

**ASX RELEASE**

11 June 2020

**Embark Health & Volero Brands Announce a Co-Production Agreement**

**MMJ Group Holdings Limited (ASX:MMJ) ("MMJ")**, is an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain in Australia, Canada and Europe.

**Embark Health Update**

In the attached release Embark Health Inc. ("Embark" or the "Company") and Volero Brands Inc. ("Volero") announced that they have entered into a definitive agreement (the "Co-Production Agreement") to develop, produce, and distribute Volero's Flyte cannabis 2.0 products for the Canadian market.

MMJ has minority holdings in both Embark and Volero (refer below).

MMJ's investments in Embark Health and Volero demonstrate some of the benefits provided to MMJ shareholders from its investments in early stage unlisted investments in the medicinal and adult use cannabis sector with the prospect of realising potential gains on listing the public markets.

Further detail on the operations of Embark Health and Volero may be found on the MMJ website [www.mmjgh.com.au/portfolio/](http://www.mmjgh.com.au/portfolio/).

**MMJ's investment in Embark Health**

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

- i. 3.425m ordinary shares (approximately 12.7% shareholding) in Embark Health with a book value of CAD2.40 per share.
- 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>1</sup>.
- iii. Warrants that provide the option for MMJ to acquire a further 1.2m shares at CAD1.20<sup>2</sup> 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.
- v. MMJ had generated a total return<sup>3</sup> of 2 times on its investment.

**MMJ's investment in Volero**

MMJ was a foundation investor in 2019 – the investment now comprises:

- i. 5m ordinary shares (approximately 7% shareholding) carried at book value of CAD0.38 per share.
- ii. Warrants that provide the option for MMJ to acquire a further 2.5m shares at CAD0.65 each up with maturity date of 17 May 2022.

<sup>1</sup> A Liquidity event is an initial public offering or a material sale event

<sup>2</sup> Exercise price has based on MMJ book value of CAD2.40 per share

<sup>3</sup> The return comprises all cash income, sale proceeds, accrued income and fair value of investment at date of calculation

- iii. Warrants that provide the option for MMJ to acquire a further 2.5m shares at CAD0.65 each up with maturity date of 17 May 2022.
- iv. MMJ had generated a total return of 1 times on its investment.

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### **Investor and Media Enquiries**

Announcement authorised for release to ASX by:

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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.*

## 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.

# Embark™

Embark Health Inc. Announces a Co-Production Agreement with Volero Brands Inc. to Produce and Distribute Flyte Cannabis 2.0 Products in Canada



Toronto, Ontario—(June 10, 2020) – Embark Health Inc. ("Embark" or the "Company"), through its wholly owned subsidiary, Embark Delta Inc., and Volero Brands Inc. ("Volero") are pleased to announce that they have entered into a definitive agreement (the "Co-Production Agreement") to develop, produce, and distribute Flyte cannabis 2.0 products for the Canadian market.

"Experienced and innovative leadership combined with the demonstrated ability to navigate the regulatory landscape are a necessity for product differentiation, market growth and ongoing success in the rapidly evolving Canadian and International cannabis markets," said Luc C. Duchesne, Embark's CEO. "We are proud to be partnering with Sean and the Volero team as they have significant depth of knowledge and experience, as demonstrated by the consumer recognition of the Flyte brand. Our agreement with Volero will allow us to produce the quality 2.0 products the market demands, and customers expect from Embark."

"This partnership with Embark is a winning move for us," said Sean Trustham, Volero's CEO. "These early days are revealing immense opportunity. We have a thorough and considered product pipeline across Cannabis 2.0 categories that we are eager to rapidly bring to market through collaboration with a team such as Embark; the fit is exceedingly good. As we continue to develop and ship unique products in the coming months, we will keep doing what we do best - setting ourselves and our brands apart to ensure that, in the end, we have a leading position in the cannabis vape category."

Leveraging Embark's production capacity, scale, reach, and sales network to drive growth for 2.0 and 3.0 products in the Canadian market, the Co-Production Agreement provides for the production and distribution of vape pens through 2021. Volero will leverage its leading brand traction and product strategy expertise to design, brand and market their innovative vaporizer products, while Embark will provide high quality raw materials from its supply chain, high-quality cannabis distillate, formulation and filling expertise from its GPP facility, as well as sales and distribution services across Canada to cannabis distributors and retailers.



## Unique Formulations with the Original Vape Hardware

Slim and discrete, Flyte Classic vape pens are offered in eight varieties and are currently available in British Columbia, Manitoba and Saskatchewan. Upcoming Q3 launches are anticipated in Alberta and Ontario with further expansion in remaining provinces to follow. The suite of Flyte vape cartridges are sold in 0.5 gram net weight units.

### About Volero Brands

Volero Brands is a privately held, British Columbia-based company engaged in the development of a family of cannabis brands and products for Canadian and international markets. While currently active in the topicals space with Compliance Brand topical products, the Company's flagship brand is Flyte, a cannabis distillate vaporizer product. The Flyte brand and expertise has been licensed in the state of Nevada for concentrates prepared from distillates of phytocannabinoids and packaged in vaporizer pen cartridges. The Company brings deep technical and brand expertise to extraction, formulation, development and marketing of cannabis distillate-based products.



[VOLERO.CA](http://VOLERO.CA)



[FLYTE.LIFE](http://FLYTE.LIFE)



### About Embark Health Inc.

Embark Health Inc. is an emerging leader in cannabis extraction, with a focus on unleashing the full potential of the cannabis plant through scientific approaches to extraction and the production of quality products to enhance everyday life. It is Embark's mandate to pursue the best production processes throughout product innovation and development, manufacturing and take to market lifecycles. The result is unparalleled commercial and consumer extraction products.



[embarkhealthinc.com](http://embarkhealthinc.com)

## **FORWARD LOOKING STATEMENTS**

*This news release contains "forward-looking information" within the meaning of applicable securities laws including statements regarding the benefits of the Co-Production Agreement to each of Embark and Volero and the ability to produce cannabis 2.0 products for the Canadian market, the pipeline of Volero product offerings, the ability for Volero to maintain a leading brand position, the ability for Embark to leverage its operations, the ability for Embark and Volero to complete their respective business objectives, the ability for the parties to successfully launch brands and other future developments. Although Embark believes in light of the estimates by management, current conditions and expected future developments and other factors, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them. Accordingly, Embark can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, changes in economic conditions or financial markets; regulatory delays; increases in costs; litigation; legislative, environmental and other judicial, regulatory, political and competitive developments; and technological or operational difficulties. This list is not exhaustive of the factors that may affect our forward-looking information. The statements in this press release are made as of the date of this release. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company.*