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ASX RELEASE

12 August 2021

MMJ Investment Portfolio Report as at 31 July 2021

MMJ Group Holdings Limited (ASX: MMJ/OTC Code MMJF) ("MMJ") is an Australian-listed specialist investment company which offers the opportunity to invest in a globally diversified portfolio holding investments in private (typically pre-IPO) and public companies in high growth industries. MMJ's current investments are largely minority holdings in Australian and offshore cannabis-related businesses with select investments being added in other high growth industries such as but not limited to natural resources, pharmaceuticals and software services technology.

MMJ Investment Portfolio Report as at 31 July 2021

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

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

31 July 2021

MMJ Investment Portfolio



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About MMJ

MMJ Group Holdings Limited (ASX: MMJ) is an Australian-listed, specialist investment company that has traded on the ASX since 2015. Investors in MMJ gain exposure to a globally diversified portfolio focused on investing in private (typically pre-IPO) and public companies in high growth industries.

Currently, MMJ's investments are largely minority holdings in Australian and offshore cannabis-related businesses reflecting the company's early focus. MMJ has expanded its investment mandate to other high growth industries such as but not limited to, natural resources, pharmaceuticals and software services technology.

Investments are managed by Parallax Ventures Inc., a specialist management company in Canada, under a long-term strategic partnership.

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 to the benefit of MMJ and its shareholders:

20 Primary Acquisitions **9** Follow on investments¹ **4** Private to public **10** Sale of investments

MMJ Investment Performance^{2,3}

MMJ Historical Performance - period ended					31-Jul-21
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(1)%	9%	(1)%	12%	(13)%
Benchmark	(11)%	(13)%	(11)%	39%	(14)%
Out/(under) performance	10%	23%	10%	(27)%	1%

For MMJ's latest investor presentations and news, please visit www.mmjgh.com.au

General Investor Queries

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W: mmjgh.com.au

Share Registry

Automic Registry Services

P: 1300 288 664

W: automic.com.au

Performance Update

Net Tangible Asset Value Per Share Before Tax⁴ as at 31 July 2021

\$0.1863

Total Portfolio as at 31 July 2021⁵

\$38 million

Investment Return for 12 months ended 31 July 2021

12% p.a.

Key Metrics as at	31-Jul-21	AUD
Net Asset Value	m	40
Investee Porfolio (ex cash)	m	35
Cash	m	3
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1863
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1725
Net Asset Value per share		0.1729
MMJ share price (ASX)		0.079
Market capitalisation	m	18
Number of investments (ex cash)		8
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.

MMJ held a live audio webinar of the Investor Conference Call on 16 July 2021. In this webinar, Michael Curtis, MMJ Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of MMJ's investments, gave an update on MMJ's major investments.

¹ Includes investments in existing investees.

² Inception is 30 June 2018 being the date when MMJ commenced accounting for investments as an investment entity.

³ 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.

⁴ Net Tangible Asset Value per share – unaudited, before tax on unrealised gains on investment portfolio. MMJ will release its audited financial statements for year ended 30 June 2021 by end of August 2021. The financial information within this report is unaudited.

⁵ Comprises investments, cash and company tax refund receivable.

MMJ NEWS**Performance of MMJ Portfolio as at July 2021**

During July, MMJ's net asset value (before provision for tax) declined 1%. This was a favourable performance compared to our benchmark, which declined 11% over the same period. Performance for the 12-months to 31 July 2021 was a positive 12%.

The MMJ portfolio is heavily weighted to unlisted investments with listed assets representing only 27% of MMJ's NAV at 31 July 2021. This significant unlisted bias, positively impacted the performance relative to the benchmark over the month, however, it continues to be a material contributor to the sustained discount (54% at year-end) that the MMJ share price trades to its NAV.

MMJ enters the 2022 financial year expecting that one or more of MMJ's key unlisted investee companies will move to realise their inherent value by listing on the public markets. This would be positive for MMJ, after a year when a number of unlisted investee companies deferred their IPO intentions.

MMJ is seeking to reduce the gap of the share price to NAV by:

- i. diversifying its investment mandate to include non-cannabis investments in primarily listed or pre IPO investment opportunities;
- ii. benefiting from the prospective rerating of the HVT share price where MMJ now has significant leverage to improvement in performance through its 22% shareholding and a further 17 million warrants; and
- iii. working with material MMJ investee businesses, Weed Me and Southern Cannabis Holdings, to achieve liquidity events during the next 12 months.

Additionally, as noted below, MMJ has considerable internal funding resources to make investments that are aimed at materially increasing net asset value.

Investment Portfolio

MMJ's portfolio management is focussing on creating a global diversified portfolio that invests in private (typically pre-IPO) and public companies in high growth industries, where the MMJ Board perceives there to be material upside potential. This may include emerging sector leaders along the cannabis value chain and other sectors which are considered to have high growth potential, such as natural resources, pharmaceuticals, and software services technology.

Portfolio Update

The continued growth in the Canadian market and expansion of the Australian medicinal cannabis market underlines MMJ's view that its material investments (HVT, Weed Me, Entourage Health Corp and Southern Cannabis Holdings) are well-placed to generate material investment returns over the medium term.

WeedMD

On 14 July 2021, WeedMD announced it had entered into a definitive agreement (the "**Acquisition Agreement**") to acquire all of the issued and outstanding shares of renowned craft cultivator CannTx Life Sciences Inc. ("**CannTx**") in an all-stock transaction (the "**Acquisition**"). The Acquisition, which is subject to CannTx shareholder approval as well as other customary closing conditions, is expected to close in late August 2021.

Entourage also announced it had changed its name from "WeedMD Inc." to "Entourage Health Corp."

Harvest One

During July, Harvest One Cannabis Inc. ("HVT") announced two significant initiatives to expand branded product sales:

- a) HVT signed a three-year renewable marketing and distribution agreement (the "Agreement") for international market expansion with WB Canna Co. & Wellness ("WB Canna"), a leading cannabidiol ("CBD") and wellness products distributor in the Caribbean, Central America, and travel retail/cruise channel.

Partnering with WB Canna aligns with Harvest One's growth strategies for its core brands, and further contributes to HVT's growth and brand expansion initiatives for fiscal 2022. Based on the terms of the Agreement, HVT granted WB Canna exclusive distribution and marketing rights across 33 countries throughout the Caribbean and Central America inclusive of Mexico, Puerto Rico, and Colombia. Such distribution includes channels of duty free, cruise and travel retail.

- b) HVT's wholly-owned subsidiary, Delivra Inc., has granted Valens Agritech Ltd ("Valens"), wholly-owned subsidiary of The Valens Company, a leading manufacturer of cannabis products, an exclusive two-year licence ("Licence") to

manufacture, distribute and sell infused LivRelief branded topicals in Canada. HVT's LivRelief™ CBD cream was the top-selling SKU in the Infused Topicals category in Ontario for the four-month period ended June 2021, by dollars sold, based upon OCS Sales Data. In addition, for the same period, HVT's LivRelief brand captured approximately 27% market share within the Infused Topicals category in Ontario based upon sales revenue.

Investor Communications

MMJ held a live audio webinar of the Investor Conference Call on 16 July 2021. In this webinar, Michael Curtis, MMJ Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of MMJ's investments, gave an update on MMJ's major investments.

MMJ will release its audited financial statements for year ended 30 June 2021 by 31 August 2021. The financial information contained within this report is unaudited.

Funding Position

MMJ is well-positioned to create value from its existing portfolio with a liquid balance sheet and cashflows from investments.

- a) Total assets of \$43 million, with immaterial current liabilities.
- b) Cash of AUD3.3 million, a company tax refund receivable of \$4.6m⁶ and a portfolio of listed equities (CAD5m), listed convertible loans (CAD4m) 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. These provide opportunities for MMJ to make follow-on investments in businesses at a discount to current valuations. MMJ holds the right to make follow on investments in:

- a) Sequoya (Europe).
- b) Entourage Health Corp (formerly WeedMD) (Canada).
- c) Embark Health (Canada).
- d) Harvest One Cannabis Inc. (Canada).
- e) Vintage Wines Estates, Inc. (USA).

⁶ 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 – July 2021

Earlier in the year not too long after Joe Biden had taken office, cannabis equities were soaring again after a year in the penalty box. At that time, the market was anticipating the newly elected Democrats would make cannabis federally legal in the United States thus paving the way for listing of already state-legal cannabis producers on the major exchanges there. On the back of this enthusiasm cannabis companies had raised more than US\$2 billion in equity financing just in the first 2 months of 2021. Crucially it would also have allowed for MMJ to invest in that market.

Four months later and we are looking at a much different landscape. In news out just this month, the White House has made it clear they will not back the cannabis decriminalization bill introduced in congress by Democratic senators. At this point it's very hard to see how cannabis can become federally legal in the US over next 4-6 years. And the markets have punished cannabis equities for it.

While the U.S. political news is most salient for U.S companies, there are certainly some spillover effects into Canada and the rest of the world including Australia. However, it is not all bad news. The run up earlier in the year has well positioned companies that were able to smartly access the capital markets for equity. Some of our publicly listed portfolio companies such as Harvest One and Entourage Health tapped the markets and answered any concerns about balance sheets and liquidity investors may have had.

Private companies in the portfolio did not have the same access to capital as the public companies did but their ongoing cost reduction initiatives over the past year has started to pay off. In summary, U.S. legislation won't save the industry and that message is now out there loud and clear. Management teams must do the blocking and tackling required to achieve success on their own. We are pleased to report that most of our portfolio companies have learned this lesson and are positioned well.

With that backdrop allow us to update you on some of the larger portfolio holdings –

Harvest One

- Harvest One recently expanded their retail distribution footprint in the US with an expansion into nearly 11,000 retail locations in Virginia, Arizona, Massachusetts, North Carolina and Montana. The primary focus of this expansion is to push non-infused Dream Water within the North American market.
- Harvest One give has created large distribution networks in the United States and sell through non-infused products there while selling infused products in Canada.
- In the event there is a breakthrough on federal legalization, the task of taking established non-infused brands they've developed and infusing them with cannabis would give them a head start over other Canadian players wishing to enter that market.

Entourage Health Corp (formerly Weed MD)

- WeedMD is changing its name to Entourage Health Corp and has reported Q1/2021 total revenue of C\$12.9mln beating the guidance they had provided.
- They have also reported significant improvement in SG&A expenses which are down 66% quarter over quarter, and they are now nearly at breakeven on an adjusted EBITDA basis.

Embark Health

- The company has a hit product on its hand with the Hazel hash sticks and they've had multiple re-orders from provincial buyers for it.
- On the flip side, the premium bubble hash segment the company was trying to establish at \$80 per gram pricing has been a bit more challenging. They've now lowered the price which has created more customer traction and the product is still economical at the new levels.
- We continue to expect the company will find liquidity for its shares in 2021 as the company transitions to becoming a house of cannabis 2.0 brands.

Weed Me

- Weed Me continues to break records in terms of monthly sales in 2021 and is now likely one of the largest privately held cannabis producers in terms of sales.
- We expect the company is on track to list publicly in the next 12-18 months.

J Supply Co

- J Supply, which currently has 3 stores, is acquiring Northern Helm in an all-stock transaction.
- 11 retail stores across both brands slated to open by the fall — including Northern Helm's stores in Bowmanville, ON; Kingston, ON; and on Toronto's Danforth Ave.

- The acquisition has positioned the combined company for scale-up through 2021 and beyond.

The cannabis retail market in Canada is now C\$3.5bn annually. We expect over the next decade for that market size to be a multiple of where it is today. Producers and processors in our portfolio are set to take advantage of this growth.

For the US, the outlook appears less certain than it did a few months ago but the market has adjusted for that by taking the equities lower. From our perspective, the smart play is to continue focusing on legal and regulated jurisdictions but through companies that have upside potential in case there is some unexpected positive surprises out of the US. We would point to Harvest One as an example again here.

Overall, most of our portfolio companies are in a much better position than they were a year ago. Management teams have been smart enough to raise capital at the right time, lower costs, and create marketing strategies to build real businesses over the long term. We continue to be encouraged by their prospects and are constantly seeking new investments to diversify our portfolio.

Appendix One

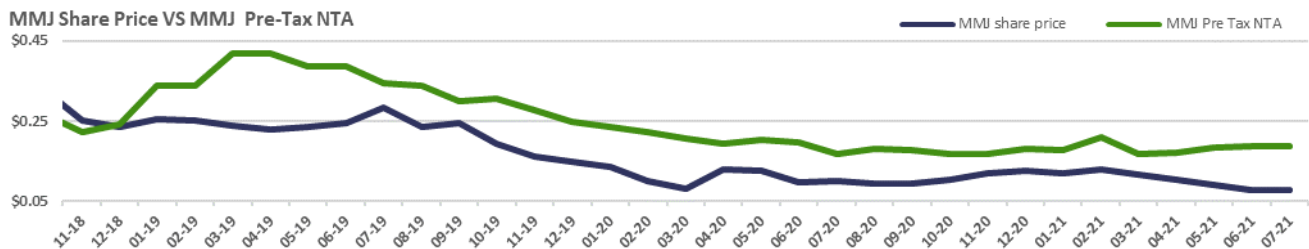
1. The year-to-date performance of MMJ's NTA is detailed below⁷:

Table One

MMJ Historical Performance - financial year to date		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21
Share price \$	AUD	0.335	0.245	0.096	0.077	0.079
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1750	0.1729
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1747	0.1725
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1885	0.1863
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(5)%	(1)%
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(59)%	(58)%

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/ TSX/ TSX Code	Initial Investment date	Country	Company type	Investment structure	Business	MOIC (current portfolio)	Book Value (unaudited)	Weight	Book Value (unaudited)	Weight	Book Value (unaudited)	Weight
							31-Jul-21 Times	31-Jul-21 AUDm		30-Jun-21 AUDm		30-Jun-20 AUDm	
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.4	6.5	15%	7.2	17%	8.9	19%
Entourage Health Corp	ENTG.DB and ENTG.WT	Sep-19	Canada	Listed	Convertible notes and warrants	Cannabis products for both the medical and adult-use markets.	0.9	4.8	11%	4.5	10%	3.4	7%
Listed investments								11.4	27%	11.7	27%	12.3	27%
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	0.4	2.7	6%	2.6	6%	13.2	29%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded products	3.5	9.7	23%	9.5	22%	6.0	13%
Sequoia		Jul-19	Canada/ Poland	Unlisted	Convertible note and shares	CBD Extraction	0.9	3.8	9%	3.8	9%	3.6	8%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	4.2	4.3	10%	4.3	10%	2.1	5%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	3,424	0.3	1%	0.3	1%	0.2	0%
Unlisted investments								20.4	48%	20.3	47%	24.9	55%
Total cannabis/hemp portfolio								31.8	75%	32.0	73%	37.1	82%
Vintage Wine Estate		Aug-19	Canada	Unlisted	Bespoke A Limited Partnership holds VWE shares and founders warrants	Investment in beverage businesses	1.9	2.9	7%	3.2	7%	3.5	8%
Total non-cannabis								2.9	7%	3.2	7%	3.5	8%
							0.7	34.7	81%	35.4	81%	42.1	92%
Cash								3.3	8%	3.4	8%	1.0	2%
Company tax refund								4.6	11%	4.6	11%	0.0	0%
Total Portfolio								42.6	100%	43.5	100%	45.5	100%

⁷ 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		Market Price		Book Value (unaudited)	Book Value (unaudited)	Book Value (unaudited)
			31-Jul-21	31-Jul-21	31-Jul-21	31-Jul-21	30-Jun-21		
				Foreign Currency	Foreign Currency	AUD000	AUD000	AUD000	
Harvest One									
- shares	HVT	listed price	55,557,994	0.095		5,278	5,742	6,261	
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.043		735	799	963	
Total MMJ investment						6,013	6,541	7,224	
Entourage Health Corp									
- debentures	ENTG.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	70.0		4,200	4,569	4,250	
- warrants	ENTG.WT	Listed price	3,750,000	0.050		188	204	221	
Total MMJ investment						4,388	4,773	4,471	
Vintage Wine Estate									
- shares	VWE.U	Listed price	60,000	10.0		601	814	962	
- warrants	VWE.WT.U	Listed price	666,670	2.300		1,533	2,077	2,217	
Total MMJ investment						2,134	2,891	3,179	
MMJ's Listed investments						10,400	11,314	11,695	

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
Total				43.5	16.0	2.7

6. Unlisted securities held by MMJ⁸

(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.

⁸ Information as at 30 June 2021.

- 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 Event⁹.
- 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.

(b) Weed Me

MMJ was a foundation investor in Weed Me in December 2017 which now comprises:

- i. 3.46m shares (book value of CAD2.44 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 20 cents per share) representing approximately 17% of SCH's issued capital.

(d) Sequoya

MMJ was a foundation investor in Sequoya – 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 Sequoya 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 Sequoya.

(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) Entourage Health Corp (**Entourage**) (formerly known as WeedMD)

MMJ's investment was made in September 2019 – the investment now comprises:

- i. CAD6m in 8.5% unsecured Convertible Debenture units issued by Entourage 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) Vintage Wine Estates, Inc. (VWE)

MMJ was a foundation investor in VWE. (formerly known as Bespoke Capital Acquisition Corp) (TSX: VWE, VWE.WT.U) 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 VWE (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.

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.

⁹ A Liquidity event is an initial public offering or a material sale event.

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
AUD	means Australian dollars.
AASB	Australian Accounting Standards Board.
ACMPR	means Access to Cannabis for Medical Purposes Regulations.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
ASX Listing Rules	means the Listing Rules of ASX.
B2B	Business to business
CAD	means Canadian dollars.
CBD	means Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp.
CBG	means Cannabigerol is the non-acidic form of cannabigerolic acid, the parent molecule from which other cannabinoids are synthesized.
Company or MMJ	means MMJ Group Holdings Limited (ACN 601 236 417).
EBITDA	means Earnings before Interest, Tax, Depreciation and Amortisation.
GMP	GMP stands for Good Manufacturing Practices and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications.
LPs	Canada's Licensed Producers of Cannabis Products
M	means million
MMPR	means Marihuana for Medical Purposes Regulation
MOIC	means multiple on invested capital
NTA	means net tangible assets.
Option	means an option to acquire a Share usually at predetermined price.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of a Share.
TGA	Means the Therapeutic Goods Administration
THC	means THC is the principal psychoactive constituent of cannabis.
TSXV	Toronto Stock Exchange Venture
Warrant	means an option to acquire a Share usually at predetermined price.
WST	means Western Standard Time as observed in Perth, Western Australia.