

HY Report: Strategic reset lays strong foundation for near term growth

- **Strategic reset completed – exit of legacy UK and Australian medical operations and full transition to focused North American THC beverage**
- **Cost reduction and right-sizing program implemented to deliver over \$2.25m in annualised savings, with additional ~\$350k in cost savings implemented from January 2026**
- **Balance sheet strengthened with ~\$4.8m raised in recent months to support working capital contract execution and targeted production upgrades**
- **~33% share of Canadian THC beverage market maintained with products now distributed across 10 provinces**
- **Delivered 98% on-time fulfilment rate across Canadian operations, supporting momentum and forward order pipeline, reaffirming lead position in the North American market**
- **Secured long-term contracts with Organigram Global and New Leaf Canada, enhancing multi-year revenue visibility**
- **US commercial execution continued with 680,000+ cans produced and sold during the half, alongside long-term manufacturing agreement with Funky Buddha**
- **Post period end, secured a 250% expansion of manufacturing with St Peter's Beverages, expected to materially increase production volumes**
- **PKP now fully focused on affirming its position as the North American beverage manufacturer – Order pipeline across H2 FY26 continuing to strengthen materially**

Peak Processing Limited (ASX: PKP) ('PKP', or 'the Company'), is pleased to provide the following overview of activities undertaken during the six-month period ended 31 December 2025 ('H1 FY26'). The period marked a decisive turning point for the Company, underpinned by a strategic reset that included Board optimisation initiatives and a strengthened balance sheet to advance high-growth opportunities in the North American beverage market.

To reiterate the Company's focus, Peak finalised the exit of its legacy UK and Australian medical businesses and completed the wind-down of Althea operations via a DOCA process. Additionally, the Company completed the renewal of the Board and executive team and the successful rebranding as Peak Processing Limited, reflecting a unified strategic direction for the North American THC beverage sector.

Despite headwinds and the implementation of several operational and corporate initiatives, the Company delivered customer receipts of \$9.35m, underpinning revenue of \$5.53m, with the difference due to the timing of payments received from key customers. Results were slightly affected by a temporary operational disruption following a provincial workers' strike in British Columbia, which is Peak's second-largest market opportunity in Canada, halting order processing for a multi-week period.

During the reporting period, the Company also delivered exceptional operational reliability, including a 98% on-time and in-full fulfilment rate across Canadian operations – a key metric for the momentum of forward orders, new listings, and the licensing of stock-keeping units (SKUs). This led Peak to maintain a ~33% share of the Canadian THC-infused beverage market, representing ~28% of all beverage brands, and to distribute its products in all 10 Canadian provinces.

Loss from ordinary activities was \$5.42m, primarily due to a \$4.35 impairment of goodwill (non-cash), leaving Peak with a total cash loss of \$1.07m. To improve the balance sheet, the Company also implemented a cost-reduction and rightsizing program during the period. To date, this has delivered \$2.25m in annualised overhead savings following full implementation at the start of January 2026.

Additional efficiency initiatives were implemented subsequent to the end of the reporting period and are expected to deliver an additional ~\$350,000 in annualised savings, commencing in January 2026, with full implementation by Q4 FY26. These actions are expected to materially reduce fixed overheads and improve the Company's operating leverage.

Following the operational reset, Peak has garnered significant interest from investors. This has allowed the company to strengthen its balance sheet through two strategic capital raisings, delivering ~\$4.8m in aggregate. The capital has been deployed to stabilise operations post-restructure and to provide working capital to execute on production, while pursuing additional targeted capital improvements to enhance efficiency. New funding has allowed the Company to enter into H2 FY26 with improved liquidity and financial flexibility to execute its strategy.

This new strategy delivered a number of operational milestones during and subsequent to the end of the period. PKP executed new long-term contracts with Organigram Global Inc. and New Leaf Canada Inc., enhancing multi-year revenue visibility. The Company secured favourable contract extensions and expanded its distribution footprint for proprietary brands. Following period end, PKP announced a material 250% expansion of its manufacturing agreement with St. Peter's Beverages, the makers of Green Monke and Cookies brands in Canada, expected to add significant incremental annual production volumes and revenue.

In the US, Peak USA continued its pleasing execution, advancing ongoing commercial manufacturing opportunities and completing multiple production cycles during the half, producing and selling more than 680,000 cans. A long-term contract was secured with Funky Buddha, providing a manufacturing base in Florida to produce for US customers, and production of the joint venture brand Cloud Cola continued to scale. The company also installed and commissioned an emulsion production and lab in Florida for the manufacture and sales of its proprietary market-leading and patent-pending emulsion – Envision. Governance oversight and operational enhancements at the South Florida facility and within the joint venture with Flora Inc. were strengthened to support expansion in a rapidly emerging category.

Looking ahead, the Company continues to advance into H2 FY26 with a growing pipeline of forward customer orders leading into the traditionally stronger summer season, as well as a strong funnel of potential new customers to further expand contracted manufacturing volumes.

The Board considers the past six months to have fundamentally reset PKP. The Company has transitioned from a fragmented structure with legacy exposures to a focused North American beverage manufacturer with renewed leadership, a strengthened balance sheet, a reduced cost base and expanding commercial contracts. With the structural reset complete and execution momentum building, PKP is now positioned to

pursue disciplined growth over the next 12 months with a clear objective of delivering sustainable profitability and long-term shareholder value.

Chairman, Mr Manik Pujara said: *“H1 FY26 was about taking decisive action. We simplified the business, exited non-core operations, strengthened the balance sheet and aligned the organisation around our strongest opportunity, North American beverage manufacturing. The result is a more focused, disciplined and scalable platform.*

“While short-term results were impacted by transitional factors, including the BC strike, the underlying business demonstrated resilience. We maintained strong market share in Canada, delivered exceptional operational reliability and secured meaningful long-term contracts that enhance revenue visibility.

“Importantly, we have materially reduced our fixed cost base and improved operating leverage. Combined with approximately \$4.8 million in new capital raise, we now have the financial flexibility required to execute with confidence.

“In the US, we have continued to advance execution opportunities. The category continues to expand rapidly, and with more than 12 million cans produced historically from our Canadian operations, we have a proven formulation platform and established quality systems to leverage to advance growth. We believe PKP is well-positioned to capitalise on this growth opportunity during H2 FY26.

“The reset phase is complete. Our focus now is disciplined execution – scaling contracted volumes, converting pipeline opportunities and progressing toward sustainable profitability over the next 12 months.”

-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.

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