



ASX Announcement | 01 September 2021
Althea Group Holdings (ASX:AGH)

Peak executes binding USD\$3.42m product development agreement and exclusive 5-year supply and manufacturing agreement with subsidiary of The Boston Beer Company

Highlights:

- AGH subsidiary Peak Processing Solutions, has entered into binding agreements with BBCCC, Inc., a subsidiary of The Boston Beer Company ('BBC'), to launch a new range of non-alcoholic cannabis-infused beverages in Canada
- Under the product development agreement, Peak will research and develop various product formulations and recipes for the new line of BBC cannabis products
- BBC will provide Peak with funding of up to USD\$2m for capital improvements associated with the development project. In addition, Peak will receive a minimum of USD\$285,000 for each year of the Term of the agreement (totalling USD\$1.42m)
- Under the supply and manufacturing agreement, Peak is the exclusive manufacturer of all cannabis beverages produced or sold in Canada under BBC branding, for the term of the agreement. WeedMD Rx Inc., a subsidiary of Entourage Health Corp. ('Entourage'), will supply cannabis input materials required for production
- Peak has secured a right of first refusal to act as BBC's exclusive provider to commercialise any of its intellectual property in connection with the development or manufacture of cannabis products outside of Canada, including but not limited to the USA

01 September 2021: **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 the Company's subsidiary, Peak Processing Solutions ('Peak'), has entered into binding agreements with BBCCC, Inc., a subsidiary of USD\$7.2b brewer The Boston Beer Company Inc. (NYSE: SAM) ('BBC') and WeedMD Rx Inc., a subsidiary of Entourage Health Corp. (TSX-V: ENTG, OTCQX: WDDMF) ('Entourage'), to introduce a new range of cannabis-infused beverages to Canadian consumers.

The parties have executed multiple exclusive agreements in connection with the project, covering product development, manufacturing, and supply, of BBC-branded non-alcoholic cannabis-infused beverages in Canada. The terms of the agreements are five years ('the Term').

Product development agreement

Under the product development agreement, Peak will provide research and development services, including laboratory support and the testing of various product formulations and recipes, for the new line of BBC cannabis products.

BBC will provide Peak with funding of up to USD\$2m for capital improvements associated with the project, of which a significant amount will be spent to further enhance Peak's beverage

Althea Group Holdings Limited | ABN 78 626 966 943

A. Level 37, 360 Elizabeth Street, Melbourne, 3000, Victoria, Australia

E. info@althea.life

P. 1300 70 20 20

W. althea.life



manufacturing capabilities, including an increase in its production capacity.

In addition, Peak will receive a minimum of USD\$285,000 for each year of the Term of the agreement (totalling USD\$1.42m).

Supply and manufacturing agreement

Under the supply and manufacturing agreement, Peak is the exclusive manufacturer of all cannabis beverages produced or sold in Canada under BBC branding, for the Term of the agreement. Entourage will supply, on an exclusive basis, all cannabis input materials required by Peak to manufacture the BBC-branded non-alcoholic cannabis-infused beverages and will purchase the manufactured products from Peak.

Right of first refusal outside of Canada

As part of the agreement with BBC and during the Term, Peak will have a right of first refusal to act as BBC's exclusive provider to commercialise any of its or its affiliates' intellectual property (including IP developed under the agreement with Peak) in the field of cannabis outside of Canada, including but not limited to the USA.

Peak builds momentum as recreational cannabis booms

Peak has one of the first large-scale independent processing facilities of its kind in Canada, specialising in the development, manufacturing, and distribution of innovative recreational cannabis products, including cannabis-infused beverages, concentrates, topicals and more.

Since obtaining its Standard Processing Licence from Health Canada in September 2020, Peak has been able to manufacture a range of products on behalf of brand partners, as well as supply medicinal cannabis products to its parent company's pharmaceutical cannabis brand, Althea. The Company sees the recreational cannabis market as a significant commercial opportunity given that cannabis derivative products yield significant margins and appeal to a wider percentage of the population.

Infused-cannabis beverage sales are growing at a rapid rate and Peak has already positioned itself as the leading producer in the category, supported by the fact that one of its customers had the highest selling cannabis beverage in Ontario in July 2021, only weeks after hitting shelves.

A recent report by Million Insights estimated that the cannabis beverage market will grow at a CAGR of 17.8% from 2019 to 2025 to reach US\$2.8bn.¹ The report found that the growth is being driven by a range of factors including the rise of the health and wellness movement and the preference for cannabis beverages among millennials.

Althea Group Holdings CEO, Josh Fegan said: "We are very excited that Peak and Entourage are partnering with US alcohol giant The Boston Beer Company to develop non-alcoholic cannabis-infused beverages for the Canadian market. This project is further validation of Peak's significant and unique capabilities in the recreational cannabis industry and the latest in a growing list of deals

¹ <https://www.prnewswire.com/news-releases/cannabis-beverages-market-size-to-expand-at-17-8-cagr-by-2025--owing-to-increase-in-sale-of-cannabis-infused-drinks--million-insights-301247061.html>



Peak has signed with high quality customers, including seven North American publicly listed companies. AGH is very optimistic about the cannabis-infused beverage category and Peak remains well positioned to capitalise on the recreational cannabis boom in general.”

BBCCC, Inc. Head of Cannabis Paul Weaver said: “Peak has built a world class facility in Canada, with the right staff and systems in place to ensure every drink is prepared with the highest care and excellence. WeedMD is one of Canada’s oldest and most respected regulated cannabis cultivators. Their unwavering commitment to quality is exactly what we look for in our partners. We are excited to begin making some amazing drinks together.”

Entourage CEO and Executive Chair, George Scorsis said: “We’re thrilled to be collaborating with Boston Beer and Peak to produce, market and sell the next generation of cannabis-infused beverages to discerning consumers looking for alternate consumption choices. Leveraging our collective industry expertise together with Entourage’s cannabis research and advanced branding strategies will establish our product portfolio with another unique offering. In addition, this provides an opportunity to further explore our collective reach into international markets.”

-ENDS-

Authorised by: Robert Meissner, Company Secretary

For further information, please contact:

Althea Group Holdings Ltd

Josh Fegan
CEO & Managing Director
M: 1300 70 20 20
E: contact@althea.life

Media & Investor Enquiries

Dan Francome
Media & Investor Relations
P: +613 9650 5096
E: dfrancome@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 operations in Europe, North America, Australia and Africa.

To learn more about Althea, please visit: www.althea.life

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

About The Boston Beer Company

The Boston Beer Company, Inc. (NYSE: SAM) began in 1984 brewing Samuel Adams beer and the Samuel Adams brand is currently recognized as one of the largest and most respected craft beer brands. Our portfolio of brands also includes Truly Hard Seltzer, Twisted Tea, Angry Orchard Hard

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Cider, and Dogfish Head Brewery as well as other craft beer brands such as Angel City Brewery and Coney Island Brewing. Boston Beer formed BBCCC, Inc. in Toronto, ON in 2021 to serve as a separate subsidiary to explore the non-alcoholic cannabis beverage space.

To learn more, please visit: www.bostonbeer.com

About Entourage Health Corp.

Entourage Health Corp. (formerly WeedMD Inc.) is the publicly traded parent company of WeedMD RX Inc. a licence holder producing and distributing cannabis products for both the medical and adult-use markets. The Company owns and operates a 158-acre state-of-the-art greenhouse, outdoor and processing facility located in Strathroy, Ontario as well as a fully licensed 26,000 sq. ft. Aylmer, Ontario processing facility, specializing in cannabis extraction. With the addition of Starseed, a medical-centric operator based in Bowmanville, Ontario, Entourage has expanded its multi-channelled distribution strategy. Starseed's industry-first, exclusive partnership with LiUNA, the largest construction union in Canada, along with other employers and union groups complements Entourage's direct sales to medical patients. The Company maintains strategic relationships in the seniors' market and supply agreements with Shoppers Drug Mart as well as six provincial distribution agencies where adult-use brands Color Cannabis and Saturday are sold.

To learn more, please visit: www.entouragehealthcorp.com

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