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ASX RELEASE

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MMJ Investor Update - Canadian Cannabis Market

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, is pleased to present a Finance News Network (FNN) interview with Mr Michael Curtis, non-executive director of MMJ and managing partner of Embark Ventures Inc (EBV). EBV is the investment manager of MMJ's portfolio of cannabis and hemp investments.

In this FNN interview, Michael Curtis provides an update on EBV's role as investment manager for MMJ, the Canadian cannabis market and what's planned for the MMJ portfolio.

The video interview will may found on the MMJ website www.mmjgh.com.au

The transcript of the FNN interview is attached to this ASX announcement.

Investor and Media Enquiries

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About MMJ

MMJ is a global cannabis investment company (ABN 91 601 236 417). MMJ owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors including healthcare, technology, infrastructure, logistics, processing, cultivation, equipment and retail. For MMJ's latest investor presentation and news, please visit: <https://www.mmjgh.com.au/investors/>

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.

MMJ Group Holdings (ASX:MMJ) Canadian cannabis market update

31 Jan 2020 - Embark Ventures Managing Partner Michael Curtis provides an update on talks about the company's role as investment manager for MMJ Group Holdings (ASX:MMJ), the Canadian cannabis market and what's planned for the portfolio.

Close Transcript

Embark Ventures Managing Partner Michael Curtis provides an update on talks about the company's role as investment manager for MMJ Group Holdings (ASX:MMJ), the Canadian cannabis market and what's planned for the portfolio.

Rachael Jones: Hello. I'm Rachael Jones for the Finance News Network. Joining me from Embark Ventures is Managing Partner Mike Curtis. Mike, welcome back to the network.

Michael Curtis: Thanks, Rachael. Glad to be back.

Rachael Jones: Now, Embark Ventures is the investment manager for MMJ Group Holdings (ASX:MMJ). Can you remind the audience about the LLC?

Michael Curtis: We're an Australian pure-play investment vehicle. Our market cap's about \$30 to \$35 million, depending on market conditions. Our investment portfolio consists generally of unlisted private companies, along with listed Canadian investments.

Rachael Jones: Thanks, Mike. Now, can you tell us about the MMJ portfolio, including your approach to investing over the next 12 months?

Michael Curtis: Our focus over the last six months is going to be very similar to our focus over the next 12 months. We'll focus on investments and cashflow businesses that are fully financed. We made an investment in a company called Weed MD during the time we last spoke. It's an under-recognised vertically oriented, licensed producer. We believe it has a significant recreational and medicinal customer base, and it just came in with a \$25 million private placement from a new investor. So, that's one of the ones we feel is going to be in the cannabis 2.0 situation. One of the successful companies.

In addition, we've focused on bottlenecks within the value chain. That focus has been on extraction, so extraction facilities within the cannabis space and brands. We've made two significant investments in the extraction space. One is a company called Embark. Embark is a company that's building what could be the world's largest extraction footprint. It looks like it's going to be a global footprint and it's got seven methods of extraction. This is one of the really bottleneck areas. We've also made an investment in a company called Sequoya Cannabis, which is a Polish-based extraction facility. It's just received its EU GMP certification.

And then, on the brand side, we made a significant investment in a company called Volero that produces the Flyte pens. They've received significant preorders, and we think it's going to be an exceptionally profitable company.

Then lastly, we continue to support our existing portfolios in what's been an extremely capital-constrained environment. Harvest One is one of those that we're continuing to take forward, and we think the brands that it's established are eventually going to create value longer term.

Rachael Jones: Thanks, Mike, and what are the investment opportunities there in Canada?

Michael Curtis: Well, Rachael, the last six months have been pretty transformational for the cannabis equities industry. We've had a significant decline in the publicly listed equities, and it's really been the first one we've seen in the cannabis cycle. It was a retail panic that morphed into an institutional sell-off, which in December we think finished in extreme tax-loss selling.

We tend to have a more global view of the cannabis sector. We've got a variety of investments in the legal jurisdictions, generally Western geographies. Overall, we're now cautiously bullish on the sector for 2020. We expect there to probably be some more consolidation and cleanup, but, realistically, investors

are understanding now that there's not a quick fix here, and you really need to invest in the companies that are going to be the winners over the longer term.

Rachael Jones: What is the state of the Canadian cannabis market and the investment market?

Michael Curtis: It looks like now within the Canadian cannabis sector companies are looking to out-compete each other both on pricing and brand marketing. We think there's probably going to be four or five large LPs that come out of this, and then a number of mid-tier producers. As well, there's going to be a number of companies that just don't make it through this.

Embark, along with MMJ, we're positioning the portfolio to benefit from this shift. We feel like 2020 is going to be a moderately positive return year, with 2021 positioned as really a banner year for the cannabis sector.

Rachael Jones: To the last question now, Mike, what message would you like to leave investors?

Michael Curtis: Well, I think, Rachael, typically in these bubble-burst scenarios, whether it's the tech bubble or the housing bubble, the year after the burst, it's moderately bullish for equities, as the industry tends to deal with the over-capitalisation oversupply. It takes about 12 to 18 months for these issues to resolve, and the surviving players are going to come out to enjoy the benefits of that.

As I said, 2020 -- moderately bullish. 2021 should be a very high-return year. We're focused on taking advantage of these depressed valuations, and deploying capital into the areas of focus, and really just taking advantage of what we believe is a depressed market, where we can have some very profitable investments over the next two years.

Rachael Jones: Mike Curtis, thanks for the update.

Michael Curtis: Thanks for the time, Rachael.

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