

ASX Announcement | 24 May 2024  
Althea Group Holdings (ASX: AGH)

## Peak forms JV for expansion into USA Cannabis Beverages market

### Highlights:

- Peak Processing Solutions and Flora Growth Corporation have agreed to establish a joint venture to target the legal United States (US) hemp derived delta-9-THC cannabis-infused beverages market
- The US cannabis beverages market, valued at USD\$966.92 million in 2024 and projected to reach USD\$19.06 billion by 2028, presents a significant growth opportunity for Peak
- Peak and Flora have jointly developed five exciting, flavoured beverages which are able to be sold in wine and liquor stores across the US
- Peak will produce cannabis beverages in the US on behalf of the JV, and plans to expand its operations to include its Canadian contract manufacturing customers

24 May 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 that its wholly-owned subsidiary, Peak Processing Solutions (**'Peak'**), has signed a binding term sheet to form a joint venture (**'JV'**) in the US with Flora Growth Corporation (FLGC:NASDAQ) (**'Flora'**), to enter the thriving legal hemp derived delta-9-THC cannabis-infused beverages (cannabis beverages) market.

### Introduction and opportunity

Peak is a recognised market leader in the contract development and manufacturing (CDMO) of cannabis-infused beverages, with an unrivalled 40% market share in Canada<sup>1</sup>. Now, Peak is taking steps to expand its reach into the US via an intended joint venture JV with Flora, a prominent cannabis wellness company with extensive sales and distribution networks across the USA, including a successful e-commerce platform with over 350,000 registered customers.

### Large addressable 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 2028<sup>2</sup>.

Cannabis beverages containing hemp derived delta-9-THC are legal country wide in the US, with significant opportunities for market expansion.

The JV will be strategically positioned to establish cannabis beverages distribution in the US by adeptly handling regulations and facilitating market access via consumer-packaged goods (CPG) channels like

<sup>1</sup> 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>

<sup>2</sup> <https://www.marketdataforecast.com/market-reports/cannabis-beverages-market>



wine and liquor stores, rather than state-licensed recreational cannabis dispensaries.

This approach enhances accessibility and broadens consumer reach, maximising market penetration and growth potential.

#### Peak USA operations

Peak intends to replicate its Canadian success, where it has a 40% market share, by manufacturing its proprietary cannabis emulsion Envision™ in the US from locally sourced hemp, which will become the active ingredient in its US made cannabis beverages.

Peak's model for this venture is low risk and capital light with production that is co-located within Flora's existing manufacturing facility, whilst formulation and canning is to be outsourced to a leading third-party co-packer.

Experienced representatives from Peak's Canadian operation will manage and supervise all aspects of its US operations, ensuring adherence to its strict product quality and taste standards.

#### Local partnership

Peak contributes production and quality expertise, while US-based Flora brings a wealth of sales and marketing experience within the dynamic landscape of lifestyle cannabis in the US.

Peak and Flora have initially developed five cannabis beverages: two seltzers and three sodas. The products are intended to be sold in wine and liquor stores across the US and via Flora's e-commerce platform.

Melo, the JV's seltzer brand, will offer Wild Berry and Grapefruit flavours. Cloud Cola, the JV's soda brand, will introduce Classic Cola, Root Beer, and Orange Creamsicle flavours.





Image: The JV's range of cannabis-infused beverages include Melo seltzers and Cloud Cola sodas



**AGH CEO and Managing Director, Joshua Fegan said:** "Today's milestone in the execution of a binding term sheet to facilitate a joint venture with Flora is a testament to Peak's unmatched expertise in the cannabis beverage space and relentless dedication to innovation and growth. As we embark on this strategic venture, we are unwavering in our commitment to delivering excellence in the rapidly evolving cannabis beverages market in the USA. Our launch date target and first sales are set for late July 2024. With our combined expertise and shared vision, we are utilising a capital light model and poised to drive success and create sustainable value for our shareholders."

**Flora CEO, Clifford Starke said:** "We are thrilled to partner with Peak Processing Solutions, leveraging their 40% market share success in Canada for the U.S. market. The U.S. cannabis beverages market is set to grow significantly, and our joint venture presents a unique opportunity. With Flora's extensive market reach and Peak's manufacturing expertise, we have already developed five exciting new beverages. This collaboration combines the strengths of both companies to revolutionize the U.S. cannabis beverages sector. Together, we are well-positioned to lead this rapidly evolving market and achieve substantial success."

-ENDS-

*Authorised by: Robert Meissner, Company Secretary*

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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](http://www.altheagroupholdings.com)

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