

Hempshire Group Announces Fourth Quarter and Annual 2022 Financial Results

Calgary, Alberta, May 1, 2023 – The Hempshire Group, Inc. (formerly Hoist Capital Corp.) ("**Hempshire**" or the "**Company**") (TSXV: HMPG) is pleased to announce the release of its 2022 fourth quarter and 2022 annual financial results. Selected financial information is outlined below and should be read in conjunction with the Company's annual consolidated financial statements (the "**Financial Statements**") and related management's discussion and analysis (the "**MD&A**") for the years ended December 31, 2022 and 2021, which are available on the Company's SEDAR profile at www.sedar.com.

All figures referred to in this press release are presented in U.S. dollars, unless otherwise noted.

Financial Summary

	Three months ended December 31		Year ended December 31	
	2022	2021	2022	2021
Revenue	26,276	76,121	89,070	286,351
Gross margin	14,598	49,980	25,622	134,535
Gross margin %	56%	66%	29%	47%
Loss from operations	(839,180)	(607,867)	(2,542,922)	(1,738,198)
Total comprehensive loss	(1,026,406)	(1,025,492)	(6,497,437)	(2,163,384)
Basic & diluted loss per share	(0.01)	(0.02)	(0.10)	(0.04)

The Company's revenue for the three months ended December 31, 2022, decreased from the comparative period primarily due to an order from South Africa during the fourth quarter of 2021 which accounted for \$41,440 in revenue reported during that period. The Company's revenue for the year ended December 31, 2022, decreased 69% from the comparative period. In 2022, all of the Company's revenue was driven by U.S. domestic sales which were 25% lower than U.S domestic sales in 2021 as the Company's sales and marketing efforts were primarily directed toward e-commerce sales growth with the launch of its new website during the second quarter of 2022. The Company has rebalanced its U.S. domestic sales strategy as it moves into 2023 with an increased focus on securing business-to-business (B2B) revenue growth with retailers and distributors while continuing to build brand awareness through marketing and sales initiatives to increase website traffic and conversions.

Gross margins reduced to 56% during the fourth quarter of 2022 compared to 66% in the comparative period due to promotional pricing initiatives linked to the launch of the new e-commerce platform in June 2022 which includes a free pack offer for new visitors to the website. Gross margins reduced to 29% for the year ended December 31, 2022 versus 47% due to the impact of a write-down of \$24,966 during the second quarter of 2022 in relation to finished goods inventory that did not meet the Company's quality standards due to a formulation error during manufacturing.

Losses from operations increased 38% for the three months ended December 31, 2022 versus the comparative period, and 46% for the year ended December 31, 2022 versus the prior year, mainly due to higher general and administrative costs and investor relation costs associated with becoming a public company in 2022. In addition, the Company incurred increased sales and marketing costs associated with consulting, advertising and promotional fees related to the launch of the new website and building brand awareness.

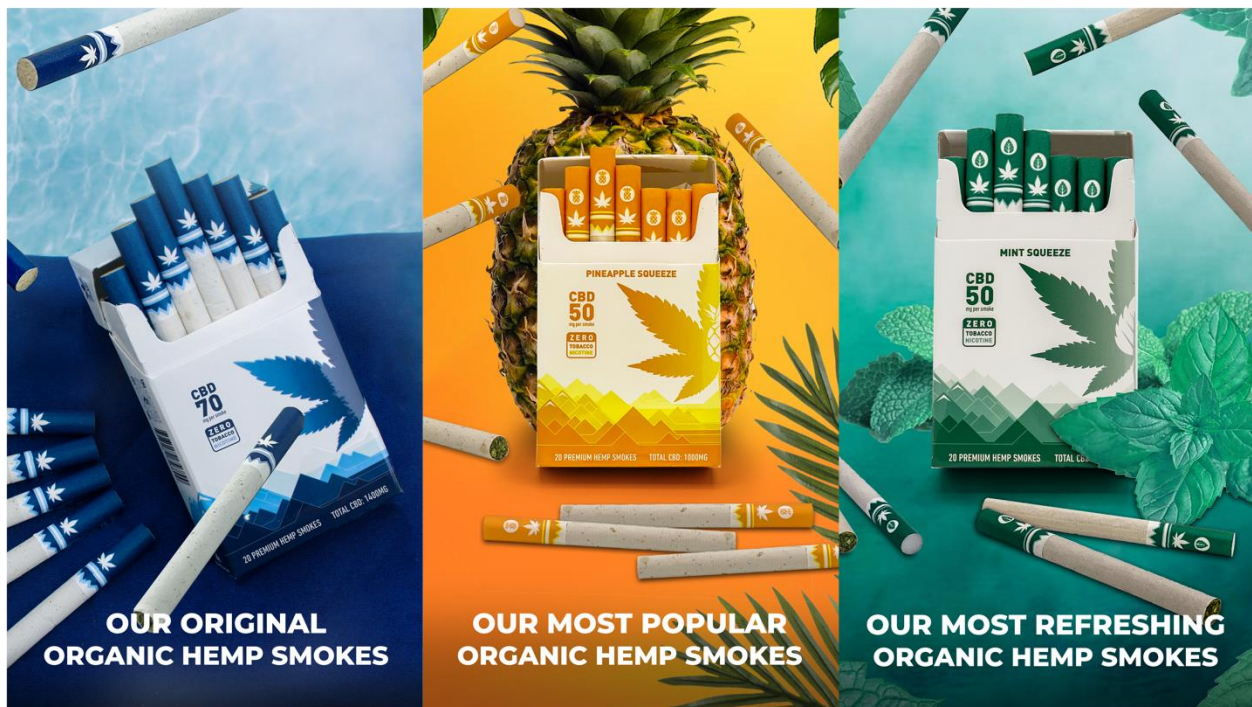
The Company's fourth quarter 2022 total comprehensive loss of \$1.0 million was consistent with the same period in 2021. Higher operating losses relative to 2021 were offset by lower interest expenses and other non-operating expenses. Total comprehensive loss of \$6.5 million for the year ended December 31, 2022

increased \$2.2 million relative to the same period in 2021 primarily due to listing expenses of \$3.8 million incurred in connection with the Company's reverse takeover transaction in June 2022 (the "**RTO Transaction**").

Following the completion of the RTO Transaction and the receipt of \$3.5 million (C\$4.5 million) in gross proceeds from a private placement closed in connection with the RTO Transaction, the Company settled all outstanding debt balances and committed the remaining cash resources in support of executing its branding and sales growth strategy for its MOUNTAIN[®] Smokes brand, both through its ecommerce and B2B sales channels. As at December 31, 2022, the Company had cash of \$0.2 million, non-cash working capital (see "*Non-GAAP measures*" below) of \$0.4 million and no debt. In April 2023, as previously announced on April 27, 2023, the Company completed a note financing (the "**Note Financing**") with certain related parties and other private investors of the Company for aggregate gross proceeds equal to C\$733,500. Proceeds from the Note Financing will be used for marketing efforts, working capital requirements and other general corporate purposes.

About Hampshire

Hempshire formulates and markets its own proprietary brand of organic hemp smokes under the MOUNTAIN[®] Smokes brand name, including MOUNTAIN[®] Original, Mint Squeeze, and Pineapple Squeeze. MOUNTAIN[®] Smokes were created as a great-tasting smokable alternative that looks, feels, burns and smokes just like a tobacco cigarette, but contains no tobacco, no nicotine, no additives, and no preservatives. MOUNTAIN[®] Smokes are made up of a proprietary blend of only three herbal ingredients – organic hemp, organic sage, and organic mullein.



Information about the Company's **MOUNTAIN[®] Smokes** line can be found at the Company's ecommerce website at <https://mountainsmokes.com>.

Alex Shegelman
CEO and Director
The Hampshire Group, Inc.
Email: alex@hempshiregroup.com

Reader Advisory

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Non-GAAP measures

Non-cash working capital is a Non-GAAP financial measure and is defined by the Company as the sum of accounts receivable, inventory, prepaids, accounts payable and accrued liabilities, and deferred revenue. Non-GAAP financial measures do not have a standardized meaning prescribed by generally accepted accounting principles ("GAAP") and, therefore, may not be comparable with the calculation of similar measures by other companies. Management uses non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund operations.

Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly, and without limitation, this news release contains forward-looking statements and information concerning: Hampshire's business, strategies, expectations, planned operations and future actions; Hampshire's intention and ability to grow its business, operations and product offerings through ecommerce, B2B sales and physical retailers, including establishing brand awareness in the US and internationally, developing white labeling and contract manufacturing collaborations; and use of proceeds from the Note Financing.

Forward-looking statements and information are based on certain key expectations and assumptions made by Hampshire, including expectations and assumptions concerning: the securities markets and general business and economic conditions; the future operations of, and transactions completed by, Hampshire, including its ability to successfully implement its growth strategies, marketing plan and business plan; ongoing ability to conduct business in the regulatory environments in which Hampshire operates and may operate in the future; and applicable laws not changing in a manner that is unfavorable to Hampshire. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Although Hampshire believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Hampshire can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to inherent risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. Without limitation, these risks and uncertainties include: risks associated with the cannabis or hemp industries in general; the size of the emerging industrial hemp market; constraints on marketing products; risks inherent in the agricultural business; actions and initiatives of federal and provincial governments and changes to government policies and the execution and impact of these actions, initiatives and policies; Hampshire's interpretation of and changes to federal and state laws pertaining to hemp; incorrect interpretation of the United States' Agricultural Improvement Act of 2018; international regulatory risks; uncertainty caused by potential changes to regulatory framework; regulatory approval and permits; environmental, health and safety laws; anti-money laundering laws and regulations; banking matters; ability to access public and private capital and banking services; denial of deductibility of certain expenses; liability for actions of employees, contractors and consultants; product viability; accuracy of quality control systems; product recalls, product liability and product returns; positive tests for THC or banned substances; supply risk; reliance on third party suppliers, service providers and distributors; failure of counter-parties to perform contractual obligations; industry and intra-industry competition; changing consumer preferences and customer retention; unfavorable publicity or consumer perception; inability to sustain pricing models; reliance on key inputs; effectiveness and efficiency of advertising and promotional expenditures; retention and recruitment of key officers and employees; inability to renew material leases;

obtaining insurance; management of growth; risks related to acquiring companies and entering partnerships; infringement on intellectual property; inability to protect intellectual property; intellectual property claims; litigation; trade secrets may be difficult to protect; data security breaches; global economic uncertainty; geo-political risks; emerging industries; limited market for securities; financial reporting and public company obligations; and other factors more fully described from time to time in the reports and filings made by Hampshire with securities regulatory authorities.

Readers are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and accordingly there can be no assurance that such expectations will be realized. Hampshire undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking information contained herein is expressly qualified by this cautionary statement.