

Hempshire Group Announces Second Quarter Financial Results

CALGARY, AB, Aug. 29, 2023 /CNW/ - The Hempshire Group, Inc. (formerly Hoist Capital Corp.) ("**Hempshire**" or the "**Company**") (TSXV: HMPG) is pleased to announce the release of its 2023 second quarter financial results. Selected financial information is outlined below and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements (the "**Financial Statements**") and related management's discussion and analysis (the "**MD&A**") for the three and six months ended June 30, 2023 and 2022, which are available on the Company's SEDAR+ profile at www.sedarplus.ca.

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

Financial Summary

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Revenue	56,213	19,572	122,005	42,961
Gross margin	26,685	(10,317)	67,752	3,483
Margin %	47 %	(53 %)	56 %	8 %
Loss from operations	(514,728)	(548,554)	(1,005,472)	(1,031,405)
Net loss and comprehensive loss	(625,306)	(4,063,909)	(1,113,816)	(4,722,432)
Net loss and comprehensive loss per share	(0.01)	(0.08)	(0.01)	(0.09)

The Company's revenue for the three and six months ended June 30, 2023, increased 187% and 184% from the comparative periods, respectively. This overall increase in revenue is a result of the Company rebalancing its U.S. domestic sales strategy in 2023 by focusing on increasing wholesale revenue growth with retailers and distributors ("**B2B**") while continuing to build brand awareness through direct-to-consumer ("**D2C**") marketing to increase website traffic and conversions on its ecommerce platform. The Company's competitive pricing strategy implemented in 2023 has also contributed to higher sales volume and overall higher revenue versus the comparative periods.

Gross margins improved to 47% during the second quarter from a negative 53% in the comparative period. The comparative 2022 period was negative due to an inventory write-down of \$24,966. Overall, the Company has achieved a lower cost of goods sold per unit due to production cost efficiencies. The improved cost structure has enabled the Company to adopt a more competitive pricing strategy which is contributing to an overall increase in unit sales and total revenue across both D2C and B2B sales channels while still contributing to an overall improvement in gross margin as a percentage of revenue.

Losses from operations during the three and six months ended June 30, 2023 improved from the comparative periods mainly due to higher gross margins and lower general and administration costs which was partially offset by increased sales, marketing, and investor relation costs.

The Company's net loss and comprehensive loss for the three and six months ended June 30, 2023 improved over the same periods in 2022 mainly due to additional prior period costs incurred in connection with the June 24, 2022 reverse takeover transaction.

As at June 30, 2023, the Company's combined cash and non-cash working capital balances (see "**Non-GAAP measures**" below) were \$0.3 million. On April 26, 2023, the Company completed a note financing (the "**Note Financing**") with certain insiders and other private investors of the Company for aggregate gross proceeds of \$538,074 (CAD \$733,500). Proceeds from the Note Financing are being used toward marketing and sales 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 smooth and delicious 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>.

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 and deposits, 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.

SOURCE Hampshire Group

View original content: <http://www.newswire.ca/en/releases/archive/August2023/29/c5077.html>

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