

MMJ Group Holdings Ltd

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MMJ Group investees start capitalising on growing demand for cannabis products

MMJ Group Holdings Ltd's (ASX:MMJ) investee businesses are starting to capitalise on the growing demand for CBD (cannabidiol) and cannabis products in North America and Europe.

During August, MMJ's material investments made significant announcements in terms of achievement of business objectives and funding their operations:

- Harvest One (HVT) (11% of MMJ's portfolio)

Harvest One Cannabis Inc (CVE:HVT) completed the sale of the Duncan Facility and its related operations in line with its transition to a cannabis-focused consumer packaged goods company.

MMJ believes that the HVT share price materially undervalues the opportunities provided by its existing portfolio as the Canadian investment market recovers and provides the opportunity for investors to acquire MMJ shares at an attractive price to their intrinsic value.

- Axiomm Technologies Inc (2% of portfolio)

In August 2020, Embark Health executed an agreement to acquire all of the issued capital of Axiomm.

MMJ has executed documentation to sell its holding in Axiomm to Embark Health in return for Embark Health shares with a value of C\$2.44 each for a total value of C\$0.7 million.

Interestingly, MMJ generated a return of 1.1 times its investment despite the 56% decline in MMJ's investment benchmark during FY2020.

Funding position

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

- Total assets of A\$42 million with immaterial current liabilities; and
- Cash of A\$3.7 million and a portfolio of listed equities (C\$4 million), listed convertible loans (C\$2.6 million) and unlisted loan securities (C\$3.6 million) which provide MMJ 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.

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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The company holds the right to make follow on investments in:

- Sequoya (European medicinal cannabis and CBD oil extraction);
- Weed Me (Canadian cannabis cultivation);
- Volero (Canadian cannabis vape manufacturer);
- WeedMD (Canadian cannabis cultivation and cannabis oil extraction);
- Embark Health (Canadian cannabis and CBD oil extraction); and
- Harvest One Cannabis (Canadian cannabis consumer and wellness products).

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