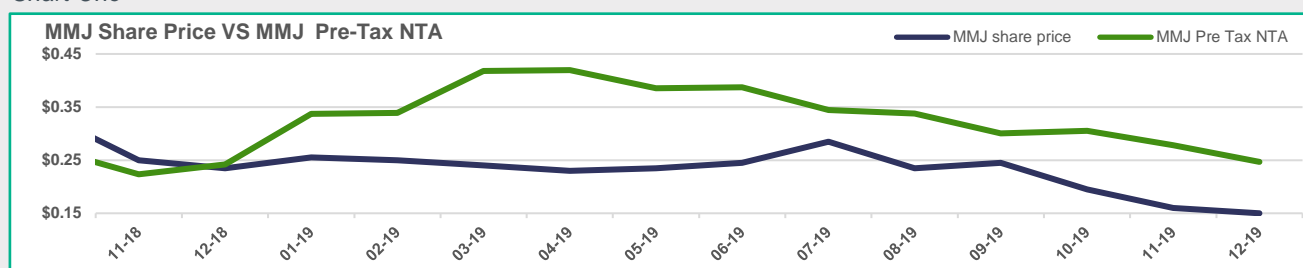
MMJ's asset manager, Embark Ventures, has added considerable value in sourcing new investments to diversify our cannabis portfolio whilst providing resources to actively manage MMJ's holdings in existing investments.

Our current view is that the Canadian cannabis investment market remains in a period of transition from business establishment to producing operational cashflow and that this period of transition is expected to last for the majority of 2020. Investors are critically examining the capacity of Canadian companies to generate sales and earnings growth during the next 12 to 18 months with concern that some companies will need to raise cash to continue the rollout of their business plans.

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 opportunities for investors to acquire MMJ shares at an attractive price to their intrinsic value.

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

Chart One



MMJ Investment Strategy

One of the MMJ board's key aims is for the share price to trade at a premium to NTA given the potential returns from our portfolio companies. MMJ is well placed to continue to rollout its investment strategy, key elements of which are:

- for MMJ's asset manager, Embark Ventures, to work with MMJ's investees to understand their respective funding requirements and add value to the existing portfolio; and
- to make further investments at currently depressed valuations in Canadian cannabis stocks which will materially add value to the portfolio during the next twelve months.

⁵ 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

Embark Ventures Sector Update – 31 December 2019

The latter half of 2019 was truly a turbulent time for the cannabis industry as a whole. For the first time since cannabis companies were listed, capital had completely dried up and companies were faced with the reality of becoming profitable or going under. This has resulted in significant focus on lowering overall production costs per gram and brand development across the industry. We expect 2020 to be a year where the air gets cleared as these capital issues are resolved one way or the other. There are green shoots emerging with several deals getting done (e.g. Zenabis, Hexo, etc). As such we expect 2020 to be a positive year for cannabis equities on an aggregate basis. Some specific portfolio highlights from December include:

HarvestOne (HVT). HVT announced it has entered into an agreement with Alberta Gaming, Liquor & Cannabis Commission (AGLC) to supply Captain's Choice and Royal High branded cannabis throughout the 330 stores in the province. Under the terms of the agreement, HVT will initially launch five varieties of Royal High branded cannabis in whole-flower format as well as two varieties of Captain's Choice branded pre-rolled product for sale across Alberta. The Company is also working towards listing new product categories such as oils, vapes and topicals, to be made available for sale across the province.

WeedMD (WMD). WMD has closed its previously announced acquisition of Starseed and \$25mIn financing from LiUNA. Starseed is currently a WeedMD customer and this transaction is expected to bring about cost benefits to the combined entity in addition to a large locked in customer base with the union membership. This transaction should eliminate any fears surrounding cash shortfall for WMD. Additionally, the company continues to ramp up its extraction business and low-cost outdoor cultivation.

MediPharm Labs Corp. (LABS). LABS announced that the Australian Therapeutic Goods Administration (TGA) has certified LABS' Canadian manufacturing facility as meeting the requirements for Good Manufacturing Practices (GMP). With the formal certificate now issued, LABS is the first Canadian extraction-only cannabis company to announce TGA GMP certification, reflecting that the Company's Canadian facility was purpose-built to GMP standards. This internationally recognized certification is only granted to companies that can demonstrate consistency, precision and quality in all stages of production and are able to comply with GMP principles for manufacturing Active Pharmaceutical Ingredients and final medicinal products.

Embark Health (Private) Embark Health has streamlined its organizational structure to facilitate a swifter licensing process and has had constructive dialogue with Health Canada regarding the license application for the first phase of the Delta, B.C. facility (video evidence package submitted November 28). The company has begun phase-two construction on the first floor (approximately 9000 square feet) to enable additional extraction methods and scale. Embark is working closely with Delta authorities to receive building & occupancy approval for both phases of the first floor. All necessary extraction equipment for phase-one is being installed or on-route. Construction of the first phase at the Woodstock facility has continued.

Appendix One

1. The year to date performance of MMJ's NTA is detailed below⁶:

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
Share price \$	AUD	0.335	0.245	0.285	0.235	0.245	0.195	0.160	0.150
NTA Post Tax \$	AUD	0.2860	0.3718	0.3321	0.3265	0.2901	0.2853	0.2601	0.2356
NTA Pre Tax \$	AUD	0.2900	0.3874	0.3445	0.3378	0.3006	0.3052	0.2780	0.2470
Net Return - pre tax NTA - year to date		n/a	33.6%	(11.1)%	(12.8)%	(22.4)%	(21.2)%	(28.2)%	(36.2)%
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)%

2. MMJ's investment portfolio (as at 31 December 2019) is detailed in Table Two:

Table Two⁷

Investment	CSE/TSX/ TSX Code	Investment date	Country	Company type	Investment structure	Business	Book Value (unaudited) 31-Dec-19 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Public	Shares	Health and wellness products	11.5	19%
WeedMD Inc.	WMD.WM and WMD.DB	Sep-19	Canada	Public	Notes and warrants	Cultivation	5.6	9%
MediPharm Labs	LABS	Jun-18	Canada	Public	Warrants	Extraction	2.7	4%
Fire & Flower	FAF	Apr-18	Canada	Public	Shares + warrants	Retail stores	0.9	1%
Listed investments							20.8	34%
Weed Me		Dec-17	Canada	Private	Shares, warrants and convertible note	Cultivation	3.9	6%
Embark Health		Jul-18	Canada	Private	Shares and Warrants	Extraction	15.5	25%
Volero		May-19	Canada	Private	Shares and warrants	Vapes	2.7	4%
Sequoia		Jul-19	Canada	Private	Convertible note (including warrants) and shares	Extraction	3.3	5%
Bespoke		Aug-19	Canada	Private	Bespoke A Limited Partnership holds shares and founders warrants issued by Bespoke Capital Acquisition Corp (TSX listed)	Investment in cannabis businesses	2.5	4%
VitaGenne		Nov-18	USA	Private	Shares	Hemp CBD	1.0	2%
Bien		Jun-18	Canada	Private	Shares + warrants	Research and development	0.6	1%
Cannabis Access		Apr-18	Australia	Private	Shares	Clinics	1.0	2%
Hemple		Mar-19	Australia	Private	Shares and loan	Hemp CBD	0.8	1%
Martha Jane Medical		May-18	Australia	Private	Shares	Extraction	0.6	1%
J Supply		Feb-19	Canada	Public	Shares	Retail stores	0.3	1%
Unlisted investments							32.2	53%
Total portfolio excluding cash							53.0	86%
Cash							8.3	14%
Total							61.2	100%

⁶ The results for 30 June 2018 and 30 June 2019 are for the year ended on those dates

⁷ MMJ sold the balance of its shares in Brevanna during December 2019

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 the positive difference between the assessed valuation of investee ordinary equity securities and the exercise price of unexercised warrants (where applicable).

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:

1. All information within this release is unaudited unless stated otherwise.
2. The book value includes shares, convertible notes, options and unlisted warrants.
3. The book value (presented in the Table Two) is based on the closing share prices for public companies at the relevant date. The book value (presented in the Table Two) is based on the most recent funding round share prices for private companies converted into Australian dollars at the relevant prevailing foreign exchange rates. The market and book values also include the unrealised gain arising from the positive difference between the assessed valuation of investee ordinary equity securities and the exercise price of unexercised warrants (where applicable).
4. 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	-	-	941,176	1.20	4 Oct 2020
Fire & Flower	890,000	-	1,250,000	1.05	20 Apr 2020
WeedMD	-	60,000	3,750,000	1.80	25 Sep 2022

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.