

October 13, 2022



CLS Reports Fiscal First Quarter 2023 Financial Results

Strong year-over-year revenue growth of 10%, with sustained gross profit margin of 50%

Newly appointed CEO, Andrew Glashow, to lead next phase of accelerated company growth

Completes first harvest after quarter-end through joint venture with Fort McDermitt Paiute and Shoshone Tribe in Northern Nevada

LAS VEGAS, NV / ACCESSWIRE / October 13, 2022 CLS Holdings USA, Inc. (OTCQB:CLSH)(CSE:CLSH), (the "Company" or "CLS"), a diversified cannabis company operating as Cannabis Life Sciences, today announced its financial results for the fiscal quarter ended August 31, 2022 ("Q1 2023"). All amounts are expressed in U.S. dollars.

Q1 2023 Financial & Operational Highlights

- Net revenue for Q1 2023 was \$6.0 million
 - Dispensary revenue increased 4% to \$3.9 million
 - Production revenue grew 23% to \$2.2 million
- Gross profit for Q1 2023 was \$3 million, or 50% of net revenue
- Net loss for Q1 2023 was \$1.3 million.
- EBITDA for Q1 2023 was \$374 thousand
- [Strengthened senior leadership team with the appointment of Andrew Glashow as Chief Executive Officer, and David Zelinger to the Board of Directors as an independent board member](#)
- [CLS-owned brand, City Trees, became Nevada's number one selling cannabis brand in their product categories](#)

Management Commentary

"I am thrilled to report solid revenue growth driven by both our retail dispensary and highly visible brand offerings in Nevada's wholesale market," said Andrew Glashow, President and Chief Executive Officer of CLS. "Since stepping in as CEO, I have been delighted by the performance of the entire team and want to thank them for their dedication which helped drive sustained gross margin and profitability. Looking ahead, we are focused on deliberately managing our expenses while leveraging the scale we have built to expand our profitability and deliver strong value for our shareholders."

Mr. Glashow added, "Subsequent to the quarter end, we completed our first harvest through our joint venture with the Fort McDermitt Paiute and Shoshone Tribe in Northern Nevada. While the cost of that project is reflected in our current financial results, the high-quality

flower we cultivated is only just coming to market and is expected to produce meaningful top- and bottom-line expansion throughout the remainder of our fiscal year."

Subsequent Events

- Completed first flower harvest through joint venture with Fort McDermitt Paiute and Shoshone Tribe in Northern Nevada
- [Announced that, following receipt of the requisite approval of debenture holders and the Canadian Securities Exchange, it amended the terms of its outstanding unsecured convertible debentures \(the "December Debentures"\) issued on December 12, 2018.](#)

Outlook

Despite headwinds which have impeded growth in the broader cannabis industry, the Company expects to expand its wholesale market share in Nevada as it sells through the cannabis grown through its joint venture with Fort McDermitt Paiute and Shoshone Tribe. In addition, the Company expects to improve its profitability by reducing its annual corporate expenses by approximately \$2.0 million while actively managing rising labor costs. This is anticipated to be achieved through a combination of a \$1.0 million reduction in interest expense as a result of the recent restructuring of the Company's December Debentures as well as continued thoughtful management of the Company's corporate overhead expenses.

Q1 2023 Financial Results

	Three Months Ended August 31,		
<i>(In thousands)</i>	2022	2021	YoY% Change
Net Revenues	\$ 6,045	\$ 5,501	10%
Dispensary Revenue	\$ 3,889	\$ 3,746	4%
% of revenue	64%	68%	*
Production Revenue	\$ 2,156	\$ 1,755	23%
% of revenue	36%	32%	*
Gross Profit	\$ 3,022	\$ 2,915	4%
Gross Margin	50%	53%	*
Net Income	\$ (1,332)	\$ 4281	-412%
Net Income Attributable to CLS	\$ (1,148)	\$ 428	-369%
EBITDA	\$ 374	\$ 1,352	-72%

1. Q1 2022 and 2021 net Income was positively impacted in the amounts of \$348 and \$1,174, respectively, by non-recurring payments received related to a confidential settlement agreement to resolve the action and a secured promissory note dated and executed by IGH in favor of the Company effective on June 11, 2021.

The Company's consolidated financial statements, as well as its accompanying management discussion and analysis ("MD&A") have been included in its Quarterly Report on Form 10-Q

filed on EDGAR (www.sec.gov) as well as SEDAR (www.sedar.com). Please refer to the Company's MD&A for additional detail and discussion on the Company's results from operations.

Financial results are also available on the Company's website (<https://www.clsholdingsinc.com/investors>).

About CLS Holdings USA, Inc.

CLS Holdings USA, Inc. (CLSH) is a diversified cannabis company that acts as an integrated cannabis producer and retailer through its Oasis Cannabis subsidiaries in Nevada and plans to expand to other states. CLS stands for "Cannabis Life Sciences," in recognition of the Company's patented proprietary method of extracting various cannabinoids from the marijuana plant and converting them into products with a higher level of quality and consistency. The Company's business model includes licensing operations, processing operations, processing facilities, sale of products, brand creation and consulting services. <https://www.clsholdingsinc.com>. Twitter: [@CLSHoldingsUSA](https://twitter.com/CLSHoldingsUSA)

Oasis Cannabis has operated a cannabis dispensary in the Las Vegas market since dispensaries first opened in Nevada in 2015 and has been recognized as one of the top marijuana retailers in the state. Its location within walking distance to the Las Vegas Strip and Downtown Las Vegas, in combination with its delivery service to residents, allows it to efficiently serve both locals and tourists in the Las Vegas area. In February 2019, it was named "Best Dispensary for Pot Pros" by Desert Companion Magazine. In August 2017, Oasis commenced wholesale offerings of cannabis in Nevada with the launch of its City Trees brand of cannabis concentrates and cannabis-infused products. <http://oasiscannabis.com>

Founded in 2017, City Trees is a Nevada-based cannabis cultivation, production and distribution company that offers a wide variety of products with consistent results. City Trees products are available in numerous dispensaries throughout the state of Nevada. <https://citytrees.com>

Forward-Looking Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 (collectively, the "forward-looking statements"). These statements relate to, among other things, the impact of the COVID-19 virus on our business, the results of our initiatives to retain our employees and strengthen our relationships with our customers and community during the pandemic, the effect of our initiatives to expand market share and achieve growth, the expected development of our business and joint ventures, results of operations and financial performance, future liquidity, working capital and capital requirements, the effects of the additional dilution in our common stock that may occur as a result of the amendments to our convertible debentures, and anticipated future events. The continued spread of COVID-19 could have, and in some cases already has had, an adverse impact on our business, operations and financial results, including through disruptions in our cultivation and processing activities, supply chains and sales channels, and retail dispensary operations as well as a deterioration of general economic conditions including a possible national or global recession. In some cases, you can identify forward looking statements by terminology such

as "may," "might," "will," "should," "intends," "expects," "plans," "goals," "projects," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these terms or other comparable terminology. These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date that they were made. These cautionary statements should be considered together with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events. See CLS Holdings USA filings with the SEC and on its SEDAR profile at www.sedar.com for additional details.

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