

HEMPSHIRE GROUP ANNOUNCES APPROVAL TO SELL MOUNTAIN SMOKES INTO BELGIUM PROVIDING ACCESS TO THE ENTIRE EUROPEAN UNION AND DESIGNATES EXCLUSIVE EUROPEAN DISTRIBUTOR

Calgary, Alberta, September 7, 2022 – The Hampshire Group, Inc. (TSXV: HMPG) ("**Hempshire**" or the "**Company**"), a California-based non-tobacco and non-nicotine smokable alternatives company that formulates and sells its own proprietary brand of cannabidiol hemp smokes ("**CBD Hemp Smokes**") under the **MOUNTAIN® Smokes** label, announces receipt of regulatory approval to import its products into the European Union ("**EU**"), and the designation of an exclusive European master distributor.

Belgian Approval

Hempshire is pleased to announce it has received notice from the Federal Public Health Food Safety and Environment Service of Belgium, an EU member nation, that **MOUNTAIN® Smokes** have been found to conform with European Union Common Entry Gate (EU-CEG) regulations, including regulations governing tobacco and smokable products and the pertinent regulations setting maximum THC levels at under 0.2%. The notice allows **MOUNTAIN® Smokes** to be legally imported into, and commercially sold in, the country.

Access to the European Union (EU)

As per EU member state reciprocity for the inter-member commercialization of goods, the Belgian authorization allows Hempshire to pursue commercialization and sales across the EU – the largest 'single market' in the world¹ – provided it complies with individual member nations' specific 'local' regulations, such as packaging in the local language, and inclusion of any locally-required warning labels.

The Belgian authorization and resulting EU reciprocity is an important achievement for Hempshire and allows the Company to pursue the European market which has an average smoking rate of 28.7%², 31%² higher than the per capita smoking rate in the United States. In population terms, the latest available statistics show that 30.8 million American adults smoke tobacco cigarettes, compared with approximately 112 million adult smokers in the EU-28 countries³.

Exclusive European Master Distributor

To accelerate growth across Europe, Hempshire is also pleased to announce that it has designated Switzerland-based distributor, Montagnaria Group AG ("**Montagnaria**"), as its exclusive master distributor for Europe, including the 28 member states of the EU, all non-EU European countries, and including all countries in the Schengen Area.

Prior to the expanded mandate, Montagnaria was Hempshire's exclusive distributor in Switzerland, and through initial test orders placed in 2021, Montagnaria has been successful in the placement of **MOUNTAIN® Smokes** into approximately 400 retail stores and smoke shops throughout Switzerland. In addition, Montagnaria was a key partner in assisting Hempshire obtain Belgian government approval to sell **MOUNTAIN® Smokes** in that country, opening the door to the entire EU.

Montagnaria will also be arranging European warehousing and fulfillment facilities to facilitate servicing of retailer accounts, convenience stores and smoke shops across Europe, and will be working closely with Hempshire to finalize a European-wide sales and distribution plan.

*"We are very pleased to be awarded the exclusive distributor rights to the **MOUNTAIN® Smokes** line of CBD Hemp Smokes across Europe and the EU, and we look forward to offering retailers and consumers beyond Switzerland a very attractive and compelling smokable alternative. The feedback we have received over the last year of market testing has been very positive with regard to product quality, consumer and*

¹ European Union. https://european-union.europa.eu/priorities-and-actions/actions-topic/trade_en#:~:text=The%20European%20Union%20is%20one,up%20world%20trade%20as%20well

² World Population Review. <https://worldpopulationreview.com/country-rankings/smoking-rates-by-country>

³ "Who Smokes in Europe? Data From 12 European Countries in the TackSHS Survey (2017–2018)." Journal of Epidemiology. February 2021. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7813769/#:~:text=Conclusions,smoking%20habit%2>

retailer interest, and a superior smoking experience," stated Montagnaria Founder and CEO, Patrick Glausser.

Hempshire President and CEO, Martin Marion, added, "Over the past year, Montagnaria has proven themselves to be an important strategic partner. They have worked with us to research and plan the most effective path to penetrating the US\$261 billion⁴ tobacco products market in Europe and have helped navigate the evolving regulatory landscape for hemp products and smokable alternatives in Europe and the EU. We are confident that Montagnaria will be instrumental in helping **MOUNTAIN® Smokes** create significant brand awareness, on-shelf distribution, and sales demand in this high-volume market."

About Hempshire

Incorporated in 2019, The Hempshire Group, Inc. formulates and markets its own proprietary brands under the **MOUNTAIN® Smokes** label with <0.3% THC, and **MOUNTAIN® Zeros** label with non-detectible, <0.0001% THC. These labels are offered in Natural, Pineapple Squeeze™ and Mint Squeeze™ flavors. **MOUNTAIN® Smokes** look, feel, burn, and are packaged like tobacco cigarettes, but without the harmful effects and addictive properties of tobacco and nicotine, and without additives or chemical preservatives. Hempshire also offers private white-labeling services and contract manufacturing services, through its partners, for non-owned CBD Hemp Smoke brands in the United States and internationally.

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

Additional Information

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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.

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: Hempshire's business, strategies, expectations, planned operations and future actions; Hempshire'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 and developing white labeling and contract manufacturing collaborations; future sales in the EU; and Hempshire's distributor relationship with Montagnaria.

The forward-looking statements and information are based on certain key expectations and assumptions made by Hempshire, including expectations and assumptions concerning: the securities markets and general business and economic conditions, including the ongoing impact of COVID-19; the future

⁴ Statista. <https://www.statista.com/outlook/cmo/tobacco-products/europe>

operations of, and transactions completed by, Hampshire, including its ability to successfully implement its growth strategies and business plan; ongoing ability to conduct business in the regulatory environments in which Hampshire operates and may operate in the future; the ability of the Company to obtain and maintain suitable distributor partners and other strategic relationships; 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; failure to benefit from partnerships; actions and initiatives of federal, state 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.

In addition, Hampshire cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on Hampshire. While the precise impact of the COVID-19 virus on Hampshire remains unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to Hampshire.

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.

Certain information contained herein has been obtained from published sources prepared by independent industry analysts and third-party sources (including industry publications, surveys and forecasts). While such information is believed to be reliable for the purposes used herein, Hampshire does not assume any responsibility for the accuracy of such information. Some of the sources cited in this news release have not consented to the inclusion of any data from their reports, nor has Hampshire sought their consent.