



HOLLISTER BIOSCIENCES ANNOUNCES THIRD QUARTER FISCAL 2021 FINANCIAL RESULTS INCLUDING REVENUE OF USD \$14.5M AND ADJUSTED EBITDA OF USD \$1.2M

Revenue of \$14.5 million increased 53% from prior year period

Gross profit income of \$3.5 million increased 151% from prior year period

Net income was \$0.4 million versus a loss of \$0.6 million in prior year period

Adjusted EBITDA was \$1.2 million, versus a loss of \$0.6 million in prior year period

Maintained a strong liquidity position, including a cash & cash equivalents balance of \$7.6 million, an increase of 300% from prior year quarter

Vancouver, BC, November 29, 2021 - Hollister Biosciences Inc. (CSE: HOLL) (OTC: HSTRF) (FRANKFURT: HOB) (the "**Company**" or "**Hollister**") today announced its financial results for the third quarter fiscal 2021 ended September 30, 2021. All financial information is presented in U.S. dollars unless otherwise indicated.

"We delivered another solid quarter, continuing to drive year-over-year growth. Our performance in this quarter was driven by organic growth of our core business, Venom Extracts. As we approach the end of our final quarter and the beginning of a period of transformation, our strengthened and experienced leadership team is laser focused on creating shareholder value, delivering sustainable profitable growth, keeping operating costs low, and scaling the Company for optimal global success."

- Jake Cohen, Chief Executive Officer, Hollister

"Hollister's third quarter results demonstrate the strength of our business and commitment to executing against our strategy. With its strong balance sheet, we believe the Company is well positioned and prepared for growth as it continues on its strategic transformation."

- Eula Adams, Chief Financial Officer, Hollister

Third Quarter 2021 Financial Results

- Total revenue was \$14.5 million, an increase of \$5 million or 53% compared to the prior year period.
- Gross profit was \$3.5 million compared to \$1.4 million for the prior year period.

- Net income was \$0.4 million versus a loss of \$0.6 million in the prior year period.
- Adjusted EBITDA was \$1.2 million compared to a loss of \$0.6 million in the prior year period.
- Cash and cash equivalents was \$7.6 million, a 300% increase as compared to \$1.9 million at June 30, 2020.

Third Quarter 2021 Business Highlights

- On July 13th, 2021, the Company announced it was added as an index constituent in the Solactive US Marijuana Companies Index (the "**Index**") as part of the Index's June 2021 quarterly rebalancing and as a result is now a holding in the Horizons US Marijuana Index ETF (NEO: HMUS).
- On August 25th, 2021, the Company announced '*Hollister Brand Campus*' (the "**Campus**") a 30-Acre Arizona Brand Campus with planned 700,000 square feet of cultivation area and an existing 28,500-square-foot processing and manufacturing facility.
- On August 31st, 2021, the Company announced two new board members, Mr. Kevin Harrington, an original "Shark" from the NBC hit TV series "Shark Tank" and Mr. Jakob Ripshtein, the former CFO of Diageo North America and President of Aphria Inc.

Recent Events

- On October 18th, 2021, the Company announced a series of operational and strategic updates to create shareholder value, enhance governance, operations and market positioning while preparing the Company for the next phase of its growth, including:
 - Appointment of:
 - Jacob Cohen as Chief Executive Officer
 - Eula Adams as Chief Financial Officer
 - Chris Lund as Chief Commercial Officer
 - Jill Karpe as Senior Vice President of Admin and Finance;
 - Refocused business strategy to develop a "house of brands" focused on cannabis consumer packaged goods;
 - Initiated rebranding corporate identity and name of the company; and
 - Reduction of expenses and resource allocation on non-core business activities.
- On November 2nd, 2021, the Company announced it received an order from the Ontario Securities Commission granting Hollister an exemption from certain provisions governing disclosure and other matters applicable to issuers with outstanding "restricted securities".
- On November 23rd, 2021, all matters put forward before the Company's shareholders for consideration and approval, as listed in the management information circular of the Company dated October 18, 2021 (the "**Circular**"), were approved by the requisite majority of votes cast at the Company's Annual General and Special Shareholder Meeting. This includes the election of all six (6) Board of Director nominees listed in the Circular: Jakob Ripshtein, Jacob Cohen, Eula Adams, Lily Dash, Kevin Harrington, and Brett Mecum.

Outlook

The Company believes the outlook is strong and has developed a solid strategy supported by strong operational, financial and leadership capabilities. In January 2021, the state of Arizona enacted sales of adult-use cannabis ahead of industry expectations. The Company recognized a substantial increase in demand for its branded goods and bulk wholesale products, creating a larger volume of sales in the first half of the year as dispensaries and brands readied for inventory for the market change. During Q3 2021 and beyond the Company focused its efforts on improving sales of higher margin products and aligning supply and demand to flow with the seasonality of the Arizona and cannabis markets at large. Management reports that January through November sales are estimated to exceed \$64.5 million. Management believes the previously forecasted guidance of \$70 million is achievable and driven by sales of finished and bulk products in the company's core market of Arizona. Historically, fourth quarter sales in Arizona improved versus summer months due to local population increases from seasonal residents returning and holiday visitors. The overall Arizona market demand has seen improvements in the categories that the company operates and is expected to continue.

Sales through the end of November are preliminary and are unaudited and subject to change and adjustment when the Company prepares its audited consolidated financial statements for the year ended December 31, 2021. Accordingly, investors are cautioned not to place undue reliance on the foregoing information. The preliminary results provided in this news release constitute "forward-looking information" within the meaning of applicable Canadian securities laws, are based on several assumptions and are subject to a number of risks and uncertainties. Actual results may differ materially. See "Cautionary Statement Regarding Forward-Looking Information".

The Company will continue optimizing its platform in Arizona through improved same-store sales, loyalty, and expanding its product portfolio and market penetration. The [recently announced](#) Campus project is progressing and once production has commenced it is expected to provide the Company with substantially reduced direct material costs, resulting in improved gross margin. The Campus also has ample space to expand production of higher margin finished products.

As [previously announced](#), the Company is moving forward, implementing its "house of brands" cannabis consumer packaged goods strategy which includes manufacturing and distribution of owned and partner branded cannabis products in chosen markets. Additionally, the Company is planning to rationalize its existing brand and product portfolio, dedicating efforts towards new, highly targeted brand partnerships and the acquisition or development of owned brands.

On the corporate development front, the process to rebrand the Company and to align it with its refined strategy has commenced. Campaigns to improve awareness and broaden the shareholder base are being developed.

The Company has placed certain non-core assets including its California operations in a care and maintenance program to reduce expenses and improve overall financial and operational performance.

In addition to operational, financial, governance and strategy improvements, the Company has also been dedicating efforts to enter new markets with its existing brands.

USE OF NON-IFRS FINANCIAL MEASURES

This press release includes certain non-IFRS financial measures. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measure calculated and presented in accordance with IFRS are included below. This information should be considered as supplemental in nature and not as a substitute for, or superior to, any measure of performance prepared in accordance with IFRS. The Company's management team uses adjusted EBITDA to evaluate operating performance and trends and to make planning decisions. The Company's management team believes adjusted EBITDA helps identify underlying trends in the business that could otherwise be masked by the effect of the items that are excluded. Accordingly, the Company believes that adjusted EBITDA provides useful information to investors and others in understanding and evaluating the operating results, enhancing the overall understanding of past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by management in its financial and operational decision-making.

The table below reconciles net income (loss) and comprehensive income (loss) to Adjusted EBITDA (Loss for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net income (loss) and comprehensive income (loss)	457,148	(649,095)	4,040,649	(2,584,259)
Add (deduct) impact of:				
Accretion	-	3,150	-	9,451
Depreciation	333,739	445,045	964,861	574,098
Finance costs	123,300	107,274	332,905	327,135
Foreign exchange gain	(29,665)	-	(57,961)	-
Interest expense	342	37,750	20,356	87,750
Transaction costs	-	-	-	379,684
Acquisition expense	-	-	-	535,478
Interest income	(46,802)	-	(112,890)	-
Gain on sublease	-	-	262,015	-
Gain on lease extinguishment	19,951	-	19,951	-
Lease renegotiation costs	(252,036)	-	(252,036)	-
Income tax expense	617,000	(8,400)	2,438,000	(8,400)
Deferred income tax recovery	(3,000)	-	(131,000)	-
Foreign currency translation adjustment	22,866	3,902	7,055	81,642
Adjusted EBITDA (Loss)	1,242,843	(60,374)	7,531,905	(597,421)

The live audio earnings conference call may be accessed online and by phone using the link: <https://www.renmarkfinancial.com/events/third-quarter-2021-results-cse-holl-2021-11-30-160000>. Investors may pre-register for the call by navigating to the

same link provided. The conference call will be archived for replay and accessible at <https://hollisterbiosciences.co/investors/>.

About Hollister

Hollister is a multi-state company with a portfolio of innovative, high-quality cannabis & hemp branded consumer products and white-labeling manufacturing. The Company's products are sold in 370 dispensaries across Arizona and California. Hollister's wholly-owned brand, Venom Extracts, is a category-leading brand that sold more than 4 million grams in 2020, accounting for up to 30% of category sales in Arizona.

Products from Hollister include HashBone, the brand's premier artisanal hash-infused pre-roll, along with concentrates (shatter, budder, crumble), distillates, solvent-free bubble hash, pre-packaged flower, pre-rolls, tinctures, vape products and full-spectrum high CBD pet tinctures. The Company's wholly-owned California subsidiary Hollister Cannabis Co is the 1st state and locally licensed cannabis company in the city of Hollister, CA, birthplace of the "American Biker".

Website: www.hollisterbiosciences.co

Company Contact:

Joshua Lavers: ir@hollisterbiosciences.co

Tel: (416) 644-2020 or (212) 812-7680

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

This news release includes certain "forward-looking information" as defined under applicable Canadian securities legislation, including statements regarding the plans, intentions, beliefs, and current expectations of the Company with respect to future business activities and operating performance. To the extent any forward-looking information in this news release constitutes "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided as preliminary financial and operational results and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such financial outlooks. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes information regarding: the impacts of the Campus; the implementation of the Company's "house of brands" cannabis consumer packaged goods strategy; the Company's rebranding; and expectations for other economic, business, and/or competitive factors. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those

expressed or implied by such forward-looking information. Financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to various risks as set out herein. The Company's actual financial position and results of operations may differ materially from management's current expectations and, as a result, the Company's revenue may differ materially from the estimated revenue provided in this news release.

Investors are cautioned that forward-looking information is not based on historical fact but instead reflects management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance, or achievements of the Company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the Company's financial results, including the Company's revenue for the year to date will be as projected; regulatory and licensing risks; changes in consumer demand and preferences; changes in general economic, business and political conditions, including changes in the financial markets; the global regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change; compliance with extensive government regulation; public opinion and perception of the cannabis industry; the impact of COVID-19; and the risk factors set out in the Company's annual information form dated August 28, 2020, filed with Canadian securities regulators and available on the Company's profile on SEDAR at www.sedar.com.

The Company, through several of its subsidiaries, is indirectly involved in the manufacture, possession, use, sale, and distribution of cannabis in the recreational and medicinal cannabis marketplace in the United States. Local state laws where the Company operates permit such activities however, investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the US Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis in the United States. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable United States federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward nonenforcement against individuals and businesses that comply with recreational and medicinal cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither

absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. The enforcement of federal laws in the United States is a significant risk to the business of the Company and any proceedings brought against the Company thereunder may adversely affect the Company's operations and financial performance.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information 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 that could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information, which speak only as of the date of this news release. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.