

ASX RELEASE

28 April 2020

MMJ Investor Update – Embark Health

MMJ Group Holdings Limited (ASX:MMJ/OTC Code MMJF) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, is pleased to provide an update on the operations of MMJ's largest investee, privately-held Embark Health Inc ("Embark Health").

In the attached release, Embark Health has announced that its Delta, BC facility has now received all occupancy and business licences required from the city of Delta, BC and will commence extraction of cannabis in April 2020. This step was foreshadowed in an MMJ announcement on 13 February 2020 following the receipt of the company's Health Canada licence necessary to operate the facility. Embark Health is seeking to create the largest cannabis (THC and CBD) extraction business in Canada with facilities in British Columbia (BC) and Ontario (ON).

Embark Health will begin production of cannabis extracts at their Delta, BC facility immediately and has entered into several letters of intent to secure 300,000kgs of biomass from well known suppliers as feedstock for the next 2 years. Initially, they intend to produce Bubble Hash, Dry Sift Kief and Rosin for commercial sale in addition to providing tolling services to a wide range of customers. Other extraction techniques will be added as more rooms in the facility are licensed.

MMJ was a foundation investor in Embark Health in July 2018. MMJ's investment in Embark Health has a current book value of CAD13m¹ which represents 1.9 times MMJ's investment in the Company and comprises:

- a) 3.425m ordinary shares (approximately 12.7% shareholding) in Embark Health with a book value of CAD8.22m (carried at book value of CAD2.40 per share).
- b) Warrants (book value of CAD1.6m²) that provide the option for MMJ to acquire a further 1.0m shares at CAD1.75 each up with maturity date of two years after a Liquidity Event³.
- c) Warrants (book value of CAD2.1m) that provide the option for MMJ to acquire a further 1.2m shares at CAD1.20⁴ each up with maturity date of two years after a Liquidity Event.
- d) Warrants (book value of CAD1m) that provide the option for MMJ to acquire a further 1.125m shares at CAD4.80 each up with maturity date of two years after a Liquidity Event.

MMJ's investment in Embark Health demonstrates MMJ's capacity to originate early stage unlisted investments in the cannabis sector with the prospect of realising potential gains on listing the public markets.

Further detail on the operations of Embark Health may be found on the MMJ website www.mmjgh.com.au/portfolio/.

Investor and Media Enquiries

Announcement authorised for release to ASX by:
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¹ As at 31 March 2020

² MMJ values its warrants using the Black Scholes model using assumptions including term of warrant

³ A Liquidity event is an initial public offering or a material sale event

⁴ Exercise price has based on MMJ book value of CAD2.40 per share

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.

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.



FOR IMMEDIATE RELEASE

April 24, 2020

Embark Delta Inc. Awarded Business Licence by the City of Delta



We are pleased to announce Embark Delta Inc., a wholly owned subsidiary of Embark Health Inc. (“Embark” or the “Company”) has been issued a business licence by the City of Delta, BC. The Company expects to begin production under its production licence under the Cannabis Regulations immediately.



“This marks a significant milestone for Embark,” said CEO Dr. Luc C. Duchesne. “We wish to thank the City of Delta for their guidance throughout the process and are thrilled to begin scaling our operations in the community”. Also we thank our employees and contractors in Delta for their hard work and perseverance.

Embark has entered into several letters of intent for biomass supply with well-known licensed producers. The term of the proposed supply agreements is 2 years with an aggregate volume of up to 300,000kg. Embark will begin with its solventless production lines to produce Bubble Hash, Kief, and Rosin for commercial sale. Embark also intends to provide tolling services at the Delta facility.

FOR FURTHER INFORMATION PLEASE CONTACT:

Embark Health Inc. Investor Relations
647.328.1377

About Embark Health Inc.

Embark Health Inc. is an emerging leader in cannabis extraction, with a focus on unleashing the full potential of the cannabis plant through scientific approaches to extraction and the production of quality products to enhance everyday life. It is Embark's mandate to pursue the best production processes throughout product innovation and development, manufacturing and take to market lifecycles. The result is unparalleled commercial and consumer extraction products. For more information, please visit

embarkhealthinc.com



FORWARD-LOOKING STATEMENTS

This news release contains “forward-looking information” within the meaning of applicable securities laws including statements regarding the commencement of operations at the Delta facility, the terms of the proposed supply agreements, the provision of tolling services at the Delta facility, the ability for Embark to complete its business objectives and the ability of Embark to become a leader in cannabis extraction and other future developments. Although Embark believes in light of the estimates by management, current conditions and expected future developments and other factors, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them. Accordingly, Embark can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, changes in economic conditions or financial markets; regulatory delays; increases in costs; litigation; legislative, environmental and other judicial, regulatory, political and competitive developments; and technological or operational difficulties. This list is not exhaustive of the factors that may affect our forward-looking information. The statements in this press release are made as of the date of this release. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company.

