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ASX RELEASE

11 February 2021

MMJ Investment Portfolio Report as at 31 January 2021

MMJ Group Holdings Limited (ASX: MMJ/OTC Code MMJFF) ("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 January 2021

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

MMJ Investment Net Asset Value Update as at 11 February 2021

Since 31 January 2021, the net asset value of MMJ increased by 69% to \$71m (\$42m at 31 January 2021) or 31 cents per MMJ share (18 cents as at 31 January 2021) as of 11 February 2021 primarily due to the increase in MMJ's listed security portfolio in that period. The principal source of the change was the increase in the Harvest One Cannabis (HVT) share price from CAD9.5 cents to CAD49 cents in that period.

The details of MMJ's listed securities portfolio and the changes since 31 January 2021 are detailed in Table One below:

Table One	TSX/ TSX Code	Valuation methodology	Number of securities 11-Feb-21	Market Price 11-Feb-21 CAD	Book Value (unaudited) 11-Feb-21 CAD	Book Value (unaudited) 11-Feb-21 AUD	Book Value (unaudited) 31-Jan-21 AUD
Investment							
Harvest One							
- shares	HVT	Listed price	55,557,994	0.49	27,223,417	27,702,673	5,366,012
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.43	7,355,716	7,485,210	834,698
Total MMJ investment					34,579,133	35,187,883	6,200,710
WeedMD Inc.							
- debentures	WMD.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	75.00	4,500,000	4,579,221	2,318,015
- warrants	WMD.WT	Listed price	3,750,000	0.20	750,000	763,203	133,438
Total MMJ investment					5,250,000	5,342,424	2,451,454
MMJ's Listed investments					39,829,133	40,530,307	8,652,164

Investor and Media Enquiries

Announcement authorised for release to ASX by:
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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 January 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 MMJF) 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	9	4	10
Primary Acquisitions	Follow on investments¹	Private to public	Sale of investments

MMJ Investment Performance²

MMJ Historical Performance - period ended					31-Jan-21
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(2)%	6%	(10)%	(36)%	(17)%
Benchmark	32%	77%	47%	15%	(16)%
Out/(under) performance	(34)%	(71)%	(57)%	(50)%	(2)%

For MMJ's latest investor presentations and news, please visit www.mmjgh.com.au

General Investor Queries

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Share Registry

Automatic Registry Services

P: 1300 288 664

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Performance Update

Net Tangible Asset Value Per Share Before Tax³ as at 31 January 2021

\$0.1785

Total Portfolio as at 31 January 2021

\$41m

Investment Return Since Inception⁴ as at 31 January 2021 (per annum)

(17)% pa

Key Metrics as at	31-Jan-21	AUD
Net Asset Value	m	42
Investee Portfolio (ex cash)	m	37
Cash	m	4
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1785
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1705
Net Asset Value per share		0.1822
MMJ share price (ASX)		0.120
Market capitalisation	m	28
Number of investments (ex cash)		11
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 is holding a webinar conference call in 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. An announcement will be made closer to the date.

Copies of announcements related to MMJ's operations may be found on the MMJ website: www.mmjgh.com.au.

¹ Includes investments in existing investees.

² 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.

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

⁴ 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 January 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, Southern Cannabis Holdings and Bespoke.
- b) Supporting the intention of the public listing of Embark Health which was announced early in 2020 – an update is provided below.

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

During January 2021, MMJ generated a negative 2% return which compared to a positive 32% for the benchmark return for the same period – MMJ's negative return monthly performance was principally due to devaluation of MMJ's investment in Embark Health. The MMJ Board decided to reduce the price from CAD2.44 to CAD1.81 per share pending the outcome of the RTO process and its sales performance.

Since 31 January 2021, the net asset value of MMJ increased by 69% to AUD71m (\$42m at 31 January 2021) or AUD 31 cents (18 cents as at 31 January 2021) as of 11 February 2021 primarily due to the increase in HVT share price from CAD9.5 cents to CAD49 cents in that period. This increase coincided with an 80% increase in the MMJ benchmark index in the same period which suggests that there are positive returns to come from our unlisted investments.

MMJ Portfolio Update

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

a) Harvest One Cannabis

On 29 January 2021, Harvest One Cannabis Inc. (HVT) announced that its LivRelief CBD cream achieved the #1 revenue position within the Infused Topicals category in Ontario based on Ontario Cannabis Store ("OCS") sales data for December 2020 (the "OCS Sales Data").

HVT's LivRelief CBD cream was the top-selling SKU in the Infused Topicals category in Ontario for the six-month period ended December 2020, by dollars sold, based on OCS Sales Data. In addition, for the same period, HVT's LivRelief brand captured approximately 32% market share within the Infused Topicals category in Ontario based on sales revenue.

"We are very pleased to be ranked as the #1 selling infused topical in the Ontario market," said Gord Davey, President and Chief Executive Officer of HVT. *"Our innovative infused topical with its effective and differentiated delivery system has resonated well with consumers and established itself as the leader in the Infused Topicals category. We will continue to educate the market on this category and look forward to building on this success with a number of new innovative product formats and line extensions in 2021".*

On 11 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."*

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.

MMJ holds approximately 26% of HVT with a book value of \$6.2m as at 31 January 2021.

b) Embark Health

On 22 January 2021, Embark Health Inc. ("**Embark**") provided an update on the progress achieved during the calendar year 2020. Embark started the year as a pre-revenue applicant to Health Canada and ended the year with a processing licence (issued 7 February 2020) and a sales licence to sell edibles, extracts and topicals (issued 4 December 2020) from Health Canada.

MMJ holds approximately 12% of Embark with a book value of \$9.7m as at 31 January 2021.

In the update Embark provided commentary on:

- i. Its focus on selling its direct-to-consumer branded products through the provincial boards in addition to contract manufacturing activities; and
- ii. Its strategic business development priorities including its contract manufacturing services, the securing of supply agreements with provincial bodies across Canada, its expansion of its processing facilities and its go public transaction.

Embark also re-stated its commitment to becoming public in 2021 and continues to pursue the completion of the business combination between Mesa and Embark (the "Transaction"). As previously announced on 11 December 2020, the Transaction would result in a reverse take-over of Mesa by the shareholders of Embark. The outside date for the Transaction is 31 March 2021 which may be extended to 30 June 2021 at Mesa's option.

c) WeedMD

On 6 January 2021, WeedMD Inc. ("**WeedMD**"), a federally-licensed producer and distributor of medical-grade cannabis, announced that Executive Chairman and Interim Chief Executive Officer George Scorsis issued an open letter to shareholders to provide a corporate overview of WeedMD's operational and commercial activities. WeedMD confirmed it kicks off 2021 having doubled revenues for nine months ended 30 September 2020 and fully-ramped-up its quality cultivation and production platform.

The full letter and corporate overview can be found on MMJ's website: [WeedMD CEO letter](#).

MMJ holds unsecured interest-bearing convertible notes – accounting standards require that MMJ mark to market its listed investment which was 38% of cost at 31 January 2021. The recent improved outlook for WeedMD and listed Canadian cannabis has seen the market price of the notes rise from a low in November 2020 of CAD20 to CAD38 at 31 January 2021. Similarly, the value of the WeedMD common shares has increased from low of CAD25 cents to CAD30 cents. 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 note value with the market price of the debenture increasing to CAD75 at 11 February 2021 (the WMD share price has similarly increased to CAD94 cents in the same period).

MMJ Shareholder Webinar

MMJ will host a live audio webinar of the Investor Conference Call in March 2021. In this webinar, Michael Curtis, MMJ Non-Executive Director and Director of Parallax Ventures Inc, the asset manager of MMJ's investments, will give an update on the Canadian cannabis demand and update on major investments.

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 \$44m with immaterial current liabilities.
- b) Cash of AUD3.6m and a portfolio of listed equities (CAD5.4m), listed convertible loans (CAD2.3m) and unlisted loan securities (CAD3.5m) 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 – January 2021

Over the course of January 2021, MMJ stock has remained flat at 12c per share. Comparatively, the broader markets as represented by the ASX 200 have modestly risen by 0.3% from 6,587 to 6,607. However, our benchmark Alternative Harvest ETF has dramatically risen in January by approximately 33% from US\$14.35 to US\$18.97. Thus far in February this ETF has moved up another 82% and closed at US\$34.6 on 11 February, meaning the ETF is up 141% since our last shareholder letter. Clearly the US election results were not a one-time blip for these equities. We are witnessing significant follow through on the buying action that now appears to have come “down cap” into many of our names as well. Harvest One and WeedMD have seen significant gains over the last several weeks.

Furthering the progress in the U.S., key U.S. Senate leaders from the Democratic party held a meeting with marijuana stakeholders on Friday, seeking input in creating a new federal legalization bill. The senators released a joint statement announcing the plan earlier this week that decried the failures of marijuana criminalization and called for a federal policy change that prioritizes repairing the harms of prohibition. The senators did not go in-depth into the details of the forthcoming reform proposal, but one commitment from the start, according to attendees, is that the Senate bill will at a minimum de-schedule cannabis and seek to regulate it with a justice- and equity-focused approach.

According to MJBizdaily and Seattle-based data analytics firm Headset, sales of marijuana concentrates surged 40.5% last year in the adult-use states of California, Colorado, Nevada and Washington as well as the recreational and medical markets in Oregon as consumers become more comfortable with dabbing and associated technologies. This bodes well for our portfolio names such as Embark Health which recently shipped their first batch of concentrates to the provincial buyer of cannabis in British Columbia with the company’s Hank brand available across the province.



The retail end markets in Canada continue to grow larger, with October sales indicating annualized federal revenue of C\$3.2 Billion. While the market keeps growing steadily, supply is still an issue and brand traction with customers make all the difference in whether you get decent pricing or whether your bud dries out and must be disposed. We continue to emphasize this point with our management teams and continue to help them build out their brands and distribution efforts.

Appendix One

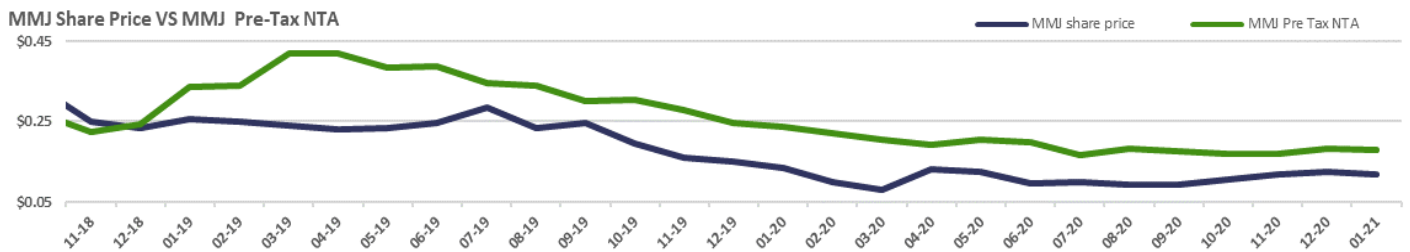
1. The year-to-date performance of MMJ's NTA is detailed below⁵:

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
Share price \$	AUD	0.335	0.245	0.096	0.100	0.093	0.094	0.105	0.120	0.125	0.120
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1695	0.1800	0.1747	0.1688	0.1698	0.1830	0.1822
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1664	0.1789	0.1747	0.1686	0.1687	0.1708	0.1705
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1664	0.1816	0.1768	0.1689	0.1687	0.1822	0.1785
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(16)%	(6)%	(11)%	(15)%	(15)%	(8)%	(10)%
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(40)%	(49)%	(47)%	(38)%	(29)%	(31)%	(33)%

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/TSX/TSX Code	Initial Investment date	Country	Company type	Investment structure	Business	MOIC (current portfolio) 31-Jan-21 Times	Book Value (unaudited) 31-Jan-21 AUDm	Weight	Book Value (unaudited) 31-Dec-20 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.4	6.2	15%	4.1	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.	0.5	2.5	6%	2.2	6%
Listed investments								8.7	21%	6.3	19%
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	1.3	9.7	24%	13.2	34%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded products	2.5	6.7	16%	6.7	10%
Sequoia		Jul-19	Canada/Poland	Unlisted	Convertible note and shares	CBD Extraction	1.0	4.1	10%	4.0	10%
Bespoke		Aug-19	Canada	Unlisted	Bespoke A Limited Partnership holds shares and founders warrants issued by Bespoke Capital Acquisition Corp (TSX listed)	Investment in cannabis and beverage businesses	2.1	3.2	8%	3.1	8%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	3.7	3.7	9%	3.7	5%
VitaGenne		Nov-18	USA	Unlisted	Shares	Hemp CBD	2.1	0.4	1%	0.4	2%
Martha Jane Medical		May-18	Australia	Unlisted	Shares	Research	1.1	0.7	2%	0.5	1%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	n/a	0.3	1%	0.2	0%
Unlisted investments								1.3	3%	1.1	9%
Total portfolio								28.7	70%	31.8	72%
Cash								37.4	91%	38.1	90%
Total								41.1	100%	41.9	100%

⁵ 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	Market Price	Book Value (unaudited)	Book Value (unaudited)
			31-Jan-21	31-Jan-21 CAD	31-Jan-21 CAD	31-Jan-21 AUD
Harvest One						
- shares	HVT	listed price	55,557,994	0.095	5,278,009	5,366,012
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.048	821,009	834,698
Total MMJ investment					6,099,018	6,200,710
WeedMD Inc.						
- debentures	WMD.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	38.0	-	-
- warrants	WMD.WT	Listed price	3,750,000	0.035	131,250	133,438
Total MMJ investment					2,411,250	2,451,454
MMJ's Listed investments					8,510,268	8,652,164

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
Total				43.5	16.0	2.7

6. Unlisted securities held by MMJ⁶

(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 with a book value of CAD1.81 per share.
- 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 Event⁷.
- Warrants that provide the option for MMJ to acquire a further 1.2m shares at CAD1.24⁸ 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.

⁶ Information as at 31 January 2020.

⁷ A Liquidity event is an initial public offering or a material sale event.

⁸ Exercise price has based on MMJ book value of CAD1.81 per share.

(b) Weed Me⁹

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

- i. 3.46m shares (book value of CAD1.81 per share) representing approximately 14% 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.

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 will update shareholders on the dividend payable in respect of the six months ended 31 December 2020 in the Appendix 4D to be released in 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
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.
B2B	Business to business
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 usually at predetermined price.
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 an option to acquire a Share usually at predetermined price.
WST	means Western Standard Time as observed in Perth, Western Australia.