

Chalice Brands Reports Select Preliminary Unaudited Fiscal Year End 2021 Results and 2021 Operational Update

PORTLAND, Ore., Dec. 16, 2022 -- Chalice Brands Ltd. (CSE: CHAL) (OTCQB: CHALF) (the “**Company**” or “**Chalice Brands**”), a premier consumer-driven cannabis company specializing in retail, production, processing, wholesale, and distribution, today announces select preliminary unaudited financial results for the year ended December 31, 2021. All financial information is provided in U.S. dollars unless otherwise indicated.

“We acknowledge the internal and external challenges that have resulted in our delay in issuing audited financial statements have been frustrating for all of our stakeholders,” commented Jeff Yapp, President and Chief Executive Officer. “We expect the audited 2021 financial results to be filed imminently, followed by the subsequent quarterly results for 2022. We will remain under the Cease Trade Order until all of the financial statements are filed and the necessary orders are obtained by the regulators. For the fiscal year 2021, we delivered \$28.5 million in revenue, a growth rate of 30% over the previous year.”

2021 Financial Highlights:

- Total revenue of \$28.5 million (unaudited) for FY 2021, a 30% year-over-year increase compared to \$21.9 million (audited) for FY 2020.
- Year-over-year revenues for the fourth quarter of 2021 of \$8.9 million (unaudited), a 61% increase compared to \$5.5 million (audited) for the fourth quarter of 2020.
- Gross profit for 2021 of \$11.2 million (unaudited) or 39% gross margin compared to \$7 million (audited) at a 32% gross margin in 2020. Gross profit improvement is contributed to the increase in vertical sales driven by flower and the addition of nine retail stores.

While we understand reporting audited financial results is of the utmost priority, we want to highlight some of the Company's initiatives from the year 2021.

2021 Accomplishments:

- Appointed Meghan Miller to Chief Operating Officer (COO) of Chalice Brands and Scott Lawrence Secord to the Company's Board of Directors.
- Achieved a 43% increase in daily 4/20 revenues and a 68% increase compared to 2019 on the same store footprint.
- Closed the purchase of 100% ownership in Homegrown Oregon, a chain of five retail dispensaries located in Portland, Salem and Albany, Oregon.
- Completed the agreement in principle for the retail acquisition of Cannabliss & Co. from Acreage Holdings Inc. of four retail dispensaries located in Portland, Eugene, and Springfield, Oregon. Chalice Brands operated these stores under a management services agreement.
- Completed three private placement transactions for total gross proceeds of C\$19.5 million to finance growth by acquisition.
- Awarded first place for 1:1 flower and third place for tincture at the prestigious 2021 Oregon Growers Cup annual awards on December 4, 2021.

Select Fiscal Year 2021 Financial Results:

For the year ended December 31, 2021 (“FY 2021”), total revenue was \$28.5 million (unaudited) as compared to \$21.9 million (audited) for the same twelve-month period in 2020 (“FY 2020”). The 30% year-over-year increase can be attributed to the expansion in our retail footprint.

Gross profit was \$11.2 million (unaudited), or 39% of total revenue for FY 2021, compared with \$7 million (audited) or 32% of total revenue in FY 2020. Gross profit improvements are due to an increase in vertical sales driven by flower.

Operating expenses were \$10.4 million (unaudited) for FY 2021, compared with \$8.4 million (audited) in FY 2020, an increase of \$2.1 million, or 25%. The increase in operating expenses was largely due to the addition of nine new retail stores.

The Company and its auditors are working closely to finalize the audited financial results and related MD&A for the year ended December 31, 2021 and will issue a news release announcing completion of such filings at such time. Upon completion, the Company hopes to accelerate the subsequent quarterly results for 2022 in a timely manner. Once all pending audit disclosure requirements have been filed, an application to lift the cease trade will be made.

The preliminary financial results for the year ended December 31, 2021 included in this press release have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not audited, reviewed, compiled, or performed any procedures with respect to the preliminary financial results presented in this press release.

Accordingly, the Company's independent auditor does not express an opinion or any other form of assurance with respect thereto. These preliminary financial results are subject to revision in the course of the ongoing audit until the Company files audited financial statements for FY2021.

About Chalice Brands

Chalice Brands Ltd. is a premier consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, with 15 owned dispensaries in and around Portland, Oregon. Chalice Brands is committed to developing a dynamic portfolio built around the recognized brands of Chalice Brands, including Chalice Farms, Left Coast Connection, Homegrown Oregon and Cannabliss & Co., with a focus on health and wellness. Visit investors.chalicebrandsltd.com/ for regular updates.

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The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

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