

ASX RELEASE

15 November 2021

MMJ MAKES FOLLOWON INVESTMENT IN WEED ME

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ") is an Australian-listed specialist investment company which concentrates on producing capital growth for shareholders over the medium to long term from investments in listed and unlisted equities and other financial assets.

MMJ invests CAD1m in Weed Me Inc.

MMJ has completed a follow-on investment of CAD1m in the unlisted company, Weed Me Inc. ("**Weed Me**" or the "**Company**") based in Ontario Canada. MMJ's investment is in the form of an unsecured convertible note to fund the Company's business plan rollout and position Weed Me for a liquidity event (either public listing or sale of the business). The key terms of the convertible note are:

- a) a cash yield of 8% per annum
- b) maturity date of 9 May 2023
- c) conversion at MMJ's option¹ prior to maturity

MMJ has also been issued 230,415 warrants convertible into 230,415 Weed Me shares each at CAD2.17 with an expiry date of 29 October 2024.

The investment was made from MMJ's existing cash reserves.

Established in 2016, 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 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 CAD14.1m in the nine months ended 30 September 2021 compared to CAD4.1m in the nine months ended 30 September 2020.

MMJ made its initial investment in Weed Me in December 2017.

"The follow-on investment in Weed Me demonstrates MMJ's expertise to secure a private negotiated investment in unlisted businesses which are not generally available to Australian retail and institutional investors. The investment in Weed Me will assist the further expansion of Weed Me's sales growth and maximise the value on the ultimate exit of MMJ's investment.", said Mr Wall, MMJ's Chairman.

MMJ's investment in Weed Me now has a current book value of CAD10.5m and comprises:

- a) 3.64m shares representing approximately 13% of Weed Me's current issued capital;
- b) 230,415 warrants each convertible at CAD2.17 with an expiry date of 29 October 2024; and

¹ The conversion price depends on the value of Weed Me at the time of conversion using the current number of the issued common and convertible securities – conversion on a liquidity event is at discount to the valuation calculated at a Liquidity event such as sale of the company or a public listing. The size of the discount depends on the valuation attributed by the Liquidity Event.

c) CAD1m convertible note (“the Note”) which is unsecured, bears interest at a rate of 8% per annum and is repayable on 9 May 2023.

As at 31 October 2021, MMJ had generated a total return of 3.4 times on its investment in Weed Me².

Investor and Media Enquiries

Announcement authorised for release to ASX by:

Jim Hallam

Chief Financial Officer and Company Secretary

E: Compsec@mmjgh.com.au

² Based on unrealised market value of investment plus interest received/receivable divided by cash cost of investment

About MMJ

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ") (ABN 91 601 236 417) is an Australian-listed specialist investment company which concentrates on producing capital growth for shareholders over the medium to long term from investments in listed and unlisted equities and other financial assets.

Important Notice

This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of MMJ. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of MMJ may be influenced by a number of factors, many of which are outside the control of MMJ. No representation or warranty, express or implied, is made by MMJ, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause MMJ's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. MMJ does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in MMJ. This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). MMJ's shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.

Glossary



ABBREVIATION ^α	Definition ^α
AUD ^α	means Australian dollars. ^α
AA SB ^α	Australian Accounting Standards Board. ^α
ACMPR ^α	means Access to Cannabis for Medical Purposes Regulations. ^α
ASX ^α	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires. ^α
ASX Listing Rules ^α	means the Listing Rules of ASX. ^α
B2B ^α	Business to business ^α
CAD ^α	means Canadian dollars. ^α
CBD ^α	means Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp. ^α
CBG ^α	means Cannabigerol is the non-acidic form of cannabigerolic acid, the parent molecule from which other cannabinoids are synthesized. ^α
Company or MMJ ^α	means MMJ Group Holdings Limited (ACN 601 236 417). ^α
DNA ^α	deoxyribonucleic acid ^α
EBITDA ^α	means Earnings before Interest, Tax, Depreciation and Amortisation. ^α
GMP ^α	GMP stands for Good Manufacturing Practices and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications. ^α
IPO ^α	Initial public offering of securities on a recognised securities exchange ^α
LPs ^α	Canada's Licensed Producers of Cannabis Products ^α
M ^α	means million ^α
MMPR ^α	means Marihuana for Medical Purposes Regulation ^α
MOIC ^α	means multiple on invested capital ^α
NTA ^α	means net tangible assets. ^α
PCR ^α	polymerase chain reaction ^α
Covid19 ^α	CO stands for corona, 'VI' for virus, and 'D' for disease. ^α
Option ^α	means an option to acquire a Share usually at predetermined price. ^α
Share ^α	means a fully paid ordinary share in the capital of the Company. ^α
Shareholder ^α	means a registered holder of a Share. ^α
TGA ^α	Means the Therapeutic Goods Administration ^α
THC ^α	means THC is the principal psychoactive constituent of cannabis. ^α
TSXV ^α	Toronto Stock Exchange Venture [¶]
Warrant ^α	means an option to acquire a Share usually at predetermined price. ^α
WST ^α	means Western Standard Time as observed in Perth, Western Australia. ^α

¶