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ASX RELEASE

13 September 2021

MMJ Investment Portfolio Report as at 31 August 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 select investments being added in other high growth industries such as but not limited to natural resources, healthcare and software services technology.

MMJ Investment Portfolio Report as at 31 August 2021

MMJ is pleased to provide the MMJ Investment Portfolio Report as at 31 August 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") (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 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 August 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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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, healthcare and the digital economy.

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 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-Aug-21
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(3)%	(2)%	(4)%	(0)%	(14)%
Benchmark	(9)%	(22)%	(19)%	33%	(16)%
Out/(under) performance	6%	21%	15%	(34)%	3%

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

Automatic Registry Services

P: 1300 288 664

W: automatic.com.au

Performance Update

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

\$0.1814

Net Asset Value as at 31 August 2021

\$39 million

Investment Return for 12 months ended 31 August 2021

0% p.a.

Key Metrics as at	31-Aug-21	AUD
Net Asset Value	m	39
Investee Porfolio (ex cash)	m	35
Cash	m	3
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1814
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1686
Net Asset Value per share		0.1690
MMJ share price (ASX)		0.081
Market capitalisation	m	19
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.

MMJ will hold a live audio webinar of the Investor Conference Call in October 2021. In this webinar, Michael Curtis, MMJ Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of MMJ's investments, will provide 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. The financial information within this report is unaudited.

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

During the two months ended 31 August 2021, MMJ's Net Asset Value (before provision for tax) decreased 4%. This was a favourable performance compared to our benchmark, which declined 19% over the same period. Performance for the 12-months to 31 August 2021 was flat.

The MMJ portfolio is heavily weighted to unlisted investments with listed assets representing 26% of MMJ's NAV at 31 August 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 details of 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 economy. Sub-sectors identified include software as a service, e-sports, online gaming, sports betting, telehealth / virtual medicine, and fintech.

New investments Brainworks

MMJ has completed an investment of USD1m in unlisted Brainworks Foundry Inc. ("Brainworks"). MMJ's investment was part of a total pre-IPO equity financing of USD3.7m to fund the expansion of its Medio Labs laboratory testing operations in the United States of America. The investment was made from MMJ's existing cash reserves.

Brainworks is an integrated digital health and pathology company operating in the United States. Medio Labs is a commercial laboratory testing service operated by Brainworks. Medio Labs has designed a best in-breed, highly scalable polymerase chain reaction ("PCR") testing process, using DNA barcoding, which significantly reduces the cost and turnaround time of next-generation gene-sequencer analysis for COVID-19 samples. This testing process was first deployed for COVID-19 PCR testing in October 2020 after receiving an Emergency Use Approval from the U.S. FDA.

Brainworks will use the proceeds from the offer to establish their first large-scale gene sequencing pathology lab in Alameda, California. This will allow Brainworks to service up to 150 markets across the US and provide end-to-end gold-standard PCR COVID testing in under 24 hours. Results will be delivered via the secure Brainworks digital health platform.

"The investment in Brainworks demonstrates MMJ's expertise to secure a private negotiated investment in unlisted businesses which are not generally available to Australian retail and institutional investors, Mr. Wall, the Chairman of MMJ, said. Brainworks represents continued deployment of funds in accordance with its investment strategy following the broadening of MMJ's investment mandate in 2020."

MMJ's investment in Brainworks has an acquisition cost of USD1m and comprises 1,234,568 shares representing approximately 7% of Brainworks' issued capital on completion of the Brainworks USD3.7m capital raising.

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

Weed Me (Canada)

Weed Me is the largest unlisted Canadian licenced producer of cannabis products for the Canadian recreational market.

The Weed Me brand consists of a complete line of dried flower, pre-rolls, vapes, and gummies products, which have significant market shares in its key Canadian provincial markets. Weed Me has successfully expanded its operations with net

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

sales of CAD6.9m in the year ended 31 December 2020 (FY20) compared to FY19 net sales of CAD2.6m. This rate of growth has increased in FY21 with net sales of CAD9.4m⁶ in the seven months ended 31 July 2021 compared to CAD2.8m in the seven months ended 31 July 2020.

Southern Cannabis Holdings (Australia)

Southern Cannabis Holdings (SCH) is an Australian-based business focussed on delivering services (patient care and industry research) and products to the emerging therapeutics markets in Australian and the United Kingdom. For the year ending 30 June 2021, SCH achieved sales growth of 45% over 2020. A key part of SCH's strategy is to expand its cannabis product distribution operations.

Investor Communications

MMJ released its audited financial statements to the ASX on 27 August 2021. Of note, there was no change to the NTA per share previously announced on 13 July 2021.

MMJ will hold an Investor Conference Call in October 2021. In this webinar, Michael Curtis, MMJ Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of MMJ's investments, will give an update on MMJ's major investments.

Funding Position

MMJ is well-positioned to create value from its existing portfolio with a liquid balance sheet and cashflows from investments. MMJ has total assets of \$42m, with immaterial current liabilities, comprising cash of AUD1.8m, a company tax refund receivable of \$4.6m⁷ 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 (Canada).
- c) Embark Health (Canada).
- d) Harvest One Cannabis Inc. (Canada).
- e) Vintage Wines Estates, Inc. (USA).

⁶ Source – unaudited figures provided by Weed Me management

⁷ The value of the refund will depend on the finalisation of the 30 June 2021 tax return. 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 – August 2021

August has been a very busy month at Parallax as our investment opportunity pipeline expands and continue to watch excellent progress at existing portfolio companies. Readers may have noticed that we announced an investment into Brainworks Foundry Inc (“Brainworks”), which is an integrated digital health and pathology company operating in the United States. Brainworks has designed a best in-breed, highly scalable polymerase chain reaction (“PCR”) testing process, using DNA barcoding, which significantly reduces the cost and turnaround time of next-generation gene-sequencer analysis for COVID-19 samples. This testing process was first deployed for COVID-19 PCR testing in October 2020 after receiving an Emergency Use Approval from the U.S. FDA.

COVID 19 has had an impact on the world that few would have guessed 18 months ago. We now live in a world of case counts and vaccine delivery trackers. With the rapid spread of the Delta variant, a realization that even the vaccines’ may not be a final solution has taken hold. Not to mention how the world is likely to react to next variant or indeed the next virus that spreads.

As such, testing is here to stay and become the foremost tool that governments and private organizations across the world will use to combat the spread of new diseases. In that context, we believe innovative approaches to mass testing will be a high growth sector. Brainworks has demonstrated the validity of its approach via a large contract with a group of state colleges and has recruited highly capable scientists who have specialized in scaling up new tests. The company is also headed by entrepreneurs who have a solid track record of innovation in newly emerging fields. Brainworks will use proceeds from the offer to establish their first larger-scale gene sequencing pathology lab in Alameda, California. This will allow them to service up to 150 markets across the US and provide end-to-end gold-standard PCR COVID testing in under 24 hours. Results will be delivered via the secure Brainworks digital health platform.

Combined with Vintage Wine Estates, we are now more fully deployed in the 25% non-cannabis allocation of our portfolio. While the non-cannabis portion of the portfolio has been exciting, there’s been great news in the cannabis portion as well despite what’s been a challenging macro environment for the sector. In August, cannabis valuations took a step back in Canada and even the U.S. MSOs are underperforming despite what is actually great performance on the actual sales and operations side. Despite the bearish market sentiment, portfolio companies continue to outperform. The following are some highlights from August:

- Weed Me continues to outperform and break revenue records each month in FY21 and is now also consistently profitable.
- Harvest One launched a new line for sleep gummies in the American market under the Dream Water brand, which will hit distributors and retailers in September. This launch will increase growth in the Company’s traditional distribution and retail channels and improve overall channel penetration by leveraging the Company’s expertise in branding, marketing, and distribution.
- Entourage Health reported Q2 earnings and are showing consistency in generating high revenues bringing the company ever closer towards being cash flow positive.

For August, MMJ stock is up nearly 3% compared with our benchmark Alternative Harvest Index which is down nearly 9% over the same time period.

Appendix One

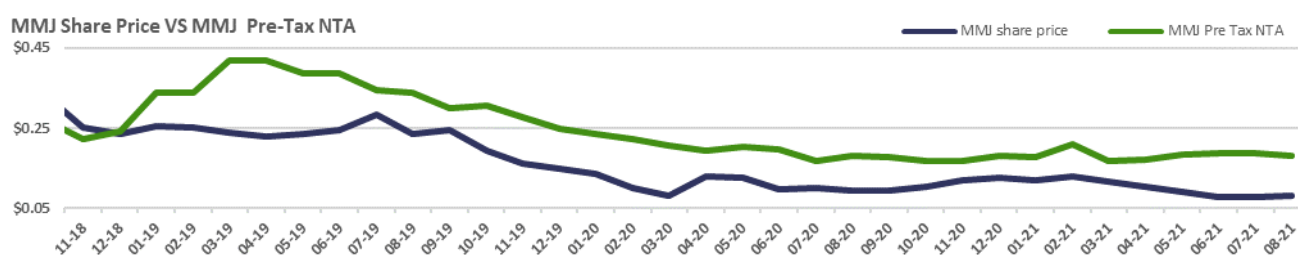
1. The year-to-date performance of MMJ's NTA is detailed below⁸:

Table One

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

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-Aug-21 Times	31-Aug-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	6.1	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.	0.8	4.5	11%	4.5	10%	3.4	7%
Listed investments								10.6	26%	11.7	27%	12.3	27%
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	0.4	2.6	6%	2.6	6%	13.2	29%
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded cannabis products	3.5	9.6	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	n/a	0.3	1%	0.3	1%	0.2	0%
Unlisted investments								20.3	49%	20.3	47%	24.9	55%
Total cannabis/hemp portfolio								31.0	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	1.8	2.7	6%	3.2	7%	3.5	8%
Brainworks Foundry Inc.		Aug-21	USA	Unlisted	Shares	healthcare	1.0	1.4	3%		0%		0%
Total non-cannabis								4.0	10%	3.2	7%	3.5	8%
Total Portfolio							0.7	35.0	84%	35.4	81%	42.1	92%
Cash								1.8	4%	3.4	8%	1.0	2%
Company tax refund receivable								4.6	11%	4.6	11%	0.0	0%
Total Portfolio								41.5	100%	43.5	100%	45.5	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. 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 31-Aug-21	Market Price 31-Aug-21 Foreign Currency	Book Value (unaudited) 31-Aug-21 Foreign Currency	Book Value (unaudited) 31-Aug-21 AUD000	Book Value (unaudited) 30-Jun-21 AUD000
Harvest One - shares	HVT	listed price	55,557,994	0.090	5,000	5,419	6,261
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.038	643	697	963
Total MMJ investment					5,643	6,116	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	65.0	- 3,900	- 4,227	- 4,250
- warrants	ENTG.WT	Listed price	3,750,000	0.050	188	203	221
Total MMJ investment					4,088	4,430	4,471
Vintage Wine Estate - shares	VWE.U	Listed price	60,000	10.1	- 605	- 825	- 962
- warrants	VWE.WT.U	Listed price	666,670	2.035	1,357	1,850	2,217
Total MMJ investment					1,961	2,674	3,179
MMJ's Listed investments					9,730	10,546	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 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.
- 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.

⁹ Information as at 30 June 2021.

¹⁰ 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.

(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:

- 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 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, warrants and accrued interest.

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.