

Hill Street Announces Major New U.S. DehydraTECH(TM) Licensing Deal, Resignation of CFO, and Equity Grants

Toronto, Ontario--(Newsfile Corp. - March 29, 2022) - Hill Street Beverage Company Inc. (TSXV: HILL) ("**Hill Street**", or the "**Company**") is pleased to announce that Dehydr8, LLC ("**Dehydr8**"), Hill Street's licensee of the patented DehydraTECH™ fast-acting cannabis delivery system technology, has entered into a new sublicensing deal with Attitude Wellness, LLC doing business as [Lume Cannabis Co.](#) ("**Lume**"), the top vertically-integrated cannabis operator in Michigan and the largest single-state cannabis operator in the U.S.¹. 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. This deal represents an expansion of the DehydraTECH™-powered consumer product formats available for sale in the U.S. with large scale production by Lume expected in Michigan in short order.

DehydraTECH™ is a patented drug delivery technology developed by Lexaria Bioscience Corp. ("**Lexaria**"). DehydraTECH™ improves the way active pharmaceutical ingredients (APIs) enter the bloodstream by promoting more effective oral delivery. DehydraTECH has repeatedly demonstrated the ability to increase bio-absorption with cannabinoids in some instances by as much as 27x compared to standard industry formulations, to reduce time of onset from 1 - 2 hours to minutes, and to mask unwanted tastes, addressing several of the key issues with cannabis-infused edible products. Lexaria operates a licensed in-house research laboratory and holds a robust intellectual property portfolio with 23 patents granted and over 50 patents pending worldwide. Hill Street acquired the usage rights to DehydraTECH™ fast-acting cannabinoid delivery system technology in connection with non-pharmaceutical products containing 0.30% or greater tetrahydrocannabinol ("**THC**") in December 2020.

Hill Street CEO Craig Binkley states that, "The strength of the Dehydr8 team in Michigan has been evident since we began work with them last year. Developing this new relationship and commercial business model with Lume will create a step-change in the availability of DehydraTECH™ - powered products for cannabis consumers in Michigan, as Lume has thirty-one (31) dispensaries operating across the state. We expect a similar pattern of success for Hill Street in Illinois and Massachusetts following the February 2022 expansion of the Dehydr8 licensing relationship to those states. We are excited that we now have operating footprints for DehydraTECH™ to support THC-infused consumer products in seven U.S. states representing a population of 86MM and over \$14 billion in cannabis sales."

Resignation of CFO

The Company also announces today that Hinta Chambers has resigned as Chief Financial Officer ("**CFO**") of the Company, effective August 30, 2022, to take on new challenges. Over the next several months, Ms. Chambers will remain focused on the delivery of the Company's FY2022 results and on ensuring an effective transition of her responsibilities.

Hill Street thanks Ms. Chambers for her service over the past four years as she has been instrumental in supporting the evolution of the Company's focus from the domestic beverage business towards building a global multi-business company pioneering the space where premium crafted consumer products meet bioscience. The Company will be conducting a search to appoint a successor to Ms. Chambers and a further announcement will be made when appropriate.

RSU and Option Grants

The Company also announces that it has granted an aggregate of 11,671,223 restricted share units (the

"RSUs") and 750,000 stock options (the "Stock Options") to senior management.

The RSUs are being granted subject to the Company's RSU Plan approved by shareholders in 2021 and each vested RSU entitles the holder to acquire one common share of the Company. Of the newly granted RSUs, approximately 4.7 million are performance-based RSUs that vest only on the Company achieving certain financial performance metrics, and the remainder vest over various time-vesting periods.

These are the first RSU grants that the Company has made since the Company's RSU plan was approved by shareholders at its Annual General and Special Meeting of Shareholders held on March 20, 2021 and leaves approximately 2.5 million shares reserved and available for grant under the RSU plan.

The Stock Options are being granted pursuant to the Company's shareholder-approved stock option plan, have an exercise price of \$0.04, which represents the closing market price of the Company's common shares on the TSX Venture Exchange as of March 25, 2022, and expire on March 28, 2027. The Stock Options will be immediately vested.

The Company's RSU and stock option plans aim to recognize and reward its directors, officers and employees for working towards the Company's long-term objectives and in alignment with the shareholders' best interests.

Jack Fraser, Chairman of the Board of the Company states, "The granting of RSUs and stock options to officers and employees are important tools for the Company to bridge the compensation gap and to attract and retain key members of management who will be instrumental to the success of the Company. With these incentives in place, we can confidently move forward to execute on our growth agenda for the benefit of all shareholders."

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 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.

For more information:

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FORWARD-LOOKING STATEMENTS

Statements in this press release may contain forward-looking information. Any statements in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "would", "anticipate", "expects", and similar expressions. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances, such as future availability of capital on favourable terms, may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on

any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement. The forward-looking statements contained in this press release are made as of the date of this press release. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

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Not for dissemination in the United States.

¹ <https://www.wxyz.com/news/community-connection/an-inside-look-at-lume-cannabis-co-the-top-marijuana-producer-in-michigan-and-the-country>



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