

Hill Street Reports FY 2022 Q3 & Year-to-Date Results That Continue to Show a Significant Growth Story

Highlights:

- *Delivered strong 34% growth in Q3 consolidated net revenues versus same quarter previous year, growing net revenues on all three verticals of the Company's multi-business-line model*
- *Q3 consolidated gross profit increased even more dramatically than revenues, growing by a full 40% vs. the same quarter previous year*
- *Gross profit margin increased from 44% to 48% reflecting the positive financial impact of the DehydraTECH™ licensing business*
- *Continued impressive trend in trailing 12 months (TTM) financial metrics, making eight straight quarters of strong growth*

Toronto, Ontario--(Newsfile Corp. - May 31, 2022) - Hill Street Beverage Company Inc. (TSXV: HILL) ("**Hill Street**" or the "**Company**") reported its fiscal year 2022 third quarter results for the three-month and nine-month periods ended March 31, 2022. 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 unless otherwise stated.

THIRD QUARTER 2022 FINANCIAL HIGHLIGHTS

Q3 consolidated net revenues grew an impressive 34% versus same quarter of the previous year

Solid revenue growth was delivered across all three business units, including 65% growth on DehydraTECH™ licensing revenues and 19% net revenue growth on the alcohol-free beverage business, with licensing revenues expected from several major recently announced DehydraTECH™ licensing deals not even yet impacting reported revenues this quarter.

Q3 consolidated gross profit increased even more dramatically than revenues, growing by a full 40% vs. the same quarter previous year

In addition to driving gross profit dollar growth, gross profit as a percentage of gross revenue increased to 48% in Q3, up from 44% in the prior year. This increase in gross profit margin was achieved despite significant increases in freight costs related to the global supply chain problems and continues to show the positive impact of the higher margin DehydraTECH™ licensing business.

Long-term growth trend continues in trailing 12-month (TTM) for key financial metrics

Q3 continues to demonstrate the strong financial results that Hill Street has shown now for a full eight quarters. TTM net revenues have been continuously increasing between 24% and 53% vs. the prior year and gross profit has been even stronger at +38% to +131%. TTM gross profit dollars have more than tripled for the FY22 Q3 period vs. just two years ago for the FY20 Q3 period. The dramatic growth in gross profit dollars is accompanied by a significant improvement in gross profit margins, which have increased as a percentage of net revenue from a low of 31% in fiscal year 2020 to over 50% in each of the past four quarters.

HIGHLIGHTS OF THIRD QUARTER 2022 BUSINESS OPERATIONS

Major new DehydraTECH™ licensee signed in the Michigan pilot market to bring Michigan

consumers more products powered by DehydraTECH™

During the quarter, the Company's US commercialization partner Dehydr8 signed a major new licensing deal in the Michigan market with Lume Cannabis Co. ("**Lume**"), the top vertically integrated cannabis operator in Michigan and the largest single-state cannabis operator in the U.S. The deal involves multi-year licensing of the DehydraTECH™ technology by Lume and related services to be provided by Dehydr8, to power a range of THC-infused consumer products by Lume utilizing the patented DehydraTECH™ process. Lume has thirty-one (31) dispensaries operating in the state.

Important R&D and product innovation efforts advanced in the Michigan pilot market

The Hill Street team, together with the team that has been assembled in Michigan, collectively have extensive experience in developing innovative and differentiated consumer products and product formats to meet a wide range of consumer needs, from edibles to topicals, and have been using that experience to develop and test new THC consumer products and product formats that are now, for the first time, made possible through the use of the DehydraTECH™ technology.

Expanded DehydraTECH™ licensing relationship with DeHydr8 to enter new markets and to drive broader consumer product formats and further the commercialization of the B2B and B2C DehydraTECH™ businesses

Based on the success of D8's team in signing top quality Michigan licensed producers to produce THC products powered by DehydraTECH™, in Q3, the Company expanded the reach of D8's DehydraTECH™ rights to add the states of Illinois and Massachusetts. Hill Street and Dehydr8 have used their joint experiences gained in Michigan to create a scalable operating model for state-by-state expansion of the DehydraTECH™ licensing business.

The Company changed its ticker symbol from "BEER" to "HILL" on March 3, 2022

The "HILL" ticker symbol better reflects the Company's growth and evolution beyond the domestic beverage business towards building a global, multi-business company, pioneering the space where premium crafted consumer products meet bioscience.

RESULTS OF OPERATIONS

The following table summarizes certain financial information of the Company for the three months and nine months ended March 31, 2022, and the three months and six months ended March 31, 2021.

Results for the Period Ended	Quarter Ended March 31, 2022	Quarter Ended March 31, 2021	Nine Months Ended March 31, 2022	Nine Months Ended March 31, 2021
Gross Revenue	\$988,549	\$774,747	\$2,225,654	\$2,034,726
Chargebacks, finance fees, and listing fees	-\$107,606	-\$119,488	-\$231,235	-\$359,006
Net Revenue	\$880,943	\$655,259	\$1,994,419	\$1,675,720
Direct Costs	-\$406,183	-\$317,155	-\$928,780	-\$809,701
Gross profit	\$474,760	\$338,104	\$1,065,639	\$866,019
Operating Expenses (excl. One-time & non-Cash)	\$732,113	\$835,460	\$2,177,067	\$2,092,925
Other One-time Expenses	\$9,500	\$47,643	\$25,646	\$71,479
Non-Cash Expenses	\$217,790	\$195,477	\$624,383	\$401,711
Loss before other income (Expense)	-\$484,643	-\$740,476	-\$1,761,457	-\$1,700,096
Other income (Expenses)				
Gain (Loss) on Foreign Exchange	-\$1,744	\$15,463	\$7,370	-\$13,483
Gain (Loss) on favourable interest rate	\$0	\$6,541	\$0	\$6,541
Gain (Loss) on Settlement of liability	\$3,878	\$59,253	\$1,158	\$65,983
Gain (Loss) on fair value of consideration	\$62,834	\$0	\$48,363	\$0
Loss on Settlement of Debt	\$0	-\$1,168	\$0	-\$1,168
Write off of Equipment	-\$16,638	\$0	-\$16,638	\$0
Write-off of inventory	\$0	\$0	-\$20,579	-\$1,535
Other Income	\$2,620	\$0	\$9,054	\$30
Loss and comprehensive loss for the period	\$433,693	\$660,387	\$1,732,729	\$1,616,762
Basic and diluted loss per common share	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.01)

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

Hill Street Beverage Company Inc. is a progressive non-alcoholic beverage and cannabis solutions company. We are pioneering the space where craft consumer products meet bioscience by combining our deep CPG expertise and our rights to use **Lexaria Bioscience Corp.'s** ground-breaking **DehydraTECH™** patent portfolio for product development, licensing and B2B sales of cannabis ingredients.

Hill Street Beverages brands include **Vin(Zero)** alcohol-free wines and **Hill Street Craft Brewed Lager**, and have won numerous medals and accolades around the world. **Hill Avenue Cannabis Brands** include **(V)ia Regal** Pink and White Grape Sparklers.

For more information on our business activities or to check out **Hill Street's** award-winning alcohol-free line-up and order product to be delivered straight to your home go to www.hillstreetbeverages.com

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