

Hill Street Reports FY21 First Quarter Results and Provides Update on Operations

Toronto, Ontario--(Newsfile Corp. - December 1, 2020) - **Hill Street Beverage Company Inc. (TSXV: BEER)** ("**Hill Street**" or the "Company") reported its first quarter results for period ended Sept 30, 2020. A complete set of financial statements and Management's Discussion & Analysis has been filed at www.sedar.com. All dollar figures are quoted in Canadian dollars.

FY21 First Quarter Financial Highlights

- *Net income improvement of \$1.050 million, up 69% y/y;*
- *Gross revenue of \$0.384 million, down 25% y/y, owing to impact of the pandemic on the company's supply chain;*
- *Expense reduction of 55% y/y, due to the company's focus on containing costs and reducing overhead;*
- *Net loss of \$.485 million, vs \$1.545 million in the prior year.*

"The first quarter of FY21 presented both great challenges and great progress for our Company," said Terry Donnelly, Chairman & CEO of **Hill Street**. "Hill Street executed very well in the face of the very significant issues we were facing in our supply chain, including an inability to acquire inventory due to pandemic related challenges with various suppliers we rely on, as well as significant delays in licensing the premises and commissioning of the manufacturing equipment of our cannabis copackers. These significant challenges were met head on by our team, who made difficult but prudent decisions to conserve cash, focus on the sales channels and products that deliver the highest margins, and keep making progress toward the launch of new cannabis product portfolio. During the quarter and subsequent to it, we were able to complete very complex, challenging, and transformative deals with both Molecule and Lexaria, and complete a private placement for approximately \$850K which will position our Company very well for growth in 2021 and beyond."

"Hill Street's alcohol-free brands are now the gold standard in the Canadian Retail landscape, gaining both market share and accolades from our consumers. The challenges in our supply chain were clearly felt during this quarter, but we believe we have turned a corner with our suppliers, and that we are well positioned for the future," stated June Nicholson, Chief Operating Officer of **Hill Street**. "Our focus in 2021 will be to significantly grow our online presence in the large US market for alcohol free beverages, and to build our reputation as the taste and experience leader in beverages and other cannabis 2.0 products, based on our patented technology recently acquired from Lexaria Canpharm."

Hill Street's CFO, Hinta Chambers stated, "We have continued to maintain our strong focus on conserving cash, reducing expenses where possible, and investing only in product segments and markets that will deliver the highest returns. Our recently announced acquisition of the assets of Lexaria Canpharm will provide us with significantly differentiated products that we believe will deliver both healthy margins and value for consumers, and help to solidify our company as a leader in the nascent Cannabis 2.0 market both in Canada and internationally."

RESULTS OF OPERATIONS

The following table summarizes certain financial information of the Company for the three months ended September 30th, 2020 and the three months ended September 30th, 2019.

Results for the Year Ended	Quarter Ended Sept 30, 2020	Quarter Ended Sept 30, 2019
Gross Revenue	\$ 384,450	\$ 513,766
Chargebacks and listing fees	\$ (109,738)	\$ (184,327)
Net Revenue	\$ 274,712	\$ 329,439
Direct Costs	\$ 128,706	\$ 152,036
Gross profit	\$ 146,006	\$ 177,403
Ordinary Operating Expenses	\$ 450,720	\$ 1,002,158
Other One-time Expenses	\$ 4,500	\$ 545,850
Non-Cash Expenses	\$ 166,621	\$ 154,982
Gain (Loss) before other income	\$ (475,835)	\$ (1,525,587)
Other income (Expenses)		
Foreign exchange (loss) gain	1,517	\$ (2,324)
Write-off of inventory	\$ (1,535)	\$ 0
Write-off of intangibles	\$ 0	\$ (8,000)
Charges relating to public company listing	\$ 0	\$ 0
Other Income	\$ 0	\$ 0
Income (Loss) and comprehensive income (loss) for the period	\$ (475,853)	\$ (1,545,911)
Basic and diluted income (loss) per common share	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	112,085,463	96,845,070

The Company presently has two business segments, the marketing and distribution of **Hill Street** branded alcohol-free beer and wine via online and retail in Canada and the USA, and the pending launch of cannabis beverages under the **Hill Avenue Cannabis** brand through licensed copackers. **Hill Street** sells its products online and through roughly 8,000 points of distribution in grocery and drug stores in Canada.

Acquisition of Assets from Lexaria Canpharm

Subsequent to the quarter, **Hill Street** signed a definitive agreement with **Lexaria Bioscience** to acquire the primary assets of **Lexaria Canpharm**, the sole licensee of the patents associated with the breakthrough **DehydraTECH** drug delivery process for use in products containing greater than 0.3% THC, commonly known otherwise as Cannabis 2.0 products. **Lexaria's** process has over 60 patents either issued or pending. The process provides for rapid onset and offset of the effects of cannabis, as well as provides the potential to create shelf stable products made from cannabis extracts. The Company is currently awaiting approval from The Toronto Stock Exchange to close the transaction. **Hill Street** has begun development of a facility in Mississauga where cannabis ingredients and consumer products will be manufactured. The Company expects the facility to be operational in 2021, pending Health Canada approval.

Private Placement

Subsequent to the quarter, the Company completed a private placement for gross proceeds of \$850,950, which included participation from Kevin Ruddle, a director of the Company, for \$350,000, Hinta Chambers, the Chief Financial Officer of the Company for \$17,500, and Reuban Nadesan, Director of Strategy and Partnerships of the Company, for \$6,000.

Cannabis-infused Adult Beverages

In October 2020, the Company announced the launch of its **(V)ia SPRIZA** Cannabis Infused Beverages brand, to be manufactured in a partnership with **Molecule Inc.**, a licensed producer of cannabis beverages. The Company anticipates that these beverages will be available through licensed cannabis retailers in Ontario in December 2020, with a planned roll out to major markets nationally in 2021. The Company continues to explore the development of additional Cannabis 2.0 products which would be accretive to its business.

About Hill Street Beverage Company Inc. (TSXV: BEER)

Hill Street Beverage Company is a leading and award-winning company focused on alcohol-free beer, wine, and adult-format beverages. **Hill Street's** brands include **Hill Street Craft Brewed Lager**, **Vin(Zero)** and **Vintense** wines, and have won numerous medals and accolades around the world. **Hill Avenue Cannabis**, the Company's wholly-owned subsidiary, will produce and sell cannabis-infused adult beverages and other cannabis products with expected distribution at licensed outlets in 2020. Check out **Hill Street's** award-winning line-up and order product to be delivered straight to your home at www.hillstreetbeverages.com.

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(V)ia SPRIZA sample packaging

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