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## ASX RELEASE

12 April 2021

### **MMJ Investment Portfolio Report as at 31 March 2021**

**MMJ Group Holdings Limited (ASX: MMJ/OTC Code MMJJF) ("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.

### **MMJ Investment Portfolio Report as at 31 March 2021**

MMJ is pleased to provide the MMJ Investment Portfolio Report as at 31 March 2021 which includes the disclosure pursuant to Listing Rule 4.12.

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#### **Investor and Media Enquiries**

Announcement authorised for release to ASX by:

Jim Hallam

Chief Financial Officer and Company Secretary

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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**

*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.*

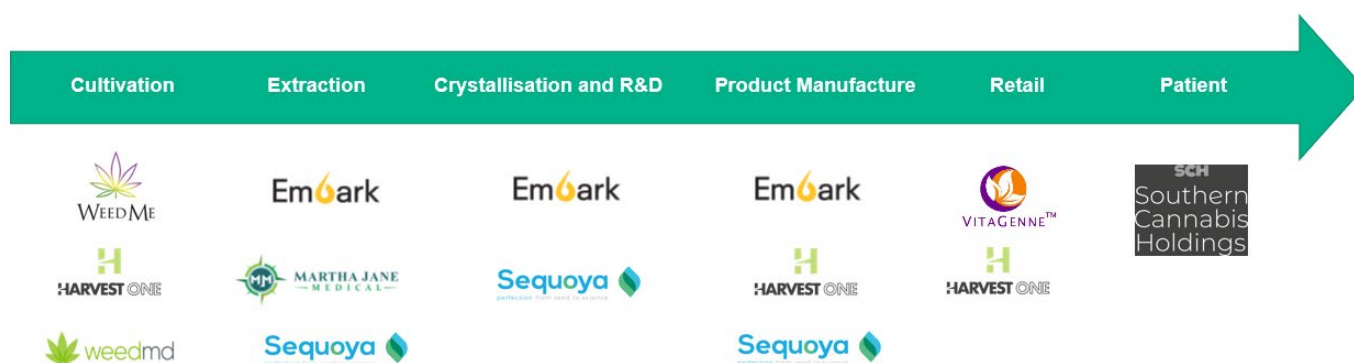


# Investment Portfolio Report

31 March 2021

## 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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## About MMJ

MMJ (ASX Code MMJ/OTC Code MMJJF) 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.

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    **9** Follow on investments<sup>1</sup>    **4** Private to public    **10** Sale of investments

## MMJ Investment Performance<sup>2</sup>

MMJ Historical Performance - period ended 31-Mar-21					
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(19)%	(8)%	(15)%	(18)%	(18)%
Benchmark	2%	61%	79%	115%	(8)%
Out/(under) performance	(22)%	(68)%	(94)%	(133)%	(10)%

For MMJ's latest investor presentations and news, please visit [www.mmjgh.com.au](http://www.mmjgh.com.au)

### General Investor Queries

E: [info@mmjgh.com.au](mailto:info@mmjgh.com.au)

W: [mmjgh.com.au](http://mmjgh.com.au)

### Share Registry

Automatic Registry Services

P: 1300 288 664

W: [automatic.com.au](http://automatic.com.au)

## Performance Update

Net Tangible Asset Value Per Share Before Tax<sup>3</sup> as at 31 March 2021

**\$0.1683**

Total Portfolio as at 31 March 2021

**\$39m**

Investment Return Since Inception<sup>4</sup> as at 31 March 2021 (per annum)

**(18)% pa**

Key Metrics as at	31-Mar-21	AUD
Net Asset Value	m	40
Investee Portfolio (ex cash)	m	35
Cash	m	3
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1683
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1576
Net Asset Value per share		0.1741
MMJ share price (ASX)		0.115
Market capitalisation	m	26
Number of investments (ex cash)		10
ASX Investment Type		Listed Investment Company
Initial Public Offering Date (inception date)		22-Jan-15
No. of ordinary shares on issue	m	230

## MMJ shareholder communications

MMJ held a webinar conference call on 17 March 2021 to allow MMJ shareholders and interested parties to hear an update on global cannabis markets and key investments and to also ask questions.

Webinars and copies of announcements related to MMJ's operations may be found on the MMJ website: [www.mmjgh.com.au](http://www.mmjgh.com.au).

<sup>1</sup> Includes investments in existing investees.

<sup>2</sup> 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.

<sup>3</sup> Net Tangible Asset Value per share – unaudited net tangible assets per share before tax on unrealised gains on investment portfolio.

<sup>4</sup> 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 March 2021****Investment Performance for Year to Date**

MMJ's portfolio management is focussing on:

- a) Creating a diversified portfolio of CBD and cannabis investments in cultivation, extraction and consumer products with material investments in Weed Me, WeedMD, Sequoya, Harvest One and Southern Cannabis Holdings.
- b) Supporting the intention of the public listing of Embark Health which was announced in early 2020 – an update is provided below.

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. Following completion of BCAC's acquisition of a US based wine business, Vintage Wines, in May 2021 MMJ will have completed the first non-cannabis investment following the diversification of its investment strategy approved by MMJ shareholders in 2020.

The individual businesses are realising opportunities to capitalise on the growing demand for CBD and cannabis products in North America and Europe.

During March 2021, MMJ generated a negative 19% return – MMJ's negative return monthly performance was principally due to:

- a) the decline in the share price of HVT from CAD19.5 to CAD0.11. MMJ notes the confidence shown by the investor market with the HVT capital raising in March 2021 being completed at a price of CAD15.5 per share; and
- b) the Board's decision to review the value of Embark Health based on the announcement on 24 March 2021 that Embark Health was now pursuing a direct listing of the business by 30 June 2021 and MMJ's review of the progress of the business in executing its business plan in 2021.

**MMJ Portfolio Update**

A number of larger investments provided updates on their operating performance and business plan initiatives:

**a) Harvest One Cannabis**

Harvest One Cannabis (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/>.

Gord Davey, President and Chief Executive Officer of HVT, said, *"Following the recent sale of Satipharm and the closing of an upsized bought-deal financing, HVT has formally concluded the previously-announced Strategic Review process. The past 12 months have been transformative for Harvest One, as we have substantially reshaped HVT and its financial position and are now in a strong position to execute on our CPG strategic plan."*

Key achievements from the Strategic Review include:

- Asset light and streamlined business model - repositioned HVT from cultivation and processing to a lean, non-capital-intensive cannabis-infused and non-infused CPG operation focusing on innovation, sales, marketing and distribution channels. Management is keenly focused on its core competencies, as well as market trends and consumer needs, while utilising strategic manufacturing partners to advance HVT's CPG business model.
- Improved financial position and liquidity - completed the strategic divestiture of five non-core assets, materially improving HVT's balance sheet and liquidity with non-dilutive capital reducing both short and long-term liabilities. The recent closing of an upsized bought-deal financing significantly improved the working capital position of HVT and its ability to invest in branding and marketing activities.
- Improved cost structure - a significant reduction in operating and overhead costs, creating a leaner, more efficient organization, as shown in HVT's most recent interim financial results for the six months ended 31 December 2020.
- Corporate Structure - significant changes with HVT's management team and leadership model, thereby creating a flatter corporate structure with a strong CPG-focused management team. This corporate structure was stress tested over the last 12 months resulting in the ability of HVT to navigate the capital markets and close of an upsized bought-deal financing.

HVT's recent dispositions of non-core assets and bought-deal financing give HVT the financial resources to execute on its unique hybrid business model, whereby it is commercializing both infused and non-infused CPG products through its established Dream Water and LivRelief consumer brands.

**b) Embark Health**

On 23 March 2021, Embark Health ("Embark") released an update on the progress in executing its business plan:

- i. In March 2021, Embark entered into an Engagement Agreement with Mackie Research Capital Corporation to act as the lead agent and sole bookrunner, on a best-efforts basis, for a private placement offering of subscription receipts for minimum aggregate gross proceeds of \$3,000,000. A syndicate led by Mackie Research Capital Corporation will spearhead this effort.
- ii. Embark continues to work toward a public listing in 2021. On 11 March 2021 Embark management decided to pursue a direct listing rather than the Reverse Take Over (RTO) of Mesa Exploration. Therefore, Embark and Mesa Exploration mutually agreed to terminate without any break fees owed. Embark aims to complete the public listing process by the end of June 2021.
- iii. Embark Delta Inc., a wholly owned subsidiary of Embark Health Inc. announced that Manitoba Liquor & Lotteries has authorized Embark Delta to supply Cannabis 2.0 branded products directly to the province's retail and wholesale markets.
- iv. Embark continued to enter into new B2B supply agreements and extraction service agreements for tolling with licensed producers for the purposes of supplying bulk 2.0 products such as bubble hash, dry sift, traditional pressed hash, and rosin.

Whilst MMJ remains supportive of Embark's business strategy and positivity that value will be created over the next 12 months, the Board decided to write down the value of its investment due to the uncertainty created by the delay in public listing and the rollout of its FY21 financial performance.

**c) WeedMD**

WeedMD Inc. a federally licensed producer and distributor of medical-grade cannabis. MMJ's current intention is to hold the notes to maturity in September 2022 – MMJ believes that the improved outlook for WeedMD improves the prospects of recovering the majority if not all of the notes' value with the market price of the debenture.

During March 2021, WeedMD closed its previously announced bought deal short-form prospectus offering of 35,937,500 units ("Units") at a price of \$0.48 per Unit for aggregate gross proceeds of \$17,250,000, including full exercise of the over-allotment (the "Offering"). The syndicate of underwriters was led by Eight Capital and Canaccord Genuity Corp. as the co-lead underwriters, along with INFOR Financial Inc. (collectively, the "Underwriters"). The completion of the capital raising improved the creditworthiness of WeedMD and the value of MMJ's investment in the unsecured notes.

**MMJ Shareholder Webinar**

MMJ hosted a live audio webinar on 17 March 2021. In this webinar, Michael Curtis, MMJ Non-Executive Director and Director of Parallax Ventures Inc, the Asset Manager of MMJ's investments, gave an update on the Canadian cannabis demand and update on major investments. MMJ Webinars can be viewed on the MMJ website: [www.mmjgh.com.au](http://www.mmjgh.com.au).

**MMJ's Funding Position**

MMJ is well positioned to create value from the existing portfolio with a liquid balance sheet and cashflows from investments:

- a) Total assets of \$43m with immaterial current liabilities.
- b) Cash of AUD3m and a portfolio of listed equities (CAD6m), listed convertible loans (CAD3m) and unlisted loan securities (CAD3m) which provide interest income with flexibility to fund flow on investments, effect timing of investment exits and MMJ's operating requirements.

**Future Investment Opportunities**

MMJ holds warrants (similar to 'options' in Australia) and contractual rights in a number of its existing listed and unlisted investments which provide opportunities for MMJ to make follow-on investments in businesses at a discount to current valuations and where MMJ is well placed to understand their potential returns. MMJ holds the right to make follow on investments:

- a) Sequoya (European CBD oil extraction).
- b) WeedMD (Canadian cannabis cultivation and cannabis oil extraction).
- c) Embark Health (Canadian cannabis and CBD oil extraction).
- d) Harvest One Cannabis (Canadian cannabis consumer and wellness products).



## Parallax Ventures Inc. Sector Update – March 2021

As of March 31<sup>st</sup>, New York State has legalized recreational cannabis which is a major event and now between New York and California, two of the most economically and culturally significant states in the US have determined recreational cannabis should be a legal activity. It is difficult to overstate the significance of this on the long-term cultural consciousness vis-à-vis cannabis in the United States as whole and the impact this will have globally over the coming years.

So why have the stocks fallen since last month? While progress is rapid at the state level, things are a bit more tenuous at the federal level. The Biden administration terminated employment of white house employees who had tested positive for cannabis use in the past. On the flip side, Senate Majority Leader Chuck Schumer is introducing legislation to federally legalize cannabis and the SAFE banking act is making another run through congress. Still, we do not have firm commitment from the Biden administration on whether they would sign off on any legislation when presented on his desk. Additionally, some of the companies reported financial results that while quite positive on a year-over-year basis, disappointed some of the more recent fast-money investors in the space. In summary we appear to be in an interim pullback phase after what had been a heady start of 2021 for the sector.

MMJ stock, meanwhile, has held steady around 12c over the month of March 2021 which is inline to our MJ Alternative Harvest index which is up only 1.5% over the same time frame. Below we have provided some recent highlights from some of the larger portfolio holdings:

### Company Updates:

#### Embark Health:

Embark has engaged an investment bank to pursue a direct listing of their shares. The company has built out a solid sales order book and has shipped significant product in February and March. We are encouraged by the uptake from various provincial cannabis retail commissions and look forward to seeing continued growth. On the product side, we have seen positive feedback for the company's Hank line of concentrates and their hash pre-rolls. Embark sells a premium product with a premium price. If the market accepts these prices and product continues to move off the shelves in a timely fashion without resorting to significant discounting, then the company will have established a new price point for the market. This would be greatly beneficial to the company's larger ambitions.

#### Harvest One:

Harvest One has successfully closed the equity financing and now have cash to deploy into new sales and marketing efforts. With this financing, the company has concluded its strategic review and is now positioned with an improved cost structure, strong core product focus, and streamlined management. They have also indicated that they are pursuing the US market for LivRelief and Dream Water (note that both products will be non-infused OTC). Given the enthusiasm for the US market, this is an intelligent way to get exposure to a larger market without touching the plant.

#### Weed Me:

Weed Me's entry into vapes has gone exceptionally well, and they have launched or are launching products in BC, AB, NB, and MB. The company's significant month-over-month sales growth trajectory appears to have continued into the first 3 months of 2021. This occurred despite some provincial cannabis commissions having slowed purchases overall until inventory draws down. As it stands, the company has hit monthly limits for production – however this limit will be removed at the end of April as new plant space becomes operational. The expansion should provide a new ceiling for the company's sales and marketing efforts.

### Outlook:

While cannabis stocks have pulled back from their recent highs amid concerns about US federal legalization taking longer than expected, actual financial results from companies on the ground are up nicely year over year. We also continue to see an industry that is still in its growth phase but maturing in terms of management competence and capital structures employed. Some of our publicly listed portfolio companies used the recent bounce to secure capital and de-risk their balance sheets and many of our private holdings are preparing to go public. The recently announced acquisition of Supreme by Canopy Growth is also an indication that larger players are consolidating weaker players using their stronger balance sheets. Overall, our portfolio holdings are in a much better position than they were one quarter ago with more cash on hand and solid plans for achieving shareholder liquidity.

## Appendix One

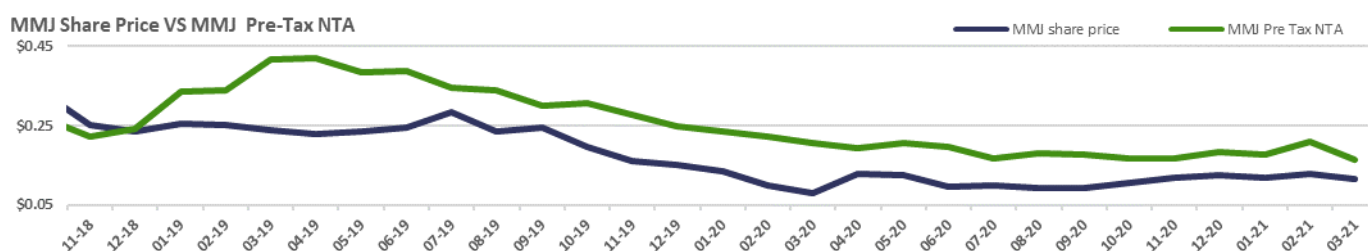
### 1. The year-to-date performance of MMJ's NTA is detailed below<sup>5</sup>:

Table One

MMJ Historical Performance - financial year to date													
		30-Jun-18	30-Jun-19	30-Jun-20	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20	31-Jan-21	28-Feb-21	31-Mar-21
Share price \$	AUD	0.335	0.245	0.096	0.100	0.093	0.094	0.105	0.120	0.125	0.120	0.130	0.115
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1695	0.1800	0.1747	0.1688	0.1698	0.1830	0.1822	0.2107	0.1741
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1664	0.1789	0.1747	0.1686	0.1687	0.1708	0.1705	0.1962	0.1576
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1664	0.1816	0.1768	0.1689	0.1687	0.1822	0.1785	0.2090	0.1683
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(16)%	(8)%	(11)%	(15)%	(15)%	(8)%	(10)%	6%	(15)%
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(40)%	(49)%	(47)%	(38)%	(29)%	(31)%	(33)%	(38)%	(32)%

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

Chart One



### 3. MMJ's investment portfolio is detailed in Table Two:

Table Two

Investment	CSE/TSXV/TSX Code	Initial Investment date	Country	Company type	Investment structure	Business	MOIC (current portfolio) 31-Mar-21 Times	Book Value (unaudited) 31-Mar-21 AUDm	Weight	Book Value (unaudited) 28-Feb-21 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.4	7.4	19%	13.4	13%
WeedMD Inc.	WMD.WM and WMD.DB	Sep-19	Canada	Listed	Convertible Notes and warrants	Producing and distributing cannabis products for both the medical and adult-use markets.	0.7	3.7	9%	3.6	6%
<b>Listed investments</b>								<b>11.1</b>	<b>29%</b>	<b>17.0</b>	<b>19%</b>
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	0.7	4.9	13%	9.6	34%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded products	2.8	7.6	20%	6.7	10%
Sequoia		Jul-19	Canada/Poland	Unlisted	Convertible note and shares	CBD Extraction	1.1	4.4	11%	4.2	10%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	3.8	3.9	10%	3.7	5%
VitaGenne		Nov-18	USA	Unlisted	Shares	Hemp CBD	1.2	0.4	1%	0.4	2%
Martha Jane Medical		May-18	Australia	Unlisted	Shares	Research	1.3	0.8	2%	0.8	1%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	n/a	0.3	1%	0.3	0%
<b>Unlisted investments</b>								<b>1.5</b>	<b>4%</b>	<b>1.5</b>	<b>9%</b>
<b>Total cannabis/hemp portfolio</b>								<b>22.3</b>	<b>58%</b>	<b>25.7</b>	<b>72%</b>
Bespoke		Aug-19	Canada	Unlisted	Bespoke A Limited Partnership holds shares and founders warrants issued by Bespoke Capital Acquisition Corp (TSX listed)	Investment in beverage businesses	1.2	1.9	5%	1.9	8%
<b>Total non-cannabis</b>								<b>1.9</b>	<b>5%</b>	<b>1.9</b>	<b>9%</b>
Cash								35.3	91%	44.6	93%
<b>Total Portfolio</b>								<b>38.7</b>	<b>100%</b>	<b>48.1</b>	<b>100%</b>

<sup>5</sup> The results for 30 June 2018, 30 June 2019 and 30 June 2020 are for the year ended on those dates.



## Appendix One continued

### 4. MMJ listed investments

The details of MMJ's listed investments are detailed in Table Three below:

Table Three

Investment	TSXV/ TSX Code	Valuation methodology	Number of securities 31-Mar-21	Market Price 31-Mar-21 CAD	Book Value (unaudited) 31-Mar-21 CAD000	Book Value (unaudited) 31-Mar-21 AUD000	Book Value (unaudited) 28-Feb-21 AUD000
Harvest One							
- shares	HVT	listed price	55,557,994	0.110	6,111	6,370	10,967
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.060	1,018	1,061	2,403
<b>Total MMJ investment</b>					<b>7,129</b>	<b>7,431</b>	<b>13,369</b>
WeedMD Inc.							
- debentures	WMD.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	54.0	-	-	-
					3,240	3,377	2,976
- warrants	WMD.WT	Listed price	3,750,000	0.040	150	156	569
<b>Total MMJ investment</b>					<b>3,390</b>	<b>3,533</b>	<b>3,545</b>
<b>MMJ's Listed investments</b>					<b>10,519</b>	<b>10,964</b>	<b>16,914</b>

### 5. Divestments by MMJ

The details of the investments sold by MMJ are detailed below:

Table Four

Divested Investment	Method of sale	Partial/ complete	Date of divestment	Net proceeds (AUDm)	Capital invested (AUDm)	MOIC
MediPharm Labs	on market	complete	Jun-20	34.1	9.2	3.7
Axiomm	takeover	complete	Sep-20	0.7	0.7	1.0
Bevcanna	on market	complete	Dec-19	0.6	0.8	0.8
Fire & Flower	on market	complete	Apr-20	1.5	1.0	1.5
Hemple	private sale	complete	Jul-20	0.3	1.3	0.2
Esense	on market	complete	May-18	0.4	0.5	0.8
Dosecann	takeover	complete	May-18	5.9	2.5	2.3
<b>Total</b>				<b>43.5</b>	<b>16.0</b>	<b>2.7</b>

### 6. Unlisted securities held by MMJ<sup>6</sup>

#### (a) Embark Health (Embark)

MMJ was a foundation investor in Embark in July 2018 – the investment now comprises:

- 3.697m ordinary shares (approximately 12% shareholding) in Embark.
- Warrants 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 Event<sup>7</sup>.
- Warrants that provide the option for MMJ to acquire a further 1.2m shares at CAD1.24 each up with maturity date of two years after a Liquidity Event.
- Warrants 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.

<sup>6</sup> Information as at 31 March 2020.

<sup>7</sup> A Liquidity event is an initial public offering or a material sale event.

**(b) Weed Me**

MMJ was a foundation investor in Weed Me in December 2017 which now comprises:

- i. 3.46m shares (book value of CAD2.01 per share) representing approximately 13% of Weed Me's issued capital.

**(c) Southern Cannabis Holdings (SCH)**

MMJ became an investor in SCH in April 2018 which now comprises:

- i. 21m shares (book value of 18 cents per share) representing approximately 17% of SCH's issued capital.

**(d) Sequoya**

MMJ was a foundation investor in Sequoya – the investment now comprises:

- i. CAD2.5m convertible note (advanced July 2019) is unsecured (subject to negative pledge) with an interest rate of 8% per annum and a maturity date of 19 July 2021. The convertible note is convertible (at MMJ's option) into Sequoya ordinary shares at CAD0.05 each.
- ii. CAD2.5m convertible note facility (executed April 2020) drawn to CAD1.0m, has first ranking security bearing interest of 8% per annum and a maturity date of 15 April 2022. The convertible note is convertible (at MMJ's option) into ordinary shares at CAD0.10 per share.
- iii. 19m ordinary shares (27% shareholding) in Sequoya.

**(e) Harvest One (HVT)**

MMJ was a foundation investor in HVT – the investment now comprises:

- i. 55,557,994 common shares of HVT (the "Common Shares").
- ii. 17,083,333 Common Share purchase warrants (the "Warrants"). Each Warrant entitles the holder to purchase one listed Common Share at a price of CAD0.06 at any time until April 3, 2022.

**(f) WeedMD**

MMJ's investment was made in September 2019 – the investment now comprises:

- i. CAD6m in 8.5% unsecured Convertible Debenture units issued by WeedMD which MMJ has the option to convert into 3.75m shares by 25 September 2022. The debenture units have preference over ordinary shares with interest paid to MMJ on a six-monthly basis. The market value of the notes is calculated by multiplying the CAD6m by the market price divided by 100.
- ii. Listed Warrants that allow MMJ to acquire an additional 3.75m shares for CAD1.80 each by 25 September 2022.

**(g) BCAC (BCAC)**

MMJ was a foundation investor in Bespoke Capital Acquisition Corp. (TSX: BC.U, BC.WT.U) ("BCAC") through its investment in Bespoke A LP – MMJ's investment has an indirect economic interest in the Founder's Shares and Founder's Warrants and the investment decisions are controlled by the General Partner which is Bespoke Capital Partners LLC.

The investment now comprises an indirect economic interest in the BCAC Founder's Shares and BCAC Founder's Warrants as follows:

- i. 60,000 Founder's Shares which are equivalent to 60,000 listed common shares of BCAC (the "Common Shares").
- ii. 666,667 Founder's warrants which are equivalent to the listed Share purchase warrants (the "Warrants"). Each Warrant entitles the holder to purchase one listed Common Share at a price of CAD11.50 at any time until five years after completion of the Qualifying Transaction.

On 3 February 2021, BCAC signed a Definitive Agreement to merge with Vintage Wine Estates, which will constitute BCAC's Qualifying Acquisition. It is currently anticipated the transaction will close by mid May 2021. If the proposed transaction closes as planned, MMJ's resulting indirect economic interests in BCAC are expected to be as outlined below, with their value based on prices as at close on 9 February 2021. As part of the merger agreement with VWE, the Founder's Shares and Founder's Warrants are subject to a lock up agreement for 18 months from closing of the transaction.

All outstanding BCAC Class A restricted voting shares (the "**Class A Restricted Shares**") and the outstanding BCAC Class B shares (the "**Founder's Shares**") held by the Bespoke Sponsor Capital LP (the "**BCAC Sponsor**") will be converted on a one-to-one basis into shares of common stock of New VWE Holdco ("**New VWE Holdco Common Stock**")

and the outstanding BCAC share purchase warrants will continue and remain outstanding on a one-for-one basis as share purchase warrants of New VWE Holdco ("**New VWE Holdco Warrants**"). As part of the merger agreement with VWE, the Founder's Shares and Founder's Warrants are subject to a lock up agreement for 18 months from closing of the transaction.

## 7. Valuation of Assets

MMJ values its 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 at month end.
- (b) Unlisted equity 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. In the absence of a recent capital raise or arm's length transaction, management considers all available information, including adjustments which considers an Enterprise Value to Revenue Multiple and/or benchmarking of instruments to market movements indicated by relevant indices. MMJ also takes in to account the recommendations of its asset manager, Parallax Ventures, where it is considered that the fair value should be less than book value in the absence of other valuation indicators due to outlook for the individual business.
- (c) Convertible debentures and loan instruments – the book value is based on MMJ's assessment of the capacity of the investee to repay principal and interest.

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.

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, loans and warrants.

## 8. Dividend Policy

On 7 June 2019, MMJ announced its intention to distribute 20% of its annual profit after tax after excluding unrealised gains and losses on investments (Annual Profit). The policy first applied in respect of the Annual Profit for the year ended 30 June 2020. The dividend would be payable within three months of each half year after the completion of the half year and annual financial statements. It is MMJ's intention that any dividend would benefit from available franking credits held by MMJ. MMJ updated shareholders that there was no dividend payable in respect of the six months ended 31 December 2020 in the Appendix 4D released on 25 February 2021.

## 9. Investment Policy

MMJ is an Australian-listed company whose core business is holding minority investments along the cannabis value-chain in Australia, Canada and Europe. MMJ also invests in sectors other than cannabis such as (but not limited to) natural resources, pharmaceuticals and software services technology.

In November 2020, MMJ's shareholders approved the broadening of the MMJ investment mandate to include strategic investments in sectors outside of cannabis, such as but not limited to, natural resources, pharmaceuticals and software services technology, which will comprise no more than 25% of MMJ's total consolidated assets at the time the investments are made (the **Diversification**). The Diversification permits MMJ increased flexibility to create growth and greater returns for Shareholders. Through the Diversification, MMJ will target exposure in a range of global opportunities, in addition to the existing investments in the cannabis sector allowing MMJ to lower its investment risk and reduce the impact of market volatility from the cannabis sector to ultimately benefit Shareholders.

## Glossary

ABBREVIATION	Definition
<b>AUD</b>	means Australian dollars.
<b>AASB</b>	Australian Accounting Standards Board.
<b>ACMPR</b>	means Access to Cannabis for Medical Purposes Regulations.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
<b>ASX Listing Rules</b>	means the Listing Rules of ASX.
<b>B2B</b>	Business to business
<b>CAD</b>	means Canadian dollars.
<b>CBD</b>	means Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp.
<b>CBG</b>	means Cannabigerol is the non-acidic form of cannabigerolic acid, the parent molecule from which other cannabinoids are synthesized.
<b>Company or MMJ</b>	means MMJ Group Holdings Limited (ACN 601 236 417).
<b>EBITDA</b>	means Earnings before Interest, Tax, Depreciation and Amortisation.
<b>GMP</b>	GMP stands for Good Manufacturing Practices and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications.
<b>LPs</b>	Canada's Licensed Producers of Cannabis Products
<b>M</b>	means million
<b>MMPR</b>	means Marihuana for Medical Purposes Regulation
<b>MOIC</b>	means multiple on invested capital
<b>NTA</b>	means net tangible assets.
<b>Option</b>	means an option to acquire a Share usually at predetermined price.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a registered holder of a Share.
<b>THC</b>	means THC is the principal psychoactive constituent of cannabis
<b>TSXV</b>	Toronto Stock Exchange Venture
<b>Warrant</b>	means an option to acquire a Share usually at predetermined price.
<b>WST</b>	means Western Standard Time as observed in Perth, Western Australia.