

# Hill Street Reports 85% Increase in YOY Sales for Q2FY20

Toronto, Ontario--(Newsfile Corp. - March 2, 2020) - Hill Street Beverage Company Inc. (TSXV: BEER) ("**Hill Street**" or the "**Company**") reported its fiscal Q2 2020 financial results for the three- and six-month period ended December 31, 2019. A complete set of financial statements and Management's Discussion & Analysis has been filed at [www.sedar.com](http://www.sedar.com). All dollar figures are quoted in Canadian dollars.

## FQ2 2020 Financial Highlights

- Quarterly gross revenue improved 85% to \$973,710 versus the same quarter a year ago;
- Gross profit for the quarter improved 30% to \$294K vs \$225K y/y;
- Net loss improved 39% to \$882K for the quarter, compared to a net loss of \$1.4 million y/y;

Hill Street reports strong revenue increases in the second quarter as well as year over year results. Gross sales were up 85%, continuing the company's growth in alcohol free wine and beer sales. The increase in revenue for the quarter was driven by sales of the Entertainer's Pack, a gift pack of three bottles of Vin(Zero) alcohol free wines, launched in time for the important holiday season, and a shift in some revenue from Q1 to Q2 due to retailer orders coming in late for the quarter.

The Company closed its calendar year with the announcement of a successful promotional program with major retailers, featuring the Entertainer's Pack, a value priced offering in a gift box for the holidays. The Entertainer's Pack contained three Vin(Zero) bottles, a Chardonnay, Merlot, and Brut Blanc. The trio of products represented a nice cross section of products to appeal to most palates. The Entertainer's Pack has now been made available to major retailers on a "year-round" basis with updated packaging and was distributed during the period to a complete sell out on its offering. Hill Street expects to see the Entertainer's Pack on retail shelves more often based on feedback from major retailers, including during summer sales and other holiday periods. The on-shelf presence was impactful and attracted great sell through.

Overall, for the six months ended December 31, 2019, the Company reports a year-over-year increase in sales in the same period of 13% as the Company drives to increase distribution, monitor sell through and analyze industry trends in anticipation of its pending launch of cannabis infused beverages, expected to be later in 2020. With the announcement of a distribution agreement in Q1 of a new retailer Fortino's, Hill Street anticipates a continued trajectory of growth as the third quarter opens.

Hill Street's second quarter was also highlighted by a significant change in strategy for its cannabis infused production plan. The Company announced the termination of its acquisition of OneLeaf Cannabis in Regina, Saskatchewan, and the signing of a non-binding letter of intent with Peak Processing of Windsor, Ontario, to provide co-packing (or manufacturing) services for cannabis infused beverages. This fundamental shift in strategy away from owning a cannabis cultivation facility was based on the dramatic turn of sentiment amongst investors in the capital markets towards cannabis cultivation, which has seen the cannabis indexes drop by as much as two-thirds during the last two quarters. As a result, in Q2 the Company focused on working with licensed co-packing production partners.

In December 2019, the Company closed a private placement of approximately \$800,000, providing it with working capital to continue its operations in preparation for the launch of cannabis infused beverages in 2020.

## Results of Operations

The following table summarizes certain financial information of the Company for the three months ended December 31, 2019 and December 31, 2018. It also summarizes certain financial information for the six months ended December 31, 2019 and the six months ended December 31, 2018.

Results for the Period Ended	Quarter Ended December 31, 2019	Quarter Ended December 31, 2018	Six Months Ended December 31, 2019	Six Months Ended December 31, 2018
Gross Revenue	\$973,710	\$527,652	\$1,487,476	\$1,321,591
Chargebacks, finance fees, and listing fees	-\$284,434	-\$132,296	-\$468,761	-\$414,574
Net Revenue	\$689,276	\$395,356	\$1,018,715	\$906,945
Direct Costs	\$395,228	-\$169,569	\$547,264	\$464,444
Gross profit	<b>\$294,048</b>	<b>\$225,787</b>	<b>\$471,451</b>	<b>\$442,501</b>
Operating Expenses (Excl. One-time & Non Cash)	\$698,337	\$1,153,607	\$2,069,752	\$1,675,410
Other One-time Expenses	\$345,870	\$222,298	\$522,463	\$891,720
Non Cash Expenses	\$107,600	\$262,493	\$262,582	\$483,779
Loss before other Income (Expense)	<b>-\$867,759</b>	<b>-\$1,412,611</b>	<b>-\$2,383,346</b>	<b>-\$2,608,408</b>
Other income (Expenses)				
Public Company Listing Fee	-	-	-	-\$918,345
Foreign exchange gain (loss)	-\$1,433	-\$1,168	-\$13,757	-\$16,055
Write-off of inventory	-\$23,466	-\$59,449	-\$23,466	-\$67,456
Write-off of intangibles	-	-	-\$8,000	-
Other Income	-	\$32,208	-	\$32,848
Loss and comprehensive loss for the period	<b>\$882,658</b>	<b>\$1,443,020</b>	<b>\$2,428,569</b>	<b>\$3,577,416</b>

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

Founded in 2008, Hill Street Beverage Company is the world's most award-winning company exclusively focused on alcohol-free beer, wine, and adult format beverages. Hill Street products include: Hill Street Craft Brewed Lager, Vin(Zero) wines, and Vintense wines. Hill Street's award-winning products have won the Retail Council of Canada's Grand Prix, and numerous medals and accolades including three Gold, two Silver, and two Bronze Medals at the U.S. Open Beer Championships, and a prestigious Double Gold Medal at the San Francisco International Wine Challenge. Hill Street is currently applying for appropriate licenses to permit the production and sale of cannabis infused beverages in Canada, with the view of having infused products available for sale once the regulations permit. [www.hillstreetbeverages.com](http://www.hillstreetbeverages.com)

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