

Steep Hill Inc. to Close Canadian Lab and Focus on US Operations

Toronto, Ontario--(Newsfile Corp. - September 2, 2022) - **Steep Hill Inc.** (CSE: STPH) ("**Steep Hill**" or the "**Company**") has made the decision close its analytical testing facility in Scarborough, Ontario on September 1, 2022. "Molecular Science Corp. (MSC) was one of the first purpose-built labs in the regulated cannabis sector in Canada. Changes in the market including price compression and increased costs have made ongoing operations unsustainable from profitability standpoint," said Sameet Kanade, CEO for Steep Hill.

Since obtaining Health Canada license in 2018, MSC quickly gained a reputation for innovation including launching the industry's first mobile lab, forging strategic partnerships with University of Guelph/Durham College and exceptional customer service. "We are proud of our many accomplishments including having industry leading turnaround times on testing and an exemplary compliance record," said Mr. Kanade. Steep Hill acquired MSC in 2021 and implemented measures to right-size operations with a focus on customer retention and commercial services. This effort combined with capital support resulted in improvements in terms of operational efficiency, expanded services and client growth.

Over the past six months, the Canadian cannabis focused analytical testing market has suffered from significant price discounting and lab-shopping for desired results. In addition, excess capacity and lack of profitability of Licenced Producers (growers) continues to impact service providers/vendors such as MSC. Decreasing margins and increased operating costs of a GMP laboratory in an inflationary market have made our operations unsustainable in Canada.

The closing of MSC, will enable Steep Hill to focus on the US business. Management is pursuing both organic growth and acquisition opportunities while maintaining focus on preserving capital. Steep Hill will continue to evaluate the Canadian market for opportunities that align with the future direction of the business.

ABOUT STEEP HILL

Steep Hill is a science and technology company focused on providing products and services, including analytical testing services within the hemp and cannabis market sectors. The Company's focus is on two areas: science and technology, by providing science-backed differentiated products and services that are critical within these sectors; and quality and compliance, by offering services that assist its customers to offer products and services that meet expected standards of quality, safety and compliance.

For further information, please contact:

Raj Ravindran, CFO

Email: rajscontact@gmail.com

416-839-7424

www.steepphill.com



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