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ASX RELEASE

14 January 2020

MMJ Investment Portfolio Report as at 31 December 2020

MMJ Group Holdings Limited (ASX: MMJ/OTC Code MMJF) ("MMJ") is an Australian-listed company whose core business is holding minority investments along the cannabis value-chain in Australia, Canada and Europe. MMJ is also able to make investments in sectors outside of cannabis, such as but not limited to, natural resources, pharmaceuticals and software services technology.

MMJ Investment Portfolio Report

MMJ is pleased to provide the MMJ Investment Portfolio Report as at 31 December 2020 which includes the disclosure pursuant to Listing Rule 4.12. The net asset value at 31 December 2020 detailed in the attached Investment Portfolio Report is subject to the statutory audit review by our independent auditor, BDO Audit (WA) Pty Ltd, at 31 December 2020 which is expected to be completed during February 2021.

Investor and Media Enquiries

Announcement authorised for release to ASX by:

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Chief Financial Officer and Company Secretary

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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 is also able to make investments in sectors outside of 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 December 2020

MMJ's Investments sit across most of the cannabis and hemp value chain

Capital is allocated to potential market leaders, consolidators and takeover targets



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About MMJ

MMJ (ASX Code MMJ/OTC Code MMJF) is an Australian-listed company whose core business is holding minority investments along the cannabis value-chain in Australia, Canada and Europe. MMJ is also able to make investments in sectors outside of cannabis, such as but not limited to, natural resources, pharmaceuticals and software services technology.

MMJ is the only listed Australian investment company which offers the opportunity to Australian investors to invest in unlisted and listed cannabis-related businesses in Australia and offshore.

MMJ has a proven track record in acquiring and realising considerable value from its cannabis related investments.

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 when it is 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 Performance²

MMJ Historical Performance - period ended						31-Dec-20
	1 month	3 months	Financial year to date	12 months	Since inception	
Pre tax return	8%	3%	(8)%	(40)%	(17)%	
Benchmark	(10)%	38%	11%	(14)%	(25)%	
Out/(under) performance	18%	(35)%	(19)%	(26)%	8%	

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

General Investor Queries

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Share Registry

Automatic Registry Services

P: 1300 288 664

W: automatic.com.au

Performance Update

Net Tangible Asset Value Per Share Before Tax³ as at 31 December 2020

\$0.1822

Total Portfolio as at 31 December 2020

\$42m

Investment Return Since Inception⁴ as at 31 December 2020 (per annum)

(17)% pa

Key Metrics as at	31-Dec-20	AUD
Net Asset Value	m	42
Investee Portfolio (ex cash)	m	38
Cash	m	4
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1822
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1708
Net Asset Value per share		0.1830
MMJ share price (ASX)		0.125
Market capitalisation	m	29
Number of investments (ex cash)		11
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

MMJ is holding a webinar conference call in February 2021 to allow MMJ shareholders and interested parties to hear an update on global cannabis markets and key investments and to also ask questions. An announcement will be made closer to the date.

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 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.

³ Net Tangible Asset Value per share – unaudited net tangible assets per share before tax on unrealised gains on investment portfolio.

⁴ Inception is 30 June 2018 being the date when MMJ commenced accounting for investments as an investment entity.

MMJ NEWS**Performance of MMJ Portfolio for December 2020****Investment Performance for Year to Date**

MMJ's portfolio management is focussing on:

- a) Creating a diversified portfolio of CBD and cannabis investments in cultivation, extraction and consumer products with material investments in Weed Me, WeedMD, Sequoya, Harvest One, Southern Cannabis Holdings and Bespoke.
- b) Supporting the intention of the public listing of Embark Health which was announced earlier in 2020 – an update is provided below.

The current downturn in global financial markets will delay liquidity events in some of these material investments – however the individual businesses are realising opportunities to capitalise on the growing demand for CBD and cannabis products in North America and Europe.

During December 2020, MMJ generated an 8⁵% return which compared to negative 10% for the benchmark return for the same period – the positive performance was principally due to revaluation of MMJ's investments in Weed Me and Southern Cannabis Holdings. The benchmark consists of listed North American cannabis securities. With 76% of the MMJ portfolio in unlisted cannabis securities, the rerating of the listed markets provides some optimism for valuation uplifts when the unlisted investees (principally Embark Health) achieve public listing.

The Australian share market recognised the positive momentum during the quarter with the MMJ share price increasing from 12 cents to a high of 18 cents before settling back to 12.5 cents at the end of the quarter.

MMJ Portfolio Update

A number of larger investments provided updates on their operating performance and business plan initiatives:

a) Southern Cannabis Holdings

Southern Cannabis Holdings (**SCH**) achieved budgeted sales of \$3.8m for year ended 31 December 2020 which represented a 111% increase over 2019. MMJ holds approximately 17% of SCH with a current book value of \$3.7m.

b) Embark Health

On 10 December 2020, Embark Health Inc. (**Embark**) announced it had entered into a definitive agreement with Mesa Exploration Corp in regard to a business combination between the two entities. The agreement governs the business combination between Mesa and Embark (the "Transaction"). Subject to the completion of conditions precedents, the Transaction will result in a reverse takeover of Mesa by the shareholders of Embark and the date for the Transaction is set for 31 March 2021.

This Transaction will result in MMJ's investment in Embark being valued using the listed TSX-V price of the listed entity. Embark is an emerging leader in cannabis extraction, with a focus on the formulation and production of advanced 2.0 products for the B2B and Adult-use markets. Embark continues to be at the forefront of production of solventless concentrate products including Bubble Hash, Traditional Pressed Hash, Rosin and Dry Sift. With the recent acquisition of Embark Nano ("Nano", formerly, Axiomm Technologies Ltd.) Embark is preparing to launch the next generation of Cannabis 2.0 products. The acquired portfolio of products and formulations support the mass production and distribution of advanced 2.0 products including cannabis-infused beverages, topicals, edibles and water-soluble powders.

MMJ holds approximately 12% of Embark with a current book value of \$13.2m.

c) Bespoke Capital Acquisition Corp.

On 18 December 2020, Bespoke Capital Acquisition Corp. (TSX: BC.U) (TSX: BC.WT.U) ("BCAC") provided an update concerning the status of its investment strategy with an announcement that it has broadened its acquisition search beyond the scope of cannabis and that it is engaged in substantive discussions with prospective targets in the alcoholic beverage and consumer products sectors. MMJ believes that this is a good extension for BCAC as its principals have extensive experience operating in these sectors. As its merger process is now focused on certain US based businesses, BCAC also announced that it is pursuing a listing the Nasdaq stock market by the end of January 2021.

⁵ Calculated on the basis of unaudited net tangible asset value before tax on unrealised gains per share.

MMJ holds an investment with book value of \$3.1m in the unlisted Bespoke A Limited Partnership which holds shares and founders warrants issued by BCAC. It would be MMJ's intention to directly hold securities in BCAC following the completion of a qualifying investment transaction.

MMJ Shareholder Webinar

MMJ hosted a live audio webinar of the Investor Conference Call on 16 December 2020. In this webinar, Michael Curtis, MMJ Non-Executive Director and Director of Parallax Ventures Inc, the asset manager of MMJ's investments, gave an update on the following Canadian cannabis demand and update on major investments.

Shemek Fedyczkowski, CEO of Sequoya Cannabis Inc. (**Sequoya**), which is one of MMJ's investee companies, also gave an update on Sequoya. Sequoya has positioned itself to supply volume hemp CBD products to and partner with major consumer packaged goods manufacturers in Europe.

31 December 2020 Investment Valuation Process

The net asset value as at 31 December 2020 includes revaluations of MMJ's unlisted investees. Items of note from this process are:

- a) **Embark Health (Embark)** – MMJ has retained the valuation of the Embark shares at CAD2.44 per share pending outcome of the capital raising associated with the pending listing of Embark which is expected to conclude before 31 March 2021.
- b) **Weed Me** – MMJ revalued its investment in Weed Me based on Enterprise Value to Revenue multiple⁶ and the sales revenue of CAD8.6m for year ended 31 December 2020.
- c) **Southern Cannabis Holdings (SCH)** – MMJ revalued its investment in SCH based on Enterprise Value to Revenue multiple and sales revenue of \$3.8m for year ended 31 December 2020.

All asset valuations are subject to completion of audit review which is expected to be completed in February 2021.

MMJ investment manager – an update

In January 2021, the investment manager of MMJ's investments, Embark Ventures Inc., changed its name to Parallax Ventures Inc. ("Parallax"). There have been no other changes to personnel or operations of Parallax. MMJ shareholders at its Annual General Meeting on 30 November 2020 approved the proposal to broaden its existing 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).

Consequently, MMJ has expanded the mandate of its investment manager, Parallax, to include the additional investments that are made under the Diversification. Parallax, under the amended Investment Management Agreement⁷, continues to be responsible for the identification, transacting and review of possible investment opportunities in the cannabis and now the non-cannabis sector, in accordance with MMJ's amended investment strategy.

MMJ's Funding Position

MMJ is well positioned to create value from the existing portfolio with a liquid balance sheet and cashflows from investments:

- a) Total assets of \$44m with immaterial current liabilities.
- b) Cash of AUD4m and a portfolio of listed equities (CAD3.7m), listed convertible loans (CAD2.1m) 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 which provide opportunities for MMJ to make follow-on investments in businesses at a discount to current valuations and where MMJ is well placed to understand their potential returns. MMJ holds the right to make follow on investments:

- a) Sequoya (European CBD oil extraction).
- b) WeedMD (Canadian cannabis cultivation and cannabis oil extraction).
- c) Embark Health (Canadian cannabis and CBD oil extraction).
- d) Harvest One Cannabis (Canadian cannabis consumer and wellness products).

⁶ The Enterprise Value to Revenue multiple of 6.5 has been determined from a peer list of cannabis companies (consistent with its valuation methodology as at 30 June 2020)

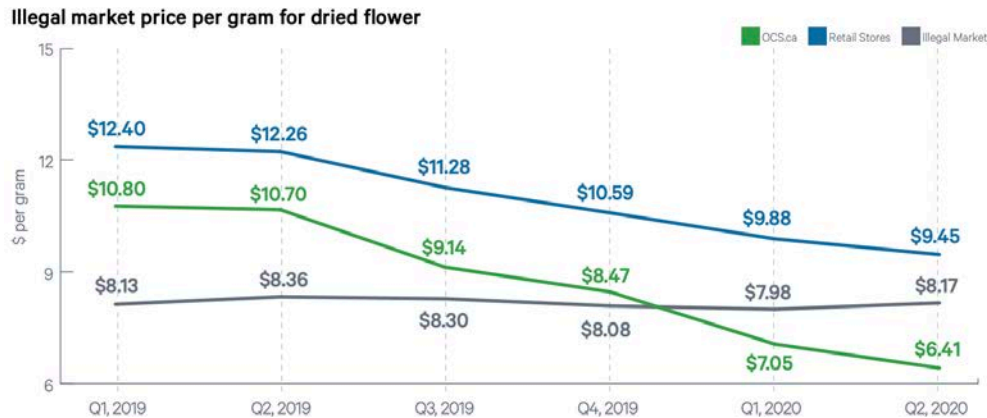
⁷ The agreement will be amended to reflect the change in MMJ investment mandate during January 2021

Parallax Ventures Inc. Sector Update –December 2020

Over the course of December 2020, MMJ stock increased by 4% to 12.5c per share. Comparatively, the broader markets as represented by the ASX 200 have risen slightly by 1% from 6517 to 6587 and our investment benchmark, the Alternative Harvest ETF, had declined by approximately 10% from US\$15.92 to US\$14.35. During January 2021 however, the ETF is up 22% since 1 January 2021 thanks to US Senate runoff elections which we discuss below.

With US senate elections in Georgia now over with the Democrats winning the Senate in addition to the Presidency and keeping the House, things are looking up for the cannabis industry. While full legalization and regulation are still likely some ways off, the Senate shift means that the Democrats can more actively shift towards pushing through legislation that will decriminalize cannabis companies across the US. Specifically, the MORE Act and the SAFE Act which were both passed by the House in 2020 and 2019 respectively but ultimately rejected by the Senate could now be passed. The SAFE Act in particular could allow US cannabis companies to access better banking and capital funding. These two acts could also conceivably make foreign investment into the United States legal. For reference, MMJ currently does not make investments into the US but that could change when federal legalization occurs.

Meanwhile north of the border in Canada, still the world's largest federally legal market, growth in legal cannabis sales continues at a steady pace. The country's largest provincial retailer, the Ontario Cannabis Store (**OCS**), has reported that more than a third of all cannabis sales (~36%) at the end of September 2020 in the province of Ontario were through a legal channel. This is up from 25% at the end of the prior quarter and ~20% at the same time in 2019. This steady adoption of the legal market is a result of the province opening up more retail locations and the ever-decreasing price of legal cannabis. Economies of scale are finally beginning to kick in and bud produced by the large agricultural operations of the licensed producers (**LP's**) are now more than competitive to prices offered by the illicit market. On average, one gram of legal dry flower now sells for C\$6.41 online in Ontario compared with an average of C\$8.17 per gram in the illicit market.



OCS.ca and authorized cannabis retail stores are weighted by sales and include taxes. Illegal market prices are unweighted and sourced through Weedmaps.com and mail-order-marijuana sites.

While online prices via OCS have fallen below illicit market prices, we note that there is still a discrepancy between prices available at retail stores and the illicit market, but the trend is clearly downward even there. We expect retail store pricing will also fall below illicit market pricing over the next quarter or two and the illicit market will continue to experience loss of market share (likely due to the inability to benefit from economies of scale due to the small-scale nature of illicit cannabis farming).

Additionally, we noticed that while dry flower sales still dominate, cannabis 2.0 products are showing signs of strength as vapes now represent 15% of total sales. This bodes well for our cannabis 2.0 holdings such as Embark Health in addition to our dried flower brand companies like Weed Me.

Total sales and grams sold by product categories

July 1, 2020 – September 30, 2020

	OCS.ca	Retail Stores	% of \$ Sales
Dried Flower	\$16,700,000 2,950,000 g	\$104,430,000 13,500,000 g	59.9%
Vapes	\$5,100,000 244,000 g	\$25,540,000 1,000,000 g	15.1%
Pre-Rolls	\$1,580,000 187,000 g	\$22,770,000 2,090,000 g	12.0%
Edibles	\$1,400,000 198,000 g	\$6,660,000 703,000 g	4.0%
Oils	\$2,450,000 177,000 g	\$5,250,000 310,000 g	3.8%
Capsules	\$1,090,000 55,000 g	\$2,080,000 69,000 g	1.6%
Beverages	\$477,000 290,000 g	\$2,690,000 1,540,000 g	1.6%
Concentrates	\$577,000 77,000 g	\$2,370,000 260,000 g	1.5%
Topicals	\$260,000 5,000 g	\$750,000 13,000 g	0.5%
Seeds	\$75,000 7,000 g	\$76,000 7,000 g	0.1%

Note: Average prices are weighted by sales and include taxes. Sub-category sales do not add to total sales due to rounding. Dried flower equivalency (DFE) conversion can be [found here](#).

By most measures 2020 was a miserable year. Pandemics, riots, unemployment lines, and economic malaise dominated the headlines globally. For our sector in particular it was a difficult period as investor interest seemed to wane in the early part of the year and many companies that raised easy money earlier in the cycle finally hit a wall. However, the painful fire has forged new strength in many management teams. When we speak to managers now, we are more likely to hear words like revenue, profitability, and cost control more than we hear about projected market size, speed of global legalization, new capital raising, etc. We are also seeing healthy consumer demand and shift into legal markets as noted above. And with potential changes in US legislation on the horizon, 2021 looks to be a significant rebound year for the sector.

Finally, aligned with MMJ's recent announcement of allowing up to 25% of the portfolio to be outside the cannabis sector, we will be entering 2021 under a new name - Parallax Ventures. While the name may have changed, our commitment to the cannabis industry and focus on helping portfolio companies will remain the same. As part of this change, we will seek new investment opportunities in technology, commodities, financials, etc. in addition to our core focus on new cannabis opportunities. We look forward to a strong 2021.

Appendix One

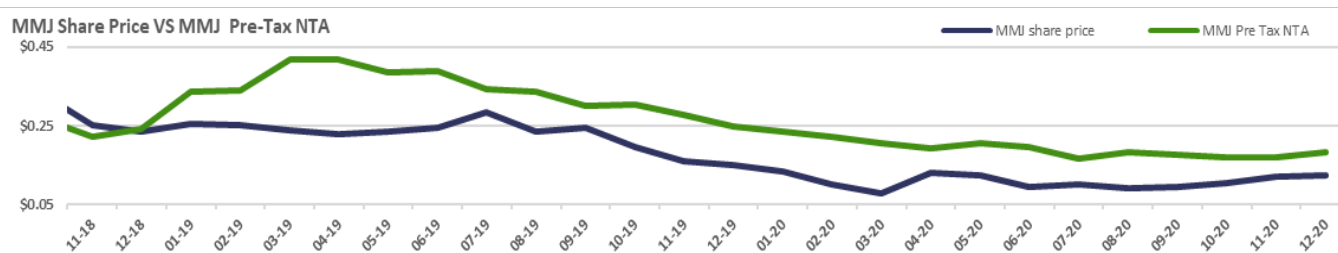
1. The year to date performance of MMJ's NTA is detailed below⁸:

Table One

MMJ Historical Performance - financial year to date		30-Jun-18	30-Jun-19	30-Jun-20	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20
Share price \$	AUD	0.335	0.245	0.096	0.100	0.093	0.094	0.105	0.120	0.125
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1695	0.1800	0.1747	0.1688	0.1698	0.1830
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1664	0.1789	0.1747	0.1686	0.1687	0.1708
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1664	0.1816	0.1768	0.1689	0.1687	0.1822
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(16)%	(8)%	(11)%	(15)%	(15)%	(8)%
Premium(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(40)%	(49)%	(47)%	(38)%	(29)%	(31)%

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) 31-Dec-20 Times	Book Value (unaudited) 31-Dec-20 AUDm	Weight	Book Value (unaudited) 30-Nov-20 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.3	4.1	10%	4.9	13%
WeedMD Inc.	WMD.WM and WMD.DB	Sep-19	Canada	Listed	Convertible Notes and warrants	Producing and distributing cannabis products for both the medical and adult-use markets.	0.4	2.2	5%	2.3	6%
Listed investments								6.3	15%	7.2	19%
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	1.8	13.2	31%	13.3	34%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded products	2.5	6.7	16%	3.8	10%
Sequoia		Jul-19	Canada/Poland	Unlisted	Convertible note and shares	CBD Extraction	1.0	4.0	9%	4.0	10%
Bespoke		Aug-19	Canada	Unlisted	Bespoke A Limited Partnership holds shares and founders warrants issued by Bespoke Capital Acquisition Corp (TSX listed)	Investment in cannabis and beverage businesses	2.1	3.1	7%	3.3	8%
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	3.7	3.7	9%	2.1	5%
								30.7	73%	26.4	63%
VitaGenne		Nov-18	USA	Unlisted	Shares	Hemp CBD	2.1	0.4	1%	0.8	2%
Martha Jane Medical		May-18	Australia	Unlisted	Shares	Research	0.8	0.5	1%	0.5	1%
J Supply		Feb-19	Canada	Unlisted	Shares	Retailer of cannabis products	n/a	0.2	0%	0.2	0%
								1.1	3%	1.4	9%
Unlisted investments								31.8	76%	27.8	72%
Total portfolio								38.1	91%	35.0	90%
Cash								3.8	9%	3.7	10%
Total								41.9	100%	38.7	100%

⁸ 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. 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

5. Unlisted securities held by MMJ⁹

(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 with a book value of CAD2.44 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 Event¹⁰.
- iii. Warrants that provide the option for MMJ to acquire a further 1.2m shares at CAD1.20¹¹ 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 Me¹²

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

- i. 3.46m shares (book value of CAD1.81 per share) representing approximately 14% 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 18 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.

⁹ Information as at 31 December 2020.

¹⁰ A Liquidity event is an initial public offering or a material sale event.

¹¹ Exercise price has based on MMJ book value of CAD2.44 per share.

¹² In December 2020 MMJ decided not to exercise its holding of warrants issued by Weed Me to provide capital for other investment opportunities and further diversify its investment portfolio.

(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”).
- ii. 17,083,333 Common Share purchase warrants (the “Warrants”). Each Warrant entitles the holder to purchase one Common Share at a price of CAD0.06 at any time until April 3, 2022.

(f) WeedMD

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

- i. CAD6m in 8.5% unsecured Convertible Debenture units issued by WeedMD 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.
- ii. Warrants that allow MMJ to acquire an additional 3.75m shares for CAD1.80 each by 25 September 2022.

6. 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.

7. 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 will update shareholders on the dividend payable in respect of the six months ended 31 December 2020 in the Appendix 4D to be released in February 2021.

8. 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.
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.