



Hollister Biosciences Inc. Announces 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

- *Provides the Company with the ability to enhance gross margins*
- *Hiring of Damian Solomon as Executive Vice President of Cultivation to lead production*
- *The capital costs will be funded with cash on hand*
- *Expands Arizona revenue growth opportunities for owned and white-label brands*

Vancouver, BC, August 25, 2021 - Hollister Biosciences Inc. (CSE: **HOLL**) (OTC: **HSTRF**) (FRANKFURT: **HOB**) (the "**Company**", "**Hollister Cannabis Co.**" or "**Hollister**"), has completed a series of agreements designed to provide expanded revenue, capacity and margins, while offering a diversity of inputs for branded products. The transactions are intended to capitalize on the Company's existing operating footprint and leading position in the rapidly growing Arizona market. This project and associated seed to shelf management systems will be used to support the expansion of owned and partner brands and products, input quality and variety.

The campus (the "**Hollister Brand Campus**") includes 700,000+ square feet of canopy for cultivation and a 28,500-square foot processing and manufacturing facility. In addition, the Company is adding a world-renowned expert to implement advanced cultivation practices and infrastructure. All figures are presented in U.S. dollars unless otherwise indicated.

Transaction Details:

- A wholly owned subsidiary of the Company has entered a 5-year lease with 3 subsequent options to renew and the option to purchase the Hollister Brand Campus, including the surrounding ~30 acres of land;
- The Hollister Brand Campus will provide low-cost inputs for the Venom Extracts suite of products and provide ample opportunities to expand product diversity;
- The annual base rent is \$420,000 with an additional \$150,000 to \$250,000 based on the percentage of the property's 27.5 acres of undeveloped land (the "**Undeveloped Land**") utilized by the Company;

- Hollister will have the opportunity to purchase the Hollister Brand Campus throughout the duration of the lease;
- The estimated capital costs associated with phase one will be \$3,000,000 and will be funded with cash on hand;
- Phase one is planned to be completed in Q2 of 2022, consisting of 4 acres of cultivation area;

The project is designed to provide expanded capacity and margins and offer a diversity of inputs for branded products. This transformational transaction empowers the company to capitalize on its existing operating footprint and leading position in the rapidly growing Arizona market.

Hollister will use the Hollister Brand Campus as a hub to introduce its lineup of California-based brands to the Arizona market. The Hollister Brand Campus will house cultivation, manufacturing and distribution facilities that will enable Hollister to expand capacity for Venom and white-labeling operations for future-focused and mission-aligned brands and products.

The Hollister Brand Campus previously served as a high-security military contractor facility and then as a hemp API manufacturing facility that met the United States Food and Drug Administration's Current Good Manufacturing Practices standard. The Hollister Brand Campus is zoned favorably for the cultivation and processing of cannabis and has been ISO 9001:2015 certified. Substantial utility infrastructure is already onsite, including 6,000 amps of power and a solar array. The building on the Hollister Brand Campus includes approximately 2,500 square feet of office space and 26,000 square feet of warehousing and manufacturing space that will be customized to produce for Hollister and third-party brands.

Key Benefits

- Targeted >50% reduction of raw material input costs
- Strengthens seed to shelf supply chain control, minimizes limitations, disruptions and risk
- Enhances product quality, efficiency of existing operations and diversity of inputs
- Flexibility to expand into new product lines, form factors and market segments
- Expand distribution of innovative third-party brands in Arizona with white-label capacity
- Enhances capacity of Venom operations and product mix
- Provides higher cannabinoid starting materials improving existing operational throughput
- Reinforces mission of acquiring, developing and powering leading cannabis consumer products and the strategy of expanding margins by controlling supply chain elements
- Enables product diversity with the focus on increasing same-store sales and distribution efficiency

The Hollister Brand Campus dramatically increases the Company's position in Arizona and epitomizes its continued focus on acquiring, developing and powering leading cannabis consumer products. With the new facility, Hollister can partner with like-minded brands and aspiring entrepreneurs to support the development and distribution of their products throughout Arizona. The outdoor Undeveloped Land will be developed in phases, including various low-cost cultivation methods and additional processing buildings. The Company currently produces Concentrates, Pre-Rolls and Tinctures, and is analyzing new product segments.

Strategic Cultivation Expertise

The Company has appointed Damian Solomon as the Executive Vice President of Cultivation to lead the design, development, and oversight of cultivation operations.

“I’m excited to be working on another Arizona project. I have spent many years developing and overseeing projects in this region. The cultivation environment in this specific area is predictable and proven for this type of cannabis operation,” said Damian Solomon.

Damian has been involved in controlled-environment agriculture and hydroponics globally for more than 20 years with expertise in greenhouse and indoor vertical-farming systems. In 2014 he switched focus to the emerging cannabis industry by consulting the first two license holders in Canada: Tilray and Tweed. Since then, he has supported more than 30 projects in North America, Europe, Israel and Australia with notable companies like Harvest Health & Recreation, Glasshouse Farms, Grassroots Cannabis, Cronos, DOJA (now Canopy), Flower One, Global, Indus Holdings, Natura Life Sciences, Pacific Dutch Group, Raw Garden, TerrAscend, Caliva, The Pharm/Sunday Goods and Wonderbrett. He also served as a member of the advisory board for Node Labs/Compound Genetics, Calyx Peak Companies and LOBO Cannagar.

Carl Saling CEO stated *“We have been working tirelessly behind the scenes on this project and we are very excited to announce it. The Hollister Brand Campus will have a direct impact on our gross margins as well as set Hollister up for future expansion in Arizona. Damian is a master at his craft, and I feel we are fortunate to have him as our EVP of Cultivation.”*

Venom Extracts Highlights

In March 2020, Hollister completed the acquisition of Labtronix, Inc. d/b/a Venom Extracts (“**Venom Extracts**”), one of the industry’s premier award-winning cannabis concentrate brands. Venom Extracts sales were consolidated with Hollister’s sales starting after the closing in March and contributing approximately 95% of the Company’s overall sales. Venom Extracts’ product suite is a category leader in Arizona with over 4 million grams sold in 2020, accounting for up to 30% of category sales state-wide (per BDS Analytics). Venom Extracts is positioned for continued growth in Arizona, it has strong brand recognition and distribution network, with products in the vast majority of dispensaries statewide. Venom Extracts is actively supporting nearly 100 dispensary partners in preparation of the launch of additional locations.

Venom Extracts currently operates an 11,000 square foot facility located in Phoenix, Arizona. In 2020 Venom Extracts produced more than 4 million grams of product and in the first quarter of 2021, Venom Extracts produced more than 2 million grams of product.

This series of transactions support the Company’s initiative to enhance its operational efficiency and profit margins throughout the supply chain by controlling inputs and manufacturing capacity by executing strategic agreements, acquisitions, and/or greenfield development. The Company looks forward to sharing additional details as the project develops. Development of the site is subject to conformance to state requirements and Board of County Supervisors approval of proposed site updates. The Company completed its community consideration meeting with full support to advance.

Arizona Market

Arizona is one of the largest medical marijuana markets in the world with over \$1B in 2020 sales. Legal sales of adult-use cannabis in Arizona commenced midday on Friday January 22, 2021, several months ahead of industry expectations, and the fastest that any of the 15 states with recreational marijuana has gone from voter approval to actual sales. The state realized over \$2.9M in recreational sales within 10 days of legalization. "Marijuana Business Daily projects that the state's recreational market could generate up to \$400 million in revenue its first year and more than \$700 million by 2024".

"Arizona transitioned to adult-use in late January, but this is the first month that BDSA included adult-use sales. Total cannabis sales grew 68% to \$124.9 million, with adult-use representing \$52.8 million. Medical cannabis sales fell 17% to \$72.1 million. Growth was strong across all categories, but the highest growth by far was in pre-rolls, which gained 156%." - New Cannabis Ventures

About Hollister Biosciences Inc.

Hollister Biosciences Inc. is a multi-state company with a portfolio of innovative, high-quality cannabis & hemp branded consumer products and white-labeling manufacturing. Our products are sold in 370 dispensaries across Arizona and California. Hollister Biosciences 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 Biosciences Inc. 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. Our 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".

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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. 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 Hollister Brand Campus; 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.

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: 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 US 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 US 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.