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ASX RELEASE

13 October 2021

MMJ Investment Portfolio Report as at 30 September 2021

MMJ Group Holdings Limited (ASX: MMJ) ("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 investments being added in other high growth industries such as but not limited to natural resources, healthcare and the digital economy.

MMJ Investment Portfolio Report as at 30 September 2021

MMJ is pleased to provide the MMJ Investment Portfolio Report as at 30 September 2021 which includes the disclosure pursuant to Listing Rule 4.12.

Investor and Media Enquiries

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About MMJ

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ") (ABN 91 601 236 417) 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 investments being added in other high growth industries such as but not limited to natural resources, healthcare and the digital economy.

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

30 September 2021

MMJ Investment Portfolio



Medical and Recreational Cannabis Products



Medical and Recreational Cannabis Extraction Products



Health, Wellness and Self-care Cannabis Products



Hemp Extracts Products



Medicinal Cannabis Clinics & Research



Recreational Cannabis Products



Wine



Healthcare

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Investment Portfolio Report

MMJ Group Holdings Limited (ASX: MMJ) | ABN 91 601 236 417

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 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.

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:

21	9	4	10
Primary Acquisitions	Follow on investments ¹	Private to public	Sale of investments

MMJ Investment Performance²³

MMJ Historical Performance - period ended					30-Sep-21
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(3)%	(7)%	(7)%	(1)%	(14)%
Benchmark	(14)%	(30)%	(30)%	39%	(20)%
Out/(under) performance	10%	23%	23%	(40)%	5%

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

General Investor Queries	Share Registry
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W: mmjgh.com.au	P: 1300 288 664 W: automic.com.au

Performance Update

Net Tangible Asset Value Per Share Before Tax⁴ as at 30 September 2021

\$0.1754

Net Asset Value as at 30 September 2021

\$38m

Investment Return for 12 months ended 30 September 2021

(1)% p.a.

Key Metrics as at	30-Sep-21	AUD
Net Asset Value	m	38
Investee Porfolio (ex cash)	m	34
Cash	m	2
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1754
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1636
Net Asset Value per share		0.1639
MMJ share price (ASX)		0.078
Market capitalisation	m	18
Number of investments (ex cash)		9
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.

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. The financial information within this report is unaudited.

MMJ NEWS

Performance of MMJ Portfolio as at September 2021

During the quarter ended 30 September 2021, MMJ's Net Asset Value (before provision for deferred tax) decreased 3%. This was a favourable performance compared to our benchmark, which declined 14% over the same period. Performance for the 12 months to 30 September 2021 was flat.

The MMJ portfolio is heavily weighted to unlisted investments with listed assets representing 24% of MMJ's NAV at 30 September 2021. The 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 (52%) that the MMJ share price trades to its NAV.

MMJ enters the 2022 financial year expecting that one or more of its key unlisted investee companies will move to realise their inherent value by a liquidity event⁵. This would be positive for MMJ, after FY21 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 in sectors such as natural resources, the digital economy and healthcare – refer to the details of the most recent new investment in Brainworks Foundry Inc. below; and
- ii. working with material MMJ investee businesses, Weed Me and Southern Cannabis Holdings, to achieve liquidity events during the next 12 months.

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, healthcare, and the digital economy⁶. Sub-sectors identified include software as a service, e-sports, online gaming, sports betting, telehealth / virtual medicine, and fintech.

Embark Health Inc.

On 20 September 2021, BevCanna Enterprises Inc. (CSE:BEV) ("BEV" or "BevCanna") announced an offer (the "Offer") to acquire 100% of Embark Health Inc. ("Embark"). MMJ's investment in Embark consists of shares and warrants with a current book value of CAD2.3m.

In 2018 MMJ was an early investor in BevCanna and sold its investment following its initial public offering in 2019.

Under the terms of the Offer, BevCanna would acquire all of the issued and outstanding shares of Embark (the "Shares") from its shareholders. BevCanna will acquire the Shares in consideration for a purchase price of 46.7m BevCanna Shares⁷, plus potential future earn-outs, which will be subject to the adjustments (the "Purchase Price"). BevCanna will satisfy the Purchase Price as follows:

- a) The issuance of 46.7m common shares of BevCanna to Embark Shareholders at closing (the "Initial Consideration").
- b) A further amount upon earn-out milestones in respect of Embark's post-acquisition financial performance (the "Earn-Out") being achieved. At this point MMJ is not in a position to provide a reasonable estimate of the value of the Earn-Out.

MMJ has been advised that the issue of the BevCanna Shares pursuant to the Initial Consideration will be completed following the satisfaction of all conditions in the acquisition agreement and on a date mutually agreeable to the parties. It is expected that the Offer will be completed by the end of 2021.

The BevCanna Shares received by Embark Shareholders are part of the Initial Consideration (including MMJ), and will be subject to voluntary resale restrictions, with 1/12th of the BevCanna Shares received being released from the resale restriction on the last day of each month following closing of the Offer for a period of one year.

More information on Embark and BevCanna may be found on MMJ's website <https://www.mmjgh.com.au/portfolio/>

⁵ A liquidity event may include a public listing on recognised stock exchange, a sale of 100% of the investee or sale of MMJ's own investment in our own right

⁶ Investment in non-cannabis investments is capped at 25% of MMJ's total assets

⁷ 100% of Embark Health valued at CAD15.9m based on Bevcanna share price of CAD34 cents on 21 September 2021

Southern Cannabis Holdings

Freshleaf Analytics, a division of the Southern Cannabis Holdings ("SCH") 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.

Vintage Wine Estates

Vintage Wine Estates ("VWE") announced the following outcomes for the year ended 30 June 2021:

- a) Completed two accretive, synergistic acquisitions since going public.
- b) Revenue growth of 16% to USD221m for the year ended 30 June 2021.
- c) Generated strong growth in its direct-to-customer and business-to-business market channels demonstrating value of multi-channel marketing platform.
- d) Expanding bottling capacity nearly 100% to over 13.5 million cases per year.
- e) Reiterated fiscal year 2022 guidance of over 35% pro forma adjusted EBITDA growth.
- f) Public listing provided financial strength to execute growth plans with USD234 million of liquidity at fiscal year-end.

VWE also announced it has acquired substantially all of the assets of Vinesse, LLC, a direct to consumer platform company specialising in wine clubs with over 60,000 members. Founded in 1993, Vinesse has developed a long-time following by offering interesting boutique wines to a broader audience and making wine accessible and easy to love.

Funding Position

MMJ is well-positioned to create value from its existing portfolio with a liquid balance sheet and cashflows from its investments. MMJ has total assets of \$40m, with immaterial current liabilities, comprising cash of AUD1.7m, a company tax refund receivable of \$4.6m⁸ and a portfolio of listed equities (CAD4.6m), listed convertible loans (CAD3.6m) and unlisted loan securities (CAD3.5m), 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 (Canada).
- c) Embark Health (Canada).
- d) Harvest One Cannabis Inc. (Canada).
- e) Vintage Wines Estates Inc. (USA).

⁸ The refund is expected to be received in October 2021 after lodgement of the company tax return for the year ended 30 June 2021.

Parallax Ventures Inc. Sector Update – September 2021

The fall season has brought about some changes in the market in addition to a change in the seasons. We are seeing increasing volatility and caution from buyers as the U.S. Congress debates increasing the debt ceiling and yields continue to rise in reaction to inflation fears. Both factors are throwing some cold water on growth stock valuations. Cannabis stocks in particular continue to be hard hit – our Alternative Harvest Index is down almost 58% from its February high and the U.S. MSO's are down nearly 46% over the same time frame. Below is a chart illustrating one-year performance for both these indices and the Nasdaq 100 which has also pulled back sharply in the last several weeks. While the chart paints a bearish picture, cannabis equities are likely to be relative outperformers in the event the broader market continues to decline.



While the markets remain challenging, we continue to focus on fundamentals. The markets can unexpectedly swing in unpredictable directions but if the fundamentals are sound then we can be confident in our strategy. Our portfolio companies continue to execute on their business plans and are in a far better financial position than they were a year ago. They have secured funding and reduced costs to the point where burn rates are no longer a primary concern. Some portfolio companies like Embark Health have pursued M&A opportunities that will create newer stronger entities that can withstand the market trials and tribulations. Embark Health has announced a definitive agreement to combine with publicly listed BevCanna (BEV) in a C\$16mln all share deal with a further C\$9mln payable on achievement of certain milestones. Other portfolio companies like Weed Me have become market leaders while the sector has struggled. After the recent acquisition of Redecan by HEXO, Weed Me is now one of the largest privately held cannabis producers in Ontario.

Meanwhile historically smaller investments like cannabis retailer J Supply have grown into larger and more significant portfolio holdings. J Supply now has three corporate stores and seven licensee stores with management indicating it plans to continue growth by approximately 1 new corporate store per quarter over the next two years. There is also significant growth planned under the licensee model under the recently acquired Northern Helm brand with its 6 operating stores and expansion plans (2-3 stores per quarter until 2023). This compared to just one licensee storefront when we first acquired shares in the company.

Our investments outside of cannabis like Vintage Wine Estates (VWE) and Brainworks (privately held) also continue to make significant progress. Brainworks is on schedule to build out their COVID testing lab and has hired several salespeople to continue winning new mandates and Vintage Wine Estates shares continue to be stable in a volatile market environment.

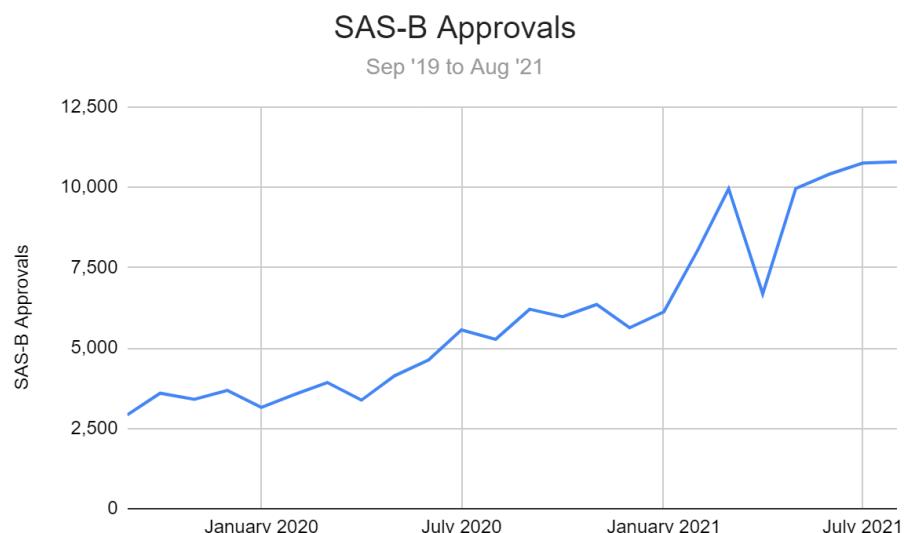
FreshLeaf Analytics Medicinal Cannabis Market Update

FreshLeaf Analytics will release its H2 2021 Industry Report (Report) analysing the Australian cannabis sector on 15 October . Ahead of that, here are some themes that will be covered in the Report:

The cannabis industry in Australia is a rapidly changing and evolving sector. Between record-breaking approvals of prescriptions by the Therapeutic Goods Administration (TGA), mergers and market consolidation, and key changes to prescriber pathways, the Australian market is showing strong growth as the industry continues to mature.

Record-breaking TGA approvals of cannabis prescriptions

The volatility in Special Access Scheme B (SAS-B) approvals experienced earlier in 2021 has stabilised with successive monthly all-time high approval numbers from May-August. Coupled with a significant jump in Authorised Prescribers this suggests continuing acceptance by both patients and doctors, “growing the pie” for all as the market expands its reach.



Key mergers and acquisitions in the cannabis market

Despite record growth in the market, the hyper-competitive environment and continued downward pressure on price has resulted in ongoing consolidation of the market in the form of mergers and acquisitions, downgrades in revenue forecasts and in some cases reports of sizable losses. The highlight of recent M&A activity was the merger of Cronos Australia (ASX:CAU) and CDA Health, with the deal combining CDA Health's reach with the portfolio and international presence of CAU. CDA Health will own 73.7% of CAU once the merger is finalised.

Simplifying cannabis prescribing for doctors

Progress has also been made in the area of patient access with TGA recently simplifying part of the approval process for becoming an Authorised Prescriber, making it easier for doctors to prescribe medicinal cannabis to patients without having to seek a per-patient approval.

Driving laws for cannabis patients impede market growth

Restrictive driving laws that penalise medicinal cannabis patients are having an adverse impact on patient access. Currently, legally prescribed medicinal cannabis containing even small amounts of THC risks detection in road-side drug tests and drivers are at risk of losing their licence even if they are not impaired. The ‘Driving Change’ advocacy group are working tirelessly to challenge these laws and gain equal footing with the legal defence offered by other prescription medicines such as opioids, however it’s been somewhat of an uphill battle.

New avenues for growth including psychedelic treatments

Australian market dynamics are driving many companies to explore new avenues for growth, whether it’s a focus on export markets or the adjacent space of psychedelic medicines. Little Green Pharma (ASX:LGP) were recently granted a Schedule 9



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licence by the WA Department of Health to supply psilocybin to eligible license holders, while Creso Pharma has completed its acquisition of Canadian Halucenex Life Sciences while at the same time mutually cancelling its highly anticipated merger with Red Light Holland.

The regulatory framework in this space is approaching a turning point, with the TGA currently finalising its review process to down-schedule MDMA and psilocybin from Schedule 9 (prohibited drug) to Schedule 8 (controlled drug), opening up the door for therapeutic use of these products. An independent expert panel commissioned by TGA has recently concluded its review of these substances for the treatment of mental health conditions, with the verdict that they may show promise in highly selected populations when administered with close clinical supervision and support. The final decision will be published in the first week of December 2021.

Investments in R&D are being driven by S3 registration ambitions

The race to Schedule 3 (S3) low-dose CBD product registration is heating up. Bod Australia (ASX:BDA) have entered into an agreement with the Woolcock Institute of Medicinal Research for a Phase IIB clinical trial for patients with insomnia, Avecho Biotechnology (ASX:AVE) have announced clinical research plans targeting insomnia with a soft gel product, while Cann Group (ASX:CAN) and Emryria (ASX:EMD) publicly announced their intention to pursue S3 registration on their own after originally planning to collaborate.

Over-the-counter CBD to be a game-changer for industry and patients alike

Availability of cannabis products as an over-the-counter medicine is a critical milestone for greater mainstream acceptance of medicinal cannabis and will vastly improve patient accessibility from a financial, physical and administrative perspective.

The H2 2021 Report is FreshLeaf Analytics' seventh market report on patients, products and pricing in the Australian medicinal cannabis market. The Report will be available to download on the FreshLeaf Analytics website from 15 October.

Appendix One

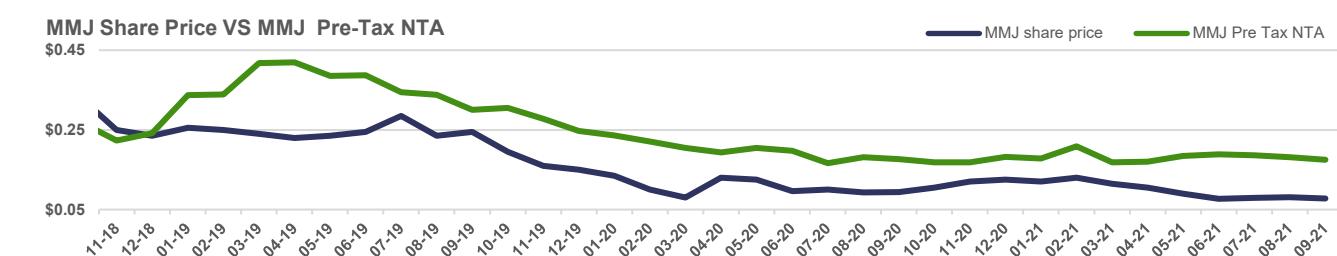
1. The year-to-date performance of MMJ's NTA is detailed below⁹:

Table One

		30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	31-Jul-21	31-Aug-21	30-Sep-21
Share price \$	AUD	0.335	0.245	0.096	0.077	0.079	0.081	0.078
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1750	0.1729	0.1690	0.1639
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1747	0.1725	0.1686	0.1636
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1885	0.1863	0.1814	0.1754
Net Return - pre tax NTA - year to date	n/a	34%	(49)%	(5)%	(1)%	(4)%	(7)%	
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(59)%	(58)%	(55)%	(56)%

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)	Weight	Book Value (unaudited)	Weight	Book Value (unaudited)	Weight
								30-Sep-21 Times		30-Sep-21 AUDm		30-Jun-21 AUDm	
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.3	5.4	13%	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.	0.8	4.2	11%	4.5	10%	3.4	7%
Listed investments							9.6	24%	11.7	27%	12.3	27%	
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	0.3	2.3	6%	2.6	6%	13.2	29%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded cannabis products	3.5	9.7	24%	9.5	22%	6.0	13%
Sequoya		Jul-19	Canada/ Poland	Unlisted	Convertible note and shares	CBD Extraction	0.9	3.8	10%	3.8	9%	3.6	8%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	4.1	4.2	10%	4.3	10%	2.1	5%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	n/a	0.3	1%	0.3	1%	0.2	0%
Unlisted investments							20.0	50%	20.3	47%	24.9	55%	
Total cannabis/hemp portfolio							29.6	74%	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	1.7	2.7	7%	3.2	7%	3.5	8%
Brainworks Foundry Inc.		Aug-21	USA	Unlisted	Shares	healthcare	1.0	1.4	3%	3.2	0%	3.5	0%
Total non-cannabis							4.0	10%	3.2	7%	3.5	8%	
Cash							33.7	84%	35.4	81%	42.1	92%	
Company tax refund receivable							1.7	4%	3.4	8%	1.0	2%	
Total Portfolio							40.0	100%	43.5	100%	45.5	100%	

⁹ 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	TSXV/ TSX Code	Valuation methodology	Number of securities 30-Sep-21	Market Price 30-Sep-21 Foreign Currency	Book Value (unaudited) 30-Sep-21 Foreign Currency	Book Value (unaudited) 30-Sep-21 AUD000	Book Value (unaudited) 30-Jun-21 AUD000
Harvest One							
- shares	HVT	listed price	55,557,994	0.080	4,445	4,843	6,261
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.028	486	529	963
Total MMJ investment					4,930	5,372	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	60.0	3,600	3,922	4,250
- warrants	ENTG.WT	Listed price	3,750,000	0.045	169	184	221
Total MMJ investment					3,769	4,106	4,471
Vintage Wine Estate							
- shares	VWE.U	Listed price	60,000	10.2	-	-	-
- warrants	VWE.WT.U	Listed price	666,670	1.950	613	850	962
Total MMJ investment					1,913	2,654	3,179
MMJ's Listed investments					8,699	9,478	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 MMJ¹⁰

(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 Event¹¹.

¹⁰ Information as at 30 September 2021.

¹¹ A Liquidity event is an initial public offering or a material sale event.

- 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.

On 20 September 2021, BevCanna Enterprises Inc. (CSE:BEV) ("BEV" or "BevCanna") announced an offer (the "Offer") to acquire 100% of Embark. Under the terms of the Offer:

- BevCanna would acquire all of the issued and outstanding shares of Embark (the "Shares") from its shareholders.
- BevCanna will acquire the Shares in consideration for a purchase price of 46.7m BevCanna shares¹², plus potential future earn-outs, which will be subject to the adjustments (the "Purchase Price"). BevCanna will satisfy the Purchase Price as follows:
 - a) The issuance of 46.7m common shares of BevCanna to Embark Shareholders at closing (the "Initial Consideration").
 - b) A further amount upon earn-out milestones in respect of Embark's post-acquisition financial performance (the "Earn-Out") being achieved. At this point MMJ is not in a position to provide a reasonable estimate of the value of the Earn-Out.

MMJ has valued its investment in Embark using the BEV share price at month end.

MMJ has been advised that the issue of the BevCanna Shares pursuant to the Initial Consideration will be completed following the satisfaction of all conditions in the acquisition agreement and on a date mutually agreeable to the parties. It is expected that the Offer will be completed by the end of 2021.

The BevCanna Shares received by Embark Shareholders are part of the Initial Consideration (including MMJ), and will be subject to voluntary resale restrictions, with 1/12th of the BevCanna Shares received being released from the resale restriction on the last day of each month following closing of the Offer for a period of one year.

(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.

(h) Brainworks Foundry Inc. (**Brainworks**)

MMJ's investment was made in August 2021 and comprises:

- i. 1,234,568 shares (book value of USD81 cents per share) representing approximately 7% of Brainworks' issued capital.

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 - MMJ's preference is to value its unlisted investments applying an Enterprise Value to Revenue Multiple provided these valuations are materially consistent with any recent capital raises by the investee. In the absence of material historical revenue, 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 benchmarking of instruments to market movements indicated by relevant indices. MMJ also takes into 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, warrants and accrued interest.



Investment Portfolio Report

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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 year ended 30 June 2021 in the Appendix 4E released on 27 August 2021.

9. Investment Policy

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, healthcare and the digital economy.

In November 2020, MMJ's shareholders approved the broadening of the MMJ investment mandate to include strategic investments in sectors outside of cannabis, 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).
DNA	deoxyribonucleic acid
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.
IPO	Initial public offering of securities on a recognised securities exchange
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.
PCR	polymerase chain reaction
Covid19	'CO' stands for corona, 'VI' for virus, and 'D' for disease.
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.