



Hill Street Reports 5% Revenue Growth YTD In Spite of Pandemic Lockdown

Toronto, Ontario – November 30, 2018. Hill Street Beverage Company Inc. (“**Hill Street**” or the “**Company**”) (TSX-V: BEER) reported its fiscal Q3 2020 financial results for the three-month period ended March 30, 2020. 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.

FQ3 F2020 Financial Highlights

- Year to date net revenue increased 5% in spite of the retail pullback due to Covid19.
- Quarterly gross revenue of \$502,997, down 17% y/y. 95% of the y/y decrease in quarterly revenue was recorded in the month of March as the impact of the global pandemic was felt across the retail consumer goods sector.
- Q3 operating expenses (excl. one-time and non cash) decreased 55% year over year as costs were brought in line with revenue;
- Quarterly net loss improved by ~25% year over over as the Company improved its operating structure to prepare for the launch of cannabis products, anticipated later in 2020.

In addition, subsequent to the end of the quarter, the Company announced financing of \$1MM from its largest shareholder and its CEO.

“The Company made important and prudent decisions to bring our cost structure in line with our anticipated revenues from the alcohol-free product segment, while we begin construction on our cannabis production facilities,” said Terry Donnelly, CEO. “Our Joint Manufacturing Partnership for the production of cannabis infusion ingredients and finished goods has begun the licensing process for our newly acquired Lucknow facility, which is strategically important to our growth strategy going forward. We are currently seeing Cannabis 2.0 products as best sellers in the recreational market, which gives us confidence that our focus on this segment was strategically correct, and we anticipate the category will only grow in revenues and volumes as more consumers seek alternatives to smoking, vaping, and alcohol. We expect to launch our

cannabis products portfolio made from the leading-edge technology processes we have licensed from Lexaria later this year, once the copackers we are working with become fully licensed to manufacture, sell, and distribute cannabis products.” **Results of Operations**

Results for the Period Ended	Quarter Ended March 31, 2020	Quarter Ended March 31, 2019	Nine Months Ended March 31, 2020	Nine Months Ended March 31, 2019
Gross Revenue	\$502,997	\$603,854	\$1,990,473	\$1,925,373
Chargebacks, finance fees, and listing fees	-\$114,461	-\$175,499	-\$583,222	-\$590,073
Net Revenue	\$388,536	\$428,355	\$1,407,251	\$1,335,300
Direct Costs	-\$226,366	-\$219,736	-\$773,630	-\$684,180
Gross profit	\$162,170	\$208,619	\$633,621	\$651,120
Operating Expenses (excl. One-time & Non Cash)	\$421,347	\$935,378	\$1,841,540	\$2,980,045
Other One-time Expenses	\$238,843	\$138,679	\$1,350,886	\$661,142
Non Cash Expenses	\$312,497	\$217,278	\$635,058	\$701,057
Loss before other Income (Expense)	-\$810,517	-\$1,082,716	-\$3,193,863	-\$3,691,124
Other income (Expenses)				
Public Company Listing Fee	-	-	-	-\$918,345
Foreign exchange gain (loss)	\$14,092	\$1,505	\$335	-\$14,550
Write-off of inventory	-	\$5,387	-\$23,466	-\$62,069
Write-off of intangibles	-	-	-\$8,000	-
Other Income	-	\$1,541	-	\$34,389
Loss and comprehensive loss for the period	-\$796,425	-\$1,074,283	-\$3,224,994	-\$4,651,699
Basic and diluted loss per common share	-\$0.01	-\$0.01	-\$0.03	-\$0.06
Weighted average number of common shares outstanding	110,475,579	87,117,594	102,033,744	79,749,078

The Company presently has one business segment, the marketing and distribution of alcohol-free beer and wine in Canada and, to a much lesser extent, the United States. Hill Street sells its products online and in recognized retail chain stores which account for approximately two-thirds of Canadian grocery sales through licensed distributors in Canada.

Non-Alcoholic Adult Beverages

According to a leading beverage industry market research firm¹, the non-alcoholic wine and beer market consistently ranks as one of the fastest growing sectors in the global beverage industry and is expected to generate 8.5% CAGR globally until 2025. In Canada, the segment has experienced annual growth in excess of 20% a year for the past few years, which has seen the launch of new alcohol-free beer brands from the top brewers in the world, in addition to new craft beer offerings from regional and local brewers. Hill Street has acquired a significant part of this growth, leveraging our relationship with major national retailers to expand our presence on shelf, as well as securing the opportunity to produce private label versions of our products for major retailers.

¹ Mintel, Global Food and Drink Trends, 2019

Cannabis-infused Adult Beverages

According to Statistics Canada, there are approximately 20 million consumers who drink alcohol. Per capita, the Canadian consumer drank approximately 255 (371 ml size) bottles per capita in 2015, implying that more than 5 billion bottles of beer were consumed during that year. The annual decline of beer consumption in Canada is 0.7%, as consumers trend to moderation and look for alternatives to alcohol given its negative impact on their health and lifestyle. According to recent research released by Deloitte, approximately 30% of the Canadian population is interested in trying cannabis edibles, including beverages. If they all chose to switch to cannabis-infused beer, the size of the beer market alone would be 1.6 billion bottles, or almost 66 million standard cases of 24 bottles of cannabis-infused beer per year. At an average wholesale price of \$36 per case, \$2.36 billion in market potential.

Since regulations prohibit the mixing of alcohol and cannabis in a commercial product, a beverage must contain no alcohol if cannabis is to be added to it, and the removal of alcohol from traditional beer and wine changes the flavour profile of the beverage. For this reason, any producer of traditional alcoholic beer or wine wishing to create a cannabis-infused version of its products would first have to produce great tasting alcohol-free versions of their brands that consumers would enjoy. Having already solved this problem and proven market acceptance and distribution for its alcohol free brands, Hill Street is proceeding on to the next stage—infusing its beverages with cannabis. Through the Company's previous announced partnership agreements with Lexaria Bioscience, the Company has access to technology to render cannabis into an odorless and tasteless water-soluble powder which can then be added to its alcohol-free beverages, or turned into convenient alternatives to smoking or vaping such as drink mixes, capsules, tablets, or ingredients for baking or manufacturing finished goods.

Hill Street believes that the cannabis-infused products segment can best be described as three distinct beverage categories: 1) "Heighten" (adult recreational use); 2) "Help" (therapeutic or functional beverages); and 3) "Heal" (beverages) and medicinal or prescription beverages). We intend to market beverages for the adult use and therapeutic or functional beverage categories, as well as edible forms of cannabis such as drink mixes, capsules or tablets, and to sell ingredients for producing cannabis products to other licensed producers and processors to infuse other legal cannabis consumer goods.

Hill Street intends to meet this potential demand with the same type of high quality and award-winning products we have produced for the alcohol-free category, and with the same level of focus on brand development, sales, and distribution.

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

Founded in 2008, Hill Street Beverage Company is the world's most award-winning company focused on alcohol-free beer, wine, and adult format beverages, and cannabis 2.0 products. Hill Street current products include Hill Street Craft Brewed Lager and Vin(Zero) 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 three Bronze Medals at the U.S. Open Beer Championships, and a prestigious Double Gold Medal at the San Francisco International Wine Challenge. www.hillstreetbeverages.com

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