



## **CLS Holdings USA, Inc. Reviews Record Breaking and Transformational 2021 and Releases 2022 Outlook**

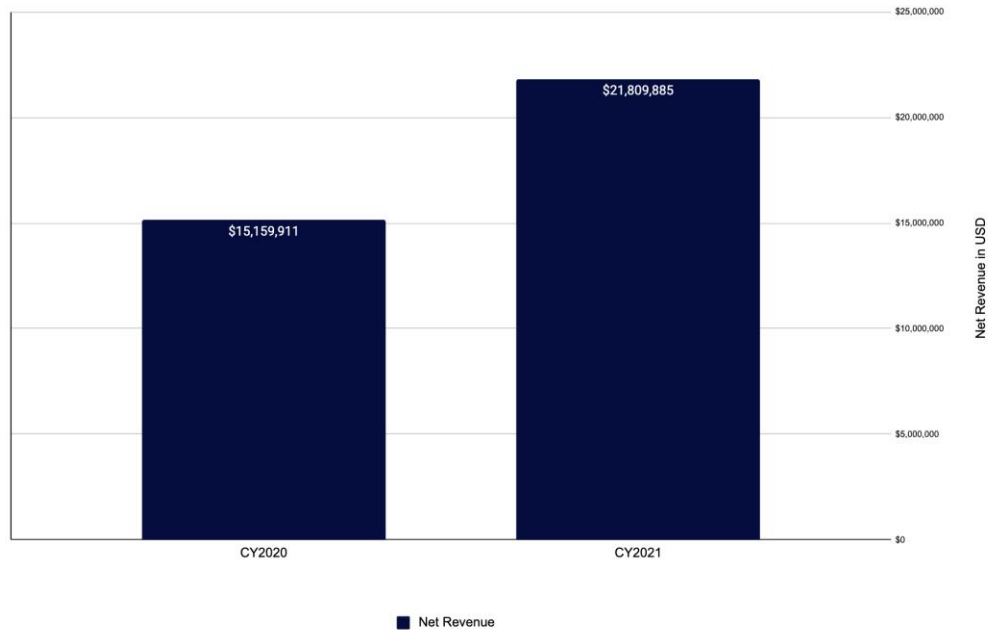
LAS VEGAS, NV February 8, 2022 -- CLS Holdings USA, Inc. (OTCQB: CLSH) (CSE: CLSH), the "Company" or "CLS", a diversified cannabis company operating as Cannabis Life Sciences, proudly reviews the financial and operational highlights that made 2021 the most successful and transformational year to date, and releases its initial 2022 outlook.

### **2021 Highlights and 2022 Outlook**

- Despite the Nevada cannabis market decelerating in 2021, CLS saw net revenues increase 44% year over year
- CLS entered into two important joint ventures, which should transform the Company and add substantial revenue at attractive margins
- City Trees achieved a 6.5% brand market share, according to BDS Analytics, with leading market share positions across key categories
- For calendar year 2022, we are projecting substantial net revenue growth while maintaining current gross margins and increasing EBITDA

### **Year-in-Review**

2021 was a year to remember. We set out to accomplish some lofty goals and shake things up in the cannabis industry. We knew that if we were disciplined and executed on what we could control, we had the potential to achieve our best year ever. While the legal cannabis market in Nevada saw a deceleration of growth in 2021, our small but mighty company strongly grew YOY for the 3<sup>rd</sup> year in a row. This has everything to do with the teams we have in place on the ground working tirelessly to achieve a common goal, simply put, to be the best version of ourselves. We also entered into several key joint ventures, which we strongly believe will strategically transform the CLS story. The significant benefits of these partnerships will be increasingly visible to our investors and our customers as we progress through 2022. The Company's primary wholesale brand, City Trees, further established itself as one of the leading brands in Nevada, achieving a top market share position across its categories and winning numerous industry awards for product quality and innovation. We take great pride in contributing to the cannabis industry as a whole and fostering change within our community. We would like to thank all of those who have contributed to our successes in 2021.



## Rolling into the Future

The Company announced a joint venture to manufacture pre-rolls, a category that represented approximately 11% of overall cannabis sales in Nevada, in 2021. This collaborative venture will allow for the rapid production of high quality pre-rolls. We are excited about this opportunity as the joint venture should yield a structural cost advantage, which we believe will enable it to be one of the lowest cost providers of pre-rolls. While we will be manufacturing pre-rolls for other brands under exclusive licensing agreements, we will also be creating our own line of branded pre-rolls under the Naked City Pre-Roll moniker, an extension of our award-winning City Trees brand. We also look forward to creating additional jobs and opportunities that will benefit the community around us. The joint venture has begun ramping up for production and the initial wholesale demand we have seen for the pre-rolls has exceeded our expectations.

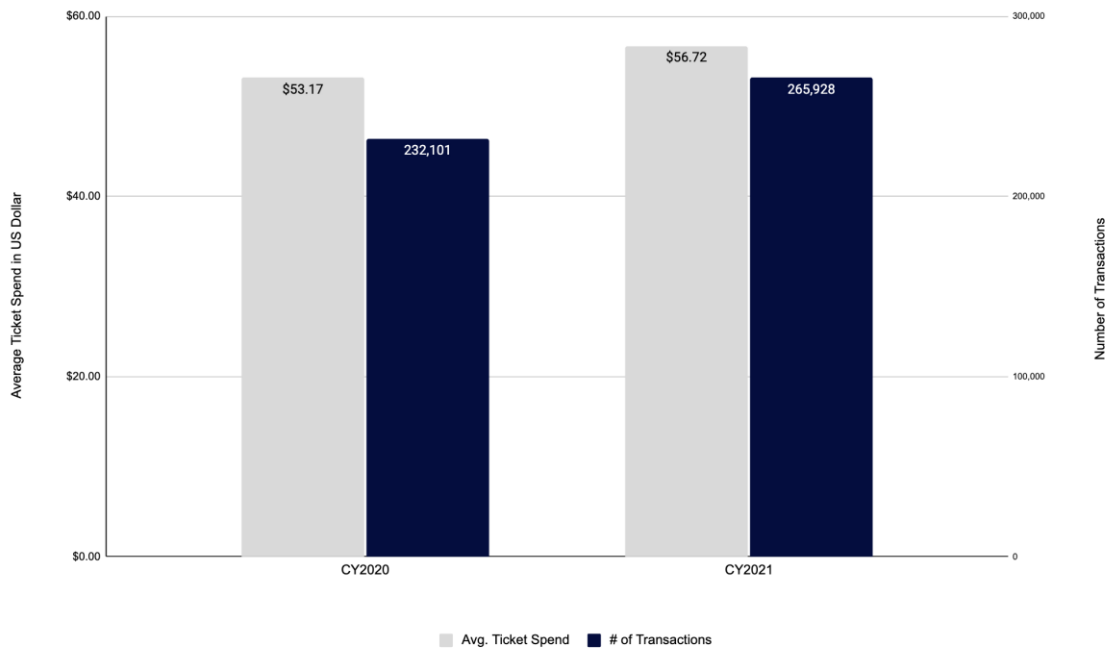
## Going to the Flower Market

For the first time in the Company's history, we will be entering the flower market. In October 2021, we announced a landmark joint venture with the Fort McDermitt Paiute and Shoshone Tribe in Northern Nevada, creating a premier cultivator of low-cost, high-quality flower in the state. Unlike the rest of Nevada, the Tribe's land near the Oregon

border is an ideal location for growth, boasting an optimal climate for cultivation. We are excited about the possibilities of this partnership and the exposure it will give our investors to this unique opportunity to become a key player in the Nevada flower market, with premier product to be grown on our partner's tribal lands. The Company anticipate harvesting 25000 pounds of premium outdoor flower in 2022. Similar to the pre-roll partnership, we believe this joint venture will add material revenue to CLS through the joint-venture at attractive margins over time.

### Strength in Numbers

Our 2021 numbers surpassed expectations. With the hard work and dedication of our team, the Company achieved the milestone of greater than \$20 million in net revenue for the first time in Company history, which was an increase of 44% from the year prior. City Trees, the Company's branded product division, achieved a YOY net revenue increase of 112% while maintaining a gross profit margin in excess of 50%. Oasis Cannabis Dispensary, the Company's retail division, saw a 26% increase in net revenue compared to 2020. Further, Oasis saw YOY growth of 15% with respect to average number of transactions and a 7% increase on the average ticket spend totaling \$57 per transaction. Oasis proudly filled over 260,000 orders in 2021, which was a 14.6% increase from 2020, and had its largest individual net sales day ever on 4/20.



## **Small but Mighty**

We take great pride in being a local company that understands our customers and brings them the highest quality product at the best price. We believe that is why City Trees continued to outpace the market despite competing against large multi-state operators. According to BDS Analytics, from January 2021 to November 2021, City Trees maintained a 6.5% brand market share across all categories (vapes, concentrates, tinctures) in Nevada. During the same time period, City Trees had a dominant position in all of its individual categories in Nevada, as follows:

- #1 brand for the entire concentrate category in units sold and #2 in dollars sold for the months of September, October and November
- #1 brand in the dabbable concentrates subcategory in both dollars and units sold
- #2 brand in the entire concentrate category for units sold and the #3 brand in dollars sold for the entire year
- #1 brand in tincture category in units and dollars sold

Due to its success, the brand grew its team from 19 to 44 by the end of 2021, adding more jobs to the market, an accomplishment that the Company values tremendously.

## **With Hard Work Comes Great Reward**

During 2021, City Trees was awarded 3 different awards by LeafLink, the cannabis industry's wholesale marketplace, which considers data and analytics across a multitude of categories, states, and markets. The LeafLink List recognizes outstanding businesses in the LeafLink community that are advancing the cannabis industry through their quality and ingenuity. This year LeafLink named City Trees a top performing brand in Nevada as well as the winner in two concentrate categories: the fastest growing THC Distillate and top selling THC Distillate.

City Trees also won two first place awards at the 2021 High Times Cannabis Cup: People's Choice Edition. The largest pool of judges in history selected City Trees as the winner in two categories: Sativa Concentrates (awarded to Apricot Crumble Sativa Live Resin Sauce) and Sativa Vape Pens (Apricot Crumble Sativa Live Resin Vape).

These wins are a testament to the quality of product the City Trees' team is producing as well as to the team's hard work and dedication to the craft of cannabis as a whole.



## What to expect in 2022

CLS recognizes the key to success is to focus on what it can control. Once the new joint ventures commence operations, the Company will have direct control over its large expansion into the flower and pre-roll categories while continuing to capitalize on the current successes of City Trees and Oasis. This next year has a lot in store, full of new products and stories to tell. We are excited about growing into other markets while giving back to the communities around us and continuing to invest in our people. After experiencing strong performance in calendar year 2021, the Company expects 2022 to be even better. CLS anticipates YOY revenue growth to accelerate while maintaining gross margins with continued EBITDA improvement.



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://oaiscannabis.com>



CITYTREES

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, our estimates of future revenue, gross margin, number of transactions at our dispensary and average order size, the anticipated receipt of regulatory approvals for the pre-roll venture, which have not yet been obtained, the timing of the commencement of manufacturing operations for our pre-roll joint venture, the number of products expected to be produced each month and how long it will take the pre-roll joint venture to achieve expected monthly sales, the timing and size of the first harvest from our cultivation joint venture, the acceptance of our joint venture products by customers, whether other companies will enter into license agreements to have our pre-roll joint venture produce pre-rolls for them, whether the cost of raw cannabis remains at current levels, whether our New Mexico venture and other licensing opportunities will lead to expansion in other states, and other factors and issues typically related to and encountered by a growth stage venture. These statements will also be impacted by 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](http://www.sedar.com) for additional details.

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