Cheers!
Why the Future of Cannabis is in Beverages

TSXV:BEER

www.hillstreetbeverages.com
Forward Looking Statements, blah, blah, blah...

This Presentation may contain statements which constitute “forward-looking information”, including statements regarding the plans, intentions, beliefs and current expectations of the Company, its directors, or its officers with respect to the future business activities and operating performance of the Company. The words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” and similar expressions, as they relate to the Company, or its management, are intended to identify such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future business activities or performance and involve risks and uncertainties, and that the Company’s future business activities may differ materially from those in the forward-looking statements as a result of various factors. First person to yell out, “Free Beer!” come see me after the talk for a free six pack. Such risks, uncertainties and factors are described in the periodic filings with the Canadian securities regulatory authorities, including the Company’s quarterly and annual Management’s Discussion & Analysis, which may be viewed on SEDAR at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements other than as may be required by applicable law.

Our lawyer said this stuff is “Important”.
Adult-Format Beverages: The Best Delivery Method for Edible Cannabis

- De-selects minors
- Microdoses mimic onset & duration of effect from beverage alcohol
- Matches social, sharing experiences
- ✓ 60-80% Fewer calories
- ✓ No ill effects
- ✓ No hangover

Watershed:
$7B in Canada by 2020***
$55B in USA****

#1 2016 High Times Survey: Beverages are the #1 preferred Delivery format

88% # of millennials believe Alcohol is dangerous

$13B to $23B Size of Ancillary market
Deloitte**

25% 2017 Growth in Edible Sales in US
Bloomberg****

21% Drop in Alcohol Sales
Econ. Prof. Alberto Chong, Georgetown U.

“...edibles, concentrates and beverages will soon transform into primary consumer products more than the cannabis bud itself.” - Euromonitor

***Source: FinancialPost.com, May 8, 2018, Cannabis Sales to Top Hard Liquor by 2020
**Source: Deloitte, 2016, Recreational Marijuana – Insights and Opportunities
Significant declines in alcohol consumption where cannabis made legal

- Molson Coors – Legal cannabis now a risk factor (10K 2017)
- Marijuana sales top annual liquor sales in Aspen, Colorado (2017)

Beverage Alcohol playbook cannot be used

- Drinks with cannabis cannot contain alcohol (or caffeine or nicotine)
- Cannabis-infused (CI) brands cannot be advertised; levels the playing field
- The larger the market share in beverage alcohol, the greater the potential volume risk
- CI-based line extensions from alcoholic brands likely to disappoint (different taste)

Opportunity for new brands that resonate with consumers

- Taste
- Relevance
An exploding category

Alcohol Free

+19%<sub>yoy</sub>

Category Growth *(alcohol free beer, wine, cocktails, mixers, and cider)*

55% vs. 34%

AF Beer total sales yoy

+27%<sub>yoy</sub>

Growth in AF beer

Vs.

Beer

Domestic production =

- 2.4%<sub>yoy</sub>

Domestic sales =

- 0.7%<sub>yoy</sub>

Total national sales =

-0.4%<sub>yoy</sub>

Sales per capita over 10 years

-10%

Infused alcohol free beer and wine are the *ideal adult alternative to alcohol*
CannaBeverage Plays

**Constellation Brands (STZ-NYSE) & Canopy (WEED-TSX)**
- August 15 announcement of US$4bn increased stake in Canopy (up to 50%)
- 2\textsuperscript{nd} investment in Canopy by Constellation Brands (1\textsuperscript{st} investment was US$245m for 9.9% stake)
- “Cannabis as a potentially disruptive ingredient”
- US opportunity of US$50bn today, global opportunity of US$227bn by 2032 (rec & med)*

**Molson Coors (TAP-NYSE) & Hydropothecary (HEXO-TSX)**
- August 1 announcement of JV between Molson Coors Canada and HEXO
- “Canada gives us a real opportunity to incubate and test...it’s got really significant potential and we’re going to learn a lot. And if other markets start to open up in due course and this becomes federally legal, then we’ll be in a good place at that point in time.”**

**Aurora Cannabis (ACB-TSX) & Alcanna (CLIQ-TSX - formerly Liquor Stores N.A. Ltd.)**
- Feb 5 announcement of C$103.5mn investment for 19.9% stake in Alcanna with option to increase to 40%. (As of May 10, stake increased to 25%).

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*From Constellation Brands Investment in Canopy Growth Presentation: “Expanding our Strategic Partnership August 2018”

**Molson Coors Q2 Conference Call transcript
### The Current Cannabev Players

<table>
<thead>
<tr>
<th>Edibles and Non-Inhalables</th>
<th>Ticker</th>
<th>Price</th>
<th>Market Capitalization (C$MM)</th>
<th>TTM Revenue (C$MM)</th>
<th>TTM Price/Sales</th>
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</thead>
<tbody>
<tr>
<td>Tinley Beverage Co Inc</td>
<td>TNY</td>
<td>$0.69</td>
<td>$62.7</td>
<td>$0.019</td>
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<tr>
<td>Koios Beverage Corp</td>
<td>KBEV</td>
<td>$0.21</td>
<td>$10.2</td>
<td>$0.000</td>
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<tr>
<td>Friday Night Inc</td>
<td>TGIF</td>
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<td>$91.4</td>
<td>$9.900</td>
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<td>Nutritional High International Inc</td>
<td>EAT</td>
<td>$0.36</td>
<td>$103.3</td>
<td>$1.674</td>
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</table>

<table>
<thead>
<tr>
<th>Licensed Producers</th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Canopy Growth Corp.</td>
<td>WEED</td>
<td>$52.10</td>
<td>$26,060.6</td>
<td>$87.99</td>
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<tr>
<td>Aurora Cannabis Inc.</td>
<td>ACB</td>
<td>$8.05</td>
<td>$8,301.4</td>
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<td>Aphria Inc.</td>
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<td>$2,716.8</td>
<td>$36.92</td>
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<tr>
<td>The Green Organic Dutchman</td>
<td>TGOD</td>
<td>$6.52</td>
<td>$1,620.0</td>
<td>$0.00</td>
<td></td>
</tr>
</tbody>
</table>

| Hill Street Beverage Co.                               | BEER   | $0.32 | $30.0                        | $1.50              | 20x             |

Source: Hill Street Beverage Co., Bloomberg LLC
Brand-building management team and Board (beverages/cannabis/digital marketing)

Lexaria agreement
✓ 1 of 5 Canadian licences
✓ Grants use of technology for odourless, tasteless cannabis-infusion process

13 years Co-packing Experience for Major National Brands

Cause-related marketing exclusives with health & charity brands

Award-winning products (beers and wines) in ~4,000 stores
## End of An Era
- End of cannabis prohibition is once-in-a-lifetime event
- Alcohol-free beverages=ideal host products
- Alcohol sales dropping or stagnant globally
- Significant health risks with alcohol

## Opportunity
- Lots of producers developing infusion tech
- Licensed Producers waking up to the market
- Taste and experience are primary drivers
- Consumer “switchers” from alcohol worth $5Bn

## Catalysts
- Proof of concept beverages
- Regulatory framework for sales and distribution
- Marketing and Advertising regulations
- Consumer awareness of alcohol risks

## Next steps
- Copacking and distribution businesses
- Testing and compliance requirements are high
- Retail and Foodservice opportunities to come