Althea Group Holdings

2025 ANNUAL REPORT

For the year ended - 30 June 2025

Althea Group Holdings Limited
and Controlled Entities
ABN: 78 626 966 943

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Directors	Vaughan Webber (Chairman and Independent Non-executive Director) Alan Boyd (Independent Non-executive Director) Matt Adams (Independent Non-executive Director)
Company secretary	Adam Gallagher
Registered office	Level 19 180 Lonsdale Street Melbourne, VIC 3000
Principal place of business	Level 19 180 Lonsdale 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
Solicitors	Thomson Geer Level 28, Waterfront Place 1 Eagle Street, Brisbane, QLD 4000
Stock exchange listing	Althea Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: AGH)
Website	www.altheagroupholdings.com

Chairman's Address – 2025 Annual Report

The 2025 financial year marked a transformative period for Althea Group Holdings (AGH). The sale of our Australian and UK Pharmaceutical businesses, alongside changes to the senior management team and the Board, has sharpened our focus on delivering long-term shareholder value. AGH is now dedicated to capitalising on the global growth potential of THC beverages through Peak Processing, our FMCG, THC beverage manufacturing business based in Ontario, Canada.

These changes have caused some business disruption, reflected in our 2025 financial results. Despite these challenges, AGH's continuing operations achieved revenue of $15.5 million in FY25 for Peak Processing, representing 27% growth year-on-year. Our disciplined cost management and operational improvements delivered a 43% reduction in underlying group EBITDA loss to $1.7 million, with gross profit margins at 48.2%, positioning AGH for sustainable profitability in FY26.

We now have a clear path to deliver high-quality THC beverages and extracts to the Canadian market. Additionally, our expertise has enabled AGH to establish a foothold in the emerging hemp derived beverage market in the USA.

In 2025, Peak strengthened its position as Canada's leading contract THC beverage manufacturer, securing ~33% national market share, with ~80% of its portfolio from contract manufacturing partners. This leadership is underpinned by our proprietary, patent-pending Envision Emulsion technology, which ensures product stability and quality, creating high barriers to entry and positioning Peak as the preferred partner for brands in the rapidly growing THC beverage market.

In July 2025, Mr. Barry Katzman, Peak's long-serving CEO, was appointed to the role as AGH's Interim CEO. With decades of expertise in the beverage industry, Barry is well-equipped to lead AGH, building on Peak's success as a leading THC beverage manufacturer in Canada and driving sustained growth.

Your support as shareholders has been instrumental in funding the transition of our business. As a company we have clear objectives and goals across the short to medium term and are confident that sustainable growth will be achieved.

As we look ahead, we do so with optimism, momentum, and a strong sense of responsibility to deliver. In financial year 2026 we will scale Peak's production to meet rising demand and continue to explore strategic partnerships to expand our THC beverage portfolio and our US market presence. Using our technology and operational efficiencies, we aim to drive margins and cash flow in regulated THC markets.

I would like to thank our shareholders for your support and our talented AGH people who continue to demonstrate outstanding commitment to the business opportunity that we have in front of us.

Vaughan Webber
Chairman
Althea Group Holdings Limited.

Financial and Operational Overview – Continuing Operations (Peak)

AGH's Continuing Operations, Peak Processing Solutions (Peak), delivered strong Underlying EBITDA growth in 2025, driven by disciplined cost management and robust revenue momentum in the core THC beverage manufacturing division in Ontario, Canada. The financial performance of Peak USA, our US joint venture, and Corporate Overhead is detailed in the following table.

Continuing Operations ($AUD)	FY25 in $m	FY24 in $m	% movement
Revenue	$15.5	$12.2	27%
Gross Profit %	48.2%	52.5%	(8%)
Underlying EBITDA (Peak) (1)	($0.2)	($2.1)	n/a
Underlying EBITDA (Peak USA) (1)	($0.3)	-	n/a
Corporate Overhead (2)	($1.2)	($0.9)	89%
AGH Group Underlying EBITDA (1)	($1.7)	($3.0)	43%
Delivery On Time & In Full (OTIF)	96.70%	45.84%	+110.95
Estimated Market Share	33%	25%	+32%

Note:

(1) *Underlying EBITDA has been adjusted for discontinued operations, deconsolidation of subsidiaries and one-off and non-recurring items that were incurred as a result of the realignment of the AGH business.*

(2) *The above underlying EBITDA references in the above table are unaudited. The unaudited information aims to provide shareholders with a greater understanding of the underlying performance of the ongoing consolidated entity.*

Operational Highlights and Market Leadership

Peak has validated AGH's strategic shift to the THC beverage sector, establishing the Company as a Canadian market leader with an estimated 33% market share.

Peak's growing national market share is driven by high barriers to entry, including significant build costs, a two-year licencing timeline, restricted capital access, and the technical complexities in cannabinoid solubility, precision dosing, and stability. Approximately 80% of Peak's SKUs utilised the Company's proprietary, patent-pending Envision emulsion, developed specifically for THC-infused beverages and recognised by the industry for its superior stability and efficacy.

Canada's domestic market, protected from THC beverages imports, provides a significant strategic and structural advantage, as Peak competes solely with domestic peers. This supports nationwide distribution across all provinces and expertise in diverse beverage formats, including seltzers, teas, juices, sodas, lemonades, iced coffees, mocktails, and energy drinks.

Investments, operational efficiency and cost management were key themes pursued by Peak management in FY25, and the focus will continue into FY26 with further facility upgrades, including expanded production capacity and automation, plus improved efficiency to meet seasonal demand peaks.

Additionally, Peak launched its own proprietary brands in select provinces in Canada. While the initial volumes were modest, strong sell-through, supported by easing retail regulations, signals a promising step toward mainstream adoption of THC beverages in Canada.

A pivotal milestone was advancing Peak USA, replicating the Company's Canadian capital-light model. Product development and administrative costs are centralised in Canada, supported by a unique mobile emulsion facility with customised equipment enabling hemp-based production of Peaks proprietary Envision emulsion at designated US locations.

Post balance date, Peak USA completed a third production run of approximately 153,600 cans, bringing a total produced to date of approximately 534,000 cans. In addition, Peak USA has relocated its emulsion laboratory to a new site in Florida for improved production capacity plus operational and supply chain efficiency.

Operational Overview – AGH

Funding

AGH was well supported by its shareholders during the year, as demonstrated by the successful completion of several capital raising initiatives, which secured $6.0 million through equity issuances and convertible debt to support strategic investments in Peak's growth, including infrastructure enhancements, production scaling, and working capital strengthening. On 17th September AGH announced a Share Placement and as at the date of this report, the Share Placement proceeds of $2.55 million have been received in full.

Discontinued Businesses

During the year, AGH exited its two pharmaceutical businesses. Firstly, the MyAccess Clinics (UK and Ireland) were sold for a cash consideration of $1.0 million, and secondly, the assets of Althea Company Pty Ltd (Australian operations) were also sold for a cash consideration of $1.0 million. Both exits were the result of a strategic decision to exit these loss-making businesses that operated in the highly competitive cannabis pharmaceutical sector.

Compliance Issues

During the year, AGH identified several historical compliance issues spanning several years and acted swiftly to address these including appointing an external Company Secretary and incurring significant one-off costs. With these matters resolved, AGH is now fully focused on growing Peak Processing.

Leadership Transitions

In July 2025, there was a change in executive leadership, reflecting Peak's single-point focus. The Board of AGH appointed Mr. Barry Katzman as Interim CEO. With over two and a half years of leadership at Peak Processing Solutions, and over 20 years in the North American beverage sector, Mr. Katzman brings deep expertise and a proven track record to the role. His appointment comes at a pivotal moment as the Company sharpens its focus on becoming a leading THC beverage manufacturer.

Mr. Brian Mbesha was appointed Chief Financial Officer effective 9 June 2025, bringing over two decades of senior finance experience across manufacturing and contract services.

Outlook

Entering FY26 streamlined and growth-oriented, AGH anticipates improved underlying financial outcomes from revenue expansion in Canada and the United States, the further success of its proprietary own-brand products, and enhanced margins driven by a continued focus on driving operational efficiencies through the business. With proprietary technology, regulatory tailwinds, and capital-light expansion into the US, AGH is well-positioned for scalable growth in FY26 and beyond.

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 year ended 30 June 2025.

Directors

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

Vaughan Webber (appointed on 29 August 2024)

Joshua Fegan (resigned on 24 July 2025)

Alan Boyd

Matt Adams (appointed on 17 February 2025)

Andrew Newbold (resigned on 29 August 2024)

Penelope Dobson (retired on 31 January 2025)

Principal activities

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

- Althea, the Company's pharmaceutical business, which offers a comprehensive range of cannabis-based medicines which are made available to patients via prescription (Australian and UK businesses were sold during FY25).
- Peak Processing Solutions, the Company's recreational cannabis business, which principally produces legal THC infused beverages purchased by adult consumers in retail stores.

During the year ended 30 June 2025, the Company discontinued the pharmaceutical business.

Dividends

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

Review of operations

				$'000
Revenues from ordinary activities	down	23.1%	to	23,041
Loss from ordinary activities after tax attributable to the owners of Althea Group Holdings Limited	down	74.0%	to	(8,347)
Loss for the year attributable to the owners of Althea Group Holdings Limited	down	74.0%	to	(8,347)

Comments

* The revenue figure comprises $15,562,000 from continuing operations and $7,479,000 from discontinued operations (30 June 2024: $12,235,000 from continuing operations and $17,727,000 from discontinued operations).

The loss for the consolidated entity after providing for income tax amounted to $8,347,000 (30 June 2024: $32,057,000), and includes the following significant items:

	Consolidated	
	30 June 2025	**30 June 2024**
	$'000	**$'000**
		Restated *
Consolidated loss after income tax expense	(8,347)	(32,057)
Add:		
Loss after income tax expense from discontinued operations	**3,504**	**5,984**
Consolidated loss after income tax expense from continuing operations	**(4,843)**	**(26,073)**
Depreciation and amortisation	1,715	1,582
Finance costs	796	1,013
Interest revenue	(68)	(4)
Net loss on deconsolidation of subsidiaries	64	-
EBITDA from continuing operations	**(2,336)**	**(23,482)**
Non-recurring transaction expenses:		
Impairment of Peak Goodwill	-	17,737
Loss from completed projects	-	1,637
Loss on disposal of assets	6	603
Legal fees	328	313
Termination payments **	-	183
Peak USA JV start up and product development costs	310	-
Adjusted EBITDA loss from continuing operations after non-recurring items	**(1,692)**	**(3,009)**

* The above consolidated statement of comprehensive income for the year ended 30 June 2024 has been restated for
discontinued operations. Refer to note 7.

** Termination payments for FY25 included in discontinued operations result.

The above adjusted loss before income tax expense and adjusted EBITDA table is unaudited. The unaudited information aims to provide shareholders with a greater understanding of the underlying performance of the ongoing consolidated entity.

Recorded in the Consolidated loss before income tax expense from continuing operations for the year ended 30 June 2025 of $8,347,000 was (i) a non-cash loss from deconsolidation of subsidiaries upon the liquidation Althea MMJ UK Limited, MMJ Clinic Group Limited and MMJ Clinic Group Ireland Limited of $64,000, and (ii) a loss from Discontinued Operations of $3,504,000. Excluding these two non-recurring items, the consolidated entity recorded an EBITDA loss from continuing operations for the year ended 30 June 2025 of $2,336,000. The consolidated EBITDA loss from continuing operations adjusted for non-recurring items for the year ended 30 June 2025 was $1,692,000.

Recorded in the Consolidated loss before income tax expense from continuing operations for the previous financial year ended 30 June 2024 of $32,057,000 was (i) a non-cash impairment adjustment to the consolidated entity's goodwill balance of $17,737,000, and (ii) a loss (in FY24) from operations discontinued in the 2025 financial year of $5,984,000. Excluding these two non-recurring items, the consolidated entity recorded an EBITDA loss from continuing operations for the year ended 30 June 2024 of $5,745,000. The consolidated EBITDA loss from continuing operations adjusted for all non-recurring items for the year ended 30 June 2024 was $3,009,000.

Other than as announced progressively through the ASX Announcements Platform, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

On 16 July 2024, the Company announced its successful completion of a $2,000,000 placement. 101,333,100 ordinary shares were issued to new and existing shareholders at a price of $0.020 per share. The proceeds from the placement, excluding fees, were settled on 22 July 2024.

On 22 July 2024, the Company announced the incorporation of joint venture (JV) entity, Peak USA JV LLC, owned 50:50 with Flora Growth Corporation, through its wholly owned subsidiary, Peak USA Inc..

On 29 August 2024, Mr Andrew Newbold, Chairman since the Initial Public Offering, resigned as the Chairman of the Company and was succeeded by Mr Vaughan Webber.

On 12 September 2024 the Company announced that it had secured an emulsion manufacturing facility in Florida, US, a location selected for its proximity to the headquarters of the JV partner.

On 29 October 2024, the Company 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. Revenues from the contract previously managed in Althea MMJ UK Limited were operated from Australia following the sale.

On 2 December 2024, the Company announced it had requested of the ASX that its securities be placed in a trading halt and the appointment of Mr Adam Gallagher as Company Secretary. The Company's Chief Financial Officer, and also formerly its Company Secretary, was terminated on 18 December 2024.

On 24 December 2024, the Company secured commitments of $2,000,000 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. 100,000,000 ordinary shares were subsequently issued on 29 April 2025 at $0.02 (2 cents) per share to noteholders upon receipt of shareholder approval in an EGM held on 7 April 2025.

On 10 January 2025, the Company announced that Peak Canada had entered into a multi-year (20 months plus automatic 3 year renewal process) manufacturing agreement with prominent US-based beverage company The Boston Beer Company.

On 31 January 2025, the Company advised that positive Court Orders had been received following the Company's application to seek curative orders with respect of failures to lodge Cleansing Notices for various issues of shares. As a consequence, the Company confirmed its intent to seek reinstatement of its shares on the ASX on 3 February 2025.

On 31 January 2025, following receipt of shareholder approval on 29 November 2024, the Company issued 20,066,620 options to the lead manager of the placement with a grant date in October 2024. The options have a three year expiry from grant date and an exercise price of $0.039 for 10,033,310 of the total options granted, and $0.046 for the remaining 10,033,310 options granted. Each of these two option tranches was subsequently topped up by a further 100,000 options on identical terms.

Following the retirement of non-executive director Penelope Dobson on 31 January 2025, Mr Matt Adams was appointed as a non-executive director of the Company on 17 February 2025.

On 17 February 2025, the Company announced it had secured $4,000,000 AUD (exclusive of fees) in funding through both a share placement and loan notes placement. Under the loan notes placement, 1.5 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. Between 24 February 2025 and 29 April 2025, the Company issued 125,000,000 ordinary shares at $0.02 (2 cents) per share under the share placement. On 29 April 2025, 75,000,000 ordinary shares were issued at $0.02 (2 cents) per share to noteholders upon receipt of shareholder approval in an EGM held on 7 April 2025, and 50,200,000 Options to the Lead Manager pursuant to shareholder approval of Resolutions 8 and 7 respectively at the Company's General Meeting held on 7 April 2025.

On 31 May 2025, the Company announced the completion of the sale of certain assets of its Althea Company Pty Ltd business in Australia. The assets sold included Althea trademarks, brand goodwill, website, phone number, and pharmacy/prescriber data. This transaction led to the cessation of its operations as a distributor of medicinal cannabis in Australia and accordingly, the financial results of Althea Company Pty Ltd business have been classified as Discontinued Operations and the remainder of the Australian operations is expected to be wound up in the next 12 months.

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 annual report, after consideration of the factors listing in Note 1. Going Concern.

Significant changes in the state of affairs
Other than as noted above and announced progressively through the ASX Announcements Platform, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
Following the asset sale as announced on 31 May 2025, on 9 July 2025, the Company advised that Mr Sule Arnautovic of Salea Advisory (the Administrator) had been appointed as the administrator of Althea Company Pty Ltd (the Subsidiary) pursuant to Section 436A of the *Corporations Act 2001* (Cth).

At the second meeting of Creditors of the Subsidiary held on 13 August 2025, pursuant to section 439A of the *Corporations Act 2001* (Cth), the Creditors of the Subsidiary resolved to enter into a Deed of Company Arrangement (DOCA) with the Administrator.

Under the DOCA arrangements, the Company has lent up to $200,000 to the Subsidiary to fund the completion of the DOCA process. The directors of the Subsidiary, Mr Joshua Fegan and Mr Alan Boyd, in turn have entered into arrangements to lend the Company $200,000 to fund these arrangements. The loan is unsecured and attracts an interest rate of 5% per annum, paid quarterly, and is repayable in full 15 months from the initial drawdown.

On 24 July 2025, Mr Joshua Fegan resigned as the CEO and Managing Director of the Company with immediate effect and the Company appointed Peak Processing Solutions General Manager Mr Barry Katzman as Interim CEO.

On 17 September 2025, the Company announced that it had received binding commitments to raise $2.55m (before costs) via a share placement issuing 141.7 million ordinary shares with an issue price of $0.018 per share (Share Placement). The Share Placement was managed by Taurus Capital Group Pty Ltd ACN 622 499 834 (Lead Manager), who receive a fee of 6% of the total amount raised plus a total of 22.0 million unlisted options, with an exercise price of $0.025 and an expiration date of 30 September 2028. As at the date of this report, the $2.55 million of Share Placement funds have been received in full.

As at the date of this report, the Company has yet to finalise the exit arrangements with the former CEO and Managing Director who resigned on 24 July 2025.

No other matter or circumstance has arisen since 30 June 2025 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.

Business Risks
The Company recognises that risk is present in all aspects of its business and that managing risk effectively is essential in meeting the expectations of all shareholders, employees, customers, suppliers and regulators.

Set out below are matters which the Company has assessed as having potential to have a material impact on the operating and/or financial results and performance of the consolidated entity:

Regulatory Approval
The consolidated entity’s ability to operate in both its pharmaceutical cannabis and recreational cannabis segments was and is reliant on maintaining certain authorisations, licences, permits and compliance with all relevant regulatory requirements. Any failure to comply with the regulations, or to renew the approvals and licences, would negatively impact the consolidated entity's ability to effectively operate.

Funding Risks
There is risk that the consolidated entity may require additional financing in the future to fund its operations, research and development. The consolidated entity continues to explore strategic partnership, capital raising and investment opportunities that will assist the consolidated entity in managing its ongoing funding requirements. A failure to effectively manage its funding requirements is likely to have a negative impact on the consolidated entity's financial performance. As disclosed above, subsequent to the end of the financial year, the Company has succeeded in raising $2.55 million via the Share Placement.

Supply Risk
The consolidated entity relies on a number of suppliers of cannabis products and other raw material ingredients, such that the failure of any individual supplier to fulfil its supply orders in specification, in full and on time is likely to result in production delays which in turn will restrict the company’s ability to meet its sales order commitments. Any sustained inability of the continuing operations to meet sales orders and thereby lose revenue would have a material impact on the financial performance of the consolidated entity.

Foreign Exchange Risk
As disclosed in note 25, 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. As such, significant unfavourable movements in the Australian dollar against the applicable foreign currencies would negatively impact the financial performance of the consolidated entity.

Environmental regulation
The Company's subsidiary, Peak Processing Solutions, is subject to environmental regulations and other licences in respect of its manufacturing facility located in Ontario, Canada. The THC beverage production facility in the United States is also subject to a suite of regulatory and licensing requirements. The consolidated entity monitors changes in its regulatory environment and ensures ongoing compliance with new requirements. Peak Processing Solutions is subject to regular inspections and audits by responsible Provincial and Federal authorities.

The Company considers it has complied with all necessary environmental regulations throughout the year ended 30 June 2025 and no related issues have arisen since the end of the financial year to the date of this report.

Information on Directors

Name:	Vaughan Webber
Title:	Chairman and Independent Non-executive Director (appointed on 29 August 2024)
Experience and expertise:	Vaughan is an accomplished company director and finance executive with over 20 years of experience across diverse sectors, including industrials, mining, and emerging industries. He currently holds a number of Board roles including Chairman in the private sector and has a background in audit and transaction services with PwC, followed by leadership roles in corporate finance with Australian stockbrokers, including Bell Potter Securities and Wilsons Advisory. Over the past two decades, he has successfully spearheaded numerous capital market transactions, such as Initial Public Offerings (IPOs), secondary market capital raisings, mergers and acquisitions, and pre-IPO private capital raisings.
Other current directorships:	Vitrafy Life Sciences Ltd (ASX: VFY) (2024-present)
Former directorships (last 3 years):	PRT Company Limited (formerly known as Prime Media Group Limited) (previously ASX:PRT) (2022-2024)
Special responsibilities:	None
Interests in shares:	2,000,000 Ordinary shares
Interests in options:	None
Interests in rights:	697,674 Performance Rights

Name:	Joshua Fegan
Title:	Chief Executive Officer and Managing Director (resigned on 24 July 2025)
Qualifications:	B Bus (Management and Marketing)
Experience and expertise:	Joshua is the founder of Althea Group Holdings Limited and has extensive experience in business building, sales and marketing. He has a range of proven business and strategy skills and has previously held a number of senior management roles at national value-based retailer, Strathfield Group. Joshua founded Althea Health and Wellbeing in 2016, coinciding with registration of the Narcotic Drugs Amendment Act 2016 (Cth) (ND Amendment Act), an Act to amend the Narcotic Drugs Act 1967 (Cth) (ND Act), legalising medicinal cannabis.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	61,588,651 Ordinary shares
Interests in options:	None
Interests in rights:	5,400,983 Performance Rights

Name:	Matt Adams
Title:	Non-Executive Director (appointed on 17 February 2025)
Experience and expertise:	Matt is a senior finance professional with over 25 years in both executive and non-executive positions. Matt has vast experience in the corporate finance, restructuring and turnaround sectors and has acted in executive positions (CEO, CFO and CRO) for both listed and unlisted entities. Commencing his career at a mid-tier restructuring firm, Matt was a partner for many years prior to his firm being acquired by a NYSE listed consulting firm where Matt became its Senior Managing Director. Matt left the professional services sector in 2015 and founded the boutique corporate finance and advisory firm, Dynamic Corporate Investments (DCI). As Managing Director of DCI, Matt has completed many assignments including formal C-Suite roles, advisory roles and non-executive Chairmanships and directorships where he has created significant value for stakeholders.
Other current directorships:	None
Former directorships (last 3 years):	Chairman and Director of Schrole Group Limited (ASX: SCL) up to September 2024 and Chairman and Director of Good Spirits Hospitality Limited (NXZ: GSH) up to January 2025.
Special responsibilities:	None
Interests in shares:	1,000,000 Ordinary Shares
Interests in options and rights:	None

Name:	Alan Boyd
Title:	Independent Non-executive Director
Qualifications:	BA (Econ), former CAANZ up to 30 June 2024
Experience and expertise:	Until 25 August 2021, Alan was the Chief Financial Officer and Company Secretary of Ridley Corporation Limited, an ASX-listed provider of high performance animal nutrition solutions. Prior to his role, Alan occupied the same position with listed biotechnology companies Avexa Limited and Zenyth Therapeutics Limited, website pioneer Sausage Software Limited, and un-listed public entity HRL Limited, where he later served as a Non-Executive Director and Chair of the Audit Committee. Alan retired from his executive role on 18 July 2022. Alan started his professional career in chartered accounting firms in England and Australia and has broad financial experience across many industry sectors.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	170,000 Ordinary shares
Interests in options and rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Adam Gallagher (appointed on 12 December 2024)
Mr Gallagher is a highly experienced company secretary with a broad corporate skillset, having held the roles of Company secretary, CEO and director on over a dozen ASX-listed companies. Adam holds Graduate Diplomas in Applied Corporate Governance and Information Systems, a Master of Commerce and a Bachelor of Economics, and is a Fellow of the Governance Institute of Australia.

Robert Meissner (terminated on 12 December 2024)
Mr Meissner was previously the Financial Controller for Village Cinemas, who are one of the leading cinema operators in Australia. Robert is a Certified Practising Accountant.

Meetings of Directors

The number of meetings of the Company's Board of Directors (the Board) and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Full Board		Remuneration and Nomination Committee [5]		Audit and Risk Committee [5]	
	Attended	Held	Attended	Held	Attended	Held
Vaughan Webber [1]	10	10	2	2	-	-
Joshua Fegan	13	13	2	2	4	4
Alan Boyd	13	13	2	2	4	4
Matt Adams [2]	5	5	-	-	-	-
Andrew Newbold [3]	3	3	-	-	2	2
Penelope Dobson [4]	8	8	2	2	2	2

(1) Appointed on 29 August 2024

(2) Appointed on 17 February 2025

(3) Resigned on 29 August 2024

(4) Retired on 31 January 2025

(5) During the financial year, the roles and responsibilities of the Remuneration and Nomination Committee and the Audit and Risk Committee as articulated in their respective Charters were assumed by the full AGH Board until otherwise resolved by the Board. References in this Annual Report to the Remuneration and Nomination Committee or the Audit and Risk Committee refer to the functions and activities previously covered by each committee as addressed by the AGH Board.

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.

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 information
- 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 of Directors 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.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive Director remuneration is separate.

Non-executive Directors remuneration

Fees and payments to Non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee 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. The Chairman's fees are determined independently to 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. Non-executive Directors do not receive share options or other incentives.

Under the Company's Constitution, the Board may decide the remuneration from the Company to which each Non-executive Director is entitled for their services as a Director. However, the total amount of fees paid to all Non-executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company in a general meeting. The amount has been fixed at $400,000 per annum.

Unless otherwise approved by shareholders at general meeting,

Executive remuneration

The Company 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 executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration in accordance with the terms and conditions of employment contracts and the exercise of Board discretion.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Remuneration and Nomination Committee based on individual and business unit 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 units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators (KPI) being achieved. KPI include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives (LTI) program includes long service leave and share-based payments. Shares are awarded to executives over a period of three years based on performance against long-term incentive measures. These measures include increase in shareholder value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Remuneration and Nomination Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2025.

Consolidated entity performance and link to remuneration

At risk remuneration for the Chief Executive Officer and other senior executives is directly linked to performance of the consolidated entity as the vesting of the performance rights offered is dependent on defined performance milestones being met.

Voting and comments made at the company's 2024 Annual General Meeting (AGM)

At the 2023 AGM of Althea shareholders, the Remuneration Report only received the approval of 47.45% of the 99.73% of the total shareholders who voted on the resolution. A 'first strike' was received under Section 250U of the Corporations Act 2001. The Board values shareholder feedback and endeavoured to engage shareholders and proxy advisors to ascertain their views and concerns with the Althea remuneration structure. In acknowledgement of this feedback, the Board conducted a comprehensive review of the remuneration structure and introduced a number of changes.

At the 2024 AGM held on 31 January 2025, the Remuneration Report was approved by shareholders with an approval of 79.85% of the votes received. The company did not receive any specific feedback at the 2024 AGM regarding its remuneration practices.

Details of remuneration

The key management personnel of the consolidated entity consisted of the following Directors of Althea Group Holdings Limited:

- Vaughan Webber (appointed on 29 August 2024)
- Joshua Fegan (resigned on 24 July 2025)
- Alan Boyd
- Matt Adams (appointed on 17 February 2025)
- Andrew Newbold (resigned on 29 August 2024)
- Penelope Dobson (retired on 31 January 2025)

And the following persons:

- Brian Mbesha (appointed as Chief Financial Officer on 9 June 2025)
- Robert Meissner (Chief Financial Officer and Company Secretary until 12 December 2024)

Changes since the end of the reporting period

- Joshua Fegan (resigned on 24 July 2025)

Amounts of remuneration – 30 June 2025

	Fixed Remuneration				Variable Remuneration			
	Cash Salary $	Super $	Annual and Long Service Leave $	**Total Fixed $**	STI Awarded * $	LTI Awarded ** $	Other *** $	**Total Variable $**
Non-Executive Directors:								
Vaughan Webber (1,5)	100,000	-	-	**100,000**	-	-	-	**-**
Alan Boyd	65,753	7,562	-	**73,315**	-	-	-	**-**
Matt Adams (2)	26,236	-	-	**26,236**	-	-	-	**-**
Penelope Dobson (3)	38,356	4,411	-	**42,767**	-	-	-	**-**
Andrew Newbold (4)	20,700	2,381	-	**23,081**	-	-	-	**-**
	251,045	14,354	-	**265,399**	-	-	-	**-**
Executive Directors:								
Joshua Fegan (5)	535,000	30,000	38,566	**603,566**	7,044	(16,375)	175,056	**165,725**
Other Key Management Personnel:								
Brian Mbesha (6)	8,588	-	-	**8,588**	-	-	-	**-**
Robert Meissner (7)	177,500	15,000	16,945	**209,445**	-	-	-	**-**
	186,088	15,000	16,945	**218,033**	-	-	-	**-**
	972,133	**59,354**	**55,511**	**1,086,998**	**7,044**	**(16,375)**	**175,056**	**165,725**

Amounts of remuneration – 30 June 2025 (continued)

* 2,601,564 STI Performance Rights were issued to the CEO during the 2025 financial year following the receipt of shareholder approval in accordance with Resolution 10 of the General Meeting held on 7 April 2025.

** Performance Rights granted as remuneration are valued at grant date in accordance with *AASB 2 Share-based Payment* and amortised over the vesting period. With no LTI Rights granted during the year, the figure comprises $16,375 of lapsed LTI rights.

*** Other variable remuneration is composed of a UK living-away-from-home allowance paid to Joshua Fegan during the 2025 financial year.

([1]) Represents remuneration from 29 August 2024 to 30 June 2025.

([2]) Represents remuneration from 17 February 2025 to 30 June 2025.

([3]) Represents remuneration from 1 July 2024 to 31 January 2025.

([4]) Represents remuneration from 1 July 2024 to 29 August 2024.

([5]) Included in the Cash Salary value for Vaughan Webber ($20,000) and Joshua Fegan ($89,167) are Performance Rights approved at the 31 January 2025 AGM for the Managing Director (2,799,419 and equivalent annualised value of $128,750) and Chairman (697,674 and equivalent annualised value of $30,000) in consideration of a 25% reduction of cash-based salary for a period of one year commencing on 1 November 2024.

([6]) Represents remuneration from the 9 June 2025 date of commencement of employment to 30 June 2025.

([7]) Represents remuneration from 1 July 2024 to 12 December 2024.

Amounts of remuneration – 30 June 2024

	Fixed Remuneration				Variable Remuneration			
	Cash Salary $	Super $	Annual and Long Service Leave $	**Total Fixed $**	STI Awarded * $	LTI Awarded ** $	Other *** $	**Total Variable $**
Non-Executive Directors:								
Andrew Newbold	108,676	11,954	-	**120,630**	-	-	-	**-**
Alan Boyd	57,534	6,329	-	**63,863**	-	-	-	**-**
Penelope Dobson	57,534	6,329	-	**63,863**	-	-	-	**-**
	223,744	24,612	-	**248,356**	-	-	-	**-**
Executive Directors:								
Joshua Fegan	508,250	27,500	(85,033)	**450,717**	54,192	(31,882)	175,435	**197,745**
Other Key Management Personnel:								
Robert Meissner	337,250	27,500	42,804	**407,554**	31,477	20,950	-	**52,427**
	1,069,244	**79,612**	**(42,229)**	**1,106,627**	**85,669**	**(10,932)**	**175,435**	**250,172**

* Represents short term incentives awarded and accrued in relation to actual performance during the 2024 financial year under the Company's STI program, which contains financial and non-financial targets. No award or accrual has been granted for financial performance during the 2024 financial year.

** Performance rights granted as remuneration are valued at grant date in accordance with *AASB 2 Share-based Payment* and amortised over the vesting period.

*** Other variable remuneration is composed of a living-away-from-home allowance paid to Joshua Fegan during the 2024 financial year.

Fixed remuneration versus performance-determined remuneration

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

	Fixed remuneration		At risk - STI and Other	At risk - STI and Other	At risk - LTI	
Name	30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Non-Executive Directors:						
Vaughan Webber	100%	-	-	-	-	-
Alan Boyd	100%	100%	-	-	-	-
Matt Adams	100%	-	-	-	-	-
Penelope Dobson	100%	100%	-	-	-	-
Andrew Newbold	100%	100%	-	-	-	-
Executive Directors:						
Joshua Fegan	78%	70%	1%	35%	21%	(5%)
Other Key Management Personnel:						
Robert Meissner	100%	89%	-	7%	-	4%
Brian Mbesha	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:	Joshua Fegan (resigned on 24 July 2025)
Title:	Chief Executive Officer and Managing Director
Term of agreement:	No fixed term
Details:	Either the Company or Joshua may terminate the agreement by giving 3 months' notice, during which the Company may request that he cease work prior to the 3 months, but must provide remuneration for the entire notice period. The Company may also terminate his engagement without notice in circumstances involving serious or persistent misconduct or for breaches of certain clauses of the agreement, including misuse of confidential information. Joshua's agreement includes a restraint on working for a competitor for up to 6 months after ceasing employment.

Name:	Brian Mbesha
Title:	Chief Financial Officer
Agreement commenced:	9 June 2025
Term of agreement:	No fixed term
Details:	Either the Company or Brian may terminate the agreement by giving 4 weeks' notice, during which the Company may request that he cease work prior to the 4 weeks, but must provide remuneration for the entire notice period. The Company may also terminate his engagement without notice in circumstances involving serious or persistent misconduct or for breaches of certain clauses of the agreement, including misuse of confidential information. Brian's employment agreement includes a non-solicitation period of 24 months post termination, a three month probation period, and eligibility to participate in the Company’s employee incentive schemes.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

(i) Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2025.

(ii) Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2025.

(iii) Performance rights

2,601,564 Performance Rights were issued to the CEO during the 2025 financial year following the receipt of shareholder approval in accordance with Resolution 10 of the General Meeting held on 7 April 2025.

2,799,419 and 697,674 Performance Rights were issued during the 2025 financial year to the CEO and Chairman respectively in accordance with a 12 month salary sacrifice arrangement approved by shareholders at the 2024 AGM held on 31 January 2025 and commencing on 1 November 2024.

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:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Share price hurdle for vesting	Fair value per right at grant date
Joshua Fegan	2,799,429	17 February 2025	16 February 2026	$0.000	$0.029
Vaughan Webber	697,674	17 February 2025	16 February 2026	$0.000	$0.029
Joshua Fegan	2,601,564	29 April 2025	30 June 2027	$0.000	$0.011

Performance rights granted carry no dividend or voting rights.

Details of performance rights over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2025 are set out below:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted $	Value of rights vested $	Number of rights lapsed	Value of rights lapsed $
Joshua Fegan	17 February 2025	16 February 2026	2,799,419	81,183	-	-	-
Vaughan Webber	17 February 2025	16 February 2026	697,674	20,232	-	-	-
Joshua Fegan	29 April 2025	30 June 2027	2,601,564	28,617	-	-	-
Joshua Fegan	1 July 2022	30 June 2025	-	-	-	8,009,766	$512,842
Robert Meissner	1 July 2022	30 June 2025	-	-	-	790,198	$31,608
Robert Meissner	1 July 2023	30 June 2026	-	-	-	1,572,920	$47,188

Additional information

The earnings of the consolidated entity for the five years to 30 June 2025 are summarised below:

	2025 $'000	2024 $'000	2023 $'000	2022 $'000	2021 $'000
Sales revenue *	15,494	12,231	25,093	20,521	11,540
EBITDA **	(1,692)	(3,009)	(10,678)	(9,079)	(12,885)
Loss after income tax	(8,347)	(32,057)	(13,725)	(12,124)	(15,046)

* Revenues for the years ended 30 June 2025 and 30 June 2024 exclude revenue from discontinued operations. Refer to note 7 for details.

** Adjusted for significant non-recurring items, Discontinued operations, and loss on deconsolidation.

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

	2025	2024	2023	2022	2021
Share price at financial year end ($)	0.02	0.02	0.04	0.06	0.31
Basic loss per share (cents per share)	(0.87)	(8.53)	(3.91)	(3.99)	(6.05)

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:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Andrew Newbold	2,814,269	-	-	(2,814,269)	-
Joshua Fegan	57,588,651	-	4,000,000	-	61,588,651
Alan Boyd	283,718	-	-	(113,718)	170,000
Penelope Dobson	61,818	-	-	(61,818)	-
Robert Meissner	428,135	-	-	(428,135)	-
Matt Adams	-	-	1,000,000	-	1,000,000
Vaughan Webber	-	-	2,000,000	-	2,000,000
Brian Mbesha	-	-	-	-	-
	61,176,591	-	7,000,000	(3,417,940)	64,758,651

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 company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Lapsed	Expired/ forfeited/ Other [(3)]	Balance at the end of the year
Performance Rights over ordinary shares					
Joshua Fegan [(1,2)]	8,009,766	5,400,983	(8,009,766)	-	5,400,983
Vaughan Webber [(1)]	-	697,674	-	-	697,674
Robert Meissner [(3)]	2,363,118	-	-	(2,363,118)	-
Brian Mbesha	-	-	-	-	-
	10,372,884	6,098,657	(8,009,766)	(2,363,118)	6,098,657

([1]) One-off issue of Performance Rights approved at the 31 January 2025 AGM for the Managing Director (2,799,419 and equivalent value of $128,750) and Chairman (697,674 and equivalent value of $30,000) in consideration of a 25% reduction of cash-based salary for a period of one year. The price payable on the vesting of the Performance Rights is nil and there are no performance hurdles. The number of Performance Rights is calculated using the Company's market share price of $0.043, being the Volume Weighted Average Price (VWAP) at which the Company's shares were traded on the ASX over a 10 day period in the lead up to 15 November 2024. The scheme commenced on 1 November 2024 so the remuneration table includes 8 months of this arrangement. The fair value of the Performance Rights was determined by closing price on 3 February 2025 as a proxy, as the company was suspended from trading between early December 2024 and 3 February 2025 at $0.029 (2.9 cents) per share.

([2]) Granted includes 2,601,564 STI Rights issued to the Managing Director as approved at the General Meeting held on 7 April 2025. The performance period is three years from 1 July 2024 to 30 June 2027 and the performance hurdle is based on ATSR with vesting determined as per the following table.

([3]) Other represents the Performance Rights of Robert Meissner when he ceased being a key management personnel.

Performance level	**ATSR growth over Performance Measurement Period**	**Percentage of Performance Rights awarded**
Stretch	25% or more	100%
Between Target and Stretch	Between 15% and 25%	Pro rata 50% to 100%
Target	15%	50%
Between Threshold and Target	Between 10% and 15%	Pro rata 25% to 50%
Threshold	10%	25%
Below threshold	Less than 10%	0%

For the Performance Rights granted in respect of ([2]), a Binomial Option Pricing Model was used to determine the fair value of the Performance Rights. The inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting Date	Share price at grant date	Share price hurdle for vesting	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/04/2025	30/06/2027	$0.020	$0.000	84%	-	3.27%	$0.011

This concludes the remuneration report, which has been audited.

Employee equity participation

An equity participation structure for employees has been established by the Company for the consolidated entity and approved by shareholders at a general meeting, whereby the Company may grant participating employees entitlements to be issued ordinary shares in the Company subject to the achievement of performance hurdles set by the Board. The entitlements are issued by way of Performance Rights under either a Short Term Incentive Plan (STI) or Long Term Incentive Plan (LTI) for nil consideration and are granted in accordance with the rules and conditions established in the respective plans. The performance period for the STI is one year and assessed against the achievement of a combination of individual and collective Key Performance Indicators (KPI) tailored for the individual based on that employee's role in the consolidated entity. The performance period for the LTI is three years and the performance hurdle generally based on the absolute total shareholder return (ATSR) on a compound annual growth rate (CAGR) basis tested over the measurement period. Performance Rights that pass the performance hurdles are no longer subject to further performance scrutiny and become unencumbered Rights to convert to ordinary shares at the election of the employee, subject to the Company's Securities Trading Policy.

In addition to employee entitlements, options which can be converted into ordinary shares at a specified share price point are also on occasion issued to the Company's Corporate Advisors and Lenders in accordance with the ASX Listing Rule requirements for issuing new capital.

Shares under option to Company's Corporate Advisors and Lenders

Set out below are summaries of options granted to the Company's Corporate Advisors and the Company's Lenders:

30 June 2025

Grant date	Expiry date	Exercise price		Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/01/2022	20/01/2025	$0.0000		1,568,177	-	-	(1,568,177)	-
20/01/2022	20/01/2025	$0.0000		1,568,177	-	-	(1,568,177)	-
26/01/2023	26/01/2025	$0.0000		2,500,000	-	-	(2,500,000)	-
02/02/2023	02/02/2025	$0.0000		4,800,000	-	-	(4,800,000)	-
23/02/2024	23/02/2039	$0.0000	(1)	8,711,183	-	-	(8,711,183)	-
29/11/2024	31/01/2028	$0.0390	(2)	-	10,033,310	-	-	10,033,310
29/11/2024	31/01/2028	$0.0460	(2)	-	10,033,310	-	-	10,033,310
29/04/2025	28/04/2027	$0.0300	(3)	-	25,000,000	-	-	25,000,000
29/04/2025	28/02/2027	$0.0400	(3)	-	25,000,000	-	-	25,000,000
29/04/2025	31/01/2028	$0.0390	(4)	-	100,000	-	-	100,000
29/04/2025	31/01/2028	$0.0460	(4)	-	100,000	-	-	100,000
Balance as at 30 June 2025				**19,147,537**	**70,266,620**	**-**	**(19,147,537)**	**70,266,620**
01/08/2025	01/08/2027	$0.03	(5)	-	5,000,000	-	-	5,000,000
29/09/2025	30/09/2028	$0.025			22,000,000			22,000,000
Balance as at the date of this report				**19,147,537**	**97,266,620**	**-**	**(19,147,537)**	**97,266,620**

Shares under option to Company's Corporate Advisors and Lenders (continued)

([1]) Reclassified during the year to employee STI Rights.

([2]) Approved at the Extraordinary General Meeting held on 29 November 2024.

([3]) Grant of options to Lead Manager pursuant to shareholder approval of Resolutions 8 and 7 respectively at the Company's General Meeting held on 7 April 2025.

([4]) Nil consideration top up issue of ([2]) above for professional services rendered.

([5]) Options issued in lieu of cash payment of financing-related fees pursuant to an Options Agreement.

Disposal Restrictions

Options issued under the convertible securities agreement must not be transferred, other than to an affiliate of the holder, or shareholder or member of the holder or any affiliate of the holder. 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.

Performance Rights granted to key management personnel

30 June 2025

Grant date	Expiry date	Target price		Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2019	30/06/2022	$1.296		36,490	-	-	(36,490)	-
01/07/2020	30/06/2023	$0.548		50,049	-	-	(50,049)	-
01/07/2022	30/06/2025	N/A		7,500,000	-	-	(7,500,000)	-
01/07/2022	30/06/2025	$0.1631		509,766	-	-	(509,766)	-
01/07/2022	30/06/2025	$0.1732		2,731,764	-	(248,967)	(2,482,797)	-
01/07/2023	30/06/2026	$0.0882	(1)	7,265,386	-	(1,463,567)	(3,012,233)	2,789,586
17/02/2025	16/02/2040	N/A	(2)	-	2,799,419	-	-	2,799,419
17/02/2025	16/02/2040	N/A	(2)	-	697,674	-	-	697,674
07/04/2025	30/06/2039	N/A	(3)	-	2,601,564	-	-	2,601,564
Balance as at 30 June 2025				**18,093,455**	**6,098,657**	**(1,712,534)**	**(13,591,335)**	**8,888,243**
01/08/2025	31/07/2040			-	13,064,228	-	-	13,064,228
Balance as at the date of this report				**18,093,455**	**19,162,885**	**(1,712,534)**	**(13,591,335)**	**21,952,471**

([1]) Class O: The performance hurdle of a share price of 8.882 cents per share will be tested at the end of the performance period on 30 June 2026.

([2]) Rights approved at the 2024 AGM held on 31 January 2025 for the Managing Director (2,799,419 and equivalent value of $128,750) and Chair (697,674 and equivalent value of $30,000) in consideration of a 25% reduction of cash-based salary for a period of one year. The price payable on the vesting of the Rights is nil and there are no performance hurdles. The number of Rights is calculated using the company's market share price of $0.043, being the Volume Weighted Average Price (VWAP) at which the company's shares were traded on the ASX over a 10 day period in the lead up to 15 November 2024. There are no performance hurdles in respect of these Rights which have a 15 year term. The fair value of these Rights was determined by closing price on 3 February 2025 as a proxy, as the Company was suspended from trading between early December 2024 and 3 February 2025 at $0.029 (2.9 cents) per share.

([3]) FY24 STI Rights retrospectively issued to the Managing Director following receipt of approval at the General Meeting held on 7 April 2025. Although issued as STI Rights, the performance period is three years from 1 July 2024 to 30 June 2027 and the performance hurdle is based on ATSR with vesting determined as per the following table.

Performance level	**ATSR growth over Performance Measurement Period**	**Percentage of Rights awarded**
Stretch	25% or more	100%
Between Target and Stretch	Between 15% and 25%	Pro rata 50% to 100%
Target	15%	50%
Between Threshold and Target	Between 10% and 15%	Pro rata 25% to 50%
Threshold	10%	25%
Below threshold	Less than 10%	0%

Valuations

For the Performance Rights granted in respect of FY24, a Binomial Option Pricing Model was used to determine the fair value of the rights. The inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting Date	Share price at grant date	Share price hurdle for vesting	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/04/2025	30/06/2027	$0.020	$0.000	84%	-	3.27%	$0.011

Shares issued on the exercise of options

There were no ordinary shares of Althea Group Holdings Limited issued during the year ended 30 June 2025 and up to the date of this report in respect of options issued to Corporate Advisors or Lenders.

Shares issued on the exercise of performance rights

There were 10,163,770 ordinary shares of Althea Group Holdings Limited issued for a zero exercise price on the exercise of employee Rights during the year ended 30 June 2025 and up to the date of this report. 1,712,534 shares were issued in accordance with the LTI and 8,451,236 in accordance with the STI.

Indemnity and insurance of officers

The Company 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 Company paid a premium in respect of a contract to insure the Directors and executives of the Company 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 Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

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

Non-audit services
There were no non-audit services provided during the financial year or previous financial year by the auditor.

Officers of the Company who are former partners of RSM Australia Partners
There are no officers of the Company who are former partners of RSM Australia Partners.

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.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

Corporate Governance Statement

The Board has created a framework for managing the consolidated entity, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for consolidated entity's business and which are designed to promote the responsible management and conduct of the consolidated entity. A copy of the consolidated entity's Corporate Governance Statement can be found on their website: altheagroupholdings.com.

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

Vaughan Webber
Chairman

30 September 2025

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Althea Group Holdings Limited for the year ended 30 June 2025, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

A L Whittingham

A L WHITTINGHAM
Partner
Dated: 30 September 2025
Melbourne, Victoria

Althea Group Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Revenue			
Revenue from continuing activities	4	15,494	12,231
Cost of goods sold	5	(8,025)	(5,839)
Gross profit		7,469	6,392
Interest income		68	4
Expenses			
Employee benefits expense	5	(4,386)	(5,619)
General and administrative expenses	5	(2,696)	(3,287)
Depreciation and amortisation expense	5	(1,715)	(1,582)
Professional services	5	(1,414)	(1,433)
Distribution and marketing expenses	5	(1,374)	(381)
Joint venture start up and product development	13	(310)	-
Foreign exchange gain/(loss)	5	381	(814)
Loss on disposal of assets	5	(6)	(603)
Impairment of assets	16	-	(17,737)
Finance costs	5	(796)	(1,013)
Loss on deconsolidation of subsidiaries	7	(64)	-
Total expenses		(12,380)	(32,469)
Loss before income tax expense from continuing operations		(4,843)	(26,073)
Income tax expense	6	-	-
Loss after income tax expense from continuing operations		(4,843)	(26,073)
Loss after income tax expense from discontinued operations	7	(3,504)	(5,984)
Loss after income tax expense for the year attributable to the owners of Althea Group Holdings Limited		(8,347)	(32,057)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(175)	1,235
Other comprehensive (loss)/income for the year, net of tax		(175)	1,235
Total Comprehensive loss for the year attributable to the owners of Althea Group Holdings Limited		(8,522)	(30,822)
Total Comprehensive loss for the year is attributable to:			
Continuing operations		(5,018)	(24,838)

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

Althea Group Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

		Consolidated	
	Note	**30 June 2025 $'000**	**30 June 2024 $'000**
Discontinued operations		(3,504)	(5,984)
		(8,522)	(30,822)
Loss per share for loss from continuing operations attributable to the owners of Althea Group Holdings Limited			
Basic loss per share	**35**	**(0.87)**	**(6.94)**
Diluted loss per share	35	(0.87)	(6.94)
Loss per share for loss from discontinued operations attributable to the owners of Althea Group Holdings Limited			
Basic loss per share	35	(0.63)	(1.59)
Diluted loss per share	35	(0.63)	(1.59)
Loss per share for loss attributable to the owners of Althea Group Holdings Limited			
Basic loss per share	35	(1.50)	(8.53)
Diluted loss per share	35	(1.50)	(8.53)

Althea Group Holdings Limited
Consolidated statement of financial position
For the year ended 30 June 2025

	Note	Consolidated 30 June 2025 $000	30 June 2024 $000
Current assets			
Cash and cash equivalents	8	528	331
Trade and other receivables	9	6,630	4,864
Inventories	10	2,135	3,983
Prepayments	11	1,008	1,711
Total current assets		10,301	10,889
Non-current assets			
Other financial assets	12	77	703
Property, plant and equipment	14	3,164	3,515
Right-of-use assets	15	6,938	8,031
Intangibles	16	8	513
Total non-current assets		10,187	12,762
Total assets		20,488	23,651
Liabilities			
Current liabilities			
Trade and other payables	17	13,350	13,525
Contract liabilities	18	605	1,663
Borrowings	19	1,370	972
Lease liabilities	20	139	329
Provisions	21	26	394
Other		-	19
Total current liabilities		15,491	16,902
Non-current liabilities			
Contract liabilities	18	842	995
Lease liabilities	20	4,605	5,238
Deferred tax		58	-
Provisions	21	-	71
Other		67	131
Total non-current liabilities		5,572	6,435
Total liabilities		21,062	23,337
Net (liabilities)/assets		(574)	314

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

Equity			
Issued capital	22	93,969	86,332
Reserves	23	(244)	2,726
Accumulated losses	24	(94,299)	(88,744)
Total (deficiency)/equity		(574)	314

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

Althea Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2025

Consolidated	**Issued Capital $'000**	**Share-based payment reserve $'000**	**Foreign currency translation reserve $'000**	**Accumulated losses $'000**	**$'000**
Balance at 1 July 2023	85,340	2,597	(1,417)	(56,751)	29,769
Loss after income tax expense for the year	-	-	-	(32,057)	(32,057)
Other comprehensive income for the year, net of tax	-	-	1,235	-	1,235
Total comprehensive income/(loss) for the year	-	-	1,235	(32,057)	(30,822)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	133	-	-	-	133
Share-based payments expensed during the period, relating to existing performance rights (note 22)	-	23	-	-	23
Forfeited/vested performance rights transferred to retained earnings during the period	-	(37)	-	64	27
Consultant share issue, net of transaction costs	64	-	-	-	64
Share Options issued during the period (note 22)	-	325	-	-	325
Employee share issue, net of transaction costs	115	-	-	-	115
Share capital issued under conversion notice, net of transaction costs	680	-	-	-	680
Balance at 30 June 2024	86,332	2,908	(182)	(88,744)	314

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

Althea Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2025

Balance at 1 July 2024	86,332	2,908	(182)	(88,744)	314
Loss after income tax expense for the year	-	-	-	(8,347)	(8,347)
Other Comprehensive loss for the year, net of tax	-	-	(175)	-	(175)
Total Comprehensive loss for the year	-	-	(175)	(8,347)	(8,522)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	3,833	-	-	-	3,833
Share capital issued on conversion of performance rights (note 22)	213	(213)	-	-	-
Share capital issued on conversion of loan notes (note 22)	3,500	-	-	-	3,500
Share capital issued for settlement of payables (note 22)	91	-	-	-	91
Vesting of share-based payments	-	210	-	-	210
Lapsed share-based payments	-	(2,792)	-	2,792	-
Balance at 30 June 2025	93,969	113	(357)	(94,299)	(574)

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

Althea Group Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2025

	Note	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		22,601	31,468
Payments to suppliers and employees (inclusive of GST)		(30,088)	(35,172)
Interest received		79	8
Interest paid		(999)	(699)
Net cash used in operating activities	33	(8,407)	(4,395)
Cash flows from investing activities			
Payments for property, plant and equipment	14	(941)	(436)
Net proceeds from disposal of property, plant and equipment		34	2,729
Proceeds from disposal of assets of UK MyAccess Clinics	7	991	-
Proceeds from disposal of assets of Althea Company Pty Ltd	7,19	1,000	-
Net cash from investing activities		1,084	2,293
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	23	3,833	124
Proceeds from issue of convertible notes	23	3,500	-
Repayment of borrowings, net of transaction costs	19	(1,000)	(1,905)
Proceeds from borrowings, net of transaction costs	19	476	947
Proceeds from asset based loan borrowing, net of transaction costs	19	922	-
Repayment of bank guarantee		-	(362)
Proceeds from bank guarantee		-	75
Repayment of lease liabilities	20	(307)	(318)
Net cash from/(used in) financing activities		7,424	(1,439)
Net increase/(decrease) in cash and cash equivalents		101	(3,541)
Cash and cash equivalents at the beginning of the financial year	8	331	3,874
Effects of exchange rate changes on cash and cash equivalents		96	(2)
Cash and cash equivalents at the end of the financial year	8	528	331

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.
The statement above includes the cash flows from discontinued operations. Refer note 7 for details.

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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.

Note 1. Material accounting policy information (continued)

Going concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss of $8,347,000 and had net cash outflows from operating activities of $8,407,000 for the year ended 30 June 2025.

As at balance date, the consolidated entity had net current liabilities of $5,190,000 and net liabilities of $574,000. Included in this amount are trade payables of $2,015,000 owing by wholly-owned subsidiary Althea Company Pty Ltd. These liabilities were settled after balance date under the Deed of Company Arrangement (DOCA) explained in detail in note 37, under which arrangements, the Company has lent up to $200,000 to the Subsidiary to fund the completion of the DOCA process. The directors of the Subsidiary, Mr Joshua Fegan and Mr Alan Boyd, in turn have entered into arrangements to lend the Company $200,000 to fund these arrangements. The loan comprises the Company's full and final contribution for settlement of the outstanding trade payables existing at year end, thereby reducing the overall net current liabilities by $1,815,000 from $5,088,000 to $3,273,000.The restructure of the consolidated entity, in respect of both businesses and personnel, and the closure of loss-making operations in the UK, Ireland and the Australian pharmaceutical business, all of which were effected during the 2025 financial year, have repositioned the consolidated entity to focus on the opportunities already existing in Canada and which are opening up in the US as THC beverages start to compete with, and make inroads into, the traditional recreational alcohol markets.

Subsequent to year end, the Company announced on 17 September 2025 the injection of $2.55 million of funding by way of a Share Placement made to sophisticated and professional investors in Australia. As at the date of signing this financial report, the consolidated entity has received all $2.55 million of placement funds.

While the financial result for the year and year end balances 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 post balance date initiatives and opportunities now available to the restructured operations in North America without any cash drain from loss-making pharmaceutical activities are positive indicators for the future of the consolidated entity.

After a comprehensive consideration of the above factors and financial forecasts, the Directors and management believe that it is reasonably foreseeable that the consolidated entity will be able to continue as a going concern and support the preparation of the 2025 Annual report on the going concern basis.

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

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).

Note 1. Material accounting policy information (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention.

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 2.

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 31.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Althea Group Holdings Limited (Company or parent entity) as at 30 June 2025 and the results of all subsidiaries for the year then ended. Althea 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 the loss of 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.

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 Chief Operating Decision Makers (CODM). The CODM, who is responsible for the allocation of resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Note 1. Material accounting policy information (continued)

Foreign currency translation

The financial statements are presented in Australian dollars (AUD), which is Althea Group Holdings Limited's functional and presentation currency. The major controlled entities of Althea Group Holdings Limited have Australian dollars (AUD), British pound (GBP), Canadian dollars (CAD) and United States dollars (USD) as their functional 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.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable and is shown net of sales taxes (GST, VAT and HST) and recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Revenue generated from the provision of storage facilities and services is calculated using a daily rate multiplied by the time period of storage.

Note 1. Material accounting policy information (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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 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.

Althea Group Holdings Limited (the parent entity) and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The parent entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the parent entity to the subsidiaries nor a distribution by the subsidiaries to the parent entity.

Note 1. Material accounting policy information (continued)

Discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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 right at the end of the reporting period 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.

Cash and cash equivalents
Cash and cash equivalents includes 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.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that trade and other receivables have been impaired. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Credit losses are recognised in profit or loss.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1. Material accounting policy information (continued)

Inventories

Inventory consisting of raw materials, work in progress and finished goods is stated at the lower of cost and net realisable value. Cost is determined using the average cost basis and is comprised of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Subsequent to initial measurement, balances held in inventory are reviewed at least annually and a provision raised where future use is no longer considered probable, principally due to reasons of obsolescence or product dating.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 1. Material accounting policy information (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Assets under construction	Not depreciated in the financial year
Buildings	10-25 years
Plant and equipment	2-10 years
Computer equipment	2-5 years
Office equipment	2-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 1. Material accounting policy information (continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

During the reporting period, the consolidated entity capitalised costs associated with the development of software. Software has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Amortisation has commenced for implementation of software that has been completed and ready for use. Software that is not ready for use is capitalised as work in progress and transferred to another class of assets on the date of completion. Software is amortised over its useful life ranging from 2 to 5 years.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 8 years.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

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.

Note 1. Material accounting policy information (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1. Material accounting policy information (continued)

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, the Company's history with employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

Note 1. Material accounting policy information (continued)

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, they are treated as if they have 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 are treated as if they were a modification.

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 the asset's 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.

Issued capital
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.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Althea 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.

Note 1. Material accounting policy information (continued)

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.

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.

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 Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2025. The consolidated entity’s assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB108(30) 94 AASB 18 Presentation and Disclosure in Financial Statements

The adoption of AASB 18 is expected to significantly impact the presentation and disclosure of the Group’s financial statements, particularly the statement of profit or loss, through mandatory categorisation of income and expenses, enhanced disclosure of management-defined performance measures, and revised subtotals aimed at improving transparency and comparability.

Note 2. 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 which 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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 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.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated
entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer
obtains control of the promised goods and therefore the benefits of unimpeded access.
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 and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Where the assets become either technically obsolete, non-strategic or are abandoned or sold, they will be written off or written down.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is
exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Operating segments

Identification of reportable operating segments
During the year ended 30 June 2025, the Company discontinued the international pharmaceutical business (Pharmaceutical Cannabis) segment. Refer to note 7 for details.

Following the discontinuation of the pharmaceutical business, the consolidated entity comprised a single operating segment being the Canadian recreational segment (Recreational Cannabis), supported by the shared corporate services cost centre (Corporate). The operating segment structure is based on the internal reports that are reviewed and used by the Board of Directors (which is identified as the Chief Operating Decision Maker (CODM)) in assessing performance and in determining the allocation of resources.

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.

Note 4. Revenue

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

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000 ***
Sales channels		
Goods sold through intermediaries	15,494	11,678
Other income	-	553
	15,494	12,231
Geographical regions		
Australia	-	86
Canada	15,423	12,145
United States of America	71	-
	15,494	12,231
Timing of revenue recognition		
Goods transferred at a point in time	15,433	12,010
Services transferred over time	61	221
	15,494	12,231

* Disaggregation of revenue for the year ended 30 June 2024 has been restated to include revenue from continued operations only. Refer to note 7 for discontinued operations.

Note 5. Expenses

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000 ***
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation		
Property, plant and equipment depreciation	1,176	1,232
Buildings right-of-use assets depreciation	524	328
Intangible assets amortisation	15	22
Total depreciation and amortisation	1,715	1,582
General and administrative expenses		
Office related expenses	1,373	1,037
IT related expenses	185	195
Travel expense	131	356
Stock adjustments	-	840
Bad debt expense	30	151
Insurance	425	583
Licences and permits	189	2
Share registry and ASX compliance costs	203	-
Other	160	123
Total general and administrative expenses	2,696	3,287

Note 5. Expenses (continued)

	Consolidated	
	30 June 2025	**30 June 2024**
	$'000	**$'000 ***
Cost of goods sold		
Cost of goods sold	8,025	5,839
Net foreign exchange (gain)/ loss		
Unrealised foreign exchange (gain)/loss	(381)	814
Finance costs		
Interest and finance charges paid/payable on borrowings	-	548
Interest and finance charges paid/payable on lease liabilities	728	449
Other interest and finance charges	68	16
Total finance costs expensed	796	1,013
Net loss on disposal of assets		
Loss on disposal of property, plant and equipment	6	54
Gain on fair value of financial liabilities	-	(17)
Loss on disposal of right-of-use assets	-	90
Fair value loss on disposal of financial liabilities	-	372
Loss on transfer or property, plant and equipment to right-of-use assets	-	104
Total net loss on disposal of assets	6	603
Employee benefits expense		
Employee benefits expense	4,199	5,496
Superannuation expense	14	25
Share-based employee expense	173	98
Total employee benefits expense	4,386	5,619
Professional services		
Accounting and taxation services	333	222
Consulting services	446	645
Legal fees	635	500
Share-based professional services expense	-	66
Total professional services	1,414	1,433

* Disaggregation of expenses for the year ended 30 June 2024 have been restated to include expenses from continuing operations only.

Note 6. Income tax expense

	Consolidated	
	30 June 2025	**30 June 2024**
	$'000	**$'000**
Reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense from continuing operations	(4,843)	(26,073)
Loss before income tax expense from discontinued operations	(3,504)	(5,984)
	(8,347)	(32,057)
Tax at the statutory tax rate of 25.0% (2024: 24.5%)	(2,087)	(7,854)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	534	574
Share-based payments	53	37
Sundry items	(961)	(333)
Impairment of Goodwill	-	4,434
Loss on deconsolidation	16	-
	(2,445)	(3,142)
Current year tax losses not recognised	2,417	3,121
Difference in overseas tax rates	28	21
Income tax expense	-	-

Total carried forward tax losses not recognised as at 30 June 2025 amount to $71,165,000 (2024: $68,748,000).

Note 7. Discontinued and deconsolidated operations

Discontinued operations

Discontinued operations of MyAccess Clinics

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. Revenue from the contract previously managed in Althea MMJ UK Limited were operated from Australia following the sale.

Financial performance information

	Consolidated	
	30 June 2025	**30 June 2024**
	$'000	**$'000**
Revenue	1,572	4,232
Cost of goods sold	(371)	(1,386)
Gross profit	1,201	2,846
Sale of MyAccess Clinics assets	970	-
Interest income	-	-
Total other income	970	-
Employee benefits expense	(1,592)	(2,491)
General and administrative expenses	(421)	(993)
Marketing expenses	(90)	(329)
Finance costs	(1,171)	(44)
Professional services	(251)	(1,215)
Depreciation and amortisation expense	(12)	(81)
Foreign exchange gain/(loss)	-	(1)
Distribution expenses	(396)	(892)
Total expenses	(3,933)	(6,046)
Loss before income tax expense	(1,762)	(3,200)
Income tax expense	-	-
Loss after income tax expense from discontinued operations of MyAccess Clinics	**(1,762)**	**(3,200)**

Note 7. Discontinued and deconsolidated operations (continued)

Cash flow information

	Consolidated	
	30 June 2025 **$'000**	**30 June 2024** **$'000**
Net cash used in operating activities	(1,222)	(819)
Net cash from investing activities	1,054	7
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents from discontinued operations	(168)	(812)

Note 7. Discontinued and deconsolidated operations (continued)

Discontinued operations of Althea Company Pty Ltd

On 31 May 2025, the consolidated entity announced the completion of sale of certain assets of its Althea Company Pty Ltd business in Australia. The assets sold included Althea trademarks, brand goodwill, website, phone number, and pharmacy/prescriber data. This led to the cessation of its operations as a distributor of medicinal cannabis in Australia and accordingly, the financial results of Althea Company Pty Ltd business have been classified as Discontinued Operations and the remainder of the Australia operations is expected to be wound up in the next 12 months.

Financial performance information

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Revenue	4,735	13,491
Cost of goods sold	(3,432)	(4,711)
Gross profit	1,303	8,780
Sale of Althea Company Pty Ltd assets	646	-
Gain from termination of lease	109	-
Other income	292	411
Interest income	1,172	4
Total other income	2,219	415
Employee benefits expense	(2,430)	(5,001)
General and administrative expenses	(2,154)	(936)
Marketing expenses	(10)	-
Finance costs	(239)	(217)
Professional services	-	(17)
Depreciation and amortisation expense	(332)	(558)
Foreign exchange gain/loss	1,054	(904)
Distribution expenses	(1,196)	(4,346)
Gain on disposal of property, plant and equipment	43	-
Total expenses	(5,264)	(11,979)
Loss before income tax expense	(1,742)	(2,784)
Income tax expense	-	-
Loss after income tax expense from discontinued operations of Althea Company Pty Ltd	**(1,742)**	**(2,784)**

Note 7. Discontinued and deconsolidated operations (continued)

Cash flow information

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000**
Net cash used in operating activities	(642)	(1,826)
Net cash from investing activities	1,040	27
Net cash (used in)/from financing activities	(524)	786
Net decrease in cash and cash equivalents from discontinued operations	(126)	(1,013)

Note 7. Discontinued and deconsolidated operations (continued)

(ii) Deconsolidated operations of UK business and Canadian entity

Subsequent to completion of the sale of the MyAccess Clinics business in the UK and Ireland as announced on 29 October 2024, on 7 January 2025, MMJ Clinic Group Limited (MMJ), and on 12 June 2025, Althea MMJ Limited (MMJ Althea), were entered into liquidation. As a result, control was transferred to the liquidators, Howes Percival and Oliver Elliot respectively. As a consequence, management considers it is appropriate to deconsolidate MMJ Althea from the Group on the date the entity was entered into liquidation and to write-off all inter-company balances outstanding with the Group.

1214029 B.C. Ltd, an entity formerly associated with the acquisition of Peak Processing Solutions, was dissolved under section 422 of the Business Corporations Act but held no assets or liabilities as at the date of dissolution.

Carrying amount of assets and liabilities deconsolidated is set out following.

	Consolidated 30 June 2025 $'000
Cash and cash equivalents	20
Trade and other receivables	32
Other current assets	32
Property, plant and equipment	2
Total assets	**86**
Trade and other payables	1,501
Inter-company balances	24,914
Contract liabilities	3
Other liabilities	49
Total liabilities	**26,467**
Net liabilities	**(26,381)**

Loss on deconsolidation is set out in the below table:

	Consolidated 30 June 2025 $'000
Write off of inter-company balance	(24,914)
Carrying amount of net liabilities disposed	26,381
Derecognition of foreign currency reserve	(1,531)
Loss on disposal before income tax	**(64)**
Loss on disposal after income tax	**(64)**

Note 8. Cash and cash equivalents

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000**
Current assets		
Cash at bank	528	331

Note 9. Trade and other receivables

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000**
Current assets		
Trade receivables	6,056	5,052
Less: Allowance for expected credit losses	(181)	(263)
	5,875	4,789
Other receivables	755	75
	6,630	4,864

Allowance for expected credit losses
The consolidated entity has recognised a loss of $181,000 (30 June 2024: loss of $140,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2025.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		**Carrying amount**		**Allowance for expected credit losses**	
Consolidated	**30 June 2025 %**	**30 June 2024 %**	**30 June 2025 $'000**	**30 June 2024 $'000**	**30 June 2025 $'000**	**30 June 2024 $'000**
Current	24%	-	1,329	4,189	43	-
1-30 days overdue	72%	4%	1,680	625	131	25
31- 60 days overdue	-	27%	949	-	-	-
61- 90 days overdue	1%	80%	349	-	1	-
Over 91 days overdue	3% [1]	100%	1,749	238	6	238
			6,056	5,052	181	263

[1] Although there are receivables of $1.749m with an ageing in excess of 90 days, the majority of these amounts is due from Canadian provincial government bodies interposed into the cannabis beverage industry sales process by the current regulatory framework in that country.

Note 9. Trade and other receivables (continued)

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Opening balance	263	206
Additional provisions recognised	181	67
Receivables written off during the year as uncollectable	(263)	(10)
Closing balance	181	263

Note 10. Inventories

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Current assets		
Raw materials - at cost	1,940	2,400
Work in progress - at cost	122	223
Finished goods - at cost	985	640
Less: Provision for impairment [1]	(950)	(62)
	35	578
Packaging and supplies	38	782
	2,135	3,983

(1) All of the impaired inventory relates to residual pharmaceutical products following the sale of the pharmaceutical business during the financial year.

Note 11. Other current assets

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Current assets		
Prepayments	1,008	1,711

Note 12. Other financial assets

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Non-current assets		
Security deposits	77	703

Note 13. Investments accounted for using the equity method

During the year ended 30 June 2024, the Company established a 100% owned US subsidiary, Peak USA Inc. (Peak USA), and during the year ended 30 June 2025, the Company incorporated Peak USA JV LLC (JVCo), with 50% ownership by the Company and the other 50% owned by Flora Growth Corporation (Flora), an entity incorporated and operating in Florida, US. A suite of legal agreements was established and executed to establish a Joint Venture with Flora, with Peak USA essentially providing the production expertise developed by Peak in Canada and Flora contributing an extensive and well established sales and marketing network in the US.

An initial small but targeted range of THC infused beverages was selected for launch by the JVCo and similarly for Peak USA based on consumer experiences from the existing Canadian customer base. The first two JV production runs in Florida were undertaken in the second half of the year ended 30 June 2025, with a third production order completed after balance date. JV start up and product development costs of $310,000 were expensed during the 2025 financial year.

Information relating to associates that are material to the consolidated entity are set out below.

Ownership interest

		Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Principal place of business / Country of incorporation**	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
Peak USA JV LLC	United States	50.00%	-	(240)	-

Summarised financial information

At balance date, there were no assets or liabilities recognised in respect of the Joint Venture.

For the year ended 30 June 2025, $310,000 of start up and product development costs have been expensed in the consolidated profit and loss and $71,000 of revenue recognised.

Note 14. Property, plant and equipment

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000**
Non-current assets		
Buildings - at cost	317	311
Less: Accumulated depreciation	(132)	(104)
	185	207
Asset under construction - at cost	489	379
Plant and equipment - at cost	6,369	5,612
Less: Accumulated depreciation	(4,196)	(3,070)
	2,173	2,542
Computer equipment - at cost	745	740
Less: Accumulated depreciation	(725)	(682)
	20	58
Office equipment - at cost	807	768
Less: Accumulated depreciation	(510)	(439)
	297	329
	3,164	3,515

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land & Buildings $'000	Asset under construction $'000	Plant and Equipment $'000	Computer equipment $'000	Office Equipment $'000	Total $'000
Balance at 1 July 2023	8,659	1,226	2,251	86	424	12,646
Additions	-	378	-	58	-	436
Disposals	(8,061)	(3)	-	-	-	(8,064)
Exchange differences	(209)	(15)	31	(3)	(11)	(207)
Transfers in/(out)	-	(1,207)	1,207	-	-	-
Depreciation expense	(182)	-	(947)	(83)	(84)	(1,296)
Balance at 30 June 2024	207	379	2,542	58	329	3,515
Additions	-	111	757	34	40	942
Disposals from deconsolidation	-	-	-	(2)	-	(2)
Exchange differences	5	(1)	(63)	-	(1)	(60)
Depreciation expense	(27)	-	(1,063)	(70)	(71)	(1,231)
Balance at 30 June 2025	185	489	2,173	20	297	3,164

In the previous reporting period, on 17 November 2023, the consolidated entity's wholly-owned subsidiary, Peak Processing Solutions, completed the sale of its facility for CAD $4,600,000 and entered into an agreement to leaseback the land and building for a period of up to 15 years. The company transferred land with a carrying value of CAD $562,000 and buildings with a carrying value of CAD $6,688,000 to the buyer/lessor on sale of the facility and recognised a right-of-use asset of CAD $6,961,000.

Note 15. Right-of-use assets

	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Non-current assets		
Land and buildings - right-of-use	7,780	8,818
Less: Accumulated depreciation	(842)	(787)
	6,938	8,031

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Land and building $'000**
Balance at 1 July 2023	921
Additions	7,718
Depreciation expense	(608)
Balance at 30 June 2024	8,031
Termination of lease	(532)
Exchange differences	144
Depreciation expense	(705)
Balance at 30 June 2025	6,938

During the year ended 30 June 2025, the consolidated entity terminated the lease of Suite 2, Level 50, 360 Elizabeth Street, Melbourne, VIC 3000. The respective right-of-use asset and lease liabilities of $521,000 and $600,000 respectively were derecognised from the consolidated statement of financial position and a gain on termination of lease of $108,800 was recognised in the consolidated statement of profit or loss.

Impairment of assets

The recoverable amount of the consolidated entity's asset carrying values is determined by a value-in-use calculation of the cash generating unit (CGU). The value-in-use calculation uses a discounted cash flow model, based on a one year projection period approved by management and extrapolated for a further four years using a steady growth rate, together with a terminal value.

The resulting value-in-use recoverable amount is compared to the carrying value of the CGU at 30 June 2025, and in the event that the carrying value exceeds the recoverable amount, an impairment loss is recognised.

In respect of the year ended 30 June 2025, the carrying values of the CGU net assets were assessed using the same impairment model extended for a five year period from 1 July 2025.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

Note 15. Right-of-use assets (continued)

The following key assumptions were used in the discounted cash flow model for the CGU:

(i) 19.4% post-tax discount rate;

(ii) forecasted revenue for the financial year ending 30 June 2026 of CAD $16,807,000 an increase of CAD $2,869,000 (21%) from the actualised revenue achieved during the financial year ended 30 June 2025;

(iii) accelerated revenue growth of 20% in year two, representing expected volume growth from existing executed contracts at 30 June 2025;

(iv) projected revenue growth rates of 15%, 15% and 10% in years three, four and five respectively; and

(v) 3% terminal growth rate.

The discount rate of 19.4% post-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the CGU, the risk-free rate and the volatility of the share price relative to market movements.

Management believes projected revenue growth rates to be justified based on the growth experienced to date and the strong reputation and capabilities of the Peak business. Furthermore, the recreational cannabis market continues to expand, with the onboarding of new provinces and expansion of product ranges. Management expects to secure sustainable improvements in gross margins and EBITDA as production volumes increase and efficiencies are gained.

There were no other key assumptions for the CGU.

Note 16. Intangibles

	Consolidated 30 June 2025 $'000	30 June 2024 $'000
Non-current assets		
Goodwill	-	17,737
Less: Accumulated amortisation	-	(17,737)
	-	-
Website - at cost	116	371
Less: Accumulated amortisation	(108)	(319)
	8	52
Patents and trademarks - at cost	-	103
Less: Accumulated amortisation	-	(37)
	-	66
Software - at cost	1,771	2,325
Less: Accumulated amortisation	(1,771)	(2,293)
	-	32
Intellectual Property - at cost	-	571
Less: Accumulated amortisation	-	(208)
	-	363
	8	513

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Website $'000	Patents and trademarks $'000	Software $'000	Intellectual property $'000	Total $'000
Balance at 1 July 2023	17,737	121	77	271	434	18,640
Exchange differences	-	(1)	-	-	-	(1)
Impairment of assets	(17,737)	-	-	-	-	(17,737)
Amortisation expense	-	(68)	(11)	(239)	(71)	(389)
Balance at 30 June 2024	-	52	66	32	363	513
Disposals	-	(22)	(56)	-	(297)	(375)
Impairment of assets	-	(7)	-	-	-	(7)
Amortisation expense	-	(15)	(10)	(32)	(66)	(123)
Balance at 30 June 2025	-	8	-	-	-	8

Note 16. Intangibles (continued)

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
2682130 Ontario Limited (Peak Processing Solutions)	-	17,737
Impairment recognised in FY24	-	(17,737)
	-	-

Note 17. Trade and other payables

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Current liabilities		
Trade payables	9,276	11,459
Other payables	4,074	2,066
	13,350	13,525

Refer to note 25 for further information on financial instruments.

Note 18. Contract liabilities

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Current liabilities		
Contract liabilities	605	1,663
Non-current liabilities		
Contract liabilities	842	995
	1,447	2,658

Note 18. Contract liabilities (continued)

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	**$'000**	**$'000**
Payments received in advance	370	5,113
Transfer to revenue - included in the opening balance	(150)	(644)
Transfer to revenue - other balances	(1,431)	(4,026)
Closing balance	1,447	2,658

Note 19. Borrowings

	Consolidated	
	30 June 2025	**30 June 2024**
	$'000	**$'000**
Current liabilities		
Causeway loan	448	972
Credit facility	922	-
	1,370	972

Causeway loan
On 2 February 2024, the consolidated entity secured a new loan facility of AUD $1,000,000, with a 9-month term and 13% interest payable per annum. As at 30 June 2024, a total of $972,000 was drawn down against the facility which was extended to $1,500,000, facilitating a further draw down of $476,000 on 1 August 2024. 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 as at 30 June 2025.

As part of the Completion of the Sale of Althea Pharmaceutical Assets as announced on 30 May 2025, and in accordance with the loan facility security arrangements in place, the entire proceeds of the sale were applied to the reduction of the loan facility to leave a residual principal balance of $448,000 as at balance date.

Stoke Canada Finance Corp Asset Based Loan Agreement (Credit facility)
On 28 May 2024, wholly-owned subsidiary Peak Processing Solutions entered into an Asset Based Loan Agreement for a revolving line of credit for CAD $1,000,000 for working capital and general corporate purposes. After payment of a 1% establishment fee, the loan attracts an annual interest rate of 22% and an unused facility fee of 2% per annum. The loan has an initial term of 12 months, subject to an annual rollover which attracts a fee of CAD $1,000, and is secured by a first priority security interest over the Peak Processing Solutions Receivables. By way of a Side Letter Agreement dated 26 August 2025, the security registration was extended to include certain inventory items. The drawn down balance of this facility as at 30 June 2025 was $922,000.

Refer to note 25 for further information on financial instruments.

Note 20. Lease liabilities

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Current liabilities		
Lease liability	139	329
Non-current liabilities		
Lease liability	4,605	5,238
	4,744	5,567

Refer to note 25 for further information on financial instruments.

Note 21. Provisions

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Current liabilities		
Annual leave	26	332
Long service leave	-	62
	26	394
Non-current liabilities		
Long service leave	-	71
	26	465

Note 22. Issued capital

	Consolidated			
	30 June 2025 Shares	30 June 2024 Shares	30 June 2025 $'000	30 June 2024 $'000
Ordinary shares - fully paid	822,575,370	406,503,376	93,969	86,332

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.

Note 22. Issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Company's singular objective when managing capital is 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 Company's share price at the time of the investment. The consolidated entity is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2024 Annual Report.

Note 22. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2023	381,288,586		85,340
Share capital issued to consultant	1 July 2023	5,040,000	$0.000	-
Capital raising costs	1 July 2023	-	$0.000	(2)
Share capital issued under conversion notice	20 July 2023	5,853,571	$0.036	211
Capital raising costs	20 July 2023	-	$0.000	(2)
Share capital issued to Directors	1 September 2023	2,089,553	$0.067	140
Capital raising costs	1 September 2023	-	$0.000	(7)
Share capital issued under conversion notice	15 September 2023	6,812,243	$0.032	216
Capital raising costs	15 September 2023	-	$0.000	(2)
Collateral shares redeemed under conversion notice (1)	11 October 2023	-	$0.025	257
Share capital issued to consultant	4 March 2024	2,140,541	$0.031	66
Share capital issued to employees	4 March 2024	1,287,497	$0.037	48
Share capital issued to employees	20 March 2024	820,452	$0.032	26
Capital raising costs	20 March 2024	-	$0.000	(3)
Share capital issued to employees	28 May 2024	1,170,933	$0.037	44
Balance as at	**30 June 2024**	**406,503,376**		**86,332**
Share capital issued via capital raise (2)	16 July 2024	101,333,100	$0.020	2,026
Capital raising cost	16 July 2024	-		(286)
Cleansing issue	4 February 2025	100	$0.100	-
Share capital issued via capital raise (3)	24 February 2025	14,000,000	$0.020	280
Cleansing issue	26 February 2025	100	$0.100	-
Share capital issued on conversion of performance rights (4)	29 April 2025	10,163,770	$0.020	213
Share capital issued via capital raise (3)	29 April 2025	99,750,000	$0.020	1,995
Share capital issued for settlement of payables (5)	29 April 2025	4,574,824	$0.020	91
Share capital issued on conversion of loan notes (3, 6)	29 April 2025	175,000,000	$0.020	3,500
Share capital issued via capital raise (3)	29 April 2025	11,250,000	$0.020	225
Cleansing issue	29 April 2025	100	$0.100	-
Capital raising cost	29 April 2025	-		(407)
Balance as at	**30 June 2025**	**822,575,370**		**93,969**

Note 22. Issued capital (continued)

(1) On 30 January 2023, 11,000,000 Collateral Shares were issued in accordance with the terms of the Convertible Note Agreement. Where at any time the Company is required to issue shares to the holder under this Agreement, then the holder may, by written notice to the Company, elect to partially or wholly satisfy the Company's obligation to issue the relevant shares to the holder by reducing the Collateral Shareholding Number by the corresponding number of shares. On 11 October 2023, the holder redeemed 10,385,943 Collateral Shares, leaving a remaining balance of 614,057 Collateral Shares.

(2) On 16 July 2024, the Company announced its successful completion of a $2,000,000 placement by way of 101,333,100 ordinary shares issued to new and existing shareholders at a price of $0.020 per share. The proceeds from the placement, excluding fees, were settled on 22 July 2024.

(3) On 17 February 2025, the Company announced it had secured $4,000,000 (exclusive of fees) in funding through both a share placement and loan notes placement. Under the loan notes placement, 1.5 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. Between 24 February 2025 and 29 April 2025, the Company issued 125,000,000 ordinary shares at $0.02 (2 cents) per share under the share placement.

On 29 April 2025, 75,000,000 ordinary shares were issued at $0.02 (2 cents) per share to loan note holders upon receipt of shareholder approval in an EGM held on 7 April 2025. 50,200,000 Options were also issued on 29 April 2025 to the Lead Manager pursuant to shareholder approval of Resolutions 8 and 7 respectively at the Company's General Meeting held on 7 April 2025.

(4) On 29 April 2025, 10,163,770 shares were issued for nil consideration comprising:
- 1,712,534 LTI Performance Rights for terminated, “good leaver” employees;
- 166,598 FY20 STI Rights for personal performance;
- 267,129 FY21 STI Rights for personal performance;
- 4,213,656 FY22 STI Rights for personal performance; and
- 3,803,853 FY23 STI Rights for personal performance.

(5) On 29 April 2025, the Company issued 2,250,000 ordinary shares at $0.02 (2 cents) per share to Evolution Capital Pty Ltd in connection with the placement in July 2024. Also on 29 April 2025, 2,324,924 ordinary shares at $0.02 (2 cents) per share were issued to an entity associated with a non-KMP employee as settlement of amounts owed to the employee by the Company.

(6) On 24 December 2024, the Company secured commitments of $2,000,000 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. On 29 April 2025, 100,000,000 ordinary shares were issued at $0.02 (2 cents) per shares to loan note holders upon receipt of shareholder approval in an EGM held on 7 April 2025.

Note 23. Reserves

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Foreign currency reserve	(357)	(182)
Share-based payments reserve	113	2,908
	(244)	2,726

Note 23. Reserves (continued)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

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

Consolidated	Foreign currency translation reserve $'000	Shared-based payments reserve $'000	Total $'000
Balance at 1 July 2023	(1,417)	2,597	1,180
Foreign currency translation	1,235	-	1,235
Share-based payments expensed during the period	-	23	23
Vested rights transferred to accumulated losses during the period	-	(37)	(37)
Share Options issued during the period	-	325	325
Balance at 30 June 2024	(182)	2,908	2,726
Other Comprehensive loss for the year	(175)	-	(175)
Share capital issued on conversion of loan notes	-	(213)	(213)
Vesting of share-based payments	-	210	210
Lapsed rights share-based payments transferred to accumulated losses during the period	-	(2,792)	(2,792)
Balance at 30 June 2025	**(357)**	**113**	**(244)**

Note 24. Accumulated losses

	Consolidated 30 June 2025 $'000	30 June 2024 $'000
Accumulated losses at the beginning of the financial year	(88,744)	(56,751)
Loss after income tax expense for the year	(8,347)	(32,057)
Transfer from share-based payments reserve	2,792	64
Accumulated losses at the end of the financial year	(94,299)	(88,744)

Note 25. 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 derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. 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 the Chief Financial Officer (Finance) under policies approved by the Board of Directors (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 monthly basis.

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 average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	30 June 2025	**30 June 2024**	**30 June 2025**	**30 June 2024**
Australian dollars				
Pound Sterling	1.9957	1.9204	2.0960	1.9004
Canadian dollars	1.1063	1.1260	1.1177	1.0970
US dollars	1.5427	1.5253	1.5267	1.5097
Euros	1.6770	1.6495	1.7902	1.6089

There were no material financial assets and liabilities denominated in a currency that was not the consolidated entity’s functional currency as at 30 June 2025.

Note 25. Financial instruments (continued)

As at 30 June 2024, the carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets 30 June 2024 $'000	Liabilities 30 June 2024 $'000
US dollars	149	(263)
Euros	3	-
Pound Sterling	50	(56)
	202	(319)

As at 30 June 2024, the consolidated entity had net liabilities denominated in foreign currencies of $117,000 (liabilities of $319,000 less assets of $202,000). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year ended 30 June 2024 would have been $6,000 lower/$6,000 higher and equity would remain unchanged. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

The actual foreign exchange gain for the year ended 30 June 2025 was $381,000 (30 June 2024: loss of $1,715,000).

Price risk
The consolidated entity is not exposed to any significant price risk.

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. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 25. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing 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 and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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.

Consolidated - 30 June 2025	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 payables	-	8,857	-	-	-	8,857
Other payables	-	4,892	-	-	-	4,892
Interest-bearing - fixed rate						
Causeway loan	13.00%	448	-	-	-	448
Stoke Asset Based loan facility	22.00%	922	-	-	-	922
Lease liability	9.00%	587	587	1,852	5,536	8,561
Total non-derivatives		16,107	587	1,852	5,536	23,680

Note 25. Financial instruments (continued)

Consolidated - 30 June 2024	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 payables	-	11,459	-	-	-	11,459
Other payables	-	2,066	-	-	-	2,066
Interest-bearing - fixed rate						
Other loans	14.00%	1,043	-	-	-	1,043
Lease liability	9.00%	816	825	2,131	6,066	9,838
Total non-derivatives		15,384	825	2,131	6,066	24,406

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2025 of $nil (30 June 2024: $702,814). The bank guarantees were previously held for the operating and commercial leases of the consolidated entity's leased premises (located in Australia, Canada and the United Kingdom) all of which were vacated prior to 30 June 2025.

At balance date, the Group was engaged in a contractual dispute with a former overseas supplier and brought to account at 30 June 2025 all legal costs incurred prior to year end and the full amount for products received from that supplier which were within the required specification. The conclusion of the dispute was dealt with post balance date through the process of Voluntary Administration and the formal execution of the Deed of Company Arrangement with the Administrator. At the conclusion of the DOCA, all creditors of the Subsidiary are fully compromised to Nil.

Except as noted above, the consolidated entity currently has no contingent liabilities at the date of signing this report.

Note 27. Commitments

There were no outstanding contractual commitments at 30 June 2025 or at 30 June 2024.

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	Consolidated	
	30 June 2025 $	**30 June 2024 $**
Audit services - RSM Australia Partners		
Audit or review of the financial statements	192,000	159,100

For the financial years ended 30 June 2024 and 30 June 2025, all audit services for the consolidated group were performed by RSM Australia Partners.

Note 29. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2025 $	**30 June 2024 $**
Short-term employee benefits	1,196,013	1,260,358
Post-employment benefits	59,354	79,612
Long-term benefits	6,687	27,762
Share-based payments	(9,331)	(10,932)
	1,252,723	1,356,800

Note 30. Related party transactions

Parent entity
Althea Group Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the Directors' report.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 30. Related party transactions (continued)

Loans to/from related parties
On 29 April 2025, 2,324,924 ordinary shares at $0.02 (2 cents) per share were issued to an entity associated with a non-KMP employee as settlement of amounts owed to the employee by the Company.

There were no other loans to or from related parties at the current and previous reporting date.

Refer to note 37 for details of a loan from related parties executed after balance date in accordance with the DOCA arrangements for wholly-owned subsidiary Althea Company Pty Ltd.

Note 31. Parent entity information

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 2025 and 30 June 2024.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries 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.

	Parent	
	30 June 2025 $'000	30 June 2024 $'000
Loss after income tax	(1,361)	(1,733)
Total comprehensive loss	(1,361)	(1,733)

Note 31. Parent entity information (continued)

	Parent 30 June 2025 $'000	30 June 2024 $'000
Total current assets	56	1
Total assets	91,910	85,658
Total current liabilities	14	7
Total liabilities	14	7
Equity:		
Issued capital	93.969	86,332
Share-based payments reserve	113	2,908
Accumulated losses	(2,186)	(3,589)
Total equity	91,896	85,651

Note 32. 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 1:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2025 %	30 June 2024 %
Althea Company Pty Limited (5)	Australia	100.00%	100.00%
Althea MMJ UK Limited (1)	United Kingdom	-	100.00%
MMJ Clinic Group Limited (2)	United Kingdom	-	100.00%
1214029 B.C. Limited (3)	Canada	-	100.00%
2613035 Ontario Limited (4)	Canada	100.00%	100.00%
2682130 Ontario Limited (4)	Canada	100.00%	100.00%
MMJ Clinic Group Ireland Limited	Ireland	100.00%	100.00%
Peak USA Inc.	United States of America	100.00%	100.00%

(1) Althea MMJ UK Limited placed into liquidation on 12 June 2025, with the Company effectively losing control of the entity.

(2) MMJ Clinic Group Limited went into liquidation on 17 January 2025, with its parent entity Althea MMJ UK Limited and the ultimate parent entity Althea Group Holdings Limited effectively losing control of the entity (Note 7).

(3) 1214029 B.C. Ltd, an entity formerly associated with the acquisition of Peak Processing Solutions, was dissolved under section 422 of the Business Corporations Act.

(4) Collectively known as Peak Processing Solutions.

(5) Placed into Voluntary Administration after balance date on 9 July 2025. At the second meeting of Creditors of the Subsidiary held on 13 August 2025, pursuant to section 439A of the *Corporations Act 2001* (Cth), the Creditors of the Subsidiary resolved to enter into a Deed of Company Arrangement (DOCA) with the Administrator.

Note 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Loss after income tax expense for the year	(8,347)	(32,057)
Adjustments for:		
Depreciation and amortisation	2,059	2,221
Net loss on disposal of property, plant and equipment	-	603
Share-based payments	210	143
Foreign exchange differences	(1,491)	1,581
Interest paid on investing activities	-	576
Share-based payment re-classified during the year	-	417
Loss on deconsolidation	64	-
Gain on termination of lease	(109)	-
Impairment of goodwill	-	17,737
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,767)	(735)
Decrease in inventories	1,846	2,218
Decrease/(increase) in prepayments	703	(198)
Increase in trade and other payables	94	2,829
(Decrease)/increase in contract liabilities	(1,208)	443
Decrease in employee benefits	(461)	(173)
Net cash used in operating activities	(8,407)	(4,395)

Note 34. Non-cash investing and financing activities

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Shares issued under employee share plan	-	184
Shares issued for settlement of payables	91	-
Shares issued on conversion of loan notes	3,500	-
Shares issued on conversion of performance rights	213	-
	3,804	184

Note 35. Loss per share

	Consolidated 30 June 2025 $'000	30 June 2024 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Althea Group Holdings Limited	(4,843)	(26,073)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	559,311,809	375,893,765
Weighted average number of ordinary shares used in calculating diluted earnings per share	559,311,809	375,893,765

	Cents	Cents
Basic loss per share	(0.87)	(6.94)
Diluted loss per share	(0.87)	(6.94)

	Consolidated 30 June 2025 $'000	30 June 2024 $'000
Earnings per share for profit from discontinued operations		
Loss after income tax attributable to the owners of Althea Group Holdings Limited	(3,504)	(5,984)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	559,311,809	375,893,765
Weighted average number of ordinary shares used in calculating diluted earnings per share	559,311,809	375,893,765

	Cents	Cents
Basic loss per share	(0.63)	(1.59)
Diluted loss per share	(0.63)	(1.59)

	Consolidated 30 June 2025 $'000	30 June 2024 $'000
Earnings per share for loss from Continuing and Discontinued operations		
Loss after income tax attributable to the owners of Althea Group Holdings Limited	(8,347)	(32,057)

Note 35. Loss per share (continued)	**Number**	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	559,311,809	375,893,765
Weighted average number of ordinary shares used in calculating diluted earnings per share	559,311,809	375,893,765
	Cents	**Cents**
Basic loss per share	(1.50)	(8.53)
Diluted loss per share	(1.50)	(8.53)

6,286,679 (30 June 2024: 18,093,455) LTI performance rights, 2,601,564 (30 June 2024: 9,623,858) STI performance rights, and 70,266,620 (30 June 2024: 19,147,537) Options to Corporate Advisors and Lenders have all been excluded from the above calculations as their inclusion would be anti-dilutive.

Note 36. Share-based payments

An equity participation structure for employees has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may grant participating employees entitlements to be issued ordinary shares in the company subject to the achievement of performance hurdles set by the Board. The entitlements are issued by way of Performance Rights under either a Short Term Incentive Plan (STI) or Long Term Incentive Plan (LTI) for nil consideration and are granted in accordance with the rules and conditions established in the respective plans. The performance period for the STI is one year and assessed against the achievement of a combination of individual and collective Key Performance Indicators (KPIs) tailored for the individual based on that employee's role in the organisation. The performance period for the LTI is three years and the performance hurdle generally based on the absolute total shareholder return (ATSR) on a compound annual growth rate (CAGR) basis tested over the measurement period. Performance Rights that pass the performance hurdles are no longer subject to further performance scrutiny and become unencumbered Rights to convert to ordinary shares at the election of the employee, subject to the company's Securities Trading Policy.

In addition to employee entitlements, options which can be converted into ordinary shares at a specified share price point are also on occasion issued to the Company's Corporate Advisors and Lenders (Options) in accordance with the ASX Listing Rule requirements for issuing new capital.

Options

Set out below are summaries of options granted to the Company's Corporate Advisors and Lenders:

30 June 2025

Grant date	Expiry date	Exercise price		Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/01/2022	20/01/2025	$0.0000		1,568,177	-	-	(1,568,177)	-
20/01/2022	20/01/2025	$0.0000		1,568,177	-	-	(1,568,177)	-
26/01/2023	26/01/2025	$0.0000		2,500,000	-	-	(2,500,000)	-
02/02/2023	02/02/2025	$0.0000		4,800,000	-	-	(4,800,000)	-
23/02/2024	23/02/2039	$0.0000	(1)	8,711,183	-	-	(8,711,183)	-
29/11/2024	31/01/2028	$0.0390	(2)	-	10,033,310	-	-	10,033,310
29/11/2024	31/01/2028	$0.0460	(2)	-	10,033,310	-	-	10,033,310
29/04/2025	28/04/2027	$0.0300	(3)	-	25,000,000	-	-	25,000,000
29/04/2025	28/02/2027	$0.0400	(3)	-	25,000,000	-	-	25,000,000
29/04/2025	31/01/2028	$0.0390	(4)	-	100,000	-	-	100,000
29/04/2025	31/01/2028	$0.0460	(4)	-	100,000	-	-	100,000
				19,147,537	70,266,620	-	(19,147,537)	70,266,620
Weighted average exercise price				$0.000	$0.037	$0.000	$0.000	$0.037

Note 36. Share-based payments (continued)

(1) Reclassified during the year to employee STI Rights.
(2) Approved at the Extraordinary General Meeting held on 29 November 2024.
(3) Grant of options to Lead Manager pursuant to shareholder approval of Resolutions 8 and 7 respectively at the Company's General Meeting held on 7 April 2025.
(4) Nil consideration top up issue for professional services rendered.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.05 years (30 June 2024: 9.62 years).

Performance Rights

Performance Rights granted to key management personnel and employees under the LTI unless otherwise stated as at 30 June 2025.

30 June 2025

Grant date	Expiry date	Target price		Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
01/07/2019	30/06/2022	$1.296		36,490	-	-	(36,490)	-
01/07/2020	30/06/2023	$0.548		50,049	-	-	(50,049)	-
01/07/2022	30/06/2025	N/A		7,500,000	-	-	(7,500,000)	-
01/07/2022	30/06/2025	$0.1631		509,766	-	-	(509,766)	-
01/07/2022	30/06/2025	$0.1732		2,731,764	-	(248,967)	(2,482,797)	-
01/07/2023	30/06/2026	$0.0882	(1)	7,265,386	-	(1,463,567)	(3,012,233)	2,789,586
17/02/2025	16/02/2040	N/A	(2)	-	2,799,419	-	-	2,799,419
17/02/2025	16/02/2040	N/A	(2)	-	697,674	-	-	697,674
07/04/2025	30/06/2039	N/A	(3)	-	2,601,564	-	-	2,601,564
				18,093,455	6,098,657	(1,712,534)	(13,591,335)	8,888,243

Note 36. Share-based payments (continued)

([1]) Class O: The performance hurdle of a share price of 8.882 cents per share will be tested at the end of the performance period on 30 June 2026.

([2]) Rights approved at the 2024 AGM held on 31 January 2025 for the Managing Director (2,799,419 and equivalent value of $128,750) and Chair (697,674 and equivalent value of $30,000) in consideration of a 25% reduction of cash-based salary for a period of one year. The price payable on the vesting of the Rights is nil and there are no performance hurdles. The number of Rights is calculated using the company's market share price of $0.043, being the Volume Weighted Average Price (VWAP) at which the company's shares were traded on the ASX over a 10 day period in the lead up to 15 November 2024. There are no performance hurdles in respect of these Rights which have a 15 year term. The fair value of these Rights was determined by closing price on 3 February 2025 as a proxy, as the Company was suspended from trading between early December 2024 and 3 February 2025 at $0.029 (2.9 cents) per share.

([3]) FY24 STI Rights retrospectively issued to the Managing Director following receipt of approval at the General Meeting held on 7 April 2025. Although issued as STI Rights, the performance period is three years from 1 July 2024 to 30 June 2027 and the performance hurdle is based on ATSR with vesting determined as per the following table.

Performance level	**ATSR growth over Performance Measurement Period**	**Percentage of Rights awarded**
Stretch	25% or more	100%
Between Target and Stretch	Between 15% and 25%	Pro rata 50% to 100%
Target	15%	50%
Between Threshold and Target	Between 10% and 15%	Pro rata 25% to 50%
Threshold	10%	25%
Below threshold	Less than 10%	0%

Note 36. Share-based payments (continued)

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 14.39 years (30 June 2024: 1.89 years).

Valuations

For the Performance Rights granted in respect of FY24, a Binomial Option Pricing Model was used to determine the fair value of the rights. The inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting Date	Share price at grant date	Share price hurdle for vesting	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/04/2025	30/06/2027	$0.020	$0.000	84%	-	3.27%	$0.011

The weighted average share price during the financial year was $0.03 (30 June 2024: $0.04).

Note 37. Events after the reporting period

Following the asset sale as announced on 31 May 2025, on 9 July 2025, the Company advised that Mr Sule Arnautovic of Salea Advisory (the Administrator) had been appointed as the administrator of Althea Company Pty Ltd (the Subsidiary) pursuant to Section 436A of the *Corporations Act 2001* (Cth).

At the second meeting of Creditors of the Subsidiary held on 13 August 2025, pursuant to section 439A of the *Corporations Act 2001* (Cth), the Creditors of the Subsidiary resolved to enter into a Deed of Company Arrangement (DOCA) with the Administrator.

Under the DOCA arrangements, the Company has lent up to $200,000 to the Subsidiary to fund the completion of the DOCA process. The directors of the Subsidiary, Mr Joshua Fegan and Mr Alan Boyd, in turn have entered into arrangements to lend the Company $200,000 to fund these arrangements. The loan is unsecured and attracts an interest rate of 5% per annum, paid quarterly, and is repayable in full 15 months from the initial drawdown.

The DOCA relates solely to the Subsidiary and is not expected to have any material impact on the Company, nor does it affect the ongoing operations under Peak Processing Solutions or Peak USA Inc., its wholly owned North American THC beverage businesses.

On 24 July 2025, Mr Joshua Fegan resigned as the CEO and Managing Director of the Company with immediate effect and the Company appointed Peak Processing Solutions General Manager Mr Barry Katzman as Interim CEO.

On 17 September 2025, the Company announced that it had received binding commitments to raise $2.55m (before costs) via a share placement issuing 141.7 million ordinary shares with an issue price of $0.018 per share (Share Placement). The Share Placement was managed by Taurus Capital Group Pty Ltd ACN 622 499 834 (Lead Manager), who receive a fee of 6% of the total amount raised plus a total of 22.0 million unlisted options, with an exercise price of $0.025 and an expiration date of 30 September 2028. As at the date of this report, the $2.55 million of Share Placement funds has been received in full.

As at the date of this report, the Company has yet to finalise the exit arrangements with the former CEO and Managing Director who resigned on 24 July 2025.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or its state of affairs in future financial years.

Note 38. 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 year. The financial statements are presented in Australian dollars, which is Althea Group Holdings Limited's functional and presentation currency, and were authorised for issue, in accordance with a resolution of Directors, on 30 September 2025. The Directors have the power to amend and reissue the financial statements.

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 Level 19, 180 Lonsdale 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

Entity name	Entity type	Trustee, partner or Joint Venture participant (JV)	Ownership interest	Country of Incorporation	Tax residency
Althea Company Pty Limited [(2)]	Body corporate	-	100%	Australia	Australia [(1)]
2613035 Ontario Limited	Body corporate	-	100%	Canada	Canada
2682130 Ontario Limited	Body corporate	-	100%	Canada	Canada
MMJ Clinic Group Ireland Limited	Body corporate	-	100%	Ireland	Ireland
Peak USA Inc.	Body corporate	-	100%	United States of America	United States of America
Peak USA JV LLC	Body corporate	JV	50%	United States of America	United States of America

([1]) Althea Group Holdings Ltd (the parent entity) and its wholly-owned Australian subsidiary has formed an income tax consolidated group under the tax consolidation regime.

([2]) Placed into Voluntary Administration after balance date on 9 July 2025.

Althea Group Holdings Limited
Directors' declaration
30 June 2025

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 1 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 2025 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

Vaughan Webber
Chairman

30 September 2025

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Althea Group Holdings Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, 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 statements, , including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 200*1, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; 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 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* (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $8.4m and operating cash outflows of $8.4 million during the year ended 30 June 2025 and, as of that date, the Group had net current liabilities of $5.2 million and net liabilities of $0.574 million. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Inventories *Refer to Note 10 in the financial statements*	
The Group has inventories of $2.1 million at 30 June 2025 held by Peak. The existence and valuation of inventory held by Peak Processing was considered a Key Audit Matter due to the materiality of the balance, the existence of inventories held on behalf of third parties, and the significant estimates involved including: • valuing work-in-progress and finished goods which involves assumptions around the conversion costs of direct labour, overheads, utilities, raw materials and other variable costs; and • complexities in weighing certain inventory products (when tare weights are used).	Our audit procedures in relation to the valuation and existence of Peaks inventories included: • Attending the physical inventory count at Peak Processing as at 30 June 2025 to observe management's stocktake procedures; • Testing a sample of inventory costing by verifying each of the inputs in the cost of conversion calculation to supporting documentation and evaluating the reasonableness of management's estimates in compliance with AASB 102 *Inventories*; • Testing a sample of inventory to ensure amounts are being held at the lower of cost or net realisable value; and • Assessing the company's application of its policy for determining the provision for obsolescence including assessing the ageing of inventory items for potential obsolescence.
Revenue Recognition *Refer to Note 4 in the financial statements*	
The Group predominately earns revenue from distribution contracts with third parties who sell Althea's medicinal cannabis products to registered pharmacies and consumers. Peak manufacturers cannabis products on behalf of third parties in the current financial year. Each of Peak's customer contracts are unique and can include numerous performance obligations and variable pricing conditions. Revenue recognition was considered a Key Audit Matter due to the materiality and significance of the balance, as well as the complexities included in the customer contracts.	Our audit procedures in relation to revenue recognition included: • Assessing whether the Group's revenue recognition policies are in compliance with AASB 15 *Revenue with Contracts with Customers*; • Evaluating the operating effectiveness of management's controls related to revenue recognition; • Assessing sales transactions before and after year-end to ensure that revenue is recognised in the correct period; • Performing detailed testing procedures on each material revenue stream and • Review the disclosures to ensure compliance against AASB 15.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Impairment of Assets (PPE and Right of Use Assets) *Refer to Notes 14 and 15 in the financial statements*	
As at 30 June 2025, the Group reported total assets of $20 million, primarily comprising Right-of-Use Assets and Property, Plant and Equipment (PPE). In accordance with AASB 136 *Impairment of Assets,* management is required to assess whether any indicators of impairment exist. There is an inherent risk that the future cash flows attributable to each cash-generating unit (CGU) may not support the carrying value of the related assets. We have identified impairment of total assets as a significant audit matter due to: 1. the materiality of the balances involved, 2. the inherent risk of error in impairment testing, and 3. the significant assumptions and judgements required to assess the presence of impairment indicators. An additional risk arises from the sale of the Australian business, which has resulted in its operating costs being included within a single CGU alongside Peak.	Our audit procedures in relation to the impairment of assets included: • Reviewing management's assessment of potential indicators of impairment in accordance with AASB 136; As indicators of impairment were identified, we performed the following procedures: • Evaluating management's identification of the relevant CGU; • Determining the total carrying amount of the CGU as at 30 June 2025; • Assessing the valuation methodology applied to estimate the CGU's value in use; • Comparing management's June 2025 forecasts with actual results for the year to assess forecasting accuracy; • Verifying the mathematical accuracy of the discounted cash flow model and reconciled input data to supporting documentation; and • Considering and challenged the reasonableness of key assumptions, including projected cash flows, budgeted figures, revenue growth rates, and discount rates.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, 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 accordingly 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:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

Responsibilities of the Directors for the Financial Report (continued)

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of 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 have 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 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 in the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Althea Group Holdings Limited, for the year ended 30 June 2025, 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.

RSM

RSM AUSTRALIA PARTNERS

A Whittingham

A L WHITTINGHAM
Partner

Dated: 30 September 2025
Melbourne, Victoria

The shareholder information set out below was applicable as at 20 August 2025.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Ordinary shares			Options over ordinary shares	
Range	**Number of holders**	**Number of Units**	**% of total shares issued**	**Number of holders**	**Number of Units**
1 to 1,000	1,487	1,077,356	0.13%		
1,001 to 5,000	3,536	8,587,641	1.02%		
5,001 to 10,000	1,056	8,210,603	0.97%		
10,001 to 100,000	2,106	73,857,310	8.74%		
100,001 and over	638	753,734,146	89.15%	9	75,266,620
Total	**8,823**	**845,467,056**	**100.00%**	**9**	**75,266,620**

EQUITY SECURITY HOLDERS

Substantial Holders

The 20 largest shareholders in the consolidated entity are set out below:

	Ordinary shares	
Name	**Numbers held**	**% Total Shares Issued**
ADMAN LANES PTY LTD	122,000,000	14.43%
MR JOSHUA MICHAEL FEGAN	60,044,720	7.10%
NON CORRELATED CAPITAL PTY LTD <INVESTIUS PB MICRO CAP A/C>	30,000,000	3.55%
KLI PTY LTD <THE T TEH'S FAMILY A/C>	22,500,000	2.66%
SHAH NOMINEES PTY LTD <LOUIS CARSTEN SUPER FUND A/C>	18,000,000	2.13%
S3 CONSORTIUM PTY LTD	17,710,000	2.09%
MR SIDDHARTHA KANTICHAND DHADHA	17,450,000	2.06%
MR MITEN SHAH	11,250,000	1.33%
JPW HOLDINGS PTY LTD <J P W FAMILY A/C>	10,000,000	1.18%
KVC PROPERTY INVESTMENTS PTY LTD <KVC PROPERTY INVESTMENTS A/C>	10,000,000	1.18%
MANCANN PTY LTD	10,000,000	1.18%
BNP PARIBAS NOMS PTY LTD	9,060,097	1.07%
CITICORP NOMINEES PTY LIMITED	8,864,832	1.05%
CARAGO NOMINEES PTY LTD <G PEZZANO FAMILY A/C>	8,000,000	0.95%
XERYUS INTERNATIONAL PTY LTD	8,000,000	0.95%
GOSAVI PTY LTD	7,850,000	0.93%
HOOTCH PTY LTD	7,500,000	0.89%
RIZZO SUPER PTY LTD <RIZZO SUPER FUND A/C>	7,250,000	0.86%
DR PETER HANNA	6,750,000	0.80%
MR ANTHONY PARASILITI <THE LILBEN FAMILY A/C>	6,750,000	0.80%
Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	**398,979,649**	**47.19%**
Total Remaining Holders Balance	**446,487,407**	**52.81%**

UNQUOTED PERFORMANCE RIGHTS

Performance hurdle price and expiry	Number of Performance Rights	Number of Holders
PERFORMANCE RIGHTS	21,952,471	18
Total	**21,952,471**	**18**

UNQUOTED OPTIONS

Security Description	Number of Options	Number of Holders
OPTION EXPIRING 31-JAN-2028 EX $0.039	10,133,310	1
OPTION EXPIRING 31-JAN-2028 EX $0.046	10,133,310	1
OPTION EXPIRING 28-FEB-2027 EX $0.04	25,000,000	3
OPTION EXPIRING 28-APR-2027 EX $0.03	25,000,000	3
OPTION EXPIRING 01-AUG-2027 EX $0.03	5,000,000	1
Total	**75,266,620**	**9**

Substantial Shareholders

Name	Number of units	% Total Shares Issued
ADMAN LANES PTY LTD	122,000,000	14.43%
MR JOSHUA MICHAEL FEGAN	60,044,720	7.10%

Unmarketable Parcels

The number of shareholders held in less than marketable parcels was 7,017, with total shares of 32,814,181. The minimum parcel size is 22,728 at $0.0220 per unit.

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.