

**Company:** MMJ

**Title:** MMJ Investor Update Conference Call

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## Start of Transcript

Operator: Thank you for standing by and welcome to the MMJ Investor Update conference call. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask your question on the phone, you will need to press the star key followed by the number 1 on your telephone keypad. I would now like to hand the conference over to Mr Michael Curtis, Non-Executive Director of MMJ and Managing Partner of EmbarkVentures.

Please go ahead.

Michael Curtis: Thanks, [Lexi].

Good morning, everyone. Thank you for taking the time today. What I'd like to do today is walk through the presentation that we've published, and once we've completed the presentation take a few minutes to go through question and answers.

MMJ is, and will be going forward, the premier listed investment company on the cannabis space. I was lucky enough to come into the fold when the group that had founded it has created a high-quality portfolio composed of strong brands. But the Board's constantly looking for different ways to both increase the share price and to increase the quality of the earnings for the company.

To that end, we started a strategic relationship with EmbarkVentures in generally moving the centre of the asset business over to Canada. Canada remains the epicentre of cannabis and hemp investments, so we believe that this is going to generate significant superior investment returns to our shareholders.

EmbarkVentures has been created with MMJ to create what's essentially an ecosystem, because both the investments and the operating platforms work together. We've seen this work exceptionally successfully with Canopy Growth and Canopy Rivers, and we think that following this pattern will continue to reduce the NAV discounts and eventually begin to trade at a premium.

EmbarkVentures is going to provide significant areas of advice across buying and selling securities, working with our portfolio companies both to ensure that they achieve excellence in terms of operating, but to avoid any pitfalls that my partners and I have dealt with through our career.

We'll focus on liquidity with our companies; both liquidity through the public markets, as well as through M&A, and lastly we'll do some of the actual financial things that we can do. So that will be focusing on hedging within the sector, market exposures, and giving the money back to our investors in the form of share buybacks and dividends.

The founders of EmbarkVentures have been both entrepreneurs. All of them have started businesses generally outside of the cannabis sector. But for the last four or five years, the primary founders have been starting and sourcing and building high-quality cannabis businesses across brands, extraction and other areas.

Some of exits that the EmbarkVentures teams have seen - Newstrike, for example, is a 1600% return, WeedMD a 1500% return, and a 660% return for Dosecann. We hope to continue to pursue these returns. It's going to come in the form of both high-quality investments, and effectively starting high-quality companies as we go forward.

The partnership that MMJ and EmbarkVentures would like to undertake with our portfolio company is really targeting working with those companies on a daily basis. From our perspective we'll work to focus on path to liquidity. So within our portfolio that means we'll look at a company that doesn't take up more than 10% of our overall portfolio, and we'd like to see at least 70% of those companies going public or chasing liquidity to commence in the near term.

My partners and I have all had over 20 years' experience in legal capital markets and cannabis space. We believe that we'll be able to assist those management teams as they prepare for liquidity events, IPOs, and when they receive takeover offers or merger opportunities.

Our portfolio is going to be structured. We'll have regular review and compliance for our shareholders. At the same time, when we need to, we'll assist our companies in raising additional capital. We'll broaden out their shareholder bases and increase their values as we go forward.

Today we've really focused on investments within the bottlenecks of the cannabis sector. So as you look at our portfolio, you can see that we focus on the front end, so that focus on cultivars, tissue culture and other areas. Then as we go through the value cycle, we've put a big focus on extraction, and then the brands which we think over time are going to become very, very valuable. As you look at the portfolio that we have, we have a nice subsector within those areas. We'll continue to focus on those bottlenecks as we broaden our investment strategy.

Broadening that investment strategy effectively means we need to expand our geographic distribution. We would like to see our portfolio companies based across Eastern Europe and North America within a full legal environment. We believe that the US opportunity is very, very significant. Right now we're focused on the CBD and hemp investments, with the eventual assumption that we'll see full legalisation within the United States in the next five years.

Globally we're continuing to see countries come on line in terms of medical approvals. The goal is full recreational legislation across the globe. We'll continue to keep up-to-date on those and we'll talk about some investments later on in the presentation as we're viewing that.

Once again we continue to be the premier advisor, and we think that the partnership with EmbarkVentures is going to increase that.

To date the MMJ share price has traded at a reasonably large discount to net asset value. Ideally we'd like to over time close that gap, and more importantly we'd like to trade at a premium to our NAV. The way we think we can do that is four-fold.

Deal sourcing. Being based in Toronto would constantly see high-quality deal flow on a daily basis. We've got extensive contacts and networks throughout the globe, so we believe that we're seeing the companies early, and we think we're seeing them at the right valuation.

As I previously mentioned, the expertise that we have in the sector is quite broad; 20 years across the capital markets legal and cannabis sector. My partners and I have successfully achieved a multitude of licences within the Health Canada space. We believe that we'd be able to help both our companies and quickly screen out any subpar investments that we don't like.

Going back to the ecosystem, the operating platform leverage is essential. Being entrepreneurs, my partners and I have worked through the areas that can cause costly mistakes. We can highlight them for corporations, and we can work with them quickly to avoid that and just accelerate their capital markets journey and maximise the valuations that they get.

Finally, we can return profits to our investors both in the way of a share buyback, which we have begun to undertake, and providing a dividend to our investors. That's just a way of providing the profit back to investors.

Moving on, talking about the ecosystem between investment and operations, you can see that EmbarkVentures is obviously in partnership with Embark Health. What this has allowed us to do - and a clear example is with Volero Brands and the Flyte investment. MMJ and EmbarkVentures led the financing in this high-quality company, now Embark Health is coming in to provide supply on a licensed basis within Canada, allowing Volero and Flyte to really focus on what they are, which is a brand company. That's the first case of operating leverage.

The second case of operating leverage is we've looked globally, focused on the regulatory regimes where we believe we can be first mover. So we've set up a Polish CBD extraction with some high-quality operators who've done it in the past. We're able to now do bulk orders for the equipment for that extraction company, and as well as the other extraction companies that we have within the portfolio just bringing down the overall cost and the eventual increase in the value to shareholders over time.

A couple of case studies that would be useful to talk to of the existing portfolio companies. The first one is MediPharm Labs. As we go back to our focus on bottlenecks, that focus is on extraction. We viewed this company 12 months ago as a potential industry leader. We made a fairly sizable investment of AU\$5 million into it, and we've been able to return four times capital to our investors; both through the quality of the company and the understanding of investors that extraction is one of the bottleneck areas, but more importantly we've sold off that position as new investors have come in and it's positioned MMJ and EmbarkVentures to deploy a fair amount of capital over some significantly positive experiences.

The next case study again is Dosecann Cannabis Solutions. This focuses again on extraction. The belief here is that extraction is going to be the bottleneck for all cannabis operations as we go forward. Initially it's going to focus on the recreational market, whether it be vapes or edibles, but over time you are going to see that pharmaceutical-grade-like facilities produce pharmaceutical-grade products. So Cannabis Wheaton recognised quite quickly the opportunity embedded within Dosecann and took over the company almost immediately after it had closed to financing.

The last case study that we'd like to talk to you is Harvest One, which remains one of our larger investments. Harvest One is one of the examples of strong brands. Currently it has a distribution network of over 30,000 retail units. As the company continues to increase its cannabis production/extraction, we believe that it's going to be exceptionally well positioned to ramp up its operations over time and it will continue to become a market leader. We believe the company is significantly undervalued in the current market, and we look forward from benefitting from its price appreciation and its expansion of this distribution network over time.

That's a reasonable summary of the presentation at this point in time. I'd like to hand it over to the operator for any questions.

Operator: Thank you.

If you wish to ask a question on the phone, please press star 1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star 2. If you are on a speakerphone, please pick up the handset to ask your question. We'll pause briefly to allow questions to enter the queue.

Your first question comes from [Earl Wark] a private investor. Please go ahead.

Earl Wark: (Private Investor) Hello. I just called up to ask - (1) was to listen to the presentation, and thank you for that. The question's about Harvest One. In the next 12 months, where do you see their revenue growth coming from, their cannabis-based products or their wellness products? Thank you.

Michael Curtis: Sure. Thanks, Earl. Happy to help. I think initially you're going to see the wellness products because their distribution network across the retail network is going to be driving that, and then if their cannabis production ramps up over time, Earl, you're going to see that smaller base begin to broaden. That's also going to be reflected in the profit margins, because they're obviously going to be much higher profit market companies. As I mentioned, we think Harvest One is exceptionally undervalued. It's undervalued in the sense that cannabis companies have yet been able to really create any longstanding brands.

We believe that Harvest One has a few of those opportunities within its portfolio, and we think that it's in some interesting discussions regarding additional products. We also believe that you're going to see a fair number of other companies out there begin to view Harvest One as a potential bolt-on or partnership due to the massive distribution network that it has. Most of the LPs in Canada have a very narrow distribution network, and then in the United States obviously that's - it's not federally legal on the cannabis side so it's not really a focus for us. Anything else, Earl?

Earl Wark: (Private Investor) Just one more question. Do you see that - being MMJs largest investment, do you see that somehow - it being as a bolt-on, is it - I don't want to use the word takeover but is it - for the larger cannabis companies in Canada, do you see there's an attractive potential partner and/or takeover option for them?

Michael Curtis: Sure. I think that we should step back for a second and think about the broader question here. The LPs in Canada have been essentially focused on building up their cultivation operations. They have built massive greenhouses and now we're seeing outdoor grows. We're seeing a variety of outdoor grows around the world. What we're not seeing is the front end, on the tissue culture side, and we're definitely not seeing it on the back end. So 100% believe that the right company is going to come along, recognise this distribution network and try and bolt it on in whatever fashion it can. Either way it will obviously be highly accretive to Harvest One and their shareholders as well as ours.

Earl Wark: (Private Investor) Thank you for that. Thank you, Michael.

Michael Curtis: Pleasure.

Operator: Thank you. Once again, if you wish to ask a question on the phone, please press star 1 on the telephone and wait for your name to be announced. We'll pause again to see if anyone else registers.

We are showing no questions on the phone at this time. I'll hand back over to Mr Curtis for webcast questions.

Michael Curtis: Great. Thanks, [Lexi].

I think we're finished here. I'd just like to thank everyone for the time that they put in to listen to the presentation. Feel free to contact me directly with any specific questions outside of this. Thank you and have a great day.

**End of Transcript**