

Chalice Brands Ltd. Pre-announces 61% Year Over Year Fourth Quarter Growth and Record Yearly Revenues

PORTLAND, Ore., Feb. 24, 2022 -- Chalice Brands Ltd. (CSE: CHAL) (OTCQB: CHALF) ("Chalice" or the "Company"), a premier consumer-driven cannabis company specializing in retail, production, processing, wholesale and distribution, today pre-announces its financial and operating results for the fourth quarter 2021. All amounts stated are in US Dollars unless otherwise noted.

Fourth Quarter Preliminary Unaudited Financial Highlights:

- Record quarterly revenues of \$8.9 million, a 61% year-over-year increase compared to \$5.5 million for the same period in 2020.
- Estimated gross profit margin before fair value adjustments for the fourth quarter 2021 of \$3.6 million, or 41% compared to \$1.7 million, or 30% in 2020. Gross margin improvements are due largely to increased vertical contribution from the Company's manufactured products.
- Record total revenue of \$29.3 million for FY 2021, a 34% year-over-year increase compared to \$21.9 million for FY 2020. Fourth quarter of 2021 is expected to conclude the Company's first-ever adjusted EBITDA positive year and fifth consecutive positive quarter.
- Gross profit for 2021 of \$12.6 million, or 43% compared to \$6.8 million at a 31% gross margin in 2020. Gross margin improvements were accomplished as a result of increased vertical contribution from the Company's manufactured products.

"We are proud the Company set another record generating over \$8.9 million in revenue during the fourth quarter and growing 61% year-over-year," said Jeff Yapp, President and Chief Executive Officer of Chalice Brands. "Despite a challenging quarter in the Oregon market, with overall sales declining 6% versus the same quarter year ago, we are pleased with the resiliency our Chalice stores have shown against the overall market pressures. We continue to improve Homegrown integration into the overall program and made a number of changes in our product mix, store merchandising, marketing and retail leadership that we believe will have a significant impact on growth in 2022."

The financial information included in this news release is preliminary, unaudited and subject to adjustment. It does not present all information necessary for an understanding of the Company's financial results for the fourth quarter of 2021. The Company will provide its full fourth quarter financial report at the next earnings call, to be announced at a later date.

About Chalice Brands Ltd.

Chalice Brands is a premier consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, with twelve owned and four managed dispensaries in and around Portland, Oregon. The Company is committed to developing a dynamic portfolio built around the recognized brands of Chalice Farms, with a focus on health and wellness. Chalice operates nationally through Fifth & Root and has operations in Oregon and California. Visit investors.chalicebrandsltd.com/ for regular updates.

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