MMJ Group Holdings Limited

ABN 91 601 236 417

Annual Report - 30 June 2021

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Corporate Directory

Directors	Mr Peter Wall (Non-Executive Chairman) Mr Winton Willesee (Non-Executive Director) Mr Doug Halley (Non-Executive Director) Mr Michael Curtis (Non-Executive Director)
Chief Financial Officer and Company Secretary	Mr Jim Hallam
Registered office and principal place of business	Suite 5706, Level 57, MLC Centre 19-29 Martin Place Sydney NSW 2000 Telephone: +61 2 9236 7334 Facsimile: +61 2 8080 8315
Share register	Automic Registry Services Level 2 267 St Georges Terrace Perth WA 6000 Telephone: +61 1300 288 664
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Stock exchange listing	MMJ Group Holdings Limited securities are listed on the Australian Securities Exchange (ASX code: MMJ).
Website	www.mmjgh.com.au

Chairman's Letter

Dear Shareholders,

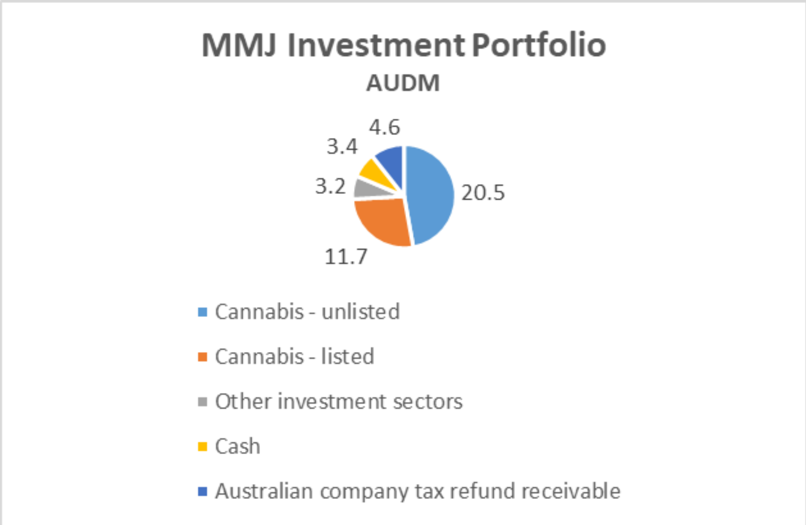
I am pleased to provide a review of our operations for the financial year ended 30 June 2021. While the year has undoubtedly had many challenges, we have undertaken some positive steps towards building longer term value for Shareholders.

MMJ remains uniquely positioned in the Australian market as the only listed investment company offering investors the opportunity to invest in a diversified portfolio of unlisted and listed cannabis-related businesses in Australia and offshore.

During the year, Shareholders approved further diversification of MMJ's investment mandate. Now, strategic investments can be made in private (typically pre-IPO) and public companies in other high growth industries such as natural resources, pharmaceuticals and software services technology.

Performance Report

At the end of the financial year, MMJ held a diversified portfolio of minority investments representing 81% of the portfolio, with cash and a corporate tax refund (19% of the portfolio) held for future investment opportunities.



MMJ's portfolio of cannabis-related investments sits across the value-chain. Our key investments are in Weed Me, Entourage Health Corp (formerly WeedMD), Sequoya, Harvest One (TSXV: HVT) and Southern Cannabis Holdings.

The individual businesses are realising opportunities to capitalise on the growing demand for CBD and cannabis products in North America and Europe. The continued growth in the Canadian market and expansion of the Australian medicinal cannabis market underlines MMJ's view that its key investments are well placed to generate material investment returns over the medium term.

MMJ's first investment in a high growth industry outside of cannabis, was completed in May 2021. The company, US-based wine business, Vintage Wines Estates (NASDAQ: VWE), was acquired as a result of the merger with Bespoke Capital Acquisition Corp. a special purpose acquisition company, in which MMJ held an investment. Vintage Wine Estates is one of the fastest growing US wine producers with an industry-leading direct-to-customer platform.

MMJ's investments generated a Multiple on Invested Capital ("MOIC") of 1.1 times[1] capital invested. In FY2021, the return was 1.0 times MOIC.

MMJ's Net Asset Value ("NAV"), before provision for tax, declined 5% in the year to 30 June 2021. Over the same period, the benchmark index used for our cannabis investments, the Alternative Harvest EFT (NYSE: MJ), returned 61%.

We were clearly disappointed with the portfolio's relative performance in FY2021, which was driven by two factors. Firstly, the MMJ portfolio has a significant unlisted bias, with listed assets comprising only 27% of NAV. This impacted the performance relative to the benchmark and, we believe, it has been a material contributor to the sustained discount at which the MMJ's share price trades to its NAV. Secondly, the benchmark index (only listed assets) was favourably impacted by IPO and merger activity during the year. In contrast, deferred IPO intentions by a number of our unlisted investments meant we were unable to realise their inherent value.

MMJ has sought to reduce the gap between the share price and NAV by:

i. diversifying its investment mandate to include non-cannabis investments in primarily listed or pre-IPO investment opportunities;

ii. supporting the restructure of Harvest One, now MMJ has significant leverage to an improvement in performance through its 22% shareholding plus a further 17 million warrants; and

[1] Inception date is 30 April 2017

iii. benefiting from the significant sales growth achieved by MMJ's investments in Weed Me and Southern Cannabis Holdings, that has added material investment value and the prospect of liquidity events during the next 12 months.

The table below shows the book values and year-on-year change for each of MMJ's key investments.

Key Investments	Gains/(losses)	Book value
	30-Jun-21 $000	**30-Jun-21 $000**
Harvest One Cannabis Inc.	653	7,224
Southern Cannabis Holdings	1,103	4,265
Embark Health Inc.	(11,199)	2,627
Volero Inc.	(1,309)	0
Weed Me Inc.	5,633	9,534
Entourage (formerly WeedMD)	1,610	4,468
Sequoya Cannabis Ltd.	(190)	3,762
Bespoke Financial Inc.	(312)	3,179
	($4,012)	**$35,059**

The main detractor to the portfolio's valuation this year was our investment in Embark Health ("Embark") and specifically resulting from Embark's inability to execute its business plan which caused it to delay its listing as a public company. MMJ remains supportive of Embark and its efforts to achieve material revenue growth during the current year believing its restructuring efforts will ultimately deliver significant returns to Shareholders. Positively, underpinned by the continued growth in the Canadian market, MMJ's largest investment Weed Me, saw an uplift in its value.

As I noted earlier, the past year has presented many challenges for individuals and businesses globally. We are fortunate that, from MMJ's perspective, over the reporting period the pandemic has not had a material financial impact. That applies to the internal operations of MMJ, from our observations of any of the operations of the companies we hold key investments in, or equally, any consequential material specific impact on MMJ's valuation, and/or any impact on recoverability of loans MMJ advanced during the year that were still receivable as at 30 June 2021.

Looking ahead

One of the Board's key aims is for MMJ's share price to better reflect its NTA. Encouragingly, we have started FY2022 with both considerable internal funding enabling us to make further investments aimed at materially increasing returns from capital growth, and holdings in a number of portfolio companies that have the potential to realise latent returns.

On behalf of the Board, I thank you for your continued support. We remain committed to delivering value for all Shareholders.

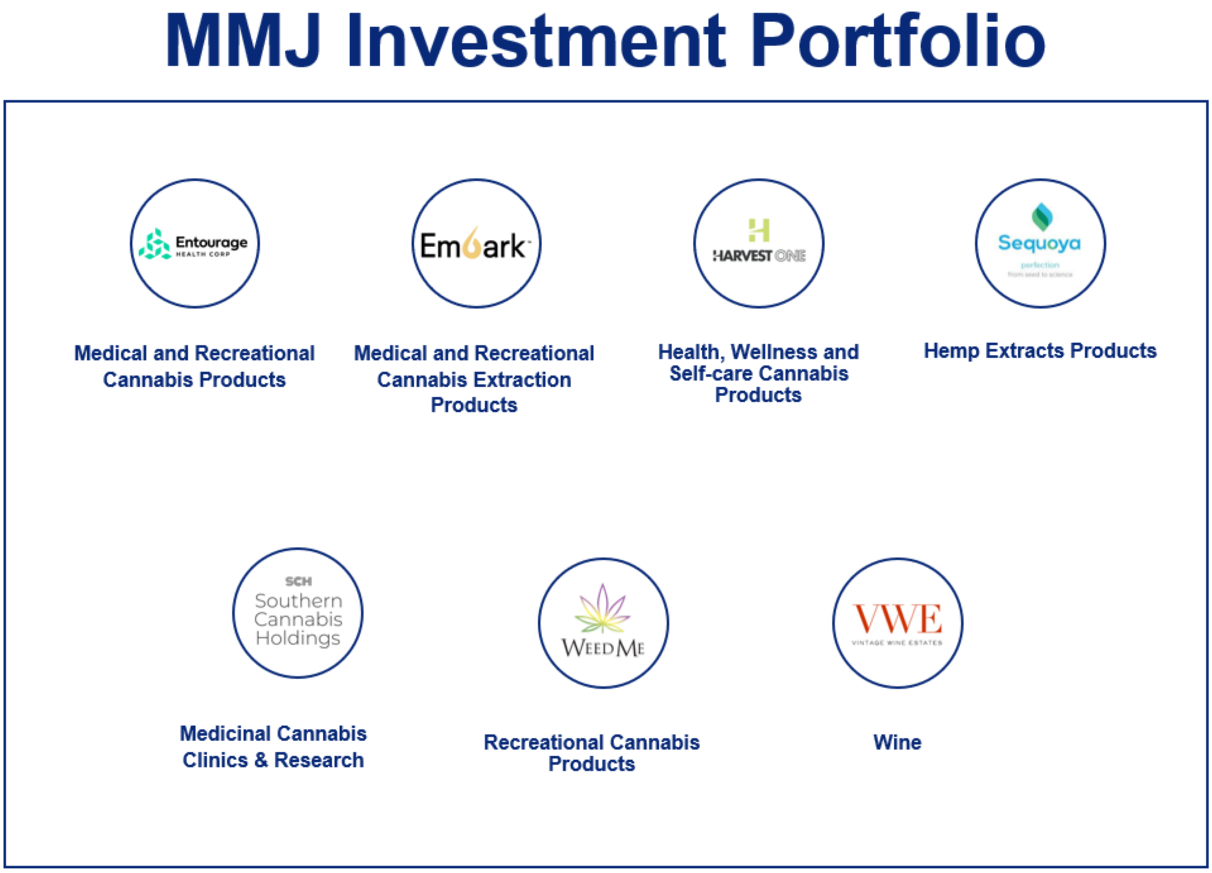
Yours Sincerely,

Peter Wall
Chairman

About MMJ Group Holdings Limited

MMJ Group Holdings Limited (ASX: MMJ or the "Company") 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. During the year, MMJ expanded its investment mandate to other high growth industries such as but not limited to, natural resources, pharmaceuticals and software services technology. The significant investments in MMJ's portfolio are detailed below:



Investments are managed by Parallax Ventures Inc. ("Parallax"), a specialist management company in Canada, under a long-term strategic partnership.

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.

Our Objectives and Investment Process

MMJ Investment Management Governance

MMJ has an appropriate, documented, and regularly updated due diligence process when investing according to the investment strategy, objectives, and risk profile of MMJ.

The MMJ due diligence process is supported by MMJ policies that govern the day-to-day management of MMJ including decision authorities, risk management policies and standards, performance standards and reporting protocols. MMJ's Investment Policy details the components of MMJ's investment process for its investment portfolio.

Investment Process of MMJ

Investment Approval

The Board of MMJ is at all times responsible for MMJ's investments, including formulating, reviewing regularly and giving effect to an investment strategy that has regard to, amongst other things, whether reliable valuation information is available in relation to the investments.

The Board is responsible for setting MMJ’s Valuation policy and procedures and has delegated responsibility to MMJ management for overseeing its implementation.

The MMJ Board is the final approval level for acquisition and sale of investments proposals.

Parallax has responsibility for origination, execution, management and exit of MMJ’s investments.

Investment proposals, which involve exercise of rights attached to investments, are subject to the delegations by the Board.

Board approval is required where a related party transaction is proposed.

Investment Approval Process

The Company has adopted an investment approval process that is based on current MMJ practice and the terms of the Investment Management Agreement with Parallax, which commenced effective operation on 1 June 2019. The following section outlines the nature and processes of a generic investment approval process.

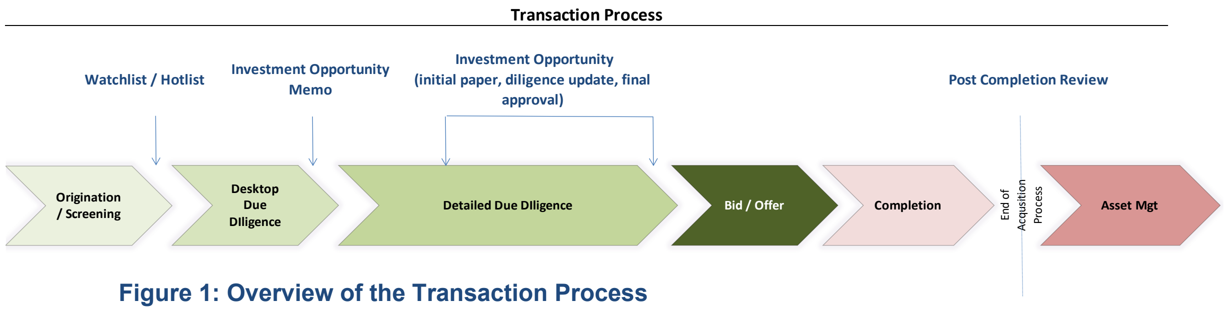


Figure 1: Overview of the Transaction Process

Investment Objective

MMJ has a globally diversified portfolio that invests in private (typically pre-IPO) and public companies in high growth industries.

The Company’s aim is to realise returns on investments in excess of the respective benchmarks for our diversified portfolio over the medium to long term. This may be via capital growth and / or regular income from interest, dividends, fees, or profit from realisation on asset sales.

To achieve this, the Company’s investment strategy is to target higher growth, higher return investments with the objective of delivering a multiple on invested capital of 2-3x over a time horizon of 1-2 years.

Portfolio Guidelines

MMJ has clear Portfolio Guidelines explaining how and where the Company invests to achieve its investment objective; the benchmarks to assess investment performance; portfolio constraints; and targeted returns. Detailed in the table below, these Guidelines are subject to periodic review by the Board and may be amended to reflect market conditions, risk profiles, investment opportunities and the size of MMJ.

Portfolio guidelines	Explanation
Investable universe	MMJ seeks investments in private (typically pre-IPO) and public companies where the MMJ Board perceives there to be material upside potential. Investment targets 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 software services technology.
Portfolio limits	Non-cannabis investments may comprise no more than 25% of MMJ's total consolidated assets at the time an investment is made.
Targeted geographies	MMJ invests globally to meet its objectives. Currently, however, MMJ's cannabis investments are restricted to Australia, Canada and Europe. Investments in federally-illegal jurisdictions, such as the US, are not permitted.
Benchmarks	MMJ uses two benchmarks against which the Company's medium to long term performance is measured: 1. Alternative Harvest EFT (NYSE : MJ) for the portfolio's cannabis value chain investments, and 2. S&P/ASX Small Ordinaries (XSO) for the portfolio's other investments.
Percentage ownership of a single asset	Any investment made will be as a minority shareholder. MMJ 's investment strategy does not include the exercise of control over any entity or the business of an entity.
Size of new investments	AUD0.5 million to AUD5.0 million.
Target Returns for Investments	Targeting 2-3x multiple on invested capital (MOIC) in 1-2 year time horizon.

MMJ's Investment Manager - Parallax Ventures Inc.

MMJ has an established, long-term strategic relationship with Canadian-based Parallax Ventures Inc. ("Parallax" or the "Company") to manage all investments in the portfolio.

Parallax is a highly experienced portfolio consulting firm focused on the industries of tomorrow. The Company specialises in providing intimate market knowledge in various sectors including cannabis, biotechnology, digital currencies, eSports, battery tech and other environmentally sustainable investments. Parallax is led by Mike Curtis and Mohan Nair who combined have nearly 50 years' experience in public and private capital markets globally.

The agreement with Parallax offers numerous benefits to Shareholders, including:

- enhancing access to new investment opportunities, including unlisted investments. Under the agreement, Parallax is required to give MMJ priority to invest in opportunities that meet our investment criteria;
- adding material value to existing investments;
- minimising MMJ's fixed cost structure; and
- securing a meaningful investment presence in MMJ's key investment market – North America.

The key terms of the agreement with Parallax are detailed in the Additional information required by ASX Listing Rules in this Annual Report.

MMJ Group Holdings Limited

Directors' Report

The Directors present their Report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of MMJ Group Holdings Limited (referred to hereafter as "MMJ", the "Company" or "parent entity") and the entities it controlled (the "Group") at the end of, or during, the year ended 30 June 2021 ("Financial Period").

Directors

The following persons were Directors of the Company during the Financial Period and up to the date of this Report, unless otherwise stated:

Mr Peter Wall (Non-Executive Chairman)
Mr Winton Willesee (Non-Executive Director)
Mr Doug Halley (Non-Executive Director)
Mr Michael Curtis (Non-Executive Director)

Principal activities

MMJ's strategy is that of an investment company whose core business is holding minority investments along the cannabis value-chain in Australia, Canada and Europe. MMJ may also invest up to 25% of its total consolidated assets in sectors other than cannabis such as (but not limited to) natural resources, healthcare and software services technology. MMJ seeks investment returns from capital appreciation, investment income and interest income. The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The operating revenues, expenses and cashflows of the MMJ consolidated entity for the Financial Period reflect the operations of MMJ which operates as an investment entity for financial reporting purposes comprising:

a) Revenue and other income – include realised and unrealised gains/losses and interest income from investments.
b) Operating expenses – the investment management and administration expenses required to operate as an investment company listed on the Australian Stock Exchange.

Dividends

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 would first apply in respect of the Annual Profit for the year ended 30 June 2021. 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 the dividend would benefit from available franking credits held by MMJ. The Company had an Annual Loss of $0.5m for the financial year (i.e., excluding after tax impact of unrealised gains and losses on investments) and accordingly no dividend has been declared in respect of the Financial Period.

There were no dividends paid, recommended or declared during the current or previous Financial Period.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $4.0m (30 June 2020: loss of $40.1m).

The loss for the period included the following material gains and losses on investments[2]:

	Gains/(losses) from material investments 30-Jun-21 $000	Book value 30-Jun-21 $000
Investment in Harvest One Cannabis Inc.	$653	7,224
Investment in Southern Cannabis Holdings	$1,103	4,265
Investment in Embark Health	($11,199)	2,627
Investment in Volero Inc.	($1,309)	0
Investment in Weed Me Inc	$5,633	9,534
Investment in WeedMD	$1,610	4,468
Investment in Sequoya	($190)	3,762
Investment in Bespoke	($312)	3,179
	($4,012)	$35,059

Operating overheads for the Financial Period were $1.6m[3] down from $1.8m from the previous Financial Period.

[2] Includes unrealised and realised gains and losses, interest and dividend income as applicable.
[3] Excludes non-cash share-based payments expense.

The net assets of the consolidated entity decreased from $44.2m as at 30 June 2020 to $40.2m as at 30 June 2021. The primary reason for the decrease in net assets was unrealised losses on the Company's investment portfolio during the period.

During the Financial Period, the net tangible asset backing per share decreased from 19.24 cents as at 30 June 2020 to 17.47 cents as at 30 June 2021 on which day the share price closed at 7.7 cents. The net tangible assets of the consolidated entity decreased primarily as a result of unrealised losses on the Company's investment portfolio during the period.

Coronavirus (COVID-19) pandemic

The Coronavirus ("COVID-19") pandemic up to 30 June 2021 has not had a material financial impact for the controlled entity. The internal operations of MMJ have not been significantly impacted and we have not observed a material adverse impact on the operations of our material investments or any consequential material specific impact from COVID-19 on MMJ's valuation and/or any impact on recoverability of loans advanced during the period still receivable as at 30 June 2021.

The increased volatility in the Canadian equities market has limited the ability of cannabis investments in general to raise new funds and move from private to listed status.

a) Significant Acquisitions

   During the Financial Period, the Company did not acquire any material investments.

b) Significant Divestment of Investments

   During the Financial Period, the Company made the following material divestments:

   i. Harvest One Inc - The Company was repaid its secured loan for net proceeds of CAD2m.

Financial position

The net tangible assets of the consolidated entity decreased by $4.0m during the Financial Period as a primarily result of unrealised losses of $4.7m from investments.

The Company is entitled to a company tax refund of $4.6m as at 30 June 2021 in respect of recovery of tax paid in the financial year ended 30 June 2019 and now recoverable under the tax loss carry back provisions announced on 6 October 2020 by the Federal Government. Companies which paid tax in respect of financial year ended 30 June 2019 (MMJ paid $5.9m) can offset the tax paid against tax losses in the 2019-20 and 2020-21 income years. The refund is expected to be received by December 2021 after lodgment of the Company tax return for the year ended 30 June 2021.

Cash holdings for the consolidated entity increased by $2.4m to $3.4m primarily as a result of the repayment of loan receivables.

Significant changes in the state of affairs

The principal continuing activities of the consolidated entity consisted of a global investment company with a portfolio of minority investments, rather than having control over its investments.

The Company's Shareholders approved at its Annual General Meeting on 30 November 2020 the broadening of its existing investment mandate to include strategic investments in sectors outside of cannabis, such as but not limited to, natural resources, pharmaceuticals and software services technology, which will comprise no more than 25% of the Company's total consolidated assets at the time the investments are made (the "Diversification").

The Diversification will allow the Company to:

a) expand its existing investment portfolio and invest in securities with a view to deliver capital growth for Shareholders; and

b) create greater opportunities for its Shareholders to benefit and participate in the growth of a diversified group of minority investments, in addition to the Company's existing investments.

The Diversification is an internal process which will broaden the Company's existing investment strategy and is encompassed in an expanded Investment Management Agreement with Parallax.

There were no other significant changes in the state of affairs of the consolidated entity during the Financial Period.

Matters subsequent to the end of the financial year

The impact of the COVID-19 pandemic is ongoing and while the consolidated entity has not been able to identify a material impact on its operations up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity. The Directors believe that there is potential for a material financial impact of the COVID-19 pandemic on consolidated entity/group if it causes material changes in equity markets and the demand for cannabis products within Canada. The Directors are not in a position to quantify such impact on the value of its investment or its likelihood.

Environmental regulation

The operations of the Group are not subject to any particular and significant environmental regulations under a law of the Commonwealth or State. There have been no known significant breaches of any other environmental requirement.

Information on Directors

Name:	**Peter Wall**
Title:	Non-Executive Chairman
	LLB BCom MAppFin FFin
Experience and expertise:	Peter is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. He has a wide range of experience in all forms of commercial and corporate law, with a particular focus on medical cannabis, resources (hard rock and oil/gas), equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.
Qualifications:	Peter graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.
Other current ASX directorships:	• Non-Executive Chairman of Minbos Resources Ltd (appointed 21 February 2014) • Non-Executive Chairman of Pursuit Minerals Limited (previously Burrabulla Corporation Limited) (appointed 13 January 2016) • Non-Executive Director of Pursuit Minerals Ltd (appointed 15 October 2020)
Former ASX listed directorships (last 3 years):	• Non-Executive Chairman of Sky & Space Global Ltd (resigned 4 December 2018) • Non-Executive Chairman of Mandrake Resources Limited (resigned 5 August 2019) • Non-Executive Chairman of MyFiziq Ltd (now known as Advanced Human Imaging Ltd) (resigned 22 January 2021) • Non-Executive Chairman of Argent Minerals Ltd (resigned 5 March 2021) • Non-Executive Chairman of Transcendence Technologies Limited (resigned 28 June 2021)
Interests in shares:	8,637,500 fully paid ordinary shares
Interests in options:	Nil
Interests in performance rights:	a) 833,333 unlisted Class O Performance Rights b) 833,334 unlisted Class P Performance Rights

Name:	**Winton Willesee**
Title:	Independent Non-executive Director
	BBus., DipEd., PGDipBus., MCom., FFin, CPA, GAICD, FGIS/FCIS
Experience and expertise:	Winton is an experienced company director and secretary with over 20 years' experience in various roles within the Australian capital markets. He has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects. Winton has a core expertise in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance.
Qualifications:	Winton holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia/Chartered Secretary.
Other current ASX directorships:	• Non-Executive Director Nanollose Limited (ASX: NC6) • Non-Executive Chairman of New Zealand Coastal Seafood Limited (ASX: NZS) • Non-Executive Director Neurotech International Limited (ASX: NTI) • Non-Executive Director eSense Lab Ltd (ASX: ESE) • Non-Executive Chairman of UUV Aquabotix Ltd (ASX: UUV)
Former ASX listed directorships (last 3 years):	Nil
Interests in shares:	1,775,000 fully paid ordinary shares
Interests in options:	Nil
Interests in performance rights:	a) 500,000 unlisted Class O Performance Rights b) 500,000 unlisted Class P Performance Rights

Name:	**Doug Halley**
Title:	Non-Executive Director
	BCom (UNSW), MBA (UNSW), FAICD
Experience and expertise:	Doug is an experienced company director and has also served for over 30 years as CFO or CEO in a number of significant and successful (mostly publicly-listed) commercial enterprises and investment banks. His executive experience had a heavy emphasis in corporate strategy, treasury, financial management, M&A and business development. As a professional director Doug has developed risk management and governance expertise. He has a strong background in IPO and start-ups and a reputation for innovation, perseverance and achieving solutions and results.
Qualifications:	Doug has a Bachelor of Commerce, Master of Business Administration and is a Fellow of the Australian Institute of Company Directors.

Other current ASX directorships:	Nil
Former ASX listed directorships (last 3 years):	Freedom Insurance Group Ltd (resigned 21 February 2020)
Interests in shares:	292,500 fully paid ordinary shares
Interests in options:	1,000,000 Class L options
Interests in performance rights:	a) 500,000 unlisted Class O Performance Rights b) 500,000 unlisted Class P Performance Rights

Name:	**Michael Curtis**
Title:	Non-Executive Director
	BSc , MBA
Experience and expertise:	Michael resides in Toronto, Canada and is an experienced former investment banker and private equity executive. He is an active cannabis sector executive, having recently served as Vice President of Corporate Finance of Dosecann (an investee company prior to its successful divestment by MMJ in 2018) and Managing Partner of Parallax Ventures Inc. (the Asset Manager of MMJ's cannabis and hemp investments). Michael was previously the Chief Operating Officer and Director of Embark Health Inc. (a current investee company of MMJ) and remains a consultant to Embark Health Inc.
Qualifications:	Michael has a Master of Business Administration, University of New Brunswick, Major: International Finance and a Bachelor of Sciences (Honours), McMaster University.
Other current ASX directorships:	Nil
Former ASX listed directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options:	1,000,000 Class M Options
Interests in performance rights:	Nil

Other current directorships and former directorships (last three years) quoted above are directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

Information on Company Secretary

Mr Jim Hallam

Company Secretary and Chief Financial Officer ("CFO") (appointed as Company Secretary on 22 June 2018)
BEcon, ACIS/ACSA/MAICD

Jim has 24 years of experience in the investment management industry with alternative asset fund managers in Australia and overseas including Hastings Funds Management and Annuity Australia. Jim's roles include acting as responsible manager, investment manager and CFO within alternative asset fund managers.

He has a Bachelor of Commerce (Economics), is a member of the Chartered Accountants Australia and New Zealand and a Fellow of the Governance Institute of Australia.

Meetings of Directors

The number of meetings of the Company's Board of Directors (the "Board") held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Board Meetings		Audit and Risk Committee	
Directors	Number of Meetings Eligible to Attend	Number Attended	Number of Meetings Eligible to Attend	Number Attended
Peter Wall	13	13	3	3
Winton Willesee	13	13	3	3
Doug Halley	13	13	3	3
Michael Curtis	13	13	n/a	n/a

Held: represents the number of meetings held during the time the director held office.

Remuneration Report (audited)

The Remuneration Report details the Key Management Personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

For the purposes of this Remuneration Report, Key Management Personnel includes the following Directors and senior executives who were engaged by the Company at any time during the year ended 30 June 2021:

(i) Non-Executive Directors

Mr Peter Wall Non-Executive Chairman (appointed 14 August 2014)
Mr Winton Willesee Non-Executive Director (appointed 21 October 2014)
Mr Doug Halley Non-Executive Director (appointed 16 March 2018)
Mr Michael Curtis Non-Executive Director (appointed 8 January 2019)

(ii) Key Management Personnel

Mr Jim Hallam CFO – MMJ Group Holdings Limited (appointed 3 April 2018)

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration.
- Details of remuneration.
- Service agreements.
- Share-based compensation.
- Additional disclosures relating to Key Management Personnel.

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for Shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness.
- Acceptability to Shareholders.
- Performance linkage / alignment of executive compensation.
- Transparency.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally.

The principles underpinning the consolidated entity's Remuneration Policy are that:

- Reward reflects the competitive global market in which MMJ operates.
- Rewards to executives are linked to creating value for Shareholders.
- Remuneration arrangements are equitable and facilitate the development of senior management across the consolidated entity.

- Where appropriate, senior managers may receive a component of their remuneration in appropriately structured equity securities to align their interests with those of the Shareholders.

Non-Executive Directors' remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently $500,000.

It is recognised that Non-Executive Directors' remuneration is ideally structured to exclude equity-based remuneration. However, whilst the Company remains small and the full Board, including the Non-Executive Directors, are included in the operations of the Company more closely than may be the case with larger companies the Non-Executive Directors are entitled to participate in equity-based remuneration schemes subject to Shareholder approval.

All Directors are entitled to have their indemnity insurance paid by the Company.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The Company's Remuneration Policy for executives is designed to promote superior performance and long-term commitment to the Company.

Overall remuneration policies provide a framework and quantum scale for remuneration whilst being subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is deemed by the Board to be in the interests of the Company and Shareholders to do so.

Executive remuneration and other terms of employment are reviewed regularly by the Board having regard to performance, relevant comparative information and expert advice.

The Company's Reward Policy reflects its obligation to align Executive's remuneration with Shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company.

The Executive remuneration and reward framework has four components:

- Salary - Executives receive a sum payable monthly in cash.
- Bonus - Executives are eligible to participate in a bonus or profit participation plan if deemed appropriate.
- Long term incentives - Executives may participate in share option/performance right schemes at the discretion of the Board.
- Other benefits - Executives are eligible to participate in superannuation schemes and other appropriate additional benefits.

The combination of these comprises the Executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ("STI") program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPI's") being achieved. KPI's include profit contribution, leadership contribution and product management and may be set by the consolidated entity from time to time.

The long-term incentives ("LTI") include share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in Shareholders' value relative to the entire market direct competitors. Executives may participate in employee share option/performance right schemes at the discretion of the Board.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. The cash bonus paid to the Chief Financial Officer during the financial year was awarded at the discretion of the Board. Refer to the section below for details of the earnings and total Shareholder returns for the last five years.

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Total income	(5,184)	(41,258)	33,642	(9,568)	122	292
Profit/(loss) before income tax	(6,799)	(42,902)	30,914	1,656	(14,144)	(14,699)
Income tax (expense)/benefit	(2,775)	2,821	(9,294)	(466)	-	-
Profit/(loss) after income tax	(4,024)	(40,082)	21,620	1,190	(14,144)	(14,699)

The factors that are considered to affect total shareholders return ("TSR") are summarised below :

	2021	2020	2019	2018	2017	2016
Share price at start of financial year ($)	0.10	0.25	0.34	0.33	0.25	0.32
Share price at end of financial year ($)	0.08	0.10	0.25	0.34	0.33	0.25
Basic earnings per share (cents per share)	(1.75)	(17.61)	9.40	2.40	(6.71)	(10.67)
Diluted earnings per share (cents per share)	(1.75)	(17.61)	9.40	2.30	(6.71)	(10.67)

Hedging of securities

In accordance with the Group's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or director share plan, without prior approval of the Board.

Use of remuneration consultants

The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. There were no external remuneration consultants engaged during the period to provide such services. The chairman's fees are determined independently of the fees of other Non-Executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Voting and comments made at the Company's 2020 Annual General Meeting ("AGM")

At the 2020 AGM, 92.63% of the proxy votes cast at that meeting were in favour of the adoption of the Remuneration Report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Details of the remuneration of Key Management Personnel of the consolidated entity are set out in the following tables.

MMJ

	Short-term benefits			Post-employment benefits	Long-term benefits		Share based payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super contribution	annual and long service leave	Termination	Equity settled	Total
2021	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Mr Peter Wall	72,000	-	-	-	-	-	-	72,000
Mr Winton Willesee	54,000	-	-	-	-	-	-	54,000
Mr Doug Halley	64,000	-	-	-	-	-	4,844	68,844
Mr Michael Curtis	-	-	-	-	-	-	13,783	13,783
Other Key Management Personnel:								
Mr Jim Hallam	229,167	25,000	-	20,833	19,283	-	9,949	304,232
	419,167	25,000	0	20,833	19,283	0	28,577	512,860

	Short-term benefits			Post-employment benefits	Long-term benefits		Share based payments	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super contribution	annual and long service leave	Termination	Equity settled	Total
2020	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Mr Peter Wall	72,000	-	-	-	-	-	-	72,000
Mr Winton Willesee	54,000	-	-	-	-	-	-	54,000
Mr Doug Halley	64,000	-	-	-	-	-	38,383	102,383
Mr Michael Curtis	-	-	-	-	-	-	55,942	55,942
Other Key Management Personnel:								
Mr Jim Hallam	227,867	25,000	-	22,133	7,264	-	41,421	323,685
	417,867	25,000	0	22,133	7,264	0	135,746	608,010

Note: the cash bonus payable to Jim Hallam was awarded by the Board of MMJ after completion of Jim Hallam’s annual review.

Details of remuneration

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 30-Jun-21	Fixed remuneration 30-Jun-20	At risk - STI 30-Jun-21	At risk - STI 30-Jun-20	At risk - LTI 30-Jun-21	At risk - LTI 30-Jun-20	Total 30-Jun-21	Total 30-Jun-20
Non-Executive Directors:								
Mr Peter Wall	100%	100%	-	-	-	-	100%	100%
Mr Winton Willesee	100%	100%	-	-	-	-	100%	100%
Mr Doug Halley	93%	63%	-	-	7%	37%	100%	100%
Mr Michael Curtis	-	-	-	-	100%	100%	100%	100%
Other Key Management Personnel:								
Mr Jim Hallam	89%	79%	8%	8%	3%	13%	100%	100%

Service agreements

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Jim Hallam
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	3-Apr-18
Term of agreement:	Full time contract effective from 4 June 2018
Details:	- Base Salary - MMJ Group Holdings Limited: AUD $250,000 - Performance-based Incentives o 416,667 Class H performance rights o 416,666 Class I performance rights o 416,667 Class J performance rights o 416,667 Class O performance rights o 416,666 Class P performance rights - Termination Benefit: 3 months - Notice Period (no fault): 3 months

Performance based remuneration granted and forfeited during the year

2021	LTI		
	Value Granted ($)	**Value forfeited ($)**	**Value exercised ($)**
Peter Wall	0	129,167	0
Winton Willesee	0	77,500	0
Doug Halley	0	77,500	0
Jim Hallam	0	64,583	0

The table above reflects the fair value of performance rights forfeited by Key Management Personnel during the year as a result of vesting hurdles not being achieved.

There were no performance rights granted.

Share-based compensation

Options

The terms and conditions of each grant of Options over Ordinary Shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Name	**Grant date**	**Vesting condition**	**Expiry date**	**Exercise price**	**Fair value per Option at grant date**	**Option balance as at** 30-Jun-21
Mr Doug Halley	5-Oct-18	Subject to vesting conditions: 25% of the Options shall vest at the end of each of the four successive six-month periods following the date of issue.	24-Oct-21	$0.41	$0.16	1,000,000
Mr Michael Curtis	22-Feb-19	Subject to vesting conditions: 25% of the Options shall vest at the end of each of the four successive six-month periods following the date of issue.	3-Apr-22	$0.33	$0.11	1,000,000

Note:

a) Doug Halley - Grant date represents date of Shareholder approval. For accounting purposes, the vesting period of these Options started on the date of his appointment on 16 March 2018.

b) Michael Curtis - Grant date represents date of Shareholder approval. For accounting purposes, the vesting period these Options started on the date of his appointment on 8 January 2019.

The fair value of the Options was determined using the Black-Scholes option valuation methodology.

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2021 other than for:

Name	**Option class**	**No. of options which vested during Financial Period**	**No. of options which became exercisable during Financial Period**
Mr Michael Curtis	M	500,000	500,000
Mr Douglas Halley	L	250,000	250,000

Performance rights

The terms and conditions of each grant of performance rights over Ordinary Shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Grant date	**Class**	**Vesting condition**	**Vesting date and exercisable date**	**Exercisable**	**Expiry date**	**Fair value per right at grant date**
15-Jun-18	Class H	Vests immediately upon the 20 day VWAP of shares on the ASX being at or above $0.60 on or before 26 February 2022	1-Mar-20	Rights may be exercised for up to 12 months from date of vesting	26-Feb-23	$0.127
15-Jun-18	Class I	Vests immediately upon the 20 day VWAP of shares on the ASX being at or above $0.80 on or before 26 February 2022	1-Mar-21	Rights may be exercised for up to 12 months from date of vesting	26-Feb-23	$0.063
15-Jun-18	Class J	Vests immediately upon the 20 day VWAP of shares on the ASX being at or above $1.00 on or before 26 February 2022	1-Mar-22	Rights may be exercised for up to 12 months from date of vesting	26-Feb-23	$0.031
28-Nov-19	Class O	Vests upon achieving a NAVS/SP Average of at least $0.5096 on or before 17 December 2022	17-Dec-22	Rights may be exercised for up to 12 months from date of vesting	17-Dec-23	$0.155
28-Nov-19	Class P	Vests upon achieving a NAVS/SP Average of at least $0.5995 on or before 17 December 2022	17-Dec-22	Rights may be exercised for up to 12 months from date of vesting	17-Dec-23	$0.155

Note:

Class O and P - Grant date represents date of Shareholder approval. For accounting purposes, the vesting period of these Performance Rights started on 31 August 2019.

Class O and P - For the purpose of the Milestones, NAVS/SP Average is calculated as the simple average of the Net Asset value per Share (NAVS) and the 20-trading day Volume Weighted Share Price (VWAP) for shares calculated at month end.

Name	Class	Number of rights granted	Grant date	Vesting date	Exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Jim Hallam	H	416,667	15-Jun-18	as above	as above	as above	as above	as above
Jim Hallam	I	416,666	15-Jun-18	as above	as above	as above	as above	as above
Jim Hallam	J	416,667	15-Jun-18	as above	as above	as above	as above	as above
Jim Hallam	O	416,667	28-Nov-19	as above	as above	as above	as above	as above
Jim Hallam	P	416,666	28-Nov-19	as above	as above	as above	as above	as above
Peter Wall	O	833,333	28-Nov-19	as above	as above	as above	as above	as above
Peter Wall	P	833,334	28-Nov-19	as above	as above	as above	as above	as above
Winton Willesee	O	500,000	28-Nov-19	as above	as above	as above	as above	as above
Winton Willesee	P	500,000	28-Nov-19	as above	as above	as above	as above	as above
Doug Halley	O	500,000	28-Nov-19	as above	as above	as above	as above	as above
Doug Halley	P	500,000	28-Nov-19	as above	as above	as above	as above	as above

The Class H, I and J performance rights were valued using a hybrid up and in single share price barrier model. The Class O and P were valued using the share price at the date of grant.

Additional disclosures relating to Key Management Personnel

Shareholding

The number of Shares in the Company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received on the exercise of Options/ performance rights	Additions	Balance at the end of the year
Ordinary Shares				
Mr Peter Wall	8,637,500			8,637,500
Mr Winton Willesee	1,600,000			1,600,000
Mr Doug Halley	292,500	-		292,500
Mr Michael Curtis	0			0
Mr Jim Hallam	0			0
	10,530,000	0	0	10,530,000

Option holding

The number of Options over Ordinary Shares in the Company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year Vested	Balance at the start of the year Unvested	Balance at the start of the year Total	Granted	Exercised	Other changes during the	Balance at the end of the year Total	Vested and exercisable	Unvested
Options over ordinary Shares									
Mr Michael Curtis	500,000	500,000	1,000,000	0	0	0	1,000,000	1,000,000	0
Mr Doug Halley	750,000	250,000	1,000,000	0	0	0	1,000,000	1,000,000	0
Mr Peter Wall	0	0	0	0	0	0	0	0	0
Mr Winton Willesee	0	0	0	0	0	0	0	0	0
Mr Jim Hallam	0	0	0	0	0	0	0	0	0
	1,250,000	750,000	2,000,000	0	0	0	2,000,000	2,000,000	0

Performance rights holding

The number of performance rights over Ordinary Shares in the Company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

Performance rights over ordinary Shares	Balance at the start of the year Vested	Balance at the start of the year Unvested	Balance at the start of the year	Granted	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Mr Peter Wall	0	2,500,000	2,500,000			(833,333)	1,666,667	0	1,666,667
Mr Winton Willesee	0	1,500,000	1,500,000			(500,000)	1,000,000	0	1,000,000
Mr Doug Halley	0	1,500,000	1,500,000			(500,000)	1,000,000	0	1,000,000
Mr Michael Curtis	0	0	0			0	0	0	0
Mr Jim Hallam	0	2,500,000	2,500,000			(416,667)	2,083,333	0	2,083,333
	0	8,000,000	8,000,000	0	0	(2,250,000)	5,750,000	0	5,750,000

Other transactions with Key Management Personnel and their related parties:

During the reporting period, the consolidated entity engaged the services of the following related-parties on arm's length and on normal commercial terms.

Steinepreis Paganin ("Steinepreis"), an entity associated with Mr Peter Wall, received payments totalling $20,542 (30 June 2020: $61,216) in relation to legal services provided to the consolidated entity. As at 30 June 2021 $nil (2020: $12,474) was payable to Steinepreis by the consolidated entity.

Parallax Ventures, Inc. ("Parallax") an entity related to Mr Michael Curtis, received payments totalling $338,985 (30 June 2020 - $439,121) in relation to investment management fees provided to the consolidated entity. As at 30 June 2021, $79,763 (30 June 2020: $103,607) was payable to Parallax by the consolidated entity.

In the prior year the consolidated entity also entered into an agreement to grant 12,000,000 performance rights to Parallax, which were approved by Shareholders on 19 July 2019. The fair value of the performance rights has been determined using the share price at grant date of $0.29. For the year ended 30 June 2021 as the probability of the performance rights vesting is less than 50% it is considered less likely rather than more likely to vest and as such no share-based payment expense was recognised for the Financial Period. The first tranche of the performance Rights (Class K) lapsed as the vesting hurdle under the management agreement was not achieved.

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30-Jun-21	**30-Jun-20**
	$	**$**
Current Payables:		
Amount owing to Steinepreis Paganin, an entity associated with Mr Peter Wall	0	12,474
Investment management fees payable to Parallax Ventures, an entity related to Mr Michael Curtis	79,763	103,607

At 30 June 2021, the consolidated entity also held investments in the following investees, which have Directors in common with the consolidated entity:

a) Harvest One Cannabis Inc. – Peter Wall was a Non-Executive Director of Harvest One Cannabis Inc. until 30 September 2020.
b) Weed Me Inc. – Peter Wall was a Non-Executive Director of Weed Me Inc. until 31 October 2020.
c) Parallax Ventures Inc. – Michael Curtis is Managing Partner of Parallax Ventures Inc.
d) The consolidated entity owns 4.8% of Parallax Ventures Inc. which was acquired for $75.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary Shares of MMJ Group Holdings Limited under option at the date of this report are as follows:

Issue date	**Class**	**Expiry date**	**price**	**under option**
24-Oct-18	L	24-Oct-21	$0.41	1,000,000
3-Apr-19	M	3-Apr-22	$0.33	1,000,000
				2,000,000

No person entitled to exercise the Options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Date of Issue	Grant date	Class	Expiry date	Number under rights
15-Jun-18	15-Jun-18	H, I and J	26-Feb-23	1,250,000
7-Aug-19	19-Jul-19	L	6-Aug-22	4,000,000
7-Aug-19	19-Jul-19	M	6-Aug-22	4,000,000
18-Dec-19	28-Nov-19	O	18-Dec-22	2,250,000
18-Dec-19	28-Nov-19	P	18-Dec-22	2,250,000
				13,750,000

The principal terms of the unlisted Class L and M Performance Rights (that will lapse if achievement of relevant milestones are not achieved by corresponding milestone dates) are found in Schedule 3 of the Notice of Meeting held on 19 July 2019.

The Performance Right shall have a period of 3 years to achieve the relevant NAVS/SP Average performance vesting hurdle from the date of issue and will lapse immediately if the hurdle is not achieved at the end of the 3-year term. The exception was the first Tranche which lapsed when the applicable hurdle was not achieved within 18 months after the date of issue. Where Parallax is no longer engaged by the Company as a consultant for whatever reason, any unvested Performance Rights held will automatically lapse.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no Ordinary Shares of MMJ Group Holdings Limited issued during the year ended 30 June 2021 and up to the date of this report arising from exercise of performance rights granted.

Indemnity and insurance of officers

The consolidated entity has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the Directors and executives of the consolidated entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the consolidated entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the consolidated entity, or to intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or part of those proceedings.

Non-audit services

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 14 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor (Please refer to note 14 Remuneration of auditors for details).

- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants:

	2021 $	2020 $
Tax related services	26,026	30,615
	26,026	30,615

Officers of the Company who are former partners of BDO Audit (WA) Pty Ltd

There are no officers of the Company who are former partners of BDO Audit (WA) Pty Ltd.

Rounding of amounts

The consolidated entity is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This Report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Peter Wall
Non-Executive Chairman

27 August 2021

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MMJ GROUP HOLDINGS LIMITED

As lead auditor of MMJ Group Holdings Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MMJ Group Holdings Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2021

Corporate Governance Statement

The Board recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council ("Recommendations").

The Board has adopted the suite of corporate governance policies and procedures which are contained with the Company's Corporate Governance Plan and the Company's Corporate Governance Statement, a copy of which is available on the Company's website at https://www.mmjgh.com.au/corporate-governance/.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company is pleased to report that its practices are largely consistent with the Recommendations of the ASX Corporate Governance Council and sets out its compliance and departures from the Recommendations for the year ended 30 June 2021 in the Corporate Governance Statement is accurate and up to date as at 20 August 2021 and was approved by the Board of the Company.

In light of the Company's size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost-effective method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed.

MMJ Group Holdings Limited

Consolidated statement of profit or loss and other comprehensive income

For the Financial Period

	Note	30-Jun-21 $000	30-Jun-20 $000
Investment Income			
Interest income from financial assets at fair value through profit or loss		789	843
Net gains/(losses) on financial instruments at fair value through profit or loss		(4,771)	(37,704)
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss		(1,132)	(4,684)
Total investment income/(loss)		(5,113)	(41,545)
Other Income/(Loss)			
Other operating income/(loss)		(70)	287
Total income		(5,184)	(41,258)
Expenses			
Administration expenses		(705)	(823)
Asset management expenses		(339)	(439)
Employee and director related expenses		(543)	(539)
Operating expenses		(1,587)	(1,801)
Equity based payments reversal/(expense)	22	(29)	156
Total expenses		(1,615)	(1,645)
Profit/(Loss) before income tax		(6,799)	(42,902)
Income tax expense/(benefit)	5	(2,775)	(2,821)
Profit/(Loss) after income tax for the Financial Period		(4,024)	(40,082)
Other comprehensive income			
		0	0
Other comprehensive income for the Financial Period, net of tax		0	0
Total comprehensive profit/(loss) for the Financial Period		(4,024)	(40,082)
Profit/(Loss) for the Financial Period is attributable to:			
Owners of MMJ Group Holdings Limited		(4,024)	(40,082)
		(4,024)	(40,082)
Total comprehensive income/(loss) for the Financial Period is attributable to:			
Owners of MMJ Group Holdings Limited		(4,024)	(40,082)
		(4,024)	(40,082)
		Cents	**Cents**
Basic earnings/(loss) per share	21	(1.75)	(17.61)
Diluted earnings/(loss) per share	21	(1.75)	(17.61)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MMJ Group Holdings Limited

Consolidated statement of financial position

As at 30 June 2021

	Note	30-Jun-21 $'000	30-Jun-20 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	3,445	1,042
Trade and other receivables	23	4,652	55
Financial assets at fair value through profit or loss	8	35,383	41,244
Total Current Assets		**43,481**	**42,341**
NON-CURRENT ASSETS			
Property, plant and equipment		0	36
Financial assets at fair value through profit or loss	8	0	3,241
Deferred tax assets	5	84	0
Total Non-Current Assets		**84**	**3,277**
TOTAL ASSETS		**43,565**	**45,618**
CURRENT LIABILITIES			
Trade and other payables		232	163
Total Current Liabilities		**232**	**163**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	5	3,081	1,207
Total Non-Current Liabilities		**3,081**	**1,207**
TOTAL LIABILITIES		**3,313**	**1,370**
NET ASSETS		**40,252**	**44,248**
EQUITY			
Contributed equity	9	51,786	51,786
Reserves	10	349	901
Retained Earnings/(Accumulated Losses)		(11,882)	(8,439)
TOTAL EQUITY		**40,252**	**44,248**
Net Tangible Assets per share ($)		**0.1747**	**0.1924**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

MMJ Group Holdings Limited

Consolidated statement of changes in equity

For the year ended 30 June 2021

		Contributed Equity $'000	Other Reserves $'000	(Accumulated Loss)/ Retained Earnings $'000	Total Equity $'000
Balance at	**1-Jul-20**	**51,786**	**901**	**(8,439)**	**44,248**
Loss after income tax expense for Financial Period		0	0	(4,024)	(4,024)
Other comprehensive income for the Financial Period, net of tax		0	0	0	0
Total comprehensive income for the Financial Period		0	0	(4,024)	(4,024)
Transactions with owners in their capacity as owners:					
Lapse of options		0	(581)	581	0
Share-based payment		0	29	0	29
		0	(552)	581	29
Balance at	**30-Jun-21**	**51,786**	**349**	**(11,882)**	**40,252**

		Contributed Equity $'000	Other Reserves $'000	(Accumulated Loss)/ Retained Earnings $'000	Total Equity $'000
Balance at	**1-Jul-19**	**52,936**	**1,057**	**31,645**	**85,638**
Loss after income tax expense for Financial Period		0	0	(40,082)	(40,082)
Other comprehensive income for the Financial Period, net of tax		0	0	0	0
Total comprehensive income for the Financial Period		0	0	(40,082)	(40,082)
Transactions with owners in their capacity as owners:					
Cancellation of shares acquired through on market buyback		(1,502)	0	0	(1,502)
Issue of shares		352	0		352
Share-based payment		0	(156)	0	(156)
		(1,150)	(156)	0	(1,306)
Balance at	**30-Jun-20**	**51,786**	**901**	**(8,439)**	**44,248**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

MMJ Group Holdings Limited

Consolidated statement of cash flows

For the Financial Period

	Note	30-Jun-21 $'000	30-Jun-20 $'000
Cash flows from operating activities			
Payments to employees & suppliers		(1,286)	(1,829)
Interest received		767	491
Payments for financial assets at FVPL		(449)	(20,688)
Proceeds from disposal of financial assets at FVPL		3,330	3,476
Company tax payment		0	(5,893)
Net cash/(used in) from operating activities	7	**2,363**	**(24,444)**
Cash flows from investing activities			
Other		0	0
Net cash used in investing activities		**0**	**0**
Cash flows from financing activities			
Share issue		0	351
MMJ share buyback		0	(1,502)
Net cash/(used in) from financing activities		**0**	**(1,151)**
Net increase/(decrease) in cash & cash equivalents		**2,363**	**(25,594)**
Cash at the beginning of the year		1,042	26,392
Effects of exchange rate changes on cash and cash equivalents		41	244
Cash & cash equivalents at end of year		**3,445**	**1,042**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General information

The financial statements cover MMJ Group Holdings Limited as a consolidated entity consisting of MMJ Group Holdings Limited and the entity it controlled at the end of, or during, the year ended 30 June 2021 (the “Financial Period”). The financial statements are presented in Australian dollars, which is MMJ Group Holdings Limited's functional and presentation currency.

MMJ Group Holdings Limited is a listed public company limited by Shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 5706, Level 57, MLC Centre
19-29 Martin Place
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a Resolution of Directors, on 27 August 2021. The Directors have the power to amend and reissue the financial statements.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 18.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MMJ Group Holdings Limited (the “Company” or “parent entity”) as at 30 June 2021 and the results of all subsidiaries for the year then ended. MMJ Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the “consolidated entity”.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without acquiring or losing control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is MMJ Group Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 Consolidated Financial Statements and is exempt from accounting for associates in accordance with AASB 128 Investments in Associates and Joint Ventures.

Investments

The Company is classified as an Investment Entity (in accordance with AASB 10 Consolidated Financial Statements) being a business whose purpose is to invest funds solely for returns via capital appreciation and/or investment returns. As the Company has been classified as an Investment Entity and recognises its investments as 'held for trading', the portfolio investments have been accounted for at fair value through profit or loss and shown as financial assets in the statement of financial position.

Investments held at fair value through profit or loss are initially recognised at fair value. Transaction costs related to acquisitions are expensed to profit or loss immediately. Subsequent to initial recognition, all financial instruments held at fair value are accounted for at fair value, with changes to such values recognised in profit or loss.

Investments are recognised on a settlement date basis.

The entity is exempt from consolidating underlying investees it controls in accordance with AASB 10 Consolidated Financial Statements and is exempt from accounting for associates in accordance with AASB 128 Investments in Associates and Joint Ventures.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Derivative financial instruments

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Share-based payment transactions of the Company

Equity - settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Goods and Services Tax (“GST”) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to “rounding-off”. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of Options is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Performance rights were valued using a hybrid up and in single share price barrier model or where applicable, value based on the share price on grant date.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgements and estimations, considering factors specific to the asset or liability.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

4. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of MMJ Group Holdings Limited. The Group has determined that it has one operating segment, being the investing operations, and results are analysed as a whole by the CODM, being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

Accounting policy for operating segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

5. Income tax

	30-Jun-21	30-Jun-20
a) Income tax Expense/(Benefit)		
Major components of income tax expense are:		
Current tax	0	(347)
Deferred tax	(2,775)	(2,474)
Income tax expense/(benefit) reported in the income statement	**(2,775)**	**(2,821)**
b) Numerical reconciliation		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:	(6,754)	(42,902)
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(1,687)	(11,798)
- Difference in tax rates	0	9,493
- non-assessable income	13	(13)
- Non-deductible share based payments	(6)	61
- Revaluations	0	56
- Accounting gain/(loss) on investment	0	0
- Net trading stock adjutsment	295	0
- Change in company tax rate	(8)	(293)
- Prior period adjustment	(1,356)	(347)
- Other permanent adjustments	(25)	20
	(2,775)	(2,821)
c) Deferred tax asset balances		
Temporary differences - Australia	84	0
	84	0
e) Deferred tax liabilities balances		
Revaluation on investments	3,081	987
Other timing differences	0	220
	3,081	1,207

The potential Future income tax benefit will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by law; and

(iii) no changes in tax legislation adversely affect the Company in realising the benefit.

The franking account balance at the end of the Financial Period was $1,265,086 (2020: $5,893,048).

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each operating jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

6. Current assets - cash and cash equivalents

	30-Jun-21 $'000	30-Jun-20 $'000
Cash at bank	3,445	1,042
	3,445	1,042

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Reconciliation of profit after income tax to net cash used in operating activities

	2021 $'000	30-Jun-20 $'000
Profit/(loss) after income tax expense for the year	(4,024)	(40,082)
Adjustments for:		
Depreciation and amortisation	1	10
Writeoff of fixed assets	2	(156)
Share-based payments	29	(367)
Interest income receivable	342	(297)
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss	1,132	4,684
Changes in the fair value of equity investments at fair value through profit and loss	4,771	37,704
Proceeds from disposal of financial assets at fair value through profit or loss	3,330	3,476
Payments for financial assets at fair value through profit or loss	(449)	(20,688)
Change in operating assets and liabilities:		
Increase in other assets	(84)	(97)
Decrease/(increase) in trade and other receivable	(4,597)	68
Increase/(decrease) in trade and other payables	69	(6,272)
Increase in other liabilities	1,842	(2,427)
Net cash used in operating activities	2,363	(24,444)

There were no non-cash investing or financing activities.

8. Financial assets held at Fair Value through Profit or Loss

Financial assets held at Fair Value through Profit or Loss

	30-Jun-21 $000	30-Jun-20 $000
Financial assets at fair value through profit or loss		
Equity financial assets - current		
Investment in Axiomm Technologies	0	773
Investment in Embark Health Inc	2,627	13,151
Investment in Weed Me Inc	9,534	4,933
Investment in Southern Cannabis Holdings	4,265	2,109
Investment in Harvest One Cannabis Inc.	7,224	6,590
Investment in Martha Jane Medical Limited	0	450
Investment in Vitagenne Inc.	0	801
Investment in Hemple	0	100
Investment in Medipharm LABS Inc.	17	0
Investment in Volero Inc.	0	1,309
Investment in Bespoke	3,179	3,491
Investment in J Supply	308	191
Investment in Sequoya	0	380
Investment in Parallax Ventures Inc.	0	0
	27,153	34,276
Convertible and loan financial assets - current		
Investment in Weed Me Inc	0	1,090
Investment in Harvest One Cannabis Inc.	0	2,279
Investment in Hemple	0	200
Investment in Sequoya	3,762	0
Investment in Entourage Health Corp (Formerly known as WeedMD)	4,468	3,400
	8,230	6,968
Financial assets at fair value through profit or loss - current	35,383	41,244
Convertible financial assets - non-current		
Investment in Sequoya	0	3,241
	0	3,241
Financial assets at fair value through profit or loss - total	35,383	44,485

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous Financial Period are set out below:

	30-Jun-21 $000	30-Jun-20 $000
Opening fair value	44,486	69,093
Additions - financial assets at fair value through profit and loss	1,464	20,688
Changes in the fair value of equity investments at fair value through profit and loss	(4,771)	(37,704)
Net foreign exchange gain/(loss) on disposal of loan investments at fair value through profit and loss	(69)	
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss	(1,202)	(4,684)
Accrued interest	(342)	367
Disposal of financial assets at fair value through profit and loss	(4,022)	(3,476)
Other movements	(161)	201
Closing fair value	35,383	44,486

The following table presents the changes in level 3 instruments for the Financial Period:

		Unlisted equity securities $000	Convertible debenture receivable $000	Total $000
Opening balance	**1-Jul-20**	**28,672**	**6,810**	**35,482**
Transfer to level 1		0	0	**0**
Disposals		(792)	(3,230)	**(4,022)**
Acquisitions		692	654	**1,347**
Net foreign exchange gain/(loss) on disposal of loan investments at fair value through profit and loss		0	(69)	**(69)**
Realised gains/(losses) on disposal of equity investments at fair value through profit and loss		(1,133)	0	**(1,133)**
Accrued interest		0	(342)	**(342)**
Changes in the fair value of equity investments at fair value through profit and loss		(6,652)	46	**(6,606)**
Other movements		89	(108)	**(19)**
Closing balance	**30-Jun-21**	**20,875**	**3,762**	**24,638**

Refer for further information on fair value measurement.

There were no transfers between the levels of the fair value hierarchy in the Financial Period. There were also no material changes made during the Financial Period to any of the valuation techniques applied as of 30 June 2021.

Fair Value Measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

There were no transfers between the levels of the fair value hierarchy in the Financial Period.

Level 3 financial assets at fair value through profit or loss unobservable inputs and sensitivity are as follows:

Description	Valuation Methodology	Fair Value of Instruments ($'000)	Input	Sensitivity	Sensitivity Impact ($'000)
Unlisted shares/stock	Issue price of shares from latest significant capital raising or at arm's length transaction of instruments held	5,083	Recent share price	10%	508
				(10%)	(508)
	and/or EV/Rev multiple: For the Financial Period, when utilising the Enterprise Value to Revenue Multiple, revenue for the year ended 30 June 2021 has been used with a multiple of 8x which has been determined from a peer list of companies	13,799	Revenue	10%	1,380
				(10%)	(1,380)
	and/or assessment against relevant market indices	308	Market indices	5%	15
				(5%)	(15)
Unlisted warrants/options	Unlisted warrants/options which are not actively traded are valued using a Black-Scholes valuation methodology.	1,686	Share Price	10%	128
				(10%)	(126)
			Volatility	5%	35
				(5%)	(34)
Unlisted convertible debentures and loan instruments	Convertible debentures and loan instruments are valued using an assessment of the capacity of the investee to repay principal and interest	3,762	Market interest rate	2%	(74)
				(2%)	77
	Total:	**24,638**			

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair value in active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in note 2 of the financial statements.

For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Company is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses midmarket prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of a recent share price from capital raising and option pricing models that provides a reliable estimate of prices obtained in actual market transactions.

For option pricing models, inputs are based on available market data other than underlying share price of unlisted equity investments, such as expected volatility and risk-free rates. Fair values for unquoted equity investments are estimated, using the latest share price from capital raising or arm's length transaction, or in the absence of a recent transaction, an enterprise value to revenue multiple or benchmarked to market movements indicated relevant market indices.

The COVID-19 pandemic continued to create significant social and economic upheaval in Financial Period, causing economic uncertainty across all industries globally, and resulting in extreme fluctuations in global share markets. The social, economic and financial impacts of COVID-19 are expected to continue in year ending 30 June 2022, and we expect further changes in government policy and regulations in order to address these impacts. All of these changes will impact the intention and/or ability of companies to generate returns and pay dividends, including those companies in which MMJ invests. There has been no measurable impact of the COVID-19 on investee valuations.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

9. Equity – contributed equity

Movements in ordinary share capital	**30-Jun-21 Shares**	**30-Jun-20 Shares**
Ordinary Shares - fully paid	229,758,985	229,758,985

Details	**Date**	**Shares**
Balance	**30-Jun-19**	229,953,985
Buy-back shares, including transaction costs		(5,750,000)
Shares issued to digital marketing consultant	2-Apr-20	687,500
Share purchase plan net of transaction costs	2-Apr-20	4,867,500
Balance	30-Jun-20	229,758,985
No changes		0
Balance	**30-Jun-21**	229,758,985

Issue of new performance rights or options issued to Key Management Personnel

There were no new Performance Rights or Options issued to Directors and other Key Management Personnel during the Financial Period. The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period. No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

Ordinary Shares

Ordinary Shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the Shares held. The fully paid Ordinary Shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Preference Shares

Preference Shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the Shares held, with priority over ordinary Shareholders.

Preference Shares do not have any voting rights.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for Shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new Shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Accounting policy for contributed equity

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

10. Equity – reserves

	30-Jun-21 $'000	30-Jun-20 $'000
Options reserve	263	825
Performance rights reserve	85	76
	349	**901**

Options and performance rights reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Options reserve	Performance rights reserve	Total
	$'000	$'000	$'000
Balance at 30 June 2019	963	94	1,057
Reversal of option expense/reserve	(232)	0	(232)
Reversal of performance rights expense	0	(60)	(60)
Shared based payments	94	41	135
Balance at 30 June 2020	**825**	**76**	**901**
Reversal of option expense/reserve	(581)	0	(581)
Shared based payments	19	10	29
Balance at 30 June 2021	263	86	349

11. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

12. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives (“finance”) under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a quarterly basis.

	30-Jun-21 $'000	30-Jun-20 $'000
Financial Assets		
Cash and cash equivalents	3,445	1,042
Trade and other receivables	4,652	55
Financial assets at fair value through profit or loss	35,383	41,244
Total financial assets	43,481	42,341
Financial Liabilities		
Trade and other payables	232	163
Total financial liabilities	232	163

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency (and is exposed to foreign currency risk through foreign exchange rate fluctuations).

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity maintains a bank account and financial assets at fair value through profit or loss denominated in Canadian dollars (CAD), thus the consolidated entity is exposed to diminution of cash balances and investments through currency exchange risk which is mitigated by the expectation that majority of new investments will be denominated in CAD.

The consolidated entity does not hedge its CAD exposure. The following table shows the foreign currency risk on the financial assets and liabilities of the consolidated entity's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

Sensitivity analysis

The following table illustrates sensitivities to the consolidated entity's exposures to changes in exchange rates in relation to its cash held in foreign currency and investments held in foreign currency. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

2021	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
AUD / USD	(10%)	0	0	10%	0	0
AUD / CAD	(10%)	(2,734)	(2,169)	10%	2,734	2,169

		AUD strengthened			AUD weakened	
2020	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
AUD / USD	(10%)	(80)	(58)	10%	80	58
AUD / CAD	(10%)	(3,422)	(2,556)	10%	3,422	2,556

Price risk

For investments held by the consolidated entity at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

A 10% (30 June 2020: 10%) movement in the fair value of each of these investments within the investment portfolio would have the following impact:

	fair value change	Share price increase		Share price decrease		Share price decrease
2021	%	Effect on profit before tax $'000	Effect on equity $'000	%	Effect on profit before tax $'000	Effect on equity $'000
Fair value of investments	10%	3,160	2,484	10%	(3,160)	(2,484)

	fair value change	Share price increase		Share price decrease		Share price decrease
2020	%	Effect on profit before tax $'000	Effect on equity $'000	%	Effect on profit before tax $'000	Effect on equity $'000
Fair value of investments	10%	3,768	2,807	10%	(3,768)	(2,807)

Interest rate risk

As the consolidated entity's major cash and financial loan assets are cash deposits which are held in fixed or variable interest rate deposits and fixed interest rate convertible notes and loans. The consolidated entity's income and operating cash flows are materially exposed to changes in market interest rates. The consolidated entity manages this risk by only investing cash in minimum Standard & Poor's credit rating of AA- (or equivalent) rated institutions and maintaining an appropriate mix between different terms.

At reporting date, the Group had the following exposure to variable interest rate risk:

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents		
Australia	228	230
Canada	3,218	812
	3,445	1,042
Convertible notes:		
Canada	8,204	7,511
Net exposure to cash flow interest rate risk	11,650	8,553

The consolidated entity's exposures to changes in interest rates are immaterial.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. Credit risk arises from cash and cash equivalents, trade and other receivables, and investments in debt securities.

As of 30 June 2021, the consolidated entity does not have any material trade and other receivables. While cash and cash equivalents are also subject impairment requirements of AASB 9, the unidentified impairment loss was immaterial as only independently rated parties with a minimum Standard & Poor's credit rating of AA- (or equivalent) are accepted. With respect to credit risk arising from the financial assets of the consolidated entity, the consolidated entity's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the far value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date. As at 30 June 2021 the Company is exposed to credit risk on its unlisted loan receivables and debentures which total $3.179m. Debt investments at fair value through profit or loss include listed and unlisted debt securities. The loss allowance for debt investments at fair value through profit or loss is recognised in the profit or loss and is deemed immaterial for the year ended 30 June 2021. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates and credit risk of instruments are considered by the Company on a regular basis. Of the total loan receivables and debentures $1.079m is secured against the assets of the respective investment.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management is managed through:

- maintaining sufficient cash;
- prudent oversight of future funding requirements;
- maintaining ongoing contact to facilitators of further funding; and
- only investing surplus cash with major financial institutions.

It is the consolidated entity's policy to review the Group's liquidity position including cash flow forecasts, actual cash flows and variation reports regularly to determine the forecast liquidity position and maintain appropriate liquidity levels.

The consolidated entity funds its activities through capital raising in order to limit its liquidity risk. The consolidated entity does not have any unused credit facilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	0	232	0	0	0	232
Total non-derivatives		232	0	0	0	232

2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	0	163	0	0	0	163
Total non-derivatives		163	0	0	0	163

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

13. Key Management Personnel disclosures

Directors

The following persons were Directors of MMJ Group Holdings Limited during the financial year:

Mr Peter Wall	Non-Executive Chairman
Mr Winton Willesee	Non-Executive Director
Mr Doug Halley	Non-Executive Director
Mr Michael Curtis	Non-Executive Director

Other Key Management Personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Jim Hallam	CFO of the Group

Compensation

The aggregate compensation made to Directors and other members of Key Management Personnel of the consolidated entity is set out below:

	30-Jun-21 $	30-Jun-20 $
Short-term employee benefits	444,167	442,867
Long-term employee benefits	40,116	29,397
Termination benefits	0	0
Share-based payments	28,577	135,746
	512,860	608,010

14. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company and its network firms:

	2021 $	2020 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit or review of the financial statements	89,134	62,197
Other services - BDO Corporate Tax Pty Ltd		
taxation services	26,026	30,615
	115,160	92,812

15. Contingent assets and liabilities

The entity had no contingent assets and liabilities as at 30 June 2021 (2020: Nil).

16. Commitments

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	36	79
One to five years	-	-
More than five years	-	-
	36	79

The Group has no other commitments for expenditure at 30 June 2021.

17. Related party transactions

(a) Key Management Personnel

The following persons were Directors of MMJ Group Holdings Limited during the period ended 30 June 2021:

Mr Peter Wall	Non-Executive Chairman
Mr Winton Willesee	Non-Executive Director
Mr Doug Halley	Non-Executive Director
Mr Michael Curtis	Non-Executive Director

Interests in subsidiaries are set out in note 19.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 13 and the Remuneration Report included in the Directors' Report.

(b) Transactions with related parties

The Board's policy in determining the nature and amount of compensation and discussion of the relationship between the Board's policy and the entity's performance are provided in the remuneration report section of the Directors' Report.

	2021	**2020**
	$	**$**
Investment management fees paid to Parallax Ventures, an entity related to Mr Michael Curtis	338,985	439,121

(c) Other transactions with Key Management Personnel and their related parties

During the reporting period, the consolidated entity engaged the services on the following related-parties on normal commercial terms and conditions no more favourable than those available to other parties:

Steinepreis Paganin ("Steinepreis"), an entity associated with Mr Peter Wall, received payments totalling $20,542 (30 June 2020: $61,216) in relation to legal services provided to the consolidated entity. As at 30 June 2021 $0 (2020: $12,474) was payable to Steinepreis by the consolidated entity.

Parallax Ventures, Inc. ("Parallax") an entity related to Mr Michael Curtis, received payments totalling $338,985 in relation to investment management fees provided to the consolidated entity. As at 30 June 2021, $79,763 (30 June 2020: $103,607) was payable to Parallax by the consolidated entity.

In the prior year the consolidated entity also entered into an agreement to grant 12,000,000 performance rights to Parallax, which were approved by Shareholders on 19 July 2019. The fair value of the performance rights has been determined using the share price at grant date of $0.29. For the year ended 30 June 2021 as the probability of the performance rights vesting is less than 50% it is considered less likely rather than more likely to vest and as such no share-based payment expense was recognised for the Financial Period. The first tranche of the performance Rights (Class K) lapsed as the vesting hurdle under the management agreement was not achieved.

At 30 June 2021, the consolidated entity also held investments in the following investees, which have Directors in common with the consolidated entity:

a) Harvest One Cannabis Inc. – Peter Wall was a Non-Executive Director of Harvest One Cannabis Inc. until 30 September 2020.
b) Weed Me Inc. – Peter Wall was a Non-Executive Director of Weed Me Inc. until 31 October 2020.
c) Parallax Ventures Inc. – Michael Curtis is Managing Partner of Parallax Ventures Inc.
d) The consolidated entity owns 4.8% of Parallax Ventures Inc. which was acquired for $75.

There were no loans made to Directors and other Key Management Personnel of the consolidated entity during the year.

(d) The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30-Jun-21	**30-Jun-20**
	$	**$**
Current Payables:		
Amount owing to Steinepreis Paganin, an entity associated with Mr Peter Wall	0	12,474
Investment management fees payable to Parallax Ventures, an entity related to Mr Michael Curtis	79,763	103,607

18. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2021	**2020**
	$'000	**$'000**
Profit/(loss) after income tax	(4,024)	(40,017)
Total comprehensive profit/(loss)	(4,024)	(40,017)

Statement of financial position

	2021	**2020**
	$'000	**$'000**
Total current assets	34,114	36,927
Total assets	43,642	45,589
Total current liabilities	207	163
Total liabilities	3,389	1,341
Equity		
Contributed equity	51,786	51,786
Options reserve	263	825
Performance rights reserve	85	76
Retained Earnings	(11,882)	(8,439)
Total equity	40,252	44,248

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

19. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	30-Jun-21 %	30-Jun-20 %
PhytoTech Medical (UK) Pty Ltd	United Kingdom	100	100

20. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing and while the consolidated entity has not been able to identify a material impact on its operations up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

21. Earnings per share

	30-Jun-2021 $'000	30-Jun-2020 $'000
Profit/(loss) after income tax	(4,024)	(40,082)
Profit/(loss) after income tax attributable to the owners of MMJ Group Holdings Limited	(4,024)	(40,082)
	Number	**Number**
Weighted average number of ordinary Shares used in calculating basic earnings per share	229,953,985	227,604,696
Adjustments for calculation of diluted earnings per share:		
Options over ordinary Shares	0	0
Performance rights over ordinary Shares	0	0
Weighted average number of ordinary Shares used in calculating diluted earnings per share	229,953,985	227,604,696
	Cents	**Cents**
Basic earnings per share	(1.75)	(17.61)
Diluted earnings per share	(1.75)	(17.61)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MMJ Group Holdings Limited, excluding any costs of servicing equity other than Ordinary Shares, by the weighted average number of Ordinary Shares outstanding during the financial year, adjusted for bonus elements in Ordinary Shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential Ordinary Shares and the weighted average number of Shares assumed to have been issued for no consideration in relation to dilutive potential ordinary Shares.

22. Share-based payments

The Group provided the following in the form of share-based payment transactions:

	30-Jun-21	30-Jun-20
	$	$
Vesting of MMJ Options issued in prior periods	18,628	94,325
Forfeiture of options	0	(232,500)
Reversal of Parallax performance rights	0	(59,702)
Vesting of MMJ Performance Rights	9,949	41,421
Total share-based payments/(reversal)	28,577	(156,456)

a) Performance Rights

Set out below are summaries of performance rights granted under the plan:

2021 Grant date	Class	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
15-Jun-18	H	26/02/2023	416,667				416,667
15-Jun-18	I	26/02/2023	416,666				416,666
15-Jun-18	J	26/02/2023	416,667				416,667
19-Jul-19	K	17-Jan-21	4,000,000			(4,000,000)	0
19-Jul-19	L	30-Dec-02	4,000,000				4,000,000
19-Jul-19	M	30-Dec-02	4,000,000				4,000,000
28-Nov-19	N	17-Jun-21	2,250,000			(2,250,000)	0
28-Nov-19	O	17-Dec-22	2,250,000				2,250,000
28-Nov-19	P	17-Dec-22	2,250,000				2,250,000
			20,000,000	0	0	(6,250,000)	13,750,000

For the Class L and M Performance Rights, grant date was taken as shareholder approval for accounting purposes, the vesting period started on 7 June 2019.

Vesting of performance rights granted in prior periods

There were no performance rights vested that were granted in prior periods.

b) Cancellation of performance rights

During the Financial Period, the following performance rights were cancelled with in accordance with the agreement:

i. 4,000,000 class K performance rights
ii. 2,250,000 class N performance rights

The Classes K and N lapsed as the vesting hurdle was not achieved within 18 months of date of issue.

c) Reconciliation of Options on issue

1-Jul-20	**Opening balance**	**2,875,000**
19-Apr-21	Lapse of Class K options	(875,000)
30-Jun-21	**Closing balance**	**2,000,000**
1-Jul-19	**Opening balance**	**4,120,891**
4-Dec-19	Lapse of Class K options	(625,000)
31-Jan-20	lapse of Class H options	(620,891)
30-Jun-20	**Closing balance**	**2,875,000**

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of Shares, or Options over Shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

23. Trade and other receivables

	30-Jun-21 $'000	30-Jun-20 $'000
Company tax refund	4,628	-
Other receivables	24	55
	4,652	**55**

The Company is entitled to a company tax refund of $4.628m as at 30 June 2021 in respect of recovery of tax paid in the financial year ended 30 June 2019 and now recoverable under the tax loss carry back provisions announced on 6 October 2020 by the Federal Government. Companies which paid tax in respect of financial year ended 30 June 2019 (MMJ paid tax of $5.893m in respect of financial year ended 30 June 2019) can offset the tax paid against tax losses in the 2019-20 and 2020-21 income years. The refund is expected to be received by December 2021 after lodgment of the Company tax return for the year ended 30 June 2021.

MMJ Group Holdings Limited

Directors' Declaration

30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the Declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a Resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Peter Wall
Non-Executive Chairman

27 August 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of MMJ Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MMJ Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Financial Assets at Fair Value through Profit or Loss

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 8, as at 30 June 2021, the carrying value of financial assets recognised at fair value through profit or loss represents a significant asset of the Group. The financial assets held include listed securities, unlisted securities, and derivative securities. This is a key audit matter due to the size of the balance and the judgements applied by MMJ Group Holdings Limited in determining the fair value of these assets.	Our procedures included, but were not limited to the following: • Agreeing a sample of financial assets held at 30 June 2021 to ownership documents; • Reviewing the assessment of fair value against the requirements of the relevant accounting standards, including agreeing acquisition costs and recalculating fair values at 30 June 2021; • Verifying the disposals of investments during the year to supporting documentation; • Assessing the calculations of movements in fair value on its financial assets held at fair value through profit or loss; • Involving our internal valuation specialists in reviewing the appropriateness of the valuation methodology and valuation key inputs where required; and • Assessing the adequacy of the related disclosures in note 8 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 22 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MMJ Group Holdings Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 27 August 2021

Additional information required by ASX Listing Rules

The additional information required the ASX Listing Rules set out below was applicable as at 25 July 2021.

1. Quotation

Listed securities in MMJ Group Holdings Limited are quoted on the Australian Securities Exchange under ASX code MMJ (fully paid Ordinary Shares).

2. Voting rights

The voting rights attached to the fully paid Ordinary Shares of the Company are:

(a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

(b) on a show of hands every member present at a meeting (including virtual meetings through an online meeting platform) in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no voting rights attached to any options or performance rights on issue.

3. Twenty largest shareholders

The twenty largest Shareholders of the Company's quoted securities as at 25 July 2021 are as follows:

Position	Holder Name	Holding	% IC
1	PHEAKES PTY LTD <SENATE A/C>	8,500,000	3.70%
2	MR GEORGE CHIEN-HSUN LU	7,000,000	3.04%
3	LU'S INTERNATIONAL LIMITED	3,515,000	1.53%
4	INTERNATIONAL WATER & ENERGY SAVERS LTD	3,257,100	1.42%
5	CITICORP NOMINEES PTY LIMITED	3,230,735	1.40%
6	MRS LILY MAH <MJ A/C>	2,583,240	1.12%
7	MR GEORGE CHIEN HSUN LU & MRS JENNY CHIN PAO LU	2,360,000	1.03%
8	MR CARL GIANATTI & MRS MARGARET R GIANATTI <THE GIANATTI SUPER FUND A/C>	2,237,483	0.97%
9	UNITED TROLLEY COLLECTIONS P/L	2,169,899	0.94%
10	SILVERINCH PTY LIMITED <THE SILVERINCH S/F A/C>	1,600,000	0.70%
11	MR WILLIAM PURCELL TAPPER & MRS SUSAN TAPPER <TAPPER FAMILY AUSSIE A/C>	1,500,000	0.65%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,374,396	0.60%
13	MR WON JUN CHUNG	1,158,000	0.50%
14	BNP PARIBAS NOMS PTY LTD <DRP>	1,063,251	0.46%
15	SEAN FARMER GROUP PTY LTD	1,020,318	0.44%
16	ENIFILM PTY LIMITED <BLACKWELL ENG S/FUND A/C>	1,003,582	0.44%
17	MR AYMAN SALAME & MRS RAHAB SALAME	964,002	0.42%
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	818,163	0.36%
19	MR MAURUS REISENTHEL	764,117	0.33%
19	HENRIK SCHREIBER	764,117	0.33%
20	THE #INVESTMENT $CO PTY LTD <BORPY #2 A/C>	762,433	0.33%
	Total	**47,645,836**	**20.72%**
	Total issued capital - selected security class(es)	**229,953,985**	**100.00%**

4. Distribution of shareholders

i) Fully paid Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	1,150	812,587	0.35%
above 1,000 up to and including 5,000	5,616	15,399,558	6.70%
above 5,000 up to and including 10,000	2,250	17,961,918	7.81%
above 10,000 up to and including 100,000	2,996	92,510,054	40.23%
above 100,000	262	103,269,868	44.91%
Totals	**12,274**	**229,953,985**	**100.00%**

Based on the price per security, number of holders with an unmarketable holding: 7229, with total 18,831,573, amounting to 8.19% of Issued Capital

ii) Class H performance rights expiring on or before 26 February 2023

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	1	416,667	100.00%
Totals	**1**	**416,667**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Mr Jim Hallam – 416,667 performance rights

iii) Class I performance rights expiring on or before 26 February 2023

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	1	416,666	100.00%
Totals	**1**	**416,666**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Mr Jim Hallam – 416,666 performance rights

iv) Class J Performance Rights expiring on or before 26 February 2023

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	1	416,667	100.00%
Totals	**1**	**416,667**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Mr Jim Hallam – 416,667 performance rights

v) Class L Performance Rights

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	1	4,000,000	100.00%
Totals	**1**	**4,000,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Parallax Ventures Inc. – 4,000,000 performance rights

vi) **Class M Performance Rights**

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	1	4,000,000	100.00%
Totals	**1**	**4,000,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Parallax Ventures Inc. – 4,000,000 performance rights

vii) **Class O Performance Rights**

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	4	2,250,000	100.00%
Totals	**4**	**2,250,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Position	Holder Name	Holding	% IC
1	PHEAKES PTY LTD <SENATE A/C>	833,333	37.04%
2	CHAVOO PTY LTD <MIDHURST SUPER FUND A/C>	500,000	22.22%
2	CHINCHERINCHEE NOMINEES PTY LTD	500,000	22.22%

viii) **Class P Performance Rights**

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	-	-	-
above 100,000	4	2,250,000	100.00%
Totals	**4**	**2,250,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Position	Holder Name	Holding	% IC
1	PHEAKES PTY LTD <SENATE A/C>	833,333	37.04%
2	CHAVOO PTY LTD <MIDHURST SUPER FUND A/C>	500,000	22.22%
2	CHINCHERINCHEE NOMINEES PTY LTD	500,000	22.22%

ix) **Class L Options exercisable at $0.41 on or before 24 October 2021**

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	1	1,000,000	100.00%
Totals	**1**	**1,000,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Chavoo Pty Ltd<Midhurst Super Fund A/C> 1,000,000 Options

x) **Class M Options exercisable at $0.33 on or before 3 April 2022**

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	1	1,000,000	100.00%
Totals	**1**	**1,000,000**	**100.00%**

[1]Holders who hold more than 20% of securities are:

Mr Michael Curtis – 1,000,000 Options

5. Substantial shareholders

There are no substantial Shareholders listed on the Company's register as at 25 July 2021.

6. Restricted securities

There are no restricted securities listed on the Company's register as at 25 July 2021.

7. Current on market share buyback

The Company does not have a current on-market share buyback.

8. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 15 (2020 – 100). Each contract note could involve multiple transactions. The total amount of brokerage paid on these contract notes was $568 (2020: $33,495).

9. Management Fees

The total management fees paid or accrued during the financial year were $338,985 (2020: 439,121).

10. Summary of Management Agreement

On 7 June 2019, the Company executed a Management Agreement with Parallax Ventures Inc. ("Parallax") was effective from 1 June 2019. On 19 July 2019, the Company's Shareholders approved:

a) The issue of 12,000,000 performance rights to Parallax.

b) The Investment Management Agreement between the Company and Parallax which was effective from 1 June 2019.

Pursuant to ASX listing rule 4.10.20 (c) the Company provides a summary of the Investment Management Agreement with Parallax Ventures Inc.:

a) (Term): The appointment of Parallax shall be for an initial term of three (3) years commencing on the date Shareholder approval is obtained by the Company (Term).

b) (Extension): There is no right of extension or renewal. Unless the Term is varied by the parties, the Management Agreement will end on expiry of the Term (if not terminated earlier).

c) (Exclusivity): Parallax will provide the services to the Company on an exclusive basis during the Term. Parallax may not assign their obligations without the consent of the Company, however, Parallax is not precluded from providing services to another entity.

d) (Consideration): The Company must pay to Parallax annual fees in an amount equal to:

   i. 0.50% per annum of the book value of the Company's investments as at 1 June 2019; and

   ii. 1.5% per annum of the book value of the Company's investments that are added after 1 June 2019,

   (together, Management Fees). The Management Fees are capped annually at 1.0% per annum of the Company's year-end Net Asset Value.

e) (Expenses): The Company agrees to reimburse Parallax on request of all costs and out-of-pocket expenses incurred by Parallax in connection with its performance of the services.

f) (Termination): Either party may terminate the Management Agreement by providing 3 months' written notice.

   i. The Company may immediately terminate the Management Agreement at any time by notice to Parallax if any key professional person or Michael Curtis leaves the employ of Parallax's corporate group without the Company's consent.

ii. (Variation): The Management Agreement may only be varied or replaced by a document executed by the parties; all material variations will be subject to approval of the Shareholders as required by the ASX Listing Rules.

The Company has also issued Parallax 12,000,000 performance rights. The key terms of the performance rights are follows:

a) Milestones:

The Company issued Parallax 12,000,000 performance rights (Performance Rights) after Company Shareholder approval on the following terms:

(i) Subject to applicable tax and securities law compliance, the Performance Rights shall vest and be convertible by Parallax in accordance with the mechanics set out below, on a one-for-one basis, into Shares in three (3) equal tranches of 4 million Shares (each, a Tranche) upon the Company achieving the following NAVS/SP Average hurdles, as follows:

(A) the first Tranche will vest upon achieving a NAVS/SP Average of at least \$0.4047, (being a premium of at least 35% to the NAVS/SP Average on 1 June 2019 of \$0.2998)[4];

(B) the second Tranche will vest upon achieving a NAVS/SP Average of at least \$0.5096, (being a premium of at least 70% to the NAVS/SP Average on 1 June 2019 of \$0.2998); and

(C) the third Tranche will vest upon achieving a NAVS/SP Average of at least \$0.5995, (being a premium of at least 100% to the NAVS/SP Average on 1 June 2019 of \$0.2998),

(together, the Milestones).

The bulk of Parallax's remuneration is linked to material increases in MMJ's share price and net asset value, through the issue of Performance Rights to Parallax. The Performance Rights convert on a one-for-one basis, into MMJ Shares in three (3) equal tranches upon MMJ achieving a simple average of month end net asset (after tax) value per share ("NAVS") and 20-day VWAP share price (together, the "NAVS/SP Average") hurdles which represent the following premiums to the NAVS/SP Average at contract commencement:

Tranche	**Vesting Hurdle – % premium to NAVS/SP Average**	**Hurdles cents**	**No. of performance rights issued**
A	35%	0.4047	4m
B	70%	0.5096	4m
C	100%	0.5995	4m

For example, Tranche A would be issued if the hurdle of 40.47 cents is achieved within 18 months of Parallax's appointment.

For the purpose of the Milestones NAVS/SP Average is calculated as the simple average of the Net Asset Value per Share (NAVS) and the 20-trading day VWAP for Shares calculated at month end.

(i) In order to determine if the NAVS/SP Average performance hurdles have been achieved, both the month end NAVS will be determined (as at the close of business on the last calendar day of every calendar month) and the monthly VWAP of the Company's share price will be determined (as at the end close of trade on the last trading day of the calendar month). These two numbers will then be combined and divided by two to ascertain whether the hurdle has been achieved.

(ii) Where a Performance Right vests as a result of achieving the NAVS/SP Average performance criteria outlined above, Parallax will have 12 months to convert the Performance Right into Shares, or the applicable Performance Right will lapse.

(iii) The Performance Right shall have a period of 3 years to achieve the relevant NAVS/SP Average performance vesting hurdle from the date of issue and will lapse immediately if the hurdle is not achieved at the end of the 3-year term. The exception will be the first Tranche which will lapse immediately if the applicable Performance Right will lapse.

b) Notification to holder:

The Company shall notify the holder in writing when the relevant Milestones have been satisfied.

c) Vesting:

The relevant Performance Rights shall vest on the later to occur of:

(i) the date that the Milestone relating to that Performance Right has been satisfied; and

(ii) the date that the holder gives a notice to the Company confirming that the holder would like the Performance Rights to vest.

[4] The first Tranche lapsed on 18 June 2021 as the vesting hurdle was not achieved

d) Consideration:

The Performance Rights will be issued nil consideration.

e) Conversion:

Upon satisfaction of the relevant Performance Rights vesting, each Performance Right will, at the election of the holder, vest and convert into one Share.

f) Lapsing other than when Milestones are not satisfied:

Where Parallax is no longer engaged by the Company as a consultant for whatever reason, any unvested Performance Rights held will automatically lapse.

g) Share ranking:

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

h) Listing of Shares on ASX:

The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.

i) Transfer of Performance Rights:

A Performance Right is only transferable with the prior written consent of the board or by force of law upon death to the holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.

j) Participation in new issues:

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

k) Adjustment for bonus issue:

If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.

l) Adjustment for reconstruction:

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including the Milestones) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

m) Dividend and Voting Rights:

A Performance Right does not confer upon the holder an entitlement to vote or receive dividends.

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).
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.
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.
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.