

Successful A\$2.4 Million Loan Note Raising to Fund Q4 FY26 Production Ramp

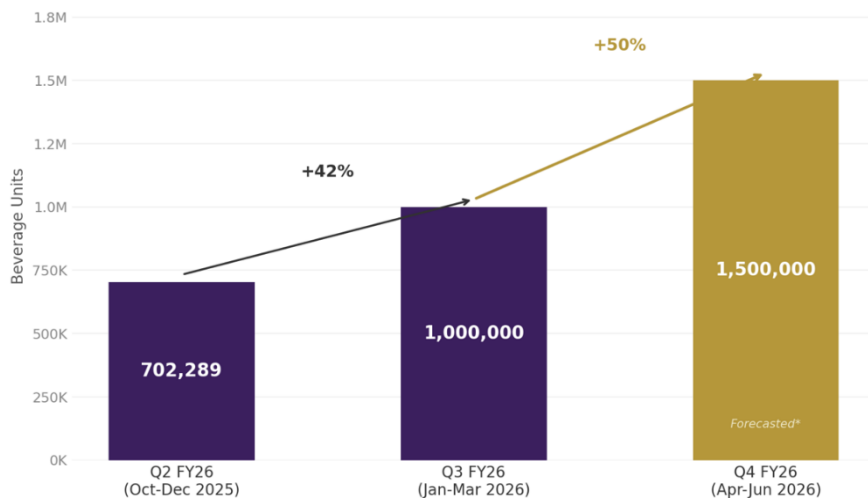
- Binding commitments from sophisticated and professional investors have been received to raise A\$2.4 million (before costs) via a Loan Note (**Notes**) issue with conversion at A\$0.015 per share, subject to shareholder approval at a general meeting.
- Positive working capital position expected following conversion of the Notes, completing the balance sheet repair undertaken in FY26 under new leadership
- Funds principally applied to inventory build for ~1.5m units in Q4 FY26 (+50% QoQ) underpinned by confirmed purchase orders from the segment’s market-leading brands
- Financial and operational reset now complete, with March 2026 delivering the Company's first month of positive EBITDA under the new operating model (~A\$159k EBITDA on ~A\$1.2m revenue at a 56% contribution margin) (refer ASX announcement: 29 April 2026)
- High-conviction investment specialist Powerhouse Ventures (ASX: PVL) acted as sole lead manager (**Lead Manager**) through its subsidiary, Powerhouse Advisory Australia Pty Ltd, and its Funds Management division was a cornerstone investor.

Peak Processing Limited (ASX: PKP) (the Company), a leading manufacturer of THC-infused beverages, is pleased to announce that it has received binding commitments from sophisticated and professional investors to raise A\$2.4 million (before costs) via the issue of unsecured Loan Notes (**Capital Raise**).

The Capital Raise provides the working capital and inventory funding to deliver on the Company’s contracted Q4 FY26 production volumes following the operational and management reset executed under new management. Following the conversion of the Notes, the Company is expected to have a positive working capital position for the first time in recent reporting periods.

The Capital Raise follows the Q3 FY26 quarterly activities and cashflow reports released on 29 April 2026, in which the Company reported ~1m beverage units produced (exceeding prior guidance of ~900k units), 99.95% OTIF performance sustained across the quarter, and an upgraded Q4 FY26 production forecast of ~1.5m beverage units (+50% QoQ) underpinned by confirmed customer purchase orders from the segment’s leading brands.

Peak Canada - Beverage Production Volumes



* Forecasted figure based on confirmed customer purchase orders and manufacturing directions.

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Managing Director and CEO, Barry Katzman, said:

"This raise gives Peak the inventory and working capital to deliver our contracted Q4 production of ~1.5m beverage units and to keep building the US operating footprint. The customer wins of recent months – the Electric Brands extension, the St. Peter's Beverages 250% expansion, 30 new OCS listings, and new brand launches with Reggae Royalty and Juana Sip – are now matched with the funding to execute on them."

Non-Executive Chairman, Manik Pujara, said:

"The Board approved this raise to fund contracted production. Every dollar is allocated against purchase orders already on the books, capex with sub-12-month payback, and working capital required to convert Q3's operational momentum into Q4 cash generation. The discipline that delivered March's EBITDA result is the discipline this capital will be deployed under."

Convertible Note Raising – key terms

Term	Detail
Total raise	A\$2.4 million (before costs)
Instrument	Unsecured Loan Notes
Face value	A\$1.00 per Note
Conversion Price	A\$0.015 per fully paid ordinary share
Establishment Fee	3% of face value, payable on issue in shares (resulting in the issue of 4.8 million shares based on the aggregate value of the Loan Notes) at the Conversion Price subject to and on the date that the Loan Note Shares are issued.
Fees	The Lead Manager will receive the following fees: <ul style="list-style-type: none"> 6% of the funds raised under the Loan Note Deed being \$144,000. Solely subject to shareholder approval, 25.0 million unlisted options at issue price of \$0.000001 per option and exercisable at A\$0.025 per option, expiring on 30 September 2028.
Maturity	12 months from date of issue of the Loan Notes
Conversion (subject to shareholder approval)	The Loan Notes are a debt security. Shareholders will be asked to approve a conversion mechanism (Conversion Mechanism) in the Loan Note terms such that: <ul style="list-style-type: none"> The aggregate Face Value (Outstanding Amount) will automatically convert into ordinary shares in the Company (Loan Notes Shares) with such number determined by dividing the Outstanding Amount by the Conversion Price, resulting in the issue of 160 million in aggregate Loan Note Shares and The Loan Note Shares will be issued within 10 business days following receipt of shareholder approval The Conversion Mechanism will need to be approved under ASX Listing Rule 7.1 The General Meeting of Shareholders will be convened in due course

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Term	Detail
Redemption	<p>In the event the Loan Notes are not earlier converted, the Loan Notes will be repaid in cash on the earlier of:</p> <ul style="list-style-type: none"> • In the event of an insolvency event; and • On the date that is 1 year following the issue of the Loan Notes (unless repaid earlier)

The conversion price A\$0.015 per share represents an 11.8% discount to the last traded price of A\$0.017, and an 11.0% discount to the 15-day VWAP.

A general meeting is expected to be convened in due course for shareholders to consider, among other matters, the approval of the:

- Conversion Mechanism of the Notes into ordinary shares
- Issue of shares in payment of the Establishment Fee
- Issue of the Lead Manager Options

A notice of meeting will be released setting out all the relevant details of the proposed security issues.

Use of funds

Proceeds from the Convertible Note Raising are intended to be applied to:

- Inventory build to deliver the ~1.5m beverage units of confirmed Q4 FY26 production (~A\$1.5m);
- Accretive capex initiatives across the Windsor, Ontario facility, with anticipated payback of less than 12 months (~A\$445k); and
- General working capital, customer program support, CRA monthly instalment, US working capital, and costs of the Offer (~A\$455k).

Balance sheet and turnaround progress

The Convertible Note Raising adds A\$2.4 million (before costs) to the Company's funding position and is expected to deliver a positive working capital position following conversion of the Notes. The financial reset is now complete, with A\$2.25m in annualised cost savings flowing through the P&L, the CRA payable reduced from a peak of ~A\$1.8m to ~A\$200k under an agreed monthly repayment plan, and the balance sheet repositioned to support the contracted Q4 FY26 production ramp.

Lead Manager

High-conviction investment specialist, Powerhouse Ventures (ASX: PVL) acted as Sole Lead Manager to the Convertible Note Raising through its subsidiary, Powerhouse Advisory Australia Pty Ltd. PVL's Funds Management division was a cornerstone investor on the same terms as all other Noteholders.

The Lead Manager will receive a fee equal to 6% of the total funds raised and will be issued 25 million unlisted options exercisable at A\$0.025 per option, expiring on 30 September 2028 (subject to shareholder approval).

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-ENDS-

The Board of Peak Processing Limited authorised this announcement to be lodged with the ASX.

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About Peak Processing

Peak Processing Limited (ASX:PKP) is a leading FMCG organisation specialising in the manufacturing, sales, and distribution of THC beverages. Peak Processing develops premium, compliant products that resonate with adult consumers in regulated global markets, including USA and Canada.

Visit www.peakprocessing.com

Forward-Looking Statements

Certain statements in this announcement may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this announcement. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, financial position, or performance are also forward-looking statements. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this announcement. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

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