

ASX RELEASE

25 February 2021

MMJ Investment Portfolio Update – Harvest One Cannabis

MMJ Group Holdings Limited (ASX: MMJ/OTC Code MMJF) ("MMJ") is an Australian-listed company whose core business is holding minority investments along the cannabis value-chain in Australia, Canada and Europe. MMJ is also able to make investments in sectors outside of cannabis, such as but not limited to, natural resources, pharmaceuticals and software services technology.

Harvest One Cannabis - Update

Harvest One Cannabis (Harvest One or HVT) (TSX-V: HVT) is a listed global cannabis-infused Consumer Products Goods (CPG) company that develops and distributes premium health, wellness and selfcare products with a market focus on sleep, pain and anxiety. HVT owns and operates two subsidiaries: Dream Water Global and LivRelief – more detail on HVT may be found at <https://www.mmjgh.com.au/portfolio/>.

MMJ is pleased to provide an update on significant events in HVT operations during February 2021 including:

- a) a major capital raising;
- b) the sale of non-core assets; and
- c) the execution of Asian product distribution agreement.

These events have coincided with a 116% increase in the value of MMJ's investment in HVT during February 2021 which now totals \$13.4m (representing 27% of MMJ's investment portfolio as at 25 February 2021). The MMJ's net asset value per share¹ has increased from 18.2 cents as at 31 January 2021 to 21.2 cents as at 25 February 2021.

MMJ believes that the rerating of HVT's share price in February 2021 and the size of the HVT capital raising announced on 25 February 2021 provides recognition by the investor market of the benefits from HVT's Strategic Review Process announced in early 2020. The execution of the HVT Strategic Review has resulted in non-core asset sales, operating cost reductions and the focus on the core business as a global developer and distributor of cannabis-infused Consumer Products Goods products.

The recovery in the HVT share price from CAD9 cents to CAD19.5 cents in the past twelve months has also validated the decision of MMJ to provide a short-term CAD2m loan² (the Loan) in February 2020 which allowed HVT the flexibility needed to continue the implementation of its Strategic Review while continuing to evaluate longer-term financing options. The HVT share warrants (refer Table One below) issued to MMJ as compensation for advancing the Loan now have a market value of CAD2.4m³.

¹ based on MMJ's unaudited financial accounts as at 25 February 2021

² Repaid in full in August 2020

³ Based on valuation as at 25 February 2021 – acquired for nil consideration by MMJ

MMJ's Investment in Harvest One Cannabis

Since 31 January 2021, HVT's share price has increased from CAD9.5 cents to CAD19.5 cents as at 25 February 2021. The details of MMJ's investment in HVT are detailed below:

Table One

Investment	TSXV/ TSX Code	Valuation methodology	Number of securities 25-Feb-21	Market Price 25-Feb-21 CAD	Book Valaue (unaudited) 25-Feb-21 CAD	Book Valaue (unaudited) 25-Feb-21 AUD	Book Valaue (unaudited) 31-Jan-21 AUD
Harvest One - shares	HVT	listed price	55,557,994	0.195	10,833,809	10,993,210	5,366,012
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.139	2,374,400	2,409,335	834,698
Total MMJ investment					13,208,209	13,402,545	6,200,710

It is expected that MMJ's shareholding will be diluted from approximately 26% to approximately 23% of HVT's issued capital after the completion of the HVT capital raising announced on 25 February 2021 (refer below).

HVT Capital Raising

On 25 February 2021, HVT announced that it has entered into an agreement with Mackie Research Capital Corporation, as sole bookrunner and ATB Capital Markets Inc., as the co-lead underwriters (together, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought-deal basis, 25,810,000 units of HVT (the "Units") at a price of CAD0.155 per Unit (the "Issue Price") for gross proceeds to HVT of CAD4,000,550 (the "Offering")⁴. The net proceeds of the Offering will be used to expand the HVT's existing product lines and distribution channels, and for working capital and general corporate purposes. The Issue Price compared to the closing price of CAD19.5 cents on 25 February 2021.

Sale of Satipharm

On 16 February 2021, HVT announced that it has entered into a definitive Sale Agreement (the "Agreement") to sell all of the issued and outstanding shares of its wholly-owned subsidiaries Satipharm Limited, Satipharm AG and Phytotech Therapeutics Ltd. to Cann Group Limited ("Cann Group" or the "Buyer") (ASX: CAN), a diversified medical cannabis company headquartered in Melbourne, Australia (the "Transaction"). Pursuant to the terms of the Transaction, the Buyer will issue ordinary shares of the Cann Group (the "Buyer Shares") representing total aggregate consideration of approximately CAD4 million (the "Initial Purchase Price"), subject to certain adjustments pursuant to the provisions of the Agreement (the "Adjustments").

Gord Davey, President and Chief Executive Officer of Harvest One, commented, "*The Agreement to sell Satipharm and its related subsidiaries is another milestone for Harvest One in the successful completion of the Company's previously-announced Strategic Review process. HVT has undergone significant transformative change over the past twelve months and has completed a number of substantial divestitures, which now allow our team to focus on the core business of cannabis-infused CPG product development and distribution. These transactions also strengthen the HVT's financial position and provide the necessary support to grow our core consumer brands - Dream Water and LivRelief. We are also delighted to have the opportunity to partner with the Cann Group, on the sale and distribution of Satipharm-branded products in the North American marketplace. This opportunity aligns with our revised business model and allows us to leverage Cann's capabilities alongside our extensive and established distribution network with major retailers and pharmacy chains across North America.*"

HVT advised that the proceeds from the Transaction will be used to further reduce outstanding debt and support HVT's continued operations and that the Transaction, combined with previous divestitures and cost-saving initiatives, has resulted in a substantially improved financial position and cost structure for HVT that will support the growth of its core consumer brands Dream Water and LivRelief.

⁴ The closing of the Offering is expected to occur on or about March 17, 2021 (the "Closing Date"), or such later or earlier date as the Underwriters and the Company may agree upon, and is subject to certain conditions including, but not limited to, the Company receiving all necessary regulatory approvals, including the approval of the TSXV, and the securities regulatory authorities, and the satisfaction of other customary closing conditions.

HVT Asian Product Distribution Agreement

On 10 February 2021, HVT announced that it has further expanded its international presence with the signing of a Distribution Agreement (the "Agreement") with leading distributor Golden River Services Ltd ("Golden River"), based in China.

"Aligning our core brands with one of China's leading consumer goods distribution networks is an important step in the advancement of Harvest One's international strategy," said Gord Davey President and CEO of Harvest One. "Golden River has access to enormous online distribution throughout several prominent regions in Asia. International expansion is a key priority for Harvest One as we continue to evaluate opportunities to expand the growth of our consumer brands. Our online sales in North America have grown significantly, so gaining access to the largest online market in the world meets another strategic milestone for Harvest One."

HVT advised that, under the Agreement, Golden River will sell and distribute Dream Water products throughout China and other Asian countries, including Hong Kong, Macao and Taiwan. Golden River is a leading Asian consumer goods distributor representing prominent brands such as Nestle, Brita, Durex and Jamieson. Golden River has significant online presence with retail partners such as Taobao Global Shopping and TMall Global Shopping, with over 500 million active monthly users. They also have retail access through airlines and duty-free shops which aligns with Dream Waters existing business in North America.

Investor and Media Enquiries

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About MMJ

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ") is a listed global cannabis investment company (ABN 91 601 236 417) whose core business is holding minority investments along the cannabis value-chain including cultivation, extraction, crystallisation, product manufacture, retail and patient services. in Australia, Canada and Europe. . MMJ also invests up to 25% of its total consolidated assets in sectors other than cannabis such as (but not limited to) natural resources, pharmaceuticals and software services technology.

Important Notice

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