

ASX RELEASE

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MMJ Group Expands into the EU with Investment in Leading Cannabis Extraction company in Poland.

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, has agreed to invest CAD¹2.5m in the privately-held Sequoya Cannabis Limited ("**Sequoya**").

"This is another example of MMJ's strong market and financial discipline identifying opportunities and bottlenecks in the cannabis value-chain in markets and acting quickly," MMJ's Chairman, Mr Peter Wall, said.

He said Sequoya was an opportunity for MMJ to invest in the European Union, which has a large and growing medicinal cannabis market.

MMJ worked with its specialist management company, Embark Ventures, to structure the transaction and Sequoya is the second investment originated for MMJ.

"The investment demonstrates MMJ's capacity to secure investments in private cannabis businesses which are not generally available to Australian retail and institutional investors, Mr. Wall said.

Sequoya's immediate focus is to become a significant GMP²-certified hemp CBD supplier, with longer term plans to expand into the legal medical marijuana market across Europe. Sequoya's cannabis extraction operations will be established in Krakow, Poland, with plans to become a leading supplier of CBD³ extracts and isolate within the European Union.

CBD production from hemp is legal across Europe with no cross-border tariffs within the European Union. Additionally, no specific permits are required for producing hemp-derived CBD in Poland.

MMJ expects Sequoya to provide excellent investment returns:

- a) Sequoya is focusing on extraction, which is the highest value opportunity, within the cannabis ecosystem and it is building a large-scale production plant in a low-cost jurisdiction which has easy no-tariff access to high value markets (eg Germany and Northern Europe);
- b) As the industry evolves, the ability to produce GMP certified product at a lower cost in Europe will be a strategic advantage for Sequoya;
- c) Poland also provides access to world class technicians and engineers at a substantially lower cost than available elsewhere, some of whom are already working with Sequoya.

MMJ's investment consists of a CAD2.5m convertible note issued by the Canadian holding company which may be converted into approximately 34% of Sequoya's issued capital within two years. MMJ's investment will be held through its wholly owned subsidiary Phytotech Medical (UK) Pty Ltd.

¹ CAD – Canadian dollars

² GMP stands for Good Manufacturing Practices, and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications.

³ Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp.

MMJ has also secured the rights to make further investments in Sequoia through:

- a) Warrants that allow MMJ to acquire further shares following conversion of the debenture for a period of 2 years following the date of issue.
- b) An option to invest a further CAD2.5m to finance the next stage of Sequoia's business plan.

Settlement of the Sequoia investment is expected before 31 August 2019 and will be funded from MMJ's existing cash reserves of AUD25m.

Investor and Media Enquiries

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Chief Financial Officer and Company Secretary

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/>

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