

December 2025 Quarterly Activities & Cashflow Report

- Completed corporate rebrand to Peak Processing Limited, aligning the listed entity with the established operating brand across Canada and the United States.
- Delivered strong operational performance, with On-Time In-Full delivery consistently above 99% and 3.7 million cans produced during CY25, reflecting improved throughput and asset utilisation.
- Implemented a Company-wide organisational restructure, delivering approximately \$1.0m in annualised cost savings, with a further ~\$0.35m expected from Phase 2 initiatives commencing January 2026.
- Executed new long-term manufacturing agreements with Organigram Global Inc. and New Leaf Canada Inc., strengthening multi-year revenue visibility and production scale.
- Secured 21 new product listings across multiple Canadian provinces for launch in 2026, alongside continued expansion of proprietary brands including JUST Seltzers and Snap Back.
- Continued advancement of the Envision Emulsions™ platform, now utilised by 15 brand partners representing approximately 80% of production output, supporting both branded and third-party manufacturing.
- Capital management activities during the period, including debt repayment and cost reduction initiatives, together with the capital raise currently underway, are expected to strengthen liquidity and support operational execution through H1 CY26 leading into the Northern Summer period.

Peak Processing Limited (ASX: PKP) ('PKP', or 'the Company'), a global leader in the manufacturing, sales, and distribution of THC-infused beverages, is pleased to present its Quarterly Activities Report for the period ending 31 December 2025 ("Quarter", "Reporting Period").

Managing Director and CEO Barry Katzman said:

"The December quarter marked a pivotal step in our evolution as a business, with the successful rebrand to Peak Processing aligning our listed identity with the manufacturing platform and reputation we have built across North America. This change reflects who we are today—a focused, scalable beverage manufacturer with proprietary technology and deep customer relationships in regulated markets.

"Operationally, we enter 2026 with a stronger foundation than ever before. Consistently high service levels, improved production efficiency and a simplified operating structure position us well to support increased SKU counts and higher volumes. Importantly, our growing sales pipeline and expanded manufacturing partnerships provide a strong outlook across both Canada and the United States, where demand for differentiated, compliant beverage products continues to accelerate. With a targeted strategy for manufacturing and distribution at the core of our offering and multiple new product launches scheduled, Peak Processing is positioned to support sustainable growth across regulated cannabis markets."

Review of Operations

Operations and Manufacturing Performance

During the December quarter, Peak Processing maintained strong operational execution, delivering OTIF performance consistently above 99%. This outcome reflects sustained improvements in production planning, logistics coordination and quality assurance, and represents a meaningful uplift compared to earlier periods in the year. Despite seasonal volume softness and customer inventory transitions, the Company maintained service levels and manufacturing reliability, supporting broader customer acceptance and future SKU expansion opportunities.

The Company continued to advance automation initiatives across its beverage production platform, including fill-level checking, vision systems and the installation of an automated case sealer. These initiatives improved equipment reliability, reduced manual intervention and contributed to better overall throughput. Quality and reliability also remained a key focus, with process improvements delivering higher right-first-time performance and measurable reductions in rework and customer complaints.

Commercial Activities and Brand Portfolio

Commercial execution remained strong across both contract manufacturing and proprietary beverage brands. Multiple new products were successfully launched during the quarter, while 21 additional product listings were secured across British Columbia, Alberta, Ontario and New Brunswick for launch in 2026. These listings reflect continued customer demand for innovative beverage formats and the Company's ability to reliably support national distribution.

Proprietary brands continued to gain traction, with JUST Seltzers and Snap Back now fully ranged in Saskatchewan and Manitoba, and Snap Back re-established in Alberta with new rosin-infused SKUs. The Company also re-entered the topicals category through a new LivRelief Infused listing, enabling diversification of the product mix and improved utilisation of existing equipment.

Peak also re-entered the cannabis topicals category through its partnership with Delivra Health's LivRelief Infused, one of Canada's longest-standing and most recognisable cannabis-infused topical brands.

The Delivra partnership expands Peak's manufacturing footprint beyond beverages and extracts, demonstrating its ability to support brands with specialised formulation technologies, and adding a proven, category-leading product to the Company's customer portfolio.

Elsewhere during the quarter, Peak Processing entered into a strategic distribution partnership with EXKA to support the Québec launch of JUSTE Seltzer, the French-first evolution of the Company's value-driven JUST Seltzers brand. The partnership combines Peak's national beverage manufacturing scale with EXKA's established infrastructure and experience navigating the Société québécoise du cannabis (SQDC).

The full JUSTE Seltzer portfolio was submitted to the SQDC in December 2025, with listing decisions expected by February 2026. Peak retains full brand ownership, while the partnership structure supports disciplined, performance-driven market entry and long-term brand development in Québec.

Strategic Manufacturing Agreements and Envision Emulsions™

During the quarter, Peak Processing executed new long-term manufacturing agreements with Organigram Global Inc. and New Leaf Canada Inc., strengthening revenue visibility and reinforcing the Company's position as a preferred manufacturing partner. In parallel, the Envision Emulsions™ platform continued to be deployed across an expanding range of product formats and cannabinoid inputs.

With 15 brands now utilising Envision, the Company is well positioned to pursue future B2B ingredient opportunities in both regulated cannabis and hemp-derived beverage markets.

Peak USA and North American Expansion

In the United States, Peak USA executed a long-term manufacturing agreement with Funky Buddha, providing stability and scale for U.S. operations. The Company completed additional production cycles of its JV brand Cloud Cola, bringing cumulative production to 675,000 cans, with further orders in progress. Planning for equipment and capability upgrades at the South Florida facility progressed during the quarter, alongside steps to strengthen governance and administrative oversight of the U.S. joint venture.

During the period, Peak also continued to progress its partnership with my CocoCanna, a differentiated cannabis-infused coconut water brand positioned at the intersection of wellness, functional beverages and traditional alcohol-adjacent consumption. The brand has secured early traction in Canada, including four confirmed listings with the Ontario Cannabis Store, with a staged rollout commencing February 2026.

Active discussions with my CocoCanna are underway to expand production internationally via Peak USA, with clear optionality to broaden flavour ranges and enter adjacent beverage categories over time, supported by the founder's established beverage and alcohol industry experience. The company has active discussions with multiple Canadian brand partners on expansion into the burgeoning US THC infused market and expects contractual announcements in the next quarter.

Financial Overview

During the quarter, the Company continued to prioritise balance sheet strength and operational discipline. While reported cash flows reflect a lower result relative to the prior quarter, outcomes were consistent with the timing of key strategic initiatives, one-off costs, and seasonal nature.

Cash flow and funding overview

During the December quarter, net cash used in operating activities reflected normal operating costs, non-recurring restructuring expenses, and elevated professional and audit fees associated with the Company's organisational restructure and compliance activities.

Net cash used in financing activities predominantly reflects the deliberate repayment of the Australian secured debt facility of approximately \$0.5m during the quarter. This repayment reduced financing obligations but temporarily constrained available working capital.

As at 31 December 2025, the Company had cash and cash equivalents of \$0.7m and maintained total financing facilities of \$1.1m, comprising a secured asset-based loan facility and corporate credit card facilities, which were fully drawn at quarter end, as detailed in the Appendix 4C.

Operating Activities

With the secured debt facility now fully repaid, the Company intends to deploy fresh capital toward capital expenditure projects focused on structural cost reduction and operational efficiency. While the timing of these initiatives was impacted in the near term, the underlying strategy remains unchanged.

The quarter also included elevated non-recurring costs related to corporate restructuring and increased consultation and audit fees. These costs were predominantly one-off in nature and are not expected to recur in future periods.

Market and Operational Dynamics

Production and customer receipts were affected by subdued ordering patterns across the market. Customers continued to carry lower inventory levels during the period. In particular, as previously mentioned, the strike in British Columbia, one of Peak's Canada's largest markets, led to deferred shipments across multiple customer portfolios.

In line with established seasonal patterns, production is now ramping in preparation for the peak summer period. While Q2 and the start of Q3 are historically quieter, the anticipated shift in demand is now firmly materializing. This is evidenced by January production reaching 350k units, establishing the expected momentum required to meet the higher-volume requirements of the second half of the year.

While previous guidance anticipated a contribution from new commercial contracts within this reporting period, the extended timeline for final execution shifted the commencement of these production volumes. With these contracts now fully executed, the associated volumes have been re-sequenced into the current and upcoming periods in line with production scheduling. This reflects a timing-based adjustment, with these secured volumes now integrating into the active production schedule as originally planned.

Organisational Restructure and Cost Optimisation

During the quarter, Peak Processing completed the organisational restructure initiated in October, delivering approximately \$1m in annualised cost savings, primarily through wage and salary efficiencies. The restructure simplified the operating model, clarified accountability and improved execution discipline across the business. Phase 2 operational efficiency initiatives are expected to deliver a further ~\$350,000 in annualised savings from January 2026, enhancing operating leverage as production volumes increase.

Management and Board Changes

During the quarter, the Company strengthened its leadership and governance framework with the appointment of Manik Pujara as Non-Executive Chairman and Barry Katzman as Managing Director and Chief Executive Officer, following the retirement of former Chairman Vaughan Webber.

Mr Pujara brings extensive experience in finance, governance and strategic growth across international markets, while Mr Katzman's appointment reflects his proven operational leadership, extensive background in the North American beverage market and deep understanding of Peak Processing's North American manufacturing platform.

The refreshed Board and executive structure enhances governance, execution discipline and strategic alignment as the Company advances its rebranded identity and next phase of growth across Canada and the United States.

Post-Quarter-End Activities

Subsequent to the end of the December 2025 quarter, Peak Processing announced a material expansion of its manufacturing partnership with St. Peter's Beverages, strengthening contracted production volumes and reinforcing the Company's position as a leading North American manufacturer of regulated THC beverages.

The expanded agreement covers the Green Monké and Cookies beverage portfolios in Canada and increases Peak's manufacturing footprint with this customer from four to fourteen SKUs, representing a

250% increase in manufacturing quota. Incremental annual production of approximately 500,000 to 700,000 units is expected, with the resulting revenue uplift anticipated to be material.

All products under the expanded agreement will be manufactured using Peak's patent-pending Envision Emulsions™ platform, further validating the scalability of the Company's proprietary technology. In addition to per-unit manufacturing income, the agreement creates additional revenue opportunities across logistics, storage and testing services. The partnership also enhances Peak's exposure to U.S. market opportunities through established brands with existing distribution and consumer recognition, supporting the Company's strategy to build a scalable, technology-enabled manufacturing platform across Canada and the U.S.

Also post-balance date, Peak announced that its Canadian-based Chief Financial Officer (CFO), Mr Brian Mbesha, has stepped down as part of an internal restructure. Financial oversight, reporting, and controls will continue uninterrupted, led by the Company's existing finance team, with the change forming part of a broader and ongoing cost optimisation program focused on strengthening financial discipline and supporting improved operational execution

-ENDS-

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

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About Peak Processings

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Peak Processing Limited

ABN

78 626 966 943

Quarter ended ("current quarter")

On 31/12/2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		3,935	9,357
1.2 Payments for			
(a) research and development		(5)	(5)
(b) product manufacturing and operating costs		(2,679)	(5,689)
(c) advertising and marketing		(39)	(81)
(d) leased assets		-	-
(e) staff costs		(1,679)	(3,077)
(f) administration and corporate costs		(1,029)	(2,115)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		2	2
1.5 Interest and other costs of finance paid		(56)	(149)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(1,550)	(1,757)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(9)	(82)
(d) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(e) intellectual property (f) other non-current assets	-	-
	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(9)	(82)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,550
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(186)	(186)
3.5	Proceeds from borrowings	-	344
3.6	Repayment of borrowings	(554)	(554)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(146)
3.10	Net cash from / (used in) financing activities	(740)	2,008
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,984	528
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,550)	(1,757)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(82)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(740)	2,008
4.5	Effect of movement in exchange rates on cash held	-	(12)
4.6	Cash and cash equivalents at end of period	685	685

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	685	2,984
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	685	2,984

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	273
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6 includes payments to related parties for salary, directors' fees, reimbursements and allowances during the quarter, including catch up payments relating to prior periods.

7.	Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,094	1,094
7.2	Credit standby arrangements	11	10
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,105	1,104
7.5	Unused financing facilities available at quarter end		1
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	The Company maintained corporate credit card facilities totalling CAD\$10K (A\$11k), of which CAD\$9k (A\$10k) was utilised during the quarter.		
	The Company also maintained a secured asset based loan facility with Stoke Partners. The facility has a principal amount of CAD\$1m (A\$1.1), was fully drawn at quarter end and bore interest at 22% per annum with interest only repayments. The facility matures in May 2026.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,550)
8.2	Cash and cash equivalents at quarter end (item 4.6)	685
8.3	Unused finance facilities available at quarter end (item 7.5)	1
8.4	Total available funding (item 8.2 + item 8.3)	686
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.44

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. The Company does not expect net operating cash outflows to continue at the current level. The December quarter was impacted by one off items including debt repayment, restructuring costs and elevated professional and audit fees. From Q1 CY26, operating cash flows are expected to improve as these items do not recur and cost reduction initiatives implemented during the quarter take effect.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes. The Company is currently undertaking a capital raise and entered a trading halt in connection with this process. The proceeds are intended to strengthen the balance sheet and support working capital and operational requirements. Based on investor engagement to date, the Company believes there is a high likelihood that the capital raise will be successfully completed.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The Company expects to continue operations and meet its business objectives based on its current cash position, the anticipated completion of the capital raise, available financing facilities and the benefits of recently implemented cost reduction initiatives, which together are expected to materially strengthen the Company's liquidity position.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date:30 January 2026.....

Authorised by:Board of Directors.....

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.