

ASX Announcement | 12 September 2024
Althea Group Holdings (ASX:AGH)

Update on Peak USA Production and Operations

Highlights:

- Peak USA has successfully established an emulsion manufacturing lab in Florida, marking significant progress in its US operations
- Initial production is already underway as part of the previously announced joint venture (JV) with Flora Growth Corporation, with the JV preparing to launch its line of cannabis-infused beverages in the coming weeks
- The product lineup includes Melo seltzers in Wild Berries, Grapefruit, and Strawberry flavours, each containing 5mg of THC, as well as Cloud Cola sodas in Vintage Cola, Root Beer, and Orange Creamsicle flavours, containing 10mg of THC
- The JV is in active negotiations with liquor distributors in key US states and expects agreements soon. Online sales will launch immediately, with efforts underway to secure placement in brick-and-mortar stores

12 September 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 provide an operational progress update from its wholly-owned subsidiary, Peak USA Inc. (**'Peak USA'**), as it advances its entry into the United States cannabis beverages market.

Operational progress

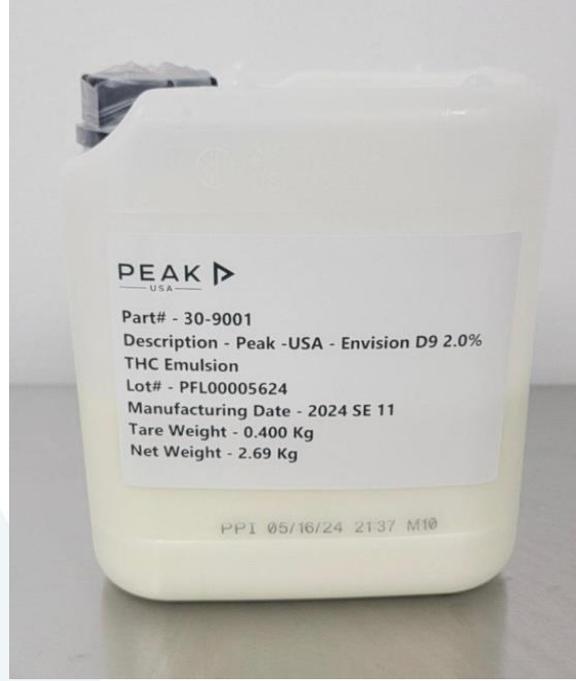
Peak USA has made significant strides in expanding its production and distribution capabilities within the US. The recent establishment of a dedicated emulsion lab in Florida marks a key milestone, enabling the manufacturing of Peak Processing Solutions' proprietary cannabis emulsion, Envision™. While the emulsion acts as a carrying agent, it plays a crucial role in delivering THC, the active ingredient, in its US made cannabis beverages. This facility is essential to maintaining the high standards of product quality that align with Peak Processing Solutions' operations in Canada.

Product details

Initial production at Peak USA will focus on its previously announced joint venture with Flora Growth Corporation ('Flora'). This project includes a range of cannabis-infused beverages under two distinct brands. Melo, the JV's seltzer brand, will offer three refreshing flavours: Wild Berries, Grapefruit, and Strawberry, each containing 5mg of THC. Additionally, the Cloud Cola soda brand will introduce three classic flavours: Vintage Cola, Root Beer, and Orange Creamsicle, each containing 10mg of THC.

Image 1 & 2: Production at Peak USA's Florida-based emulsion manufacturing facility





Launch timeline

Sales of these innovative beverages is expected to launch online in September 2024 via Flora's well-established e-commerce platform, which serves over 350,000 registered customers. Simultaneously, the JV is actively negotiating with several distributors in strategic US states, including Florida, Texas, Georgia, South Carolina, and North Carolina. The Company is confident that these discussions will lead to widespread distribution agreements, significantly expanding its market reach to include liquor stores soon.

Market opportunity

The US cannabis beverages market presents a significant growth opportunity for the Company. 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. Cannabis beverages, a non-alcoholic alternative containing THC, are legal nationwide and offer substantial potential for category expansion. Peak USA is strategically positioned to capture a share of this rapidly growing market by working with brand partners to make these products available through consumer-packaged goods (CPG) channels, such as wine and liquor stores, as well as online.

Image 3: The JV's range of cannabis beverages includes Melo seltzers (5mg THC)

¹ <https://www.marketdataforecast.com/market-reports/cannabis-beverages-market>



AGH CEO, Joshua Fegan said: "We are thrilled with the progress of Peak USA as we prepare to launch our first products in the US cannabis beverages market. The establishment of our emulsion lab in Florida is a critical component of our strategy, ensuring we can deliver high-quality, consistent products. With production on track and our initial launch set for late September, we are confident that Peak USA is well-positioned for success in this rapidly growing market. We are also optimistic about finalising key distribution partnerships soon, which will significantly enhance our market presence."

-ENDS-

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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 operations in North America, Europe and Australia.

To learn more about Althea Group Holdings, please visit: www.altheagroupholdings.com

For more information on Althea, please visit: www.althea.life

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

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



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