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ASX RELEASE

7 February 2020

Net tangible asset backing as at 31 January 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, MMJ announces that its NTA per share as at 31 January 2020 was \$0.2357 (pre-tax) and \$0.2258 (post-tax)¹.

Details of MMJ's investment portfolio as at 31 January 2020 is detailed in Appendix One.

Investor and Media Enquiries

Announcement authorised for release to ASX by:
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Chief Financial Officer and Company Secretary
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¹ Net Tangible Asset Value per share – net tangible assets per share before tax on unrealised gains on investment portfolio

Appendix One

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

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
Share price \$	AUD	0.335	0.245	0.285	0.235	0.245	0.195	0.160	0.150	0.135
NTA Post Tax \$	AUD	0.2860	0.3718	0.3321	0.3265	0.2901	0.2853	0.2601	0.2356	0.2258
NTA Pre Tax \$	AUD	0.2900	0.3874	0.3445	0.3378	0.3006	0.3052	0.2780	0.2470	0.2357
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)%
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)%

2. MMJ's investment portfolio (as at 31 January 2020) is detailed in Table One:

Table Two²

Investment	CSE/TSX/ TSX Code	Investment date	Country	Company type	Investment structure	Business	Book Value (unaudited) 31-Jan-20 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Public	Shares	Health and wellness products	11.0	19%
WeedMD Inc.	WMD.WM and WMD.DB	Sep-19	Canada	Public	Notes and warrants	Cultivation	5.7	10%
MediPharm Labs	LABS	Jun-18	Canada	Public	Warrants	Extraction	1.8	3%
Fire & Flower	FAF	Apr-18	Canada	Public	Warrants	Retail stores	0.1	0%
Listed investments							18.6	32%
Weed Me		Dec-17	Canada	Private	Shares, warrants and convertible note	Cultivation	4.8	8%
Embark Health		Jul-18	Canada	Private	Shares and Warrants	Extraction	13.9	24%
Volero		May-19	Canada	Private	Shares and warrants	Vapes	3.9	7%
Sequoia		Jul-19	Canada	Private	Convertible note (including warrants) and shares	Extraction	3.4	6%
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	2.6	4%
VitaGenne		Nov-18	USA	Private	Shares	Hemp CBD	1.1	2%
Bien		Jun-18	Canada	Private	Shares + warrants	Research and development	0.7	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							33.2	56%
Total portfolio							51.8	88%
Cash							7.0	12%
Total							58.8	100%

3. Valuation of Assets

MMJ values its cannabis investments by applying the following principles:

- 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.
- 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.

² MMJ sold the balance of its shares in FAF during January 2020

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 and unlisted 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

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
Warrant	means a right to acquire a Share.
WST	means Western Standard Time as observed in Perth, Western Australia.