



Althea
Group
Holdings

Half-year Financial Report

2025

For the period ended - 31 December 2024

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Althea Group Holdings Limited
and Controlled Entities

ABN 78 626 966 943

Lodged with the ASX under
Listing Rule 4.2A

Appendix 4D

1. COMPANY DETAILS

Name of entity: Althea Group Holdings Limited

ABN: 78 626 966 943

Reporting period: For the half-year ended 31 December 2024

Previous period: For the half-year ended 31 December 2023

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenues from ordinary activities	down	18.4%	to	10,585
Loss from ordinary activities after tax	down	90.8%	to	(1,526)
Loss for the half-year	down	90.8%	to	(1,526)

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,526,000 (31 December 2023: \$16,628,000)

3. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.51)	(0.66)

Appendix 4D (continued)

4. LOSS OF CONTROL OVER ENTITIES

Not applicable.

5. DIVIDENDS

Current period

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

Previous period

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

6. DIVIDEND REINVESTMENT PLANS

Not applicable.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

8. FOREIGN ENTITIES

Details of origin of accounting standards used in compiling the report:

International Financial Reporting Standards (IFRS).

9. AUDIT QUALIFICATION OR REVIEW

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. A material uncertainty related to going concern is included in the auditor's review report, however the auditor's opinion is not modified with respect to this matter.

10. ATTACHMENTS

Details of attachments (if any):

The Interim Report of Althea Group Holdings Limited for the half-year ended 31 December 2024 is attached.

11. SIGNED



Signed

Vaughan Webber
Chairman

Date: 28 February 2025

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General information

The financial statements cover Althea Group Holdings Limited as a consolidated entity consisting of Althea Group Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Althea Group Holdings Limited's functional and presentation currency.

Althea 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 2, Level 50, 360 Elizabeth Street,
Melbourne, VIC 3000**

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 28 February 2025.

Corporate Directory

- ▲ **Directors**
 - Vaughan Webber (Chairman and Independent Non-Executive Director)
 - Joshua Fegan (Chief Executive Officer and Managing Director)
 - Alan Boyd (Independent Non-executive Director)
 - Penelope Dobson (Independent Non-executive Director)
- ▲ **Company secretary**
 - Robert Meissner (resigned on 12 December 2024)
 - Adam Gallagher (appointed on 12 December 2024)
- ▲ **Registered office**
 - Suite 2, Level 50
 - 360 Elizabeth Street,
 - Melbourne, VIC 3000
- ▲ **Principal place of business**
 - Suite 2, Level 50
 - 360 Elizabeth Street,
 - Melbourne, VIC 3000
- ▲ **Share register**
 - Computershare Investor Services Pty Ltd
 - Yarra Falls, 452 Johnston Street,
 - Abbotsford, VIC 3067
 - 1300 787 272
- ▲ **Auditor**
 - RSM Australia Partners
 - Level 27, 120 Collins Street,
 - Melbourne VIC 3000
- ▲ **Solicitor**
 - DLA Piper Australia
 - 80 Collins Street,
 - Melbourne, VIC, 3000
- ▲ **Stock exchange listing**
 - Althea Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: AGH)
- ▲ **Website**
 - www.altheagroupholdings.com

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02

CEO letter

CEO letter

02

Dear Shareholder,

It is my pleasure to present to you Althea Group Holdings Limited's interim report for the half-year ended 31 December 2024.



HALF-YEAR HIGHLIGHTS

ASX ANNOUNCEMENTS

Release date

Althea Launches Atmos Dried Flower Cannabis Range	05 July 2024
AGH Announces Successful Completion of Capital Raising	15 July 2024
US Cannabis Beverages Joint Venture Agreements Executed	21 July 2024
Resignation of Chairman and Appointment of New Chairman	18 August 2024
Update on Peak USA Production and Operations	11 September 2024
Sale of MyAccess Clinics to Montu Group UK Ltd	16 October 2024
Completion of Sale of MyAccess Clinics	28 October 2024
Peak Announces New Partnership with Simply Solventless	05 November 2024
Appointment of New Company Secretary	11 December 2024
Termination of Chief Financial Officer	17 December 2024
Binding Commitments Received for \$2.0 million	23 December 2024

INTRODUCTION

The first half of FY2025 has been a pivotal period for Althea Group Holdings Ltd (AGH). Our recreational cannabis business, Peak Processing Solutions (Peak), continues to

deliver strong growth, driven by THC beverage sales, while our pharmaceutical cannabis division, Althea, is undergoing a targeted turnaround following supply disruptions and market challenges.

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FINANCIAL AND OPERATIONAL PERFORMANCE

In the financial period ended 31 December 2024, the Company reduced the net loss to \$1.5m, a 90.8% improvement on the previous corresponding period, demonstrating a strong commitment to successful cost saving initiatives to drive profitability.

The Group posted revenue of \$10.6 million from continued operations. This represents an 18.4% year-on-year decline, driven by lower pharmaceutical cannabis sales.

Positively, our recreational cannabis business saw revenue rise to \$8.2 million for the first half of FY25, a healthy 57.9% increase when compared to 1HFY24.

Peak Processing Solutions contributed \$6.25 million in Q2 cash receipts, up 20% year-on-year, confirming and continuing to show strong demand for its THC beverages.

AGH's pharmaceutical business Althea recorded \$2.75 million in Q2 cash receipts, recovering from stock shortages, but still facing competitive pressures.

RECREATIONAL CANNABIS – PEAK PROCESSING SOLUTIONS DRIVING GROWTH

On the recreational cannabis side of operations, THC beverage sales continue to accelerate, with Peak's Q2 cash receipts up 20%, despite seasonally weaker demand in winter. Peak Canada is undertaking key infrastructure upgrades, increasing production efficiency through expanded capacity, wastewater system integration, and automated tax stamp application.

Peak is well positioned to see positive growth, and strong results in the next half of the financial year, particularly as Spring and Summer historically drive higher beverage demand.

New to the recreational scene, a key highlight for the financial period was Peak USA successfully completing its first commercial manufacturing run, leveraging its Florida-based emulsion facility. This marks an important step in establishing a presence in the U.S. market.

PHARMACEUTICAL CANNABIS – CHALLENGES & TURNAROUND STRATEGY

The pharmaceutical business has been a challenging environment to navigate in the first half of financial year 2025. The revenue decline was primarily due to supply shortages stemming from a supplier transition in late 2023. Inventory levels have now stabilised, which will ensure a consistent supply to patients and healthcare professionals, a crucial step in moving towards profitability and ensuring reputational excellence.

The company has proactively reacted to the challenges faced by the pharmaceutical segment, implementing operational cost reduction strategies. The result of this generated \$1.4 million in annualised cost savings, identified to improve profitability. Leadership changes and a strategic review have also been undertaken, realigning Althea's market strategy with a focus on operational efficiency and sustainable growth.

CAPITAL MANAGEMENT & GOVERNANCE ENHANCEMENTS

The first half of the 2025 financial year has been busy on the capital management front. In December, the company secured \$2 million in funding (net of transaction costs) via an unsecured loan notes placement, providing capital for supply chain improvements and production expansion.

The company announced in late October the successful completion of the sale of MyAccess Clinics in the UK and Ireland for a sale price of \$1 million (gross). The sale of the Clinics reduced annual operating costs by \$1.5 million and provided a welcomed cash injection into the business. In addition, as part of the terms of the sale, Althea products will remain on the clinic's formulary for 3 years. The sale came at the ideal time for the company as it looks to pivot its strategy, and move operations away from the UK and Ireland to focus on more profitable opportunities.

AGH at its core has seen significantly strengthened corporate governance, following a Federal Court-approved remediation process related to past compliance lapses. The issues have been addressed and rectified, placing AGH in a strong position for success in the second half of the financial year.

OUTLOOK FOR THE SECOND HALF OF FY2025

In February 2025, post the half-year reporting period, AGH secured \$4 million in new funding commitments, further strengthening our financial position. These commitments

provide additional working capital to support ongoing growth initiatives, particularly in expanding Peak Processing Solutions' production capacity and reinforcing Althea's operational stability. This capital injection enhances our flexibility as we continue executing our strategic plans across both business divisions.

With Peak's growth trajectory intact and Althea executing a targeted recovery plan, AGH's focus remains on long-term value creation through disciplined execution. Our key priorities include:

- Scaling Peak's THC beverage production to meet rising demand in Canada and the U.S.
- Further operational efficiencies to drive profitability and improve cash flow.
- Continuing Althea's stabilisation strategy, with a focus on inventory reliability, cost control, and targeted market growth.

We enter the second half of FY2025 with a clear focus on growth, efficiency, and execution. I would like to thank our employees, customers, and shareholders for their continued support as we position AGH for long-term success.

Yours sincerely,



Joshua Fegan

Althea Group Holdings Ltd CEO



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Directors' report

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 Althea Group Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

DIRECTORS

The following persons were Directors of Althea Group Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- ▲ Vaughan Webber (appointed 29 August 2024)
- ▲ Joshua Fegan
- ▲ Alan Boyd
- ▲ Penelope Dobson (resigned on 31 January 2025)
- ▲ Matt Adams (appointed on 17 February 2025)

Mr Andrew Newbold was Chair and Independent Non-Executive Director to 29 August 2024.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the period were the manufacturing, sales and distribution of recreational cannabis products and cannabis-based medicines. The parent entity services these sectors via two distinct business units:

- Peak Processing Solutions, the parent entity's Canadian based recreational

cannabis business, which produces legal cannabis products purchased by adult consumers in retail stores.

- Peak USA, the recreational THC beverage start up business based in Florida which commenced production of THC infused beverage products during the half-year for purchase in the U.S.A by adult consumers in retail stores.
- Althea, the company's pharmaceutical business, which offers a comprehensive range of cannabis-based medicines which are made available to patients via prescription.

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to \$1,526,000 (31 December 2023: \$16,628,000).

During the period, the consolidated entity generated revenue of \$10,585,000 (31

DIRECTORS' REPORT (Continued)

December 2023: \$12,969,000). The consolidated entity's loss for the period amounted to \$1,526,000 (31 December 2023: \$16,628,000).

Key achievements by the consolidated entity during the period are as follows:

- The consolidated net loss for the period was reduced to \$1.5 million, representing a significant improvement (90.8%) from the \$16.6 million net loss for the period ending 31 December 2023. The improvement in net loss was largely attributable to cost reduction measures, improved working capital management, and a more streamlined operational focus following the divestment of non-core assets.
- Completion of the MyAccess Clinics sale contributed to a \$1.5 million reduction in annual operating expenses and a sharpened strategic focus on the Group's core business areas.
- Peak USA successfully completed its first commercial production run at its Florida-based emulsion facility, marking an important step toward establishing a U.S. market presence.

The Directors remain confident in the Group's ability to execute its operational strategy, with a clear focus on scaling THC beverage production, driving cost efficiencies, and positioning the business for sustainable growth in the second half of the financial year ending 30 June 2025.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the interim report after consideration of the factors listed in Note 1. Going Concern.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the half year period, the consolidated entity announced the completion of the sale of certain assets of its MyAccess Clinics business in the UK and Ireland. The assets sold included the transfer of patient information, intellectual property rights and data relating to patient numbers. This led to the cessation of its operations as a medical clinic in the UK and accordingly, the financial results of the UK operations have been classified as Discontinued Operations and the remainder of the UK operations is expected to be wound up in the next 12 months (refer to note 4). Revenue from the contract previously managed in Althea MMJ UK Limited will be operated from Australia following the sale.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

On 17 February 2025, the consolidated entity announced it had secured \$4,000,000 AUD (exclusive of fees) in funding through both a share placement and loan notes placement. Under the placement, the loan notes were issued as a debt instrument, however, the loan notes may become convertible into ordinary shares, subject solely to shareholder approval at an EGM in March 2025. It is the expectation of the Directors that the loan to equity conversion will be approved at the EGM. As at the date of signing this half year report, the consolidated entity has received \$1,778,000. The funding will be

DIRECTORS' REPORT (Continued)

used to improve working capital across the group, as well as to enhance its operations across Canada and into the United States of America.

No other matter or circumstance has arisen since 31 December 2024 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.

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.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Vaughan Webber
Chairman

28 February 2025

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Auditor's independence declaration

RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

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F +61(0) 8 92619111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Althea Group Holdings Limited for the half year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



A L WHITTINGHAM
Partner

Date: 28 February 2025
Melbourne, VIC

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Interim financial report



Consolidated statement of profit or loss and other comprehensive income

		Consolidated	
		31 December 2024	31 December 2023
CONTINUING OPERATIONS	Note	\$'000	\$'000
Revenue	3	10,585	12,969
Cost of goods sold		(5,412)	(6,303)
Gross profit		5,173	6,666
Interest income		31	6
EXPENSES			
Employee benefits expense		(4,210)	(5,616)
Depreciation and amortisation expense		(1,034)	(1,069)
General and administrative expenses		(1,422)	(1,980)
Distribution expenses		(713)	(1,264)
Marketing expenses		(56)	(500)
Professional services		(641)	(626)
Finance costs		(511)	(741)
Foreign exchange gain/ (loss)		1,868	(1,543)
Loss on disposal of assets		(3)	(601)
Impairment of Goodwill		-	(7,628)
Total expenses		(6,722)	(21,568)
Loss before income tax expense from continuing operations		(1,518)	(14,896)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(1,518)	(14,896)
Loss after income tax expense from discontinued operations	4	(8)	(1,732)
Loss after income tax expense for the half-year		(1,526)	(16,628)

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

Consolidated statement of profit or loss and other comprehensive income (continued)

		Consolidated	
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation from continued operations		(480)	80
Foreign currency translation from discontinued operations		(1,532)	1,250
Other comprehensive income/(loss) for the half-year, net of tax		(2,012)	1,170
Total comprehensive loss for the half-year		(3,538)	(15,458)
Total comprehensive loss for the half-year is attributable to:			
Continuing operations		(1,998)	(12,476)
Discontinued operations		(1,540)	(2,982)
		(3,538)	(15,458)
		Cents	Cents
Loss per share from continuing operations			
Basic loss per share	15	(0.30)	(4.22)
Diluted loss per share	15	(0.30)	(4.22)
Loss per share from discontinued operations			
Basic loss per share	15	(0.00)	(0.49)
Diluted loss per share	15	(0.00)	(0.49)
Loss per share			
Basic loss per share	15	(0.31)	(4.71)
Diluted loss per share	15	(0.31)	(4.71)

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Consolidated statement of financial position

		Consolidated	
		31 December 2024	30 June 2024
ASSETS	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		563	331
Trade and other receivables		5,586	4,864
Inventories		4,590	3,983
Other		1,650	1,711
Total current assets		12,389	10,889
Non-current assets			
Other financial assets		277	703
Property, plant and equipment	5	3,171	3,515
Right-of-use assets	6	8,083	8,031
Intangibles	7	411	513
Total non-current assets		11,942	12,762
Total assets		24,331	23,651
LIABILITIES			
Current liabilities			
Trade and other payables	8	13,082	13,525
Contract liabilities	9	1,541	1,663
Borrowings	10	1,448	972
Lease liabilities		338	329
Provisions		317	394
Other		1,014	19
Total current liabilities		17,740	16,902
Non-current liabilities			
Contract liabilities	11	906	995
Lease liabilities		5,174	5,238
Deferred tax		59	-
Provisions		47	71
Other		56	131
Total non-current liabilities		6,242	6,435
Total liabilities		23,982	23,337
Net assets		349	314
EQUITY			
Issued capital	12	88,072	86,332
Reserves	13	2,547	2,726
Accumulated losses	14	(90,270)	(88,744)
Total equity		349	314

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

Consolidated statement of changes in equity

CONSOLIDATED	Issued capital \$'000	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Financial instrument reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	85,340	2,597	(1,417)	-	(56,751)	29,769
Loss after income tax expense for the half-year	-	-	-	-	(16,628)	(16,628)
Other comprehensive gain for the half-year, net of tax	-	-	1,170	-	-	1,170
Total comprehensive income/ (loss) for the half- year	-	-	1,170	-	(16,628)	(15,458)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	132	-	-	-	-	132
Employee share issue, net of transaction costs	679	-	-	-	-	679
Share-based payments reclassified during the period	-	(4)	-	-	11	7
Share-based payments expensed during the period, relating to existing performance rights	-	43	-	-	-	43
Balance at 31 December 2023	86,151	2,636	(247)	-	(73,368)	15,172

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

Consolidated statement of changes in equity (continued)

CONSOLIDATED	Issued capital \$'000	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Financial instrument reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2024	86,332	2,908	(182)	-	(88,744)	314
Loss after income tax expense for the half-year	-	-	-	-	(1,526)	(1,526)
Other comprehensive loss for the half-year, net of tax	-	-	(2,012)	-	-	(2,012)
Total comprehensive income/ (loss) for the half- year	-	-	(2,012)	-	(1,526)	(3,538)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 12)	1,740	-	-	-	-	1,740
Funds raised from convertible notes, net of transaction costs (note 14)	-	-	-	1,880	-	1,880
Share-based payments expensed during the period, relating to existing performance rights	-	30	-	-	-	30
Performance rights forfeited on termination	-	(77)	-	-	-	(77)
Balance at 31 December 2024	88,072	2,861	(2,194)	1,880	(90,270)	349

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

Consolidated statement of cash flows

		Consolidated	
		31 December 2024	31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES	Note	\$'000	\$'000
Receipts from customers (inclusive of GST)		14,299	17,351
Payments to suppliers and employees (inclusive of GST)		(16,838)	(19,030)
		(2,539)	(1,679)
Interest received		31	6
Interest paid		(520)	(209)
Net cash used in operating activities		(3,028)	(1,882)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(383)	(123)
Payments for intangibles		22	-
Proceeds from sale of MyAccess Clinic assets		991	-
Net proceeds from disposal of property, plant and equipment		-	2,729
Net cash from investing activities		630	2,606
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs	12	1,740	126
Repayment of borrowings		(55)	(1,895)
Repayment of lease liabilities		(163)	(178)
Payment of bank guarantee		-	(360)
Proceeds from drawdown of loan		476	-
Proceeds from issue of convertible note		590	-
Proceeds from lease deposit		36	-
Net cash from/(used in) financing activities		2,624	(2,307)
Net increase/(decrease) in cash and cash equivalents		226	(1,583)
Cash and cash equivalents at the beginning of the financial half-year		331	3,874
Effects of exchange rate changes on cash and cash equivalents		6	(31)
Cash and cash equivalents at the end of the financial half-year		563	2,260

The consolidated statement of cash flows above includes cash from discontinued operations, refer to note 4.

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

Notes to the consolidated financial statements

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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.

GOING CONCERN

The interim consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As disclosed in the interim consolidated financial statements, the consolidated entity incurred a loss of \$1,526,000 and had net cash outflows from operating activities of \$3,028,000 for the half-year ended 31 December 2024. As at that date, the consolidated entity had net current liabilities of \$5,351,000.

Note 1. Material accounting policy information (continued)

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- In the absence of conventional loan funding opportunities, the availability of which are dependent upon a history of such positive cash flows, Althea Group Holdings Limited has continued to raise capital a number of times and sought borrowings from sources available to it wherever possible. Subsequent to the half-year ended 31 December 2024, AUD \$4,000,000 in funds has been committed through a share placement, and loan notes placement. Under the placement, the loan notes were issued as a debt instrument, however, the loan notes may become convertible into ordinary shares, subject solely to shareholder approval at an EGM in March 2025. It is the expectation of the Directors that the loan to equity conversion will be approved at the EGM. As at the date of signing this half year report, the consolidated entity has received \$1,778,000. These funds will significantly

strengthen working capital across the group, and will enhance operations across Canada and into North America.

- Completion of the MyAccess Clinics sale contributed to a reduction in annual operating expenses and a sharpened strategic focus on the Group's core business areas going forward.
- Management has recently completed an organisational review and has identified further reductions to administrative and expenditure, which is expected to create significant annualised savings and substantially improve the Group's cash flow position in the near term.
- The consolidated entity is actively pursuing opportunities to raise further funds from strategic partners and/or investors, pursuant to ASX listing rule 7.1 and 7.1A.

Accordingly, the Directors believe that the Group will be able to continue as going concern and that it is appropriate to adopt the going concern basis in the preparation of the half year financial report.

The half-year financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: the international pharmaceutical segment (Pharmaceutical Cannabis), the recreational segment (Recreational Cannabis) and the shared corporate services (Corporate). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining

the allocation of resources. There is no aggregation of operating segments.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major customers

During the half-year ended 31 December 2024, approximately 14% (2023: 10%) of the consolidated entity's external revenue was derived from sales to one customer.

Operating segment information

	Pharmaceutical Cannabis \$'000	Recreational Cannabis \$'000	Corporate \$'000	Total \$'000
CONSOLIDATED - 31 DECEMBER 2024				
Revenue				
Sales to external customers	2,080	7,740	18	9,838
Other revenue	-	461	286	747
Interest revenue	-	31	-	31
Total revenue	2,080	8,232	304	10,616
EBITDA				
EBITDA	649	(557)	(96)	(4)
Depreciation and amortisation	(68)	(837)	(129)	(1,034)
Interest revenue	-	31	-	31
Finance costs	(187)	(365)	41	(511)
Loss before income tax expense	394	(1,728)	(184)	(1,518)
Income tax expense	-	-	-	-
Loss after income tax expense				(1,518)
ASSETS				
Segment assets	6,087	18,233	11	24,331
Total assets				24,331
LIABILITIES				
Segment liabilities	6,935	17,039	8	23,982
Total liabilities				23,982

Note 2. Operating segments (continued)

Operating segment information

	Pharmaceutical Cannabis \$'000	Recreational Cannabis \$'000	Corporate \$'000	Total \$'000
CONSOLIDATED - 31 DECEMBER 2023				
Revenue				
Sales to external customers	7,694	4,945	-	12,639
Other revenue	-	266	64	330
Interest revenue	-	1	5	6
Total revenue	7,694	5,212	69	12,975
EBITDA	1,838	(1,657)	(5,645)	(5,464)
Depreciation and amortisation	(68)	(700)	(301)	(1,069)
Impairment of Goodwill	-	(7,628)	-	(7,628)
Interest revenue	-	1	5	6
Finance costs	(16)	(133)	(592)	(741)
Loss before income tax expense	1,754	(10,117)	(6,533)	(14,896)
Income tax expense				-
Loss after income tax expense				(14,896)
CONSOLIDATED - 30 JUNE 2024				
ASSETS				
Segment assets	4,558	19,077	16	23,651
Total assets				23,651
LIABILITIES				
Segment liabilities	6,532	16,797	8	23,337
Total liabilities				23,337

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Note 3. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	CONSOLIDATED	
	31 December 2024 \$'000	31 December 2023 \$'000
CONSOLIDATED		
Sales Channels		
Goods sold directly to registered pharmacies and consumers	1,682	5,827
Goods sold through intermediaries	8,156	6,812
Other income	747	330
	10,585	12,969
Geographical regions		
Australia	2,385	7,381
Canada	8,200	5,210
Germany	-	378
	10,585	12,969
Timing of revenue recognition		
Goods transferred at a point in time	10,486	12,845
Services transferred over time	99	124
	10,585	12,969

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Note 4. Discontinued operations

On 29 October 2024, the consolidated entity announced the completion of the sale of certain assets of its MyAccess Clinics business in the UK and Ireland. The assets sold included the transfer of patient information, intellectual property rights and data relating to patient numbers. This led to the cessation of its operations as a medical clinic in the UK and accordingly,

the financial results of all the UK operations have been classified as Discontinued Operations and the remainder of the UK operations is expected to be wound up in the next 12 months. Revenue from the contract previously managed in Althea MMJ UK Limited will be operated from Australia following the sale.

Financial performance information

	CONSOLIDATED	
	31 December 2024 \$'000	31 December 2023 \$'000
Revenue	1,304	2,421
Cost of goods sold	(287)	(816)
Gross profit	1,017	1,605
Sale of MyAccess Clinic assets	970	-
Employee benefits expense	(1,036)	(1,248)
General and administrative expenses	(374)	(505)
Marketing expenses	(33)	(333)
Finance costs	(9)	(17)
Professional services	(233)	(652)
Depreciation and amortisation expense	(10)	(59)
Foreign exchange (loss)/gain	(1)	3
Distribution expenses	(299)	(526)
Total expenses	(1,995)	(3,337)
Loss before income tax expense	(8)	(1,732)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	(8)	(1,732)

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Note 4. Discontinued operations (continued)

Cash flow information

	CONSOLIDATED	
	31 December 2024 \$'000	31 December 2023 \$'000
CONSOLIDATED		
Net cash used in operating activities	(176)	(757)
Net cash used in investing activities	(6)	(16)
Net cash used in financing activities	(15)	(13)
Net decrease in cash and cash equivalents from discontinued operations	(197)	(786)

Note 5. Non-current assets - property, plant and equipment

	CONSOLIDATED	
	31 December 2024 \$'000	30 June 2024 \$'000
Buildings - at cost	318	311
Less: Accumulated depreciation	(376)	(104)
	(58)	207
Asset under construction - at cost	467	379
Plant and equipment - at cost	6,089	5,612
Less: Accumulated depreciation	(3,666)	(3,070)
	2,423	2,542
Computer equipment - at cost	754	740
Less: Accumulated depreciation	(721)	(682)
	33	58
Office equipment - at cost	787	768
Less: Accumulated depreciation	(481)	(439)
	306	329
	3,171	3,515

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Note 6. Non-current assets - right-of-use assets

	CONSOLIDATED	
	31 December 2024 \$'000	30 June 2024 \$'000
Land and buildings - right-of-use	8,988	8,818
Less: Accumulated depreciation	(905)	(787)
	8,083	8,031

The consolidated entity leases land and buildings for its offices and manufacturing sites under agreements of between six to fifteen years. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The consolidated entity also leases land and buildings under agreements less than one year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 7. Non-current assets - intangibles

	CONSOLIDATED	
	31 December 2024 \$'000	30 June 2024 \$'000
Website - at cost	206	371
Less: Accumulated amortisation	(189)	(319)
	17	52
Patents and trademarks - at cost	103	103
Less: Accumulated amortisation	(42)	(37)
	61	66
Software - at cost	2,360	2,325
Less: Accumulated amortisation	(2,354)	(2,293)
	6	32
Intellectual Property - at cost	571	571
Less: Accumulated amortisation	(244)	(208)
	327	363
	411	513

Note 8. Current liabilities - trade and other payables

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Trade payables	10,747	11,459
Other payables	2,335	2,066
	13,082	13,525

Note 9. Current liabilities - contract liabilities

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Contract liabilities	1,541	1,663
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial half-year are set out below:		
Opening balance	1,663	1,658
Payments received in advance	-	5,113
Transfer to revenue - included in the opening balance	(233)	(644)
Transfer to revenue - other balances	-	(4,026)
Reclassified from non-current contract liabilities during the period	111	(438)
Closing balance	1,541	1,663

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Note 10. Current liabilities - borrowings

	Consolidated	
	31 December	30 June
	2024	2024
	\$'000	\$'000
Loan	1,448	972

On 1 August 2024, the consolidated entity drew down an additional AUD \$476,000 in funding. The facility attracts interest payable at a rate of 13% per annum, and repayment is due on 2 November 2025, hence its classification as a current liability.

Note 11. Non-current liabilities - contract liabilities

	Consolidated	
	31 December	30 June
	2024	2024
	\$'000	\$'000
Contract liabilities	906	995
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial half-year are set out below:		
Opening balance	995	557
Payments received in advance	22	-
Reclassified from non-current contract liabilities during the period	(111)	438
Closing balance	906	995

Note 12. Equity - issued capital

	31 December	30 June	31 December	30 June
	2024	2024	2024	2024
CONSOLIDATED	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	507,836,476	406,503,376	88,072	86,332

Note 12. Equity - issued capital (continued)

Movements in ordinary share capital

DETAILS	DATE	SHARES	ISSUE PRICE	\$'000
Balance	1 July 2024	406,503,376		86,332
Share capital issued via capital raise	16 July 2024	101,333,100	\$0.020	2,026
Capital raising costs	16 July 2024	-	\$0.000	(139)
Capital raising costs	16 July 2024	-	\$0.000	(147)
Balance	31 December 2024	507,836,476	-	88,072

Note 13. Equity - reserves

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Foreign currency reserve	(2,194)	(182)
Share-based payments reserve	2,861	2,908
Other reserves	1,880	-
	2,547	2,726

Financial instrument reserve

On 24 December 2024, the consolidated entity secured commitments of \$2m under a loan notes placement. Under the placement, 2.0 million loan notes were issued as a pure debt instrument, however, the loan notes may become

convertible into ordinary shares, subject solely to shareholder approval at a general meeting. The funds are held as a financial instrument reserve (net of cost of raising capital fees) until the general meeting has taken place.

Note 14. Equity - accumulated losses

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Accumulated losses at the beginning of the financial half-year	(88,744)	(56,751)
Loss after income tax expense for the half-year	(1,526)	(32,057)
Transfer from share-based payments reserve	-	64
Accumulated losses at the end of the financial half-year	(90,270)	(88,744)

Note 15. Loss per share

	Consolidated	
	31 December 2024 \$'000	31 December 2023 \$'000
Loss per share from continuing operations		
Loss after income tax	(1,518)	(14,896)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	499,530,484	352,835,080
Weighted average number of ordinary shares used in calculating diluted earnings per share	499,530,484	352,835,080
	Cents	Cents
Basic loss per share	(0.30)	(4.22)
Diluted loss per share	(0.30)	(4.22)

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Note 15. Loss per share (continued)

	Consolidated	
	31 December 2024	31 December 2023
	\$'000	\$'000
Loss per share from discontinued operations		
Loss after income tax	(8)	(1,732)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	499,530,484	352,835,080
Weighted average number of ordinary shares used in calculating diluted earnings per share	499,530,484	352,835,080
	Cents	Cents
Basic loss per share	(0.00)	(0.49)
Diluted loss per share	(0.00)	(0.49)

	Consolidated	
	31 December 2024	31 December 2023
	\$'000	\$'000
Loss per share		
Loss after income tax	(1,526)	(16,628)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	499,530,484	352,835,080
Weighted average number of ordinary shares used in calculating diluted earnings per share	499,530,484	352,835,080
	Cents	Cents
Basic loss per share	(0.31)	(4.71)
Diluted loss per share	(0.31)	(4.71)

28,460,763 (31 December 2023: 11,039,512) performance rights, 28,348,404 rights (31 December 2023: 13,143,960) and 20,066,620 (31 December 2023: 10,436,354) options have been excluded from the above calculations as their inclusion would be anti-dilutive.

Note 16. Events after the reporting period

On 17 February 2025, the consolidated entity announced it had secured \$4,000,000 AUD (exclusive of fees) in funding through both a share placement and loan notes placement. Under the placement, the loan notes were issued as a debt instrument, however, the loan notes may become convertible into ordinary shares, subject solely to shareholder approval at an EGM in March 2025. It is the expectation of the Directors that the loan to equity conversion will be approved at the EGM. As at the date of signing this half year

report, the consolidated entity has received \$1,778,000. The funding will be used to improve working capital across the group, as well to enhance its operations across Canada and into North America.

No other matter or circumstance has arisen since 31 December 2024 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.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) (a) of the *Corporations Act 2001*.

On behalf of the Directors



Vaughan Webber

Chairman

28 February 2025

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06

Independent Auditor's Review Report

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Althea Group Holdings Limited

Conclusion

We have reviewed the accompanying half-year financial report of Althea Group Holdings Limited ('the Company') and its subsidiaries ('the Consolidated entity') which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Althea Group Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 annual 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 Althea Group Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates the consolidated entity incurred a loss of \$1.5 million and had net cash outflows from operating activities of \$3 million for the half year ended 31 December 2024 and as at that date the Consolidated entity's current liabilities exceeded its current assets by \$5.4 million. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Financial Report

The directors of Althea Group Holdings Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



A L WHITTINGHAM
Partner

Date: 28 February 2025
Melbourne, VIC

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