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## ASX RELEASE

11 June 2021

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

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

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

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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.*

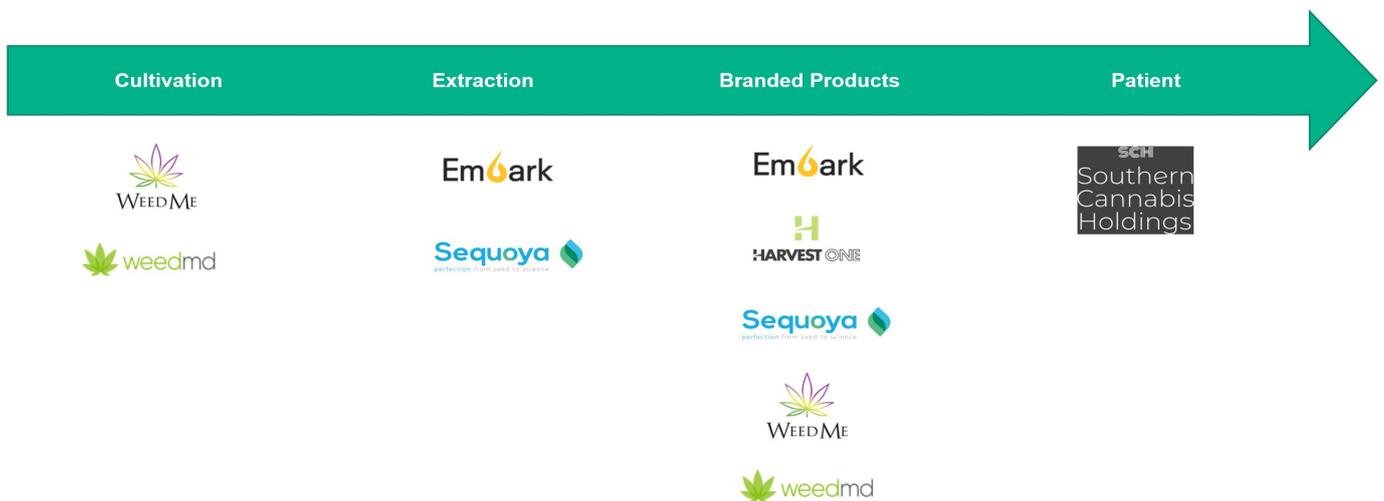


# Investment Portfolio Report

31 May 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** 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-May-21
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	8%	(12)%	(7)%	(10)%	(14)%
Benchmark	2%	(5)%	67%	56%	(10)%
Out/(under) performance	7%	(7)%	(74)%	(66)%	(4)%

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

#### General Investor Queries

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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 May 2021

**\$0.1843**

Total Portfolio as at 31 May 2021<sup>4</sup>

**\$42m**

Investment Return Since Inception<sup>5</sup> as at 31 May 2021 (per annum)

**(14)% pa**

Key Metrics as at	31-May-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)		0.1843
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1739
Net Asset Value per share		0.1742
MMJ share price (ASX)		0.090
Market capitalisation	m	21
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

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).

MMJ will host a live audio webinar of the Investor Conference Call on 16 July 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.

<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> Comprises investments, cash and company tax refund receivable

<sup>5</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 May 2021****Investment Performance for Year to Date**

MMJ's portfolio management is focussing on 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.

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, MMJ has completed the first non-cannabis investment following the diversification of its investment strategy approved by MMJ shareholders in late 2020.

The individual businesses are realising opportunities to capitalise on the growing demand for CBD and cannabis products in North America and Europe. The continued growth in the Canadian market underlines MMJ's view that its material investments (HVT, Embark Health Weed Me and WeedMD) are well placed to generate material investment returns over the medium term.

**MMJ Portfolio Update**

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

**a) Southern Cannabis**

Freshleaf Analytics, a division of the Southern Cannabis Holdings group, issued its report on the Australian Medicinal Cannabis Market.

FreshLeaf Analytics is Australia's leading vertically integrated pharmaceutical cannabis business with interests in market intelligence, clinical research, medical services and product services. FreshLeaf has access to medicinal cannabis products and clinical data sets from some of Australia's leading healthcare companies and organisations including healthcare clinics, pharmacies, product companies and the Therapeutic Goods Administration (TGA). The FreshLeaf team provides custom research, analysis and consulting services to medicinal cannabis companies, pharma companies, government clients and others.

MMJ has included the Freshleaf Market Update on the Australian Medicinal Market on page 6 of this Investment Portfolio Update.

**b) Harvest One Cannabis**

On 28 May 2021, Harvest One Cannabis Inc. (HVT) announced its unaudited financial results for the three months (the March Quarter) and nine months ended 31 March 2021.

Financial and Operating Highlights for the March Quarter:

- i. Reported CAD2.02m revenue from continuing operations during the current quarter compared to CAD1.88m during the same period in 2020. Product mix continues to transition from cultivation to CPG products.
- ii. 37% gross profit from continuing operations during the current quarter compared to 24% during the same period in 2020. HVT stated that the improvement was generated by continuous operational improvements and cost control initiatives over the last nine months.
- iii. Adjusted EBITDA loss of CAD0.98m during the quarter compared to a loss of approximately CAD1.6m for the same period in 2020, representing an improvement of approximately 38%, primarily due to higher gross profits and quarter over quarter reduction in selling, general and administrative expenses ("SG&A").
- iv. On 17 March 2021, HVT closed an oversubscribed CAD5.75 bought-deal public offering at a price of \$0.155 per Unit<sup>6</sup>.

*"Our third quarter financial results reinforce the continued improvement of HVT's operating performance and financial position," said Gord Davey, President and Chief Executive officer of Harvest One. "Management's continued focus on targeted sales, marketing, operational improvements and cost reductions, is reflected in considerably improved profit margins and bottom line results on a quarterly year-to-date basis. We will build on this positive momentum and continue to execute on HVT's commercial strategy and growth initiatives."*

<sup>6</sup> A Unit comprised one share and one warrant

Mr. Davey continued, "During the March Quarter, HVT on key strategic projects including the divestiture of its Satipharm and Phytotech subsidiaries, as well as a bought deal financing with Research Capital Corporation and ATB Capital Markets Inc. These projects further strengthened HVT's liquidity position to support the growth of its global CPG business and build on the ongoing success of its LivRelief™ cannabis-infused topicals. We are encouraged with this ongoing progress and remain committed to the growth of our brands in North American and global markets through focused sales, marketing and expanded distribution channels, while maintaining rigorous cost control and fiscal responsibility."

Management anticipates sales volumes, net revenues, and adjusted EBITDA to improve throughout the next fiscal year due to a full year of new Cannabis 2.0 derivative products sold to the Canadian market, improvements in gross margin, and a continued focus on reducing overhead costs. A copy of the HVT corporate presentation may be found on MMJ's website - [HVT corporate presentation](#)

During the past 15 months HVT has been repositioned from cultivation and processing to a non-capital-intensive cannabis-infused and non-infused CPG operation focusing on innovation, sales, marketing and distribution channels.

Management anticipates sales volumes, net revenues, and adjusted EBITDA to improve throughout the next fiscal year due to a full year of infused topical sales, expanded distribution coverage, launch initiatives, branding initiatives, improvements in gross profit, and a continued focus on reducing overhead costs.

The continued improvement in HVT's financial and operational performance underlies MMJ's confidence that its shareholders are well placed to generate material gains from MMJ's 22% HVT shareholding and the 17m HVT warrants in the medium term.

#### **MMJ investor communications**

In May, Michael Curtis (Director of Parallax Ventures and Non-Executive Director of MMJ) discussed the future of the cannabis industry, MMJ's portfolio strategy, and why investing outside of cannabis is a wise move with the Green Fund. The content of the interview may be viewed at this link: [Mike Curtis interview](#).

MMJ will host a live audio webinar of the Investor Conference Call on 16 July 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 \$43m with immaterial current liabilities.
- b) Cash of AUD3m, a company tax refund receivable of \$4m<sup>7</sup> and a portfolio of listed equities (CAD5m), 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).

<sup>7</sup> The value of the refund will depend on the finalisation of the 30 June 2021 balance sheet and statutory audit. The refund is expected to be received by December 2021 after lodgement of the company tax return for the year ended 30 June 2021.

## Parallax Ventures Inc. Sector Update – May 2021

As COVID-19 winds its way down in North America, we are looking forward to a return to “normal” in the late summer and early fall. COVID-19 has impacted different businesses in different ways – for travel and tourism it has been a curse, but for video games and online shopping it has been a boon. For cannabis, it has been mostly positive as people stayed home and needed to relax from the stress caused by the pandemic. According to a recent Statistics Canada survey, 20 per cent of Canadians report using cannabis, up from 14 per cent before COVID-19. The survey found that the top reasons Canadians cited for using cannabis include increased stress, boredom, and loneliness.

To get more specific, we now have results from Statistics Canada for retail sales up to March 2021, which saw a record C\$298mln in sales which represents a 14% increase from February. Annualizing this number, we have a C\$3.6bln annual market size. This is a far cry from the C\$30bln+ alcohol and spirits market which shows the untapped growth potential remaining in the cannabis space. We believe cannabis and cannabis infused products have the potential to become a larger market than alcohol/spirits over time as entertainment and consumption preferences of the Millennial generation continue to evolve in favour of cannabis.

The biggest month-over-month increase came from the Province of Ontario where the increasing number of physical retail locations has finally helped capture customers who were previously relying on the illicit market for their needs. For instance, Toronto the largest city in Canada and the capital of Ontario, started 2020 with seven regulated stores and ended the year with 87 stores. The province of Ontario now has over 200 retail store fronts in total and that increase has helped boost sales in Ontario to C\$103mln in March 2021, up from C\$87mln in February 2021.

On the flip side, we are seeing the illicit market collapse. The illicit market had peaked in 2013 at around C\$1.5bln annually before the advent of medical cannabis licenses in Canada. Currently Statistics Canada estimates that market to be less than C\$800mln annually. Medical cannabis meanwhile appears to have flatlined to slowly declining as well. We think the favourable pricing in medical will keep that market steady, but most of the future growth in the space will come through recreational.

On the regulatory front, hopes of a US federal legalization breakthrough are fading since the initial enthusiasm post-Presidential elections. However, the MORE Act has been reintroduced into the House again after having failed at the Senate level last time. The Senate for its part is preparing its own cannabis legislation led by Chuck Schumer. Ultimately any bill would have to be signed by the President. Given all the hurdles, infighting, and the time crunch (midterms coming in 2022), the market is less convinced about the likelihood of federal cannabis legislation in the United States in the near term. However, there are positive signs still coming out. One of the largest employers in the country, Amazon, announced that they would no longer subject employees to cannabis drug screenings and that cannabis would be treated the same as alcohol use. Amazon has been lobbying for the MORE Act as well. These sort of big corporate changes in attitude combined with the numerous state legalization efforts makes it abundantly clear that citizens of the United States are far ahead of the political class when it comes to this issue.

Given the above, our focus continues to remain on legal recreational jurisdictions like Canada and federally regulated medical markets globally including Australia. And in that space, we are seeing equities ticking up again on the back of strong retail sales and market consolidation has begun to re-accelerate. Last week, we saw the acquisition of Redecan, Canada’s largest private cannabis producer, by HEXO Corp for approximately C\$925mln. Given what we know about Redecan’s estimated revenue profile, this is certainly a shot in the arm for valuations across the industry. Furthermore, we also saw the closing of the Tilray and Aphria merger transaction and we expect these types of deals to continue as the market consolidates down to a reasonable number of producers.

MMJ stock has declined 16% to A\$0.09 from A\$0.105 over the month of May and our benchmark MJ Alternative Harvest index has stayed virtually flat over the same time frame.

## FreshLeaf Analytics Market Update

The medicinal cannabis market is on track to hit the \$200M+ product revenue mark in 2021, as announced in FreshLeaf Analytics' most recent [industry report](#). Despite fierce competition, April/May was a largely positive period with many key companies such as Cronos and Bod Australia posting strong revenue figures in Q3 FY20/21. Expansions continued both domestically and internationally, with some notable news being ANTG's announcement of its merger with Canadian Asterion Cannabis Inc. with the intention to develop a new \$400m facility in Queensland, aiming to produce over 500,000kg of medical cannabis annually.

However, volatility in one key market indicator and extreme growth in another has industry commentators on the edge of their seats as they wait to assess the true growth trajectory of the industry.

The two key market indicators to watch are: Special Access Scheme-B (SAS-B) and Authorised Prescriber (AP). SAS-B represents the number of new approvals for medical cannabis prescriptions and AP represents the total number of authorised prescribers of medical cannabis.

### SAS-B Approvals

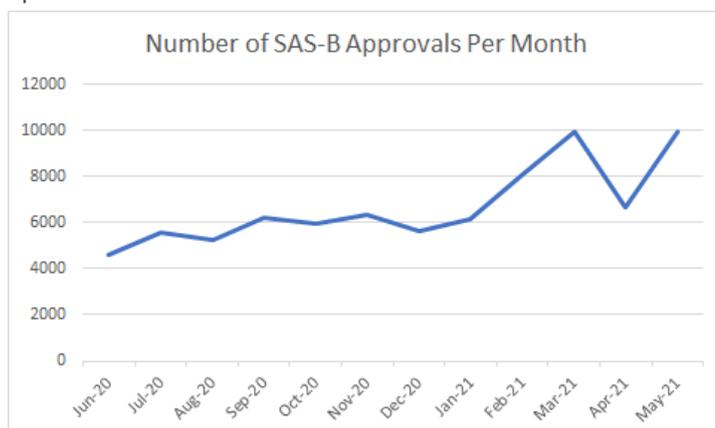
Following a surge in SAS-B approvals\* earlier this year, there was much excitement and hype regarding the possibility of a take-off in the Australian cannabis industry. However, April saw the number of SAS-B approvals sharply drop below 7,000 before reaching a new all time high in May of nearly 10,000 approvals. Although these large swings may appear alarming on a surface level, there are a number of factors contributing to this statistical volatility.

The January to March increase can partly be attributed to natural growth of the patient base, fuelled by an abundance of media exposure for medical cannabis following the TGA's announcement about down-scheduling low-dose CBD products from S4 (prescription only) to S3 (over-the-counter) and subsequent anecdotal reports of greater demand for low-dose CBD products.

However, another contributing factor is Australia's cannabis flower shortage, forcing doctors to request product alternatives, each requiring a new SAS-B application and approval from the TGA, thereby driving up the number of approvals but not the number of patients or prescriptions. There was speculation that April's sudden decrease could simply have been a correction in the market as patients were successfully prescribed flower alternatives and supply of flower products began to replenish.

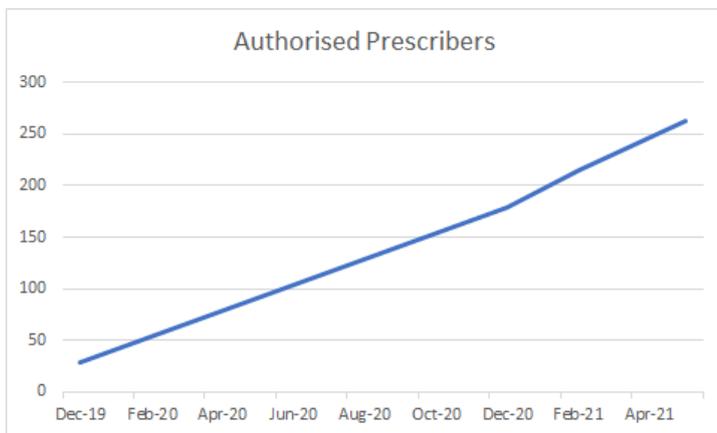
Further complicating things, April saw the TGA's SAS-B and AP system upgrade which has resulted in severe delays in approval times. Applications that usually take 48 hours to process have had these times blown out to 14 days in some instances - an abnormally high figure. As such, there were a significant number of applications not processed into approvals, which would have usually been added to April's SAS-B approval figures.

Although May's figures brought good news for the industry, the volatile period is not yet over as questions remain as to what is fuelling this most recent growth - continuation of flower supply issues, processing of TGA backlog, genuine market growth, or a combination of all three. Providing these issues are resolved, approval numbers for June & July should be revealing with regard to the underlying state of Australian cannabis market. Watch this space.



**Authorised Prescribers**

Slow growth in Authorised Prescribers appears to have gained significant pace over the past 12 months. Given that APs are typically high volume prescribers, this is a very encouraging sign for the market. There were 179 APs in December 2020, up from 29 in December 2019. As of 31 May 2021 there were 263 APs, a 47% increase in just 5 months.<sup>8</sup> We believe this is the key indicator to watch in a nascent market when looking for sustainable industry growth.

**Market Momentum**

Together, the SAS-B and AP indicators suggest there is clear momentum gathering in the market. Industry observers will be watching them closely in the coming months to ascertain how much their performance is being driven by genuine growth as opposed to market anomalies.

\*Special Access Scheme - B (SAS-B) approval rates are an important barometer of cannabis product usage in Australia. As an unregistered medicine, cannabis-based medicines must be approved by the Therapeutic Goods Administration (TGA) on a case-by-case basis, with every discrete script (product, delivery mechanism, dosage) requiring separate approval. Changes in any of these, e.g. changing the script from 'Brand A' to 'Brand B' would require a whole new application.

<sup>8</sup> [tga.gov.au/medicinal-cannabis-role-tga](https://www.tga.gov.au/medicinal-cannabis-role-tga)

## Appendix One

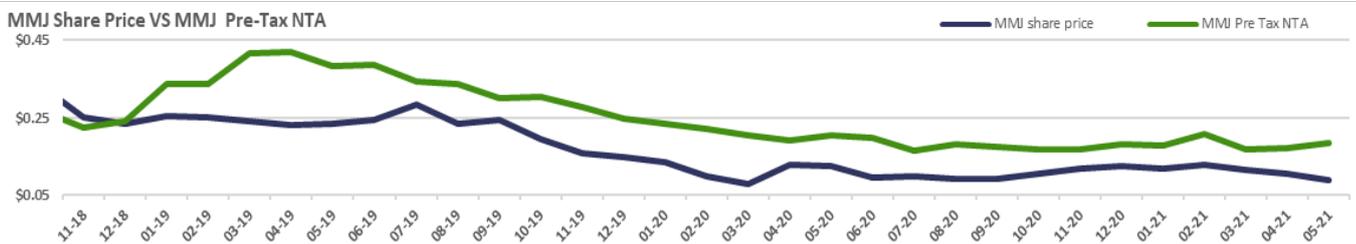
### 1. The year-to-date performance of MMJ's NTA is detailed below<sup>9</sup>:

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	30-Apr-21	31-May-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	0.105	0.090
Net Asset Value	AUD	0.2679	0.3721	0.1924	0.1695	0.1800	0.1747	0.1688	0.1698	0.1830	0.1822	0.2107	0.1741	0.1762	0.1742
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	0.1597	0.1739
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	0.1704	0.1843
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(16)%	(8)%	(11)%	(15)%	(15)%	(8)%	(10)%	6%	(15)%	(14)%	(7)%
Premium(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(40)%	(49)%	(47)%	(38)%	(29)%	(31)%	(33)%	(38)%	(32)%	(38)%	(51)%

### 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)	Book Value (unaudited) 31-May-21 AUDm	Weight	Book Value (unaudited) 30-Apr-21 AUDm	Weight	Book Value (unaudited) 31-Dec-20 AUDm	Weight	Book Value (unaudited) 30-Jun-20 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.3	6.1	14%	7.1	15%	4.1	10%	8.9	19%
WeedMD Inc.	WMD.W M and WMD.D B	Sep-19	Canada	Listed	Convertible Notes and warrants	Producing and distributing cannabis products for both the medical and adult-use markets.	0.7	4.2	10%	4.2	10%	2.2	5%	3.4	7%
<b>Listed investments</b>								<b>10.3</b>	<b>24%</b>	<b>11.3</b>	<b>25%</b>	<b>6.3</b>	<b>15%</b>	<b>12.3</b>	<b>27%</b>
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	0.7	5.0	12%	5.0	12%	13.2	31%	13.2	29%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded products	2.9	7.8	19%	7.7	18%	6.7	16%	6.0	13%
Sequoia		Jul-19	Canada/ Poland	Unlisted	Convertible note and shares	CBD Extraction	1.1	4.5	11%	4.3	10%	4.0	9%	3.6	8%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	3.8	3.9	9%	3.9	9%	3.7	9%	2.1	5%
VitaGenne		Nov-18	USA	Unlisted	Shares	Hemp CBD	0.3	21.2	50%	20.8	50%	27.6	66%	24.9	55%
Martha Jane Medical		May-18	Australia	Unlisted	Shares	Research	1.3	0.4	1%	0.4	1%	0.4	1%	0.8	2%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	3,501	0.8	2%	0.7	2%	0.5	1%	0.5	1%
								1.4	3%	1.4	3%	1.1	3%	1.4	3%
<b>Unlisted investments</b>								<b>22.7</b>	<b>53%</b>	<b>22.2</b>	<b>53%</b>	<b>28.7</b>	<b>68%</b>	<b>26.3</b>	<b>58%</b>
<b>Total cannabis/hemp portfolio</b>								<b>32.9</b>	<b>78%</b>	<b>33.6</b>	<b>78%</b>	<b>35.0</b>	<b>83%</b>	<b>38.6</b>	<b>85%</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	1.5	2.2	5%	2.3	5%	3.1	7%	3.5	8%
<b>Total non-cannabis</b>								<b>2.2</b>	<b>5%</b>	<b>2.3</b>	<b>5%</b>	<b>3.1</b>	<b>7%</b>	<b>3.5</b>	<b>8%</b>
<b>Sold/written off investments</b>								<b>35.2</b>	<b>83%</b>	<b>35.9</b>	<b>83%</b>	<b>38.1</b>	<b>91%</b>	<b>42.1</b>	<b>92%</b>
Axiomm														0.8	2%
Volero														1.3	3%
Hemple														0.3	1%
<b>Cash</b>								<b>0.0</b>	<b>0%</b>	<b>0.0</b>	<b>0%</b>	<b>0.0</b>	<b>0%</b>	<b>2.4</b>	<b>5%</b>
								<b>3.2</b>	<b>8%</b>	<b>3.3</b>	<b>8%</b>	<b>3.8</b>	<b>9%</b>	<b>1.0</b>	<b>2%</b>
<b>Company tax refund</b>								<b>4.0</b>	<b>9%</b>	<b>3.8</b>	<b>10%</b>				
<b>Total Portfolio</b>								<b>42.4</b>	<b>100%</b>	<b>43.0</b>	<b>100%</b>	<b>41.9</b>	<b>100%</b>	<b>45.5</b>	<b>100%</b>

<sup>9</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 31-May-21	Market Price 31-May-21 CAD	Book Valuae (unaudited) 31-May-21 CAD000	Book Valuae (unaudited) 31-May-21 AUD000	Book Valuae (unaudited) 30-Apr-21 AUD000
Harvest One							
- shares	HVT	listed price	55,557,994	0.090	5,000	5,353	6,110
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.041	696	745	973
<b>Total MMJ investment</b>					<b>5,697</b>	<b>6,098</b>	<b>7,084</b>
WeedMD Inc.							
- debentures	WMD.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	57.0	3,420	3,661	3,707
- warrants	WMD.WT	Listed price	3,750,000	0.070	263	281	393
<b>Total MMJ investment</b>					<b>3,683</b>	<b>3,942</b>	<b>4,100</b>
<b>MMJ's Listed investments</b>					<b>9,379</b>	<b>10,041</b>	<b>11,184</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>10</sup>

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

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

- i. 3.697m ordinary shares (approximately 12% shareholding) in Embark.
- ii. 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>11</sup>.
- iii. 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.
- iv. 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>10</sup> Information as at 30 April 2021.

<sup>11</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) 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") (22% shareholding).
- 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 (the investment decisions are controlled by the General Partner which is Bespoke Capital Partners LLC) 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.

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 on 7 June 2021.

**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**

<b>ABBREVIATION</b>	<b>Definition</b>
<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 Marijuana 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>TGA</b>	Means the Therapeutic Goods Administration
<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.