

August 31, 2021



CLS Holdings USA, Inc. Reports Record Fiscal Year End 2021 Results

LAS VEGAS, NV / ACCESSWIRE / August 31, 2021 /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 year ended May 31, 2021. This time period represented the most successful fiscal year for the Company, which achieved multiple record-setting months at both the retail and wholesale subsidiary level.

Financial Summary for Fiscal Fourth Quarter 2021 vs. Fiscal Fourth Quarter 2020

- Total revenue for the fourth fiscal quarter of 2021 increased by 107.9% over the fourth fiscal quarter of 2020.
- Gross margin for the fourth fiscal quarter of 2021 was 46.3% a 1.3% increase over the fourth fiscal quarter of 2020.

Key Fiscal Year End 2021 Financial Accomplishments and Operational Highlights

- Total revenues for fiscal year 2021 were \$19,292,087, an increase of 61.9% over fiscal year 2020.
- Gross margin for fiscal years 2021 and 2020 were 50%.
- Adjusted EBITDA totaled (\$123,617) compared to (\$1,732,557) in the previous fiscal year.
- Net loss was \$15,890,514 for fiscal year 2021 compared to \$30,657,973 for fiscal year 2020.
- Oasis Cannabis processed 11.9% more transactions in fiscal year 2021 compared to fiscal year 2020. The average transaction total was 32.6% greater than in fiscal year 2020.
- City Trees launched its rebranded line of extraction products with new packaging and design criteria, contributing to a significant increase in brand awareness and market share.
- The Company's City Trees award-winning tinctures and other products were first manufactured outside of Nevada in May 2021, pursuant to the Company's New Mexico partnership.

Fiscal Year End 2021 Results

CLS Holdings achieved multiple records in fiscal 2021, including its highest revenue month, quarter, and fiscal year. Revenue increased by 61.9% year-over-year, with total revenue of \$19,292,087 for the fiscal year. This figure also represents a 128.1% increase over revenue in fiscal year 2019. The fourth quarter of fiscal 2021 also represented the highest revenue quarter for the Company, with revenues of \$6,264,960 and a 46.3% gross profit margin. This quarterly revenue represents a 108% increase from the fourth quarter of fiscal year 2020.

The highest single day of revenue by retail footprint, Oasis Cannabis, was also achieved in fiscal year 2021, with a single day total of \$96,791 on April 20, 2021.



Oasis Cannabis on April 20, 2021

Company President and COO, Andrew Glashow, noted that "Our fiscal year started in quarantine, and ended with the explosive return of tourism to Las Vegas. Our Nevada team didn't miss a beat, and consistently reached new heights month after month, adapting every step of the way. Oasis and City Trees established themselves as Las Vegas mainstays in this last year, and we're well positioned to continue expansion in Nevada and beyond."

"We've shown that we can rise to any occasion," remarked Chairman and CEO, Jeffrey Binder. "We're entering fiscal year 2022 with a clear path to growth and the determination to take on any challenge put in front of us. We have set some lofty goals for this fiscal year and I'm confident with the team in place and the seeds we planted this past fiscal year we will achieve them ."

Branded product division, City Trees, underwent an extensive rebranding effort in September 2020, unveiling new packaging, brand material, and a revamped website including an indirect online ordering system. Since this endeavor, and the completion of the Company's state-of-the-art extraction and conversion facility, the brand has seen significant growth of wholesale orders for its vape, concentrate, and tincture products. The brand also made its debut in New Mexico in May 2021, marking the first release of a CLS brand outside the state of Nevada. The continued improvement in revenue, margin, and market growth for CLS business entities is a testament to the success of the Company's strategic path toward overall profitability.



New brand material from CLS production division, City Trees

Adjusted EBITDA totaled (\$123,617) as compared to (\$1,732,557) in the prior fiscal year. (Adjusted EBITDA excludes certain items as outlined in Table 1, Reconciliation of Net Income to EBITDA and Adjusted EBITDA.) Net loss was \$15,890,514 for fiscal 2021 compared to \$30,657,973 during the prior fiscal year.

On June 14, 2021, CLS settled their lawsuit with In Good Health and In Good Health executed a note for \$3,000,000 to replace the In Good Health note that was impaired. In addition, CLS believes they have net operating losses to offset the income tax payable. These two items together decreased CLS' working capital as of May 31, 2021 by \$4,989,001. If CLS had not made these two adjustments, it would have had a positive working capital as of May 31, 2021 of \$3,845,079.



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



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, the company 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. Offering 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 during and following the pandemic, results of operations and financial performance, anticipated future events, and the effectiveness of our business practices during the pandemic. 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. Due to the uncertainties associated with the continued spread of COVID-19 and the timing of vaccinations, it is not possible to estimate its impact on our business, operations or financial results; however, the impact could be material. 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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TABLE 1

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

In this earnings release, reference is made to Adjusted EBITDA as a non-GAAP financial measure.

CLS believes that this non-GAAP measure represents an important internal measure of performance. Accordingly, where provided, it is to give investors the same financial data management uses with the belief that this information will assist the investment community in properly assessing the underlying performance of CLS, its financial condition, results of operations and cash flow.

CLS measures Adjusted EBITDA as net profit or loss before interest, taxes, depreciation, amortization, and one-time charges ("Adjusted EBITDA"). The following table reconciles the most directly comparable GAAP measure of Net (Loss) Income to Adjusted EBITDA for the twelve months ended May 31, 2021 and 2020, respectively:

	Year Ended May 31, 2021	Year Ended May 31, 2020
Net Loss	\$ (15,890,514)	\$ (30,657,973)
Add:		
Interest expense, net	\$ 3,657,105	\$ 2,941,131
Provision for income taxes	\$ 2,490,295	\$ -
Depreciation and amortization	\$ 685,292	\$ 449,192
EBITDA	\$ (9,057,822)	\$ (27,267,650)
Other adjustments:		
Impairment of goodwill	\$ -	\$ 25,185,003
Non-recurring cash payments for litigation	\$ 220,507	\$ 134,259
Non-recurring impairment of note receivable	\$ 2,498,706	\$ -
Non-recurring loss on amendment of convertible debentures	\$ 6,105,679	\$ -

Non-recurring loss on disposal of assets	\$	-	\$	16,817
Non-cash compensation	\$	109,313	\$	199,014
Adjusted EBITDA	\$	(123,617)	\$	(1,732,557)

SOURCE: CLS Holdings USA, Inc.

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