

Hill Street Reports FQ1 2020 Results

Toronto, Ontario--(Newsfile Corp. - November 28, 2019) - Hill Street Beverage Company Inc. (TSXV: BEER) ("Hill Street" or "the Company") reported its fiscal Q1 2020 financial results for the three-month period ended September 30, 2019. 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.

FQ1 2020 Financial Highlights

- Distributor Sell-In to Retail customers was +5% vs same period year ago.
- Gross Margin on Revenues of \$514K improved from 27% to 35% vs same period year ago due to product mix and a positive foreign exchange.
- Net loss of \$1.5M compared to a net loss of \$1.2M in FQ1 2018 driven by several one-time expenses associated with entering the cannabis vertical.
- End of quarter cash position of \$204K, no debt, and positive working capital of \$0.6M.

"Hill Street has made major strides in building both our brand and distribution for our alcohol-free products over the past two years, and the increase in sell through to retail is an excellent indicator of our progress. The company has continued to move forward with our plans to enter the Cannabis 2.0 market in spite of the headwinds of the capital markets, major missteps made by billion dollar cannabis companies, and the overall downturn in the sector, with excellent preparation and analysis for the launch of infused cannabis beverages in 2020," said Terry Donnelly, Hill Street Beverage Co.'s Chairman & CEO. "Our team has taken these challenges in stride, and continues to punch above their weight, with excellent response from retailers for our holiday gift pack and trade promotion for the coming season."

Results of FQ3 2019 Operations

| Results for the Period Ended | Quarter Ended September 30, 2019 | Quarter Ended September 30, 2018 |
|--|-------------------------------------|-------------------------------------|
| Gross Revenue | \$ 513,766 | \$ 793,867 |
| Chargebacks, finance fees, and listing fees | \$ 184,327 | \$ 282,260 |
| Net Revenue | \$ 329,439 | \$ 511,607 |
| Direct Costs | \$ 152,036 | \$ 294,613 |
| Gross profit | \$ 177,403 | \$ 216,994 |
| Operating Expenses | \$ 1,002,158 | \$ 886,829 |
| Other One-time Expenses | \$ 545,850 | \$ 304,675 |
| Non Cash Expenses | \$ 154,982 | \$ 221,286 |
| Loss before other Income (Expense) | \$ 1,525,587 | \$ 1,195,796 |
| Other income (Expenses) | | |
| Charges related to RTO | \$ 0 | \$ 918,345 |
| Foreign exchange gain (loss) | \$ 12,324 | \$ (14,888) |
| Write-off of inventory | \$ 0 | \$ (8,007) |
| Write-off of intangibles | \$ 8,000 | \$ 0 |
| Other Income | \$ 0 | \$ 2,640 |
| Loss and comprehensive loss for the period | \$ 1,545,911 | \$ 2,134,396 |
| Basic and diluted loss per common share | \$ 0.02 | \$ 0.03 |
| Weighted average number of common shares outstanding | 96,845,070 | 64,157,068 |

Q1 F2020 Operational Highlights

- Hill Street's planned acquisition of OneLeaf Cannabis was mutually terminated on September 30, 2019. Acquisition cost, higher than expected capital expenditures to bring the facility online and lack of clarity from Health Canada concerning the timing of One Leaf's licence grant contributed to the mutual decision.
- Hill Street continued to be active in both Industry and Capital markets investor events:
 - Keynote speaker at the inaugural Cannabis Drinks Expo in San Francisco;
 - Presented at the Micro Cap Investor conference in NYC, which focused on cannabis edibles;
 - Keynote at McGill Centre for Cannabis Research;
 - Presented at Extraordinary Futures Conference in Vancouver;
 - Presented at the Thinking Capital Conference in Toronto;
 - Presenting Sponsor at O'Cannabiz in Niagara Falls.
- Alcohol-free Holiday commitments to the promotional "Entertainers Pack" increased 300% versus same period year ago.
- Fortinos, a large format Retailer with 23 stores in Southern Ontario owned by Loblaw's Companies Limited, agreed to list all seven (7) stock-keeping-units ("SKU's") of Hill Street's Vin(Zero) wine and Craft beer. On-shelf date is October 2019, in time for the important Holiday period.
- Five (5) Hill Street SKU's are now available for immediate orders on Amazon.ca.

"I'm delighted to see more retail accounts in more regions embrace the promotion. This beautiful designed mix-pack of red, white and sparkling brut is the perfect compliment for entertaining this holiday season," said Doug Taylor, Chief Commercial Officer.

Highlights Subsequent to September 30, 2019

- Hill Street has begun negotiations with several co-packing partners across Canada to produce its cannabis infused products, including its award-winning alcohol-free wine and beer. On November 12, 2019, the company announced its first co-packing agreement with Peak Processing Solutions of Windsor, Ontario. Additional co-packing agreements are expected to be announced in due course.

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

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's great-tasting alcohol free products include Hill Street Craft Brewed Lager, Designated Draft Pilsner beer, Vin(Zero) and Vintense wines. All have won numerous medals and accolades including three Gold, two Silver, and two Bronze Medals at the U.S. Open Beer Championships, the Retail Council of Canada's Grand Prix award, and a prestigious Double Gold Medal at the San Francisco International Wine Challenge. Hill Street will also produce and sell cannabis-infused adult beverages shortly after edibles becomes legal in Canada, expected to occur on October 17, 2019. 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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