

Hill Street Reports FY 2021 Third Quarter Results and Provides Update on Operations

Toronto, Ontario--(Newsfile Corp. - May 27, 2021) - Hill Street Beverage Company Inc. (TSXV: BEER) ("**Hill Street**" or the "**Company**") reported its third quarter results for the period ended March 31, 2021. 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.

The third quarter of FY21 saw continued momentum for the Company as it demonstrated progress toward its ambition to pioneer the unique space where craft consumer products meet bioscience, combining deep CPG expertise and the rights to use Lexaria Bioscience Corp.'s ground-breaking DehydraTECH™ patent portfolio.

Strong performance of Hill Street's legacy alcohol-free beverages, combined with rapid growth of the Hill Avenue Cannabis Technologies business line, resulted in substantially increased the Company's gross and net revenues of 54% and 69% respectively, year-over-year.

"This quarter marked real progress as we continued to broaden our business into the progressive cannabis solutions space," said Craig Binkley, interim co-chief executive officer of the Company. "While our Hill Street alcohol-free beverages line continues to provide a strong and growing base of revenue, the rapid growth of DehydraTECH™ licensing revenues and the production of our first cannabis infused beverage in Canada are exciting proof points of our evolution."

Gross and Net Revenues from Hill Avenue Cannabis Co.'s Licensing Arrangements Grew 180% from Q2 to Q3.

The Company realized rapid growth in its recently created B2B business line, Hill Avenue Cannabis Technologies ("**Hill Avenue**"), which is currently focused on licensing usage rights for DehydraTECH™ patented global Intellectual Property to CPG customers for application in cannabis infused consumer products. The Company continues to focus on growing these existing relationships and pursuing new licensing relationships with extractors and other manufacturers of consumer goods whose products are infused with cannabis and or hemp extracts.

"In addition to the revenue growth evidenced by the Hill Avenue Cannabis Technologies business line, we're pleased to see the extremely high margin on this business, and that it is sourced largely beyond Canada, demonstrating the expanded geographic potential for our Company," said Lori Senecal, interim co-chief executive officer of the Company.

Hill Avenue Cannabis Co.'s First Beverage Produced in Preparation for Launch

Hill Avenue's first cannabis infused beverage, (V)ia Regal Pink Grape Sparkler, was produced and packaged to deliver the pipeline fill order from the Ontario Cannabis Store (OCS) and became available for retail purchase at the OCS and select retailers on May 18, 2021. The Company also began to investigate expanded Canadian distribution opportunities beyond the Ontario market for both (V)ia Regal Pink Grape Sparkler and its companion product (V)ia Regal White Grape Sparkler.

Progress Continued on Securing Cannabis License for Hill Avenue Through the Lucknow Facility

The Company continued planning for its licensed cannabis operations at the Lucknow facility which is strategically located near Pearson Airport in Mississauga, Ontario. The Company remains committed to obtaining the Health Canada Standard Processor License for the facility to produce DehydraTech™ powder, even as the Company has encountered challenges in terms of construction permits, scarcity of materials and labour shortages due to COVID.

Consolidated Hill Street Beverage Company Inc. Substantially Increased Gross and Net Revenues Year Over Year by 54% and 69% Respectively, Despite Pandemic Challenges

Coincident with driving its cannabis initiatives, Hill Street's legacy alcohol free business showed strong momentum in the quarter. Consolidated gross revenue increased by 54% versus the same quarter a year ago, to \$774,747 from \$502,997. Net Revenue grew by 69% increasing from \$388,536 in the previous Q3 2020, to \$655,259 in Q3 2021. In addition to Hill Avenue Cannabis Co. growth, alcohol-free sales increased, driven by presumed ongoing trend amongst many consumers to make more mindful decisions about their consumption habits and due to strong orders from retail partners to replenish stock following pandemic related shortages. Additionally, online sales for the Company's alcohol-free products increased 176% versus the same quarter a year ago, as customer loyalty to the program showed strength, with many repeat and month to month purchasers.

Gross Margin percentage increased significantly year-over-year for the quarter from 32% to 44%, primarily driven by favourable Cannabis licensing margins.

Hill Street's CFO, Hinta Chambers stated, "Beyond the strong increases in gross and net revenue, we are pleased to report a solid improvement in net earnings and gross margin by focusing on growing our higher margin business lines."

The Company initiated a Private Placement to Fund its Growth Agenda

During the quarter, the Company announced a non-brokered private placement of units to raise capital to support its global growth agenda. It anticipates that this capital will fund the next phase of corporate development as the Company continues to build out programs to monetize the global patent usage rights to DehydraTECH™ (R) fast-acting emulsion technology from Lexaria Bioscience Corp. The private placement closed on May 9, 2021, for gross proceeds to the Company of \$3,403,884.

RESULTS OF OPERATIONS

The following table summarizes certain financial information of the Company for the three months ended March 31, 2021 and March 31, 2020. It also summarizes certain financial information for the nine months ended March 31, 2021 and March 31, 2020.

Results for the Period Ended	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
Gross Revenue	\$ 774,747	\$ 502,997	\$ 2,034,726	\$ 1,990,473
Chargebacks, finance fees, and listing fees	-\$119,488	-\$114,461	-\$359,006	-\$583,222
Net Revenue	\$ 655,259	\$ 388,536	\$ 1,675,720	\$ 1,407,251
Direct Costs	\$ 317,155	\$ 226,366	\$ 809,701	\$ 773,630
Gross profit	\$ 338,104	\$ 162,170	\$ 866,019	\$ 633,621
Operating Expenses (excl. One-time & Non Cash)	\$ 884,739	\$ 421,347	\$ 2,092,925	\$ 1,841,540
Other One-time Expenses	\$ 47,643	\$ 238,843	\$ 71,479	\$ 1,350,886
Non Cash Expenses	\$ 146,199	\$ 312,497	\$ 401,711	\$ 635,058
Loss before other Income (Expense)	-\$740,476	-\$810,517	-\$1,700,096	-\$3,193.863
Other income (Expenses)				
Foreign exchange gain (loss)	\$ 15,463	\$ 14,092	\$ 13,483	\$,335
Gain on favourable interest rate	\$ 6,541	-	\$ 6,541	-
Loss on conversion of Debt	-\$1,168	-	-\$1,168	-
Gain on Settlement of liability	\$ 59,253	-	\$ 65,983	-
Write-off of intangibles	-	-	-	-\$8,000
Write-off of inventory	-	-	-\$1,535	-\$23,466

Other Income	\$	-	-	\$	30	-		
Loss and comprehensive loss for the period	\$	660,387	\$	796,425	\$	1,616,762	\$	3,224,994
Basic and diluted loss per common share		(\$0.00)	\$	0.01	\$	0.01	\$	0.03
Weighted average number of common shares outstanding		141,905,150		110,475,579		125,375,081		102,033,744

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

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

Check out **Hill Street's** award-winning alcohol-free line-up and order product to be delivered straight to your home at www.hillstreetbeverages.com, and cannabis related business activities and products at www.hillavenuecannabis.com.

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