

ASX Announcement | 22 July 2024
Althea Group Holdings (ASX: AGH)

US Cannabis Beverage Joint Venture Agreements Signed

Highlights:

- Long-form agreements to establish the joint venture between AGH's USA based subsidiary Peak USA Inc. and Flora Growth Corporation to target the US cannabis beverages market have been signed
- The US cannabis beverages market, valued at USD \$966.92 million in 2024, is projected to reach USD \$19.06 billion by 2028, representing a major growth opportunity for the Company
- Peak USA Inc. and Flora have jointly developed six THC cannabis beverages which are intended to launch online and through wine and liquor stores across the US in Q1FY25
- Peak USA Inc. will produce cannabis beverages in the US on behalf of the JV, and plans to expand its operations to include Peak Processing Solutions' Canadian contract manufacturing customers looking to enter the US market
- The agreements were finalised following the successful completion of a \$2.0 million capital raise (excluding fees) from new and existing institutional and sophisticated investors

22 July 2024: **Althea Group Holdings Limited (ASX:AGH) ('AGH', or 'the Company')**, a global leader in the manufacturing, sales and distribution of cannabis-based medicines and recreational cannabis products, is pleased to announce the signing of the necessary agreements to formalise the joint venture ('JV') between Peak USA Inc. and Flora Growth Corporation (FLGC:NASDAQ) ('**Flora**') to enter the thriving US cannabis beverages market.

Joint Venture agreements executed

Following on from the binding term sheet announced to the ASX on 14 May 2024, AGH's US based wholly owned subsidiary Peak USA Inc. ('**Peak USA**') and Flora have now signed the agreements required to formalise the JV, with customary completion steps to follow.

The agreements have been signed following the successful completion of a \$2.0 million capital raise (excluding fees) from new and existing institutional and sophisticated investors (ASX announcement 16 July 2024).

The formalisation of these agreements signifies a major milestone in Peak Processing Solution's ('**Peak Canada**') expansion into the US cannabis beverages market via Peak USA, which has been incorporated to provide in country services. With a robust strategy and strong partnership, the JV is well-positioned to seize the significant growth opportunities in this burgeoning market.

Expanding into the US cannabis beverages market

Peak Canada is a recognised market leader in the contract development and manufacturing of cannabis-infused beverages with 40% market share (in Canada) and is strategically positioned to capitalise on the growing US market. The US cannabis beverages market, valued at USD\$966.92 million



in 2024, is projected to grow at a CAGR of 54.30% to reach USD \$19.06 billion by 2028¹.

Peak USA and Flora have developed six cannabis beverages: three 5mg THC seltzers and three 10mg THC sodas. The JV products are intended to launch online through Flora's successful e-commerce platform with over 350,000 registered customers and through wine and liquor stores across the US, in Q1FY25.

Image 1: The JV's range of cannabis beverages include Melo branded seltzers (5mg THC)



Peak USA operations

Through Peak USA, the Company plans to replicate its Canadian success in the US by manufacturing its proprietary cannabis emulsion Envision™ from locally sourced hemp, which will be the active ingredient in its US-made cannabis beverages. Experienced representatives from Peak's Canadian operation will oversee all aspects of Peak USA's early US operations, ensuring strict adherence to product quality and taste standards. Peak Canada will also continue to provide product development services from its existing Canadian operations.

AGH CEO and Managing Director, Joshua Fegan said: "We are excited to have signed the establishing agreements with Flora, marking a significant step forward in Peak Canada's expansion into the US cannabis beverages market. The JV represents a major growth opportunity for Peak Canada, combining our industry-leading expertise in cannabis beverages with Flora's expansive distribution network. With the US market projected to grow exponentially, we are extremely well-positioned to

¹ ASX Announcement, 30 April 2024, Quarterly Results and Highlights for the period ending 31 March 2024;
<https://www.marketdataforecast.com/market-reports/cannabis-beverages-market>

capitalise on this momentum and deliver innovative, high-quality cannabis beverages to consumers across the nation.”

Image 2: Peak cannabis beverage production



-ENDS-

Authorised by: Robert Meissner, Company Secretary

For further information, please contact:

Althea Group Holdings Ltd

Joshua Fegan

CEO & Managing Director

M: 1300 70 20 20

E: contact@althea.life

Media & Investor Enquiries

Media & Investor Relations

P: +613 9650 5096

E: investors@althea.life

Althea Group Holdings Limited (ASX:AGH)

Althea Group Holdings Ltd ('AGH') is a global leader in the manufacturing, sales and distribution of cannabis-based medicines and recreational cannabis products. AGH services these sectors via two distinct business units. Althea, the company's pharmaceutical business, offers a comprehensive range of cannabis-based medicines which are made available to patients via prescription. Peak Processing Solutions, AGH's recreational cannabis business, produces legal cannabis products purchased by adult consumers in retail stores.

AGH operates in highly regulated and legal cannabis markets across the world with burgeoning





Althea
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operations in North America, Europe and Australia.

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For more information on MyAccess Clinics, please visit: www.myaccessclinics.co.uk

For more information on Peak, please visit: www.peakprocessing.com

