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## ASX RELEASE

10 March 2021

### **MMJ Investment Portfolio Report as at 28 February 2021**

**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.

### **MMJ Investment Portfolio Report as at 28 February 2021**

MMJ is pleased to provide the MMJ Investment Portfolio Report as at 28 February 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:  
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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

## 28 February 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:

<b>20</b>	<b>9</b>	<b>4</b>	<b>10</b>
<b>Primary Acquisitions</b>	<b>Follow on investments<sup>1</sup></b>	<b>Private to public</b>	<b>Sale of investments</b>

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

MMJ Historical Performance - period ended					28-Feb-21
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	17%	24%	6%	(5)%	(12)%
Benchmark	19%	42%	75%	62%	(9)%
Out/(under) performance	(2)%	(18)%	(69)%	(68)%	(2)%

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 28 February 2021

**\$0.2090**

Total Portfolio as at 28 February 2021

**\$48m**

Investment Return Since Inception<sup>4</sup> as at 28 February 2021 (per annum)

**(12)% pa**

Key Metrics as at	28-Feb-21	AUD
Net Asset Value	m	48
Investee Portfolio (ex cash)	m	45
Cash	m	4
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.2090
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1962
Net Asset Value per share		0.2107
MMJ share price (ASX)		0.130
Market capitalisation	m	30
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 is holding 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. 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](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 February 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 February 2021, MMJ generated a positive 17% return which marginally under the positive 19% for MMJ's benchmark return for the same period – MMJ's positive return monthly performance was principally due to the increase in the listed price of HVT shares from CAD9.5 cents to CAD19.5 cents.

**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 (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 the 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 28% of MMJ's investment portfolio as at 28 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 loan (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 issued to MMJ as compensation for advancing the Loan now have a market value of CAD2.4m.

**i. HVT Capital Raising**

On 25 February 2021, HVT announced that it has entered into an agreement with its underwriters to raise CAD5m at CAD0.155 per Unit (the "Issue Price"). The Issue Price compared to the closing price of CAD19.5 cents on 25 February 2021. The net proceeds of the raising will be used to expand the HVT's existing product lines and distribution channels, and for working capital and general corporate purposes.

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.

**ii. Sale of Satipharm**

On 16 February 2021, HVT announced that it had 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").

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 should support the growth of its core consumer brands Dream Water and LivRelief.

### iii. 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. 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.

### b) Embark Health

Embark Health ("Embark") announced further regulatory approvals which increase the number of Canadian provinces in which Embark may distribute its products:

- i. supply their cannabis 2.0 branded products directly to Saskatchewan's retail and wholesale markets;
- ii. supply their solventless concentrate brands to Ontario Cannabis Store (OCS), the wholesaler and sole online retailer for recreational cannabis in Ontario.

### c) Sequoya

In January 2021, the Polish National Pharmaceutical Council issued a permit for Sequoya Europe for the production, processing, and distribution of THC derived from the processing of hemp. The positive decision of the National Pharmaceutical Council confirms the highest quality standards that apply in the Sequoya Europe production plant.

Sequoya Europe is one of the most advanced manufacturers of hemp extracts in Europe. The area of Sequoya's activity includes research, development, quality control, production, and distribution of hemp products. Sequoya specialises in wholesale and private label production of hemp products, such as CBD full and broad spectrum oils, cannabinoid isolates (CBD, CBG), CBD distillates, CBD e-liquids. Sequoya's customers are small and medium-sized companies as well as the world's largest brands from the cosmetics, food, nutraceutical, and pharmaceutical industries. The quality of Sequoya's products is confirmed by the Food Safety and Hygiene Certificate – HACCP, GMP Food Grade Certificate, and also by independent laboratory tests.

### d) WeedMD

WeedMD Inc. a federally licensed producer and distributor of medical-grade cannabis is pleased to announce its terpene-infused, one-gram Saturday Cannabis ("Saturday") vaporizer ("vapes") was recently named "Top Selling Vape" for the month of January 2021 at the Ontario Cannabis Store ("OCS"), Canada's largest cannabis retail distributor. When compared to over 30 available brands, according to OCS-provided data, Saturday ranked first in the one-gram category and when compared to all other vapes sizes, it ranked in the "OCS Top 4".

WeedMD announced a share raising, subject to all required regulatory approvals, to raise CAD17.5m at CAD0.82 per share.

MMJ primary investment in WeedMD are unsecured interest-bearing convertible notes – accounting standards require that MMJ mark to market its listed investments which was 49% of cost at 28 February 2021 (31 January 2021 – 38%). 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.

### e) Bespoke

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. On 4 February 2021, BCAC announced a definitive agreement for a business combination with Vintage Wine Estates ("VWE") one of the fastest growing U.S. wine producers with an industry leading direct-to-customer platform. Upon closing, the combined company will

be named Vintage Wine Estates, Inc. The VWE acquisition will constitute BCAC's Qualifying Acquisition and is anticipated that the transaction will close by mid May 2021.

The VWE acquisition provides the opportunity for MMJ to diversify its investment portfolio in line with the broadening of the MMJ investment mandate to include strategic investments in sectors outside of cannabis approved by MMJ shareholders in November 2020.

**MMJ Shareholder Webinar**

Michael Curtis, MMJ Non-Executive Director and Director of Parallax Ventures Inc, the asset manager of MMJ's investments participated in the Stockhead cannabis conference – refer link [Stockhead conference](#).

MMJ will host a live audio webinar of the Investor Conference Call 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, will give an update on the Canadian cannabis demand and update on major investments.

**MMJ Registered Office**

During March 2021 (date to be advised) MMJ's registered office and principal place of business will change to Suite 5706, Level 57, MLC Centre, 19-29 Martin Place, Sydney NSW 2000, Australia. There are no other changes to the operations of MMJ.

**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 \$51m with immaterial current liabilities.
- b) Cash of AUD3.5m and a portfolio of listed equities (CAD11m), listed convertible loans (CAD3m) 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 – February 2021

Cannabis continues to be a bullish sector as new buyers pour into the space. Every week, there is positive news on regulatory front – this week the state of Virginia has legalized. Companies meanwhile are taking advantage of the interest and raising capital. See below for capital raises compared with last year – notice how much less debt is being raised and how much more equity is being raised. (hint: 2.5x the equity raised so far in the first 2 months of 2021 and 1/5<sup>th</sup> the debt compared with same time frame in 2020).

Through Week 7 \$ in USD Millions		Public Companies			Private Companies			Overall		
		Equity	Debt	Total	Equity	Debt	Total	Equity	Debt	Total
<b>2021</b>	# of Raises	62	9	71	3	0	3	65	9	74
	Total Raised	\$ 2,306.7	\$ 96.0	\$ 2,402.7	\$ 82.0	\$ -	\$ 82.0	\$ 2,388.7	\$ 92.6	\$ 2,481.3
	Average Raise	\$ 37.2	\$ 10.7	\$ 33.8	\$ 27.3	N/A	\$ 27.3	\$ 36.7	\$ 10.3	\$ 33.5
<b>2020</b>	# of Raises	29	12	41	10	1	11	39	13	52
	Total Raised	\$ 863.6	\$ 492.8	\$ 1,356.4	\$ 92.1	\$ 6.0	\$ 98.1	\$ 955.7	\$ 498.8	\$ 1,454.5
	Average Raise	\$ 29.8	\$ 41.1	\$ 33.1	\$ 9.2	\$ 6.0	\$ 8.9	\$ 24.5	\$ 38.4	\$ 28.0

Source: Viridian Capital

Many of our publicly listed portfolio companies have taken advantage of the frenzy. Harvest One raised C\$5.75m in new equity (unit deal priced at C\$0.155 with a full warrant at C\$0.19). Combined with proceeds from their strategic review, this would solve much of the company's liquidity issues in the near to medium term. Post-closing of this transaction MMJ will still own over 20% of the equity. While we do not plan to sell shares just as the restructuring effort is bearing fruit, any additional financing from this point on is likely to bring us below 20% and unlock value in MMJ stock. Weed MD has also raised C\$17.5m in new equity (unit deal priced at C\$0.48 with half warrant at C\$0.60). Combined with the recent LiUNA debt, this solves short term funding issues for company and adds security to our convertible debenture notes.

In our private company portfolio, Embark Health has signed service agreements with British Columbia, Alberta, Saskatchewan, and Ontario with first purchase orders from both BC and Alberta already in place. Initial feedback appears to be that product is being well received in British Columbia however a re-order would confirm that the market has indeed accepted the premium pricing the company is trying to establish. Another private company holding, Weed Me, recorded a record revenue month with several edible products (gummies, etc.) shipping in addition to the company's flower stack. Weed Me is now the second largest selling privately held cannabis producer in Canada.

There are plenty of financing opportunities for US companies listed either in Canada or the NASDAQ. In fact, a large chunk of new money is going into the US market, but we have obviously avoided participating until it becomes federally legal to do so. Markets outside Canada and the US are more speculative as they do not appear to have the clear regulatory tail wind behind them, but many deals are being done in Europe and elsewhere. There has also been a renewed enthusiasm in Canadian equities as the cannabis retail market crosses C\$3bn in terms of annualized sales. We are aggressively seeking out new investment opportunities and will look to deploy capital into new ideas as the cannabis sector continues to become mainstream.

## Appendix One

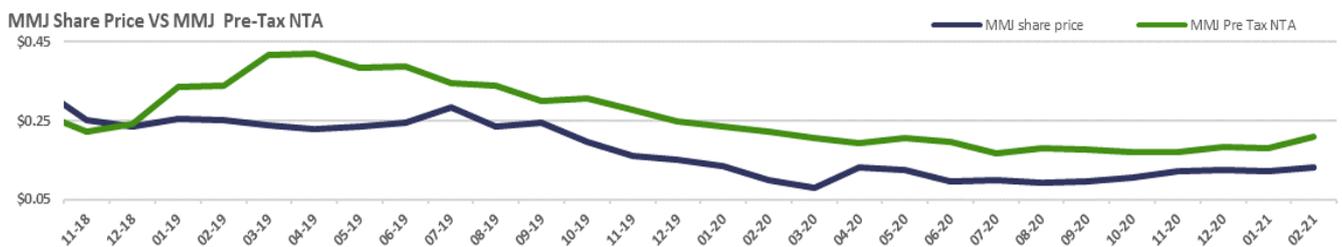
### 1. The year-to-date performance of MMJ's NTA is detailed below<sup>5</sup>:

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
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
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
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
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
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(16)%	(8)%	(11)%	(15)%	(15)%	(8)%	(10)%	6%
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(40)%	(49)%	(47)%	(38)%	(29)%	(31)%	(33)%	(38)%

### 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) 28-Feb-21 Times	Book Value (unaudited) 28-Feb-21 AUDm	Weight	Book Value (unaudited) 31-Jan-21 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.6	13.4	28%	6.2	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.	0.6	3.6	8%	2.5	6%
<b>Listed investments</b>								<b>17.0</b>	<b>35%</b>	<b>8.7</b>	<b>19%</b>
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	1.3	9.6	20%	9.7	34%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded products	2.5	6.7	14%	6.7	10%
Sequoia		Jul-19	Canada/Poland	Unlisted	Convertible note and shares	CBD Extraction	1.1	4.2	9%	4.1	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	1.2	1.9	4%	3.2	8%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	3.7	3.7	8%	3.7	5%
								<b>26.1</b>	<b>54%</b>	<b>27.4</b>	<b>63%</b>
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%	0.7	1%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	n/a	0.3	1%	0.3	0%
								<b>1.5</b>	<b>3%</b>	<b>1.3</b>	<b>9%</b>
<b>Unlisted investments</b>								<b>27.6</b>	<b>57%</b>	<b>28.7</b>	<b>72%</b>
<b>Total portfolio</b>								<b>44.6</b>	<b>93%</b>	<b>37.4</b>	<b>90%</b>
Cash								3.5	7%	3.6	10%
<b>Total</b>								<b>48.1</b>	<b>100%</b>	<b>41.1</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	TSX/ TSX Code	Valuation methodology	Number of securities		Book Value (unaudited)		Book Value (unaudited)	
			28-Feb-21	28-Feb-21 CAD	28-Feb-21 CAD000	28-Feb-21 AUD000	31-Jan-21 AUD000	
Harvest One								
- shares	HVT	listed price	55,557,994	0.195	10,834	10,967	5,366	
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.139	2,373	2,403	835	
<b>Total MMJ investment</b>					<b>13,207</b>	<b>13,369</b>	<b>6,201</b>	
WeedMD Inc.								
- debentures	WMD.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	49.0	2,940	2,976	2,318	
- warrants	WMD.WT	Listed price	3,750,000	0.150	563	569	133	
<b>Total MMJ investment</b>					<b>3,503</b>	<b>3,545</b>	<b>2,451</b>	
<b>MMJ's Listed investments</b>					<b>16,710</b>	<b>16,914</b>	<b>8,652</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 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 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 28 February 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 CAD1.81 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) Sequoia**

MMJ was a foundation investor in Sequoia – 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 Sequoia 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 Sequoia.

**(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.