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ASX RELEASE

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MMJ Investment Portfolio Report as at 30 November 2021

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 Investment Portfolio Report as at 30 November 2021

MMJ is pleased to provide the MMJ Investment Portfolio Report as at 30 November 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 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.



Investment Portfolio Report

30 November 2021

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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 portfolio 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.

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:

22	10	4	10
Primary Acquisitions	Follow on investments¹	Private to public	Sale of investments

MMJ Investment Performance²³

MMJ Historical Performance - period ended	30-Nov-21				
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	5%	(3)%	(7)%	4%	(14)%
Benchmark	(10)%	(27)%	(41)%	(23)%	(23)%
Out/(under) performance	14%	24%	34%	28%	9%

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 November 2021

\$0.1759

Net Asset Value as at 30 November 2021

\$37m

Investment Return for 12 months ended 30 November 2021

4% p.a.

Key Metrics as at	30-Nov-21	AUD
Net Asset Value	m	37
Investee Portfolio (ex cash)	m	36
Cash	m	4
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)		0.1759
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)		0.1619
Net Asset Value per share		0.1623
MMJ share price (ASX)		0.066
Market capitalisation	m	15
Number of investments (ex cash)		10
		Listed
ASX Investment Type		Investment Company
Initial Public Offering Date (inception date)		22-Jan-15
No. of ordinary shares on issue	m	230

MMJ shareholder communications

Webinars and copies of announcements related to MMJ's operations may be found on the MMJ website:

www.mmjgh.com.au.

MMJ held a live audio webinar of the Investor Conference Call on 17 November 2021. In the webinar, Michael Curtis, MMJ Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of MMJ's investments, gave an update on MMJ's major investments.

¹ Includes investments in existing investees.

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

³ MMJ uses the Alternative Harvest ETF (ticker symbol MJ) as its investment benchmark for the MMJ portfolio as it is a highly liquid portfolio trading in the

North American market (where most of MMJ's holdings are based). MJ is listed on the New York Stock Exchange.

⁴ Net Tangible Asset Value per share – unaudited, before tax on unrealised gains on investment portfolio. The financial information within this report is unaudited.

MMJ NEWS**Performance of MMJ Portfolio as at 30 November 2021**

During the five months ended 30 November 2021, MMJ's Net Asset Value (before provision for deferred tax) decreased by 7%. This was a significantly favourable performance compared to our benchmark, which declined 41% over the same period reflecting in large part a decline of similar magnitude in the listed Canadian cannabis sector. Performance for the 12 months to 30 November 2021 was a gain of 4% compared to the benchmark loss of 23%.

The material underperformance of the cannabis equity market in Canada and Australia (which represents 77% of MMJ's portfolio) since 30 June 2021 has underscored MMJ's decision in 2020 to broaden its investment portfolio beyond cannabis and the request for MMJ Shareholders at its 2021 AGM to remove the cap on non-cannabis investments. The cannabis sector as a whole has been unable to deliver the returns expected when the recreational sector was legalised in Canada in 2018 with the incidence of production overcapacity and greater competition. The performance of a number of MMJ's cannabis investments have been materially adversely affected by the decline in the listed cannabis valuations – fortunately MMJ's largest cannabis investment (34% of the portfolio), Weed Me, has generated sufficient sales growth to more than offset the decline in market valuation multiples and MMJ remains optimistic for future capital growth from its investment.

Unfortunately the listed Canadian cannabis index has declined 45% since 30 June 2021 which has adversely impacted on MMJ's listed cannabis securities whilst confirming MMJ's decision to focus on a broader range of investment sectors outside cannabis. Against this backdrop MMJ has sought Shareholder approval at the forthcoming MMJ Annual General Meeting (AGM) to remove the cap of 25% of non-cannabis investments to allow MMJ to make investments in private (typically pre-IPO) and public companies where the MMJ Board perceives there to be materially more capital growth potential.

MMJ has funds available to deploy in new investments and will also seek to realise existing investments to recycle capital into opportunities which MMJ considers have greater potential for capital growth. MMJ's flexibility in exiting some of its investments remains restricted given the escrow arrangements (Embark Health/BevCanna and Vintage Wines Estates) or where MMJ is intending to hold the investment to maturity to realise value (Entourage) which will unwind during 2022.

Proposal to Broaden MMJ's Investment Mandate

MMJ announced that its 2021 AGM would be held as a virtual meeting on 17 December 2021. The AGM will include two items of Special Business.

a) Broadening MMJ's Investment Mandate

MMJ is proposing, subject to Shareholder approval at the AGM, to broaden its existing investment mandate. If approved, the current restriction that limits MMJ's investments in non-cannabis assets to 25% of its total assets would be removed. MMJ believes that there are opportunities to enhance the returns to Shareholders by further diversifying its investment portfolio to include strategic investments in sectors outside of Cannabis (Diversification). MMJ has already made significant steps over the past twelve months to diversify the portfolio through investments in the consumer branded products and healthcare sectors.

The proposed Diversification will allow MMJ to:

- i. expand its existing investment portfolio and invest in other industries with a view to delivering capital growth over the medium to long term; and
- ii. create greater opportunities for Shareholders to benefit from the growth of a diversified group of investments, in addition to MMJ's existing investments.

The proposed Diversification is an internal process, which will broaden MMJ's existing investment strategy with Parallax Ventures Inc. continuing to be the Investment Manager of MMJ's investments.

b) Change in MMJ Name

MMJ is proposing, subject to Shareholder approval at the AGM, to change its name to "Hygrovest Limited".

The Board proposes the change of name on the basis that it believes the proposed name more accurately reflects the future operations of MMJ in line with the proposed broadening of MMJ's investment mandate to focus on producing capital growth for Shareholders over the medium to long term from investments in listed and unlisted equities and other financial assets from a broad range of investment sectors.

Shareholder Communications

MMJ held a live audio webinar of the Investor Conference Call on 17 November 2021. In the webinar, Michael Curtis, MMJ Non-Executive Director and Managing Partner of Parallax Ventures Inc, the asset manager of MMJ's investments, provided an update on the Canadian cannabis demand and update on major investments.

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 AUD4m and a portfolio of listed equities (CAD4m), listed convertible loans (CAD3m) and unlisted loan securities (CAD4m), which provide interest income with flexibility to fund flow on investments, effect timing of investment exits and MMJ's operating requirements.

New Investments**Weed Me Inc.**

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

Valo Therapeutics Ltd

MMJ has completed an investment of AUD1m in the unlisted Valo Therapeutics Oy ("Valo Tx") based in Finland. MMJ's investment was part of a total pre-IPO equity financing of approximately USD13m to fund the finalisation of preparations and initiation of a Phase 1 clinical study of Valo Tx's lead tumour antigen-coated oncolytic virus candidate, PeptiCRA-1 in addition to the continued development of its anti-infectives platforms including PeptiBAC and PeptiVAX. The proceeds will also be used to support Valo Tx's preparations for an IPO in 2022. The investment was made from MMJ's existing cash reserves.

Valo Tx is an immunotherapy company that is developing antigen-coated oncolytic viruses and vaccine vectors as therapeutic vaccines against cancer and infectious diseases. Valo Tx's lead platform, PeptiCRA (Peptide-coated Conditionally Replicating Adenovirus), was developed out of the laboratory of Professor Vincenzo Cerullo at the University of Helsinki. It turns oncolytic adenoviruses into targeted, tissue-specific cancer vaccines without the need to develop and manufacture multiple genetically modified viruses.

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

Portfolio Investment Strategy

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

- i. diversifying its investment mandate to include sectors where the Board considers provide the prospect of higher returns such as natural resources, the digital economy and healthcare; and

ii. working with MMJ's largest investments, Weed Me, to achieve a liquidity event during the next 12 months.

Outlined in the table below is the current strategy for MMJ's portfolio of investments:

Investee	Book Value (unaudited) 30-Nov-21 AUDm	Current Portfolio Strategy
Weed Me Inc.	13.7	Best performing investment in MMJ's portfolio. The company is in the high revenue growth stage - MMJ is working with the company to maximise exit value during next 12 months
Harvest One	5.0	MMJ's is the largest shareholder with 22% holding in the restructured listed business
Entourage Health Corp	4.0	MMJ is to hold convertible notes until maturity in Sept 2022 - currently 45% discount to face
Southern Cannabis Holdings (SCH)	2.9	SCH is diversifying products to continue sales growth - MMJ is working with SCH's management to produce a liquidity event in the next 12 months
Sequoia	3.2	Sequoia is seeking new capital. MMJ is considering an extension of loan facilities
Vintage Wine Estate (VWE)	2.8	MMJ is a small investor in VWE - Investment is in escrow until December 2022 - MMJ is not long-term holder
Embark Health	1.9	MMJ's investment will be acquired by listed BevCanna subject to shareholder approval in December 2021. MMJ will receive listed BevCanna shares to be released progressively from escrow in the next 12 months
Brainworks Foundry Inc. (Brainworks)	1.4	Brainworks is a new investment in digital healthcare made in September 2021
Valo Therapeutics Ltd (Valo)	1.0	Valo is a new investment in healthcare made in November 2021. MMJ's is supportive of the company's targeted public listing in 2022
Cash	3.9	Funds for new investment and operating costs

Parallax Ventures Inc. Sector Update – November 2021

MMJ's net asset value (NAV) has increased slightly to A\$0.1623/share at the end of November 2021 from A\$0.1565/share since the end of October 2021 which reflected the revaluation of MMJ's unlisted investments more than offsetting the decline in its listed cannabis investments. Broader cannabis markets are struggling – the benchmark Alternative Harvest ETF is down 15% since the end of October. We are in the thick of tax loss selling season and probably won't see a rally until the 3rd or 4th week of December or more realistically in January when generalist portfolio managers put risk back onto their books. The markets are seeking clarity around what the federal reserve is going to do in terms of tightening to combat inflation.

On the political side of things, the SAFE Banking Act has not passed in the US congress, and it now appears highly unlikely to pass until after the mid-terms perhaps in 2023 or 2024. Sponsors of the act had tried a last-ditch effort to include SAFE Banking in a larger annual national defense authorization bill. Whether this affects cannabis reform efforts elsewhere in the world remains to be seen (recall that German political parties have come to an agreement to pass recreational cannabis reform in their upcoming legislative session.). These types of political uncertainties have confirmed that our decision to add diversification to the portfolio outside cannabis was a good one.

Interestingly however, cannabis equities did rise on the back of the political news last week as it appears most of the bad news was already priced into the stocks. After what has been a very difficult time for the space over the past 24 months, there are finally some green shoots in terms of market growth in Canada and acceptance that U.S. MSO's will be judged by their own excellent financial performance and not judged only on the political outcome of the SAFE Banking Act. With that backdrop, allow us to give you an update on some specific portfolio holdings:

Privately Held Companies:

- **Weed Me Inc. (Weed Me)** – Continues to perform exceptionally well, taking market share from other larger players and breaking monthly revenue records still. Growth rate MoM has been a real boon as well with the company more than doubling monthly revenues over the last 6 months. The company also continues its facility expansion and expects completion by March 2022. Management is very upbeat, and they will give larger competitors a serious challenge by introducing more value segment products – currently they are outselling competitors in several key categories with a product that is more expensive. Parallax Ventures Inc. (Parallax) continue to support the company and over time expect it to become the premier privately held producer in Canada.
- **Embark Health/BevCanna (BEV)**. Embark Health shareholders have voted in favour of the BevCanna transaction and closing is expected to occur shortly. Upon closing we will own shares in BevCanna that become free trading on a proportional monthly basis over the next 12 months.
- **Southern Cannabis Holdings (SCH)**. Parallax is very pleased with how the newly launched prescription vape business is progressing. Sales were modest in absolute dollar terms to start but the growth rate is promising (10-15% every week) and repeat orders are above expectations. More than 50% of revenue last week for example was repeat customers. The company is also getting solid online reviews and they expect the business could be break-even in early 2022 which is much earlier than expected.

Publicly Listed Companies:

- **Harvest One (HVT)**. Company reported Q1 (ending September 2021) financial results recently at C\$2.159mln in revenue which is a 12% QoQ increase. They also improved gross margin by 29% and improved EBITDA by 51% - both QoQ. Accounts Payables for legacy facilities are significantly lower at this point and this problem is largely resolved. HVT is positioned for a successful 2022.
- **Entourage Health (ENTG)**. Company reported Q3 financial results and while top line numbers were encouraging, the underlying gross margin issues and liquidity concerns persist. Q3 top line gross revenues were \$14.9mln and net revenues were \$10.8mln which is slight improvement from Q2's \$10.6mln. They do continue to realize reductions in SG&A and operating cash flow quarter-over-quarter.

Appendix One

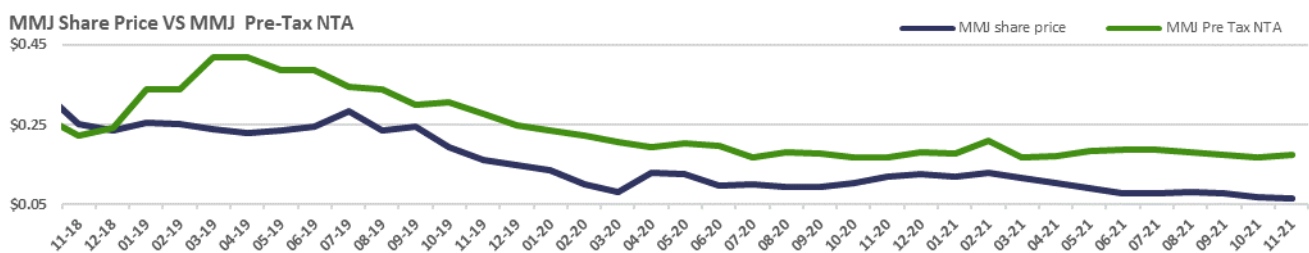
1. The year-to-date performance of MMJ's NTA is detailed below⁵:

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	30-Sep-21	31-Oct-21	30-Nov-21
Share price \$	AUD	0.335	0.245	0.096	0.077	0.079	0.081	0.078	0.069	0.066
Net Asset Value	AUD	0.2879	0.3721	0.1924	0.1750	0.1729	0.1690	0.1639	0.1565	0.1623
NTA Post Tax \$	AUD	0.2860	0.3718	0.1925	0.1747	0.1725	0.1686	0.1636	0.1562	0.1619
NTA Pre Tax \$	AUD	0.2900	0.3874	0.1976	0.1885	0.1863	0.1814	0.1754	0.1681	0.1759
Net Return - pre tax NTA - year to date		n/a	34%	(49)%	(5)%	(1)%	(4)%	(7)%	(11)%	(7)%
Premium/(discount) of share price to pre tax NTA		16%	(37)%	(51)%	(59)%	(58)%	(55)%	(56)%	(59)%	(62)%
Premium/(discount) of share price to NAV		16%	(34)%	(50)%	(56)%	(54)%	(52)%	(52)%	(56)%	(59)%

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	Weight	Book Value	Weight	Book Value	Weight	
								(unaudited)		(unaudited)		(unaudited)		
								30-Nov-21		30-Jun-21		30-Jun-20		
								Times	AUDm	AUDm	AUDm	AUDm	AUDm	
Harvest One	HVT	Apr-17	Canada	Listed	Shares and warrants	Health and wellness products	0.3	5.0	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.	0.7	4.0	10%	4.5	10%	3.4	7%	
Listed investments								9.0	22%	11.7	27%	12.3	27%	
Embark Health		Jul-18	Canada	Unlisted	Shares and Warrants	CBD and THC Extraction	0.3	1.9	5%	2.6	6%	13.2	29%	
Weed Me		Dec-17	Canada	Unlisted	Shares	Cultivation and sales of branded cannabis products	3.5	13.7	34%	9.5	22%	6.0	13%	
Sequoia		Jul-19	Canada/ Poland	Unlisted	Convertible note and shares	CBD Extraction	0.8	3.2	8%	3.8	9%	3.6	8%	
Southern Cannabis		Apr-18	Australia	Unlisted	Shares	Medicinal cannabis clinics and research	2.9	2.9	7%	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								21.7	54%	20.3	47%	24.9	55%	
Total cannabis/hemp portfolio								30.7	77%	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	2.8	7%	3.2	7%	3.5	8%	
Valo Therapeutics		Nov-21	Finland	Unlisted	Convertible notes	healthcare	n/a	1.0	2%	0.0	0%	0.0	0%	
Brainworks Foundry Inc.		Aug-21	USA	Unlisted	Shares	healthcare	1.0	1.4	3%	0.0	0%	0.0	0%	
Total non-cannabis								5.2	13%	3.2	7%	3.5	8%	
Total Portfolio								0.7	35.9	90%	35.4	81%	42.1	92%
Cash								3.9	10%	3.4	8%	1.0	2%	
Company tax refund receivable								0.3	1%	4.6	11%	0.0	0%	
Total Portfolio								40.1	100%	43.5	100%	45.5	100%	

⁵ The results for 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 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 30-Nov-21	Market Price 30-Nov-21 Foreign Currency	Book Value (unaudited) 30-Nov-21 Foreign Currency	Book Value (unaudited) 30-Nov-21 AUD000	Book Value (unaudited) 30-Jun-21 AUD000
Harvest One	HVT	listed price	55,557,994	0.075	4,167	4,576	6,261
- shares							
- warrants	unlisted	Black Scholes using listed price as key input	17,083,333	0.025	421	463	963
Total MMJ investment					4,588	5,039	7,224
Entourage Health Corp	ENTG.DB	Listed price - the total number of securities multiplied by listed price divided by 100	6,000,000	55.0	-	-	-
- debentures					3,300	3,624	4,250
- warrants	ENTG.WT	Listed price	3,750,000	0.025	94	103	221
Total MMJ investment					3,394	3,727	4,471
Vintage Wine Estate	VWE.U	Listed price	60,000	11.2	-	-	-
- shares					670	938	962
- warrants	VWE.WT.U	Listed price	666,670	1.960	1,307	1,829	2,217
Total MMJ investment					1,977	2,766	3,179
MMJ's Listed investments					7,982	8,766	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 MMJ⁶

(a) Embark Health (Embark)

MMJ was a foundation investor in Embark in July 2018 – the investment now comprises:

- i. 4.897m ordinary shares (approximately 15% 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 Event⁷.
- iii. 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.

⁶ Information as at 30 November 2021.

⁷ A Liquidity event is an initial public offering or a material sale 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 shares⁸, 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. 3.642m shares representing approximately 13% of Weed Me's issued capital.
- ii. 230,415 warrants each convertible at CAD2.17 with an expiry date of 29 October 2024; and
- iii. CAD1m convertible note ("the Note") which is unsecured, bears interest at a rate of 8% per annum and is repayable on 9 May 2023.

(c) **Southern Cannabis Holdings (SCH)**

MMJ became an investor in SCH in April 2018 which now comprises:

- i. 21m shares representing approximately 17% of SCH's issued capital.

(d) **Sequoia**

MMJ was a foundation investor in Sequoia – 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 Sequoia 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 Sequoia.

(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 representing approximately 7% of Brainworks' issued capital.

(i) Valo Therapeutics Oy (**Valo**)

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

- ii. 1,000,000 notes.

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.
- (d) Unlisted warrants and note conversion options - 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.