

MMJ Group Holdings Ltd

00:58 12 May 2020

MMJ Group shares gain traction on promising signs of recovery

MMJ Group Holdings Ltd (ASX:MMJ) has seen an improvement in its share price from a 52-week low of 6 cents in March 2020 to 12 cents as on today.

The company has a diversified portfolio of CBD and cannabis investments in cultivation, extraction and consumer products with material investments in Harvest One Cannabis (CVE:HVT), Embark Health, Weed Me, WeedMD, Sequoya, Volero and Bespoke.

MMJ has been actively supporting the operational and financial restructuring plans of Harvest One Cannabis (HVT).

The company believes that there are promising signs of recovery in the HVT business derived from changes implemented in the past four months.

Market comparison

Over the month of April, MMJ stock has risen by about 63% from A\$0.08 to A\$0.13 whereas the benchmark Alternative Harvest ETF has risen only about 6% from US\$11.40 to US\$12.06.

Clearly a rebound in the marketplace (in anticipation of a post-COVID world) has been more beneficial to MMJ shares relative to the benchmark.

Such a stark contrast with the benchmark is due to MMJ holding more private company stock on its books as compared to the benchmark ETF which exclusively holds listed public securities.

Capital markets tend to downgrade private companies much more in the event of market meltdowns as witnessed in March and they also tend to drive up the valuation of private company holdings in the event of a recovery as seen in April and early May.

Embark Health

Embark Health was an initial investment made in late 2018 and MMJ have participated in multiple rounds of funding thereafter as well.

The position has a current book value of C\$13 million which represents two times MMJ's investment in the company.

MMJ's initial thesis was that Embark Health had an opportunity to become the largest extraction services company in Canada and become a high return investment for MMJ.

Despite structural challenges in the cannabis industry as a whole and the global tumult caused by COVID-19, MMJ still firmly believe that to be the case.

Price: 0.105

Market Cap: \$24.15 m

1 Year Share Price Graph



Share Information

Code: MMJ

Listing: ASX

52 week	High	Low
	0.205	0.062

Sector: Cannabis

Website: www.mmjgh.com.au

Company Synopsis:

MMJ Group Holdings Ltd (ASX:MMJ), formerly known as MMJ Phytotech Ltd, owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors. The company is listed on the Australian Securities Exchange.

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