June 11, 2020

TILT HOLDINGS

TILT Announces Q4 and Year-End 2019 Financials Results

Company Reports Record Annual Revenue of $152.9M for full year 2019

Closed $35.8 million Financing and added Independent Members to the Board of Directors

Cash balance as of March 31, 2020 up 215% quarter-over-quarter from 2019 year-end

CAMBRIDGE, Mass., June 11, 2020 (GLOBE NEWSWIRE) -- TILT Holdings Inc. ("TILT" or the "Company") (CSE: TILT) (OTCQB: TLLTF), a business solutions provider to the global cannabis industry, today reported financial results for its fiscal fourth quarter and year ended December 31, 2019.

"Stabilization was our focus in 2019. By maximizing the powerful capabilities within our assets, we were able to capitalize on their effectiveness and the important role they play in building and supporting brands in this dynamic marketplace," said Mark Scatterday, TILT's Chairman and Chief Executive Officer. "We successfully integrated our business units and made robust changes to our senior management team. We achieved a number of important milestones in the fourth quarter, including the completion of our debt refinancing and the appointment of two qualified independent directors to TILT's board. During Q4 and into 2020, TILT continues to focus on building its cash position while securing a stable cost foundation."

"Across TILT, our operating teams remain hyper-focused on profitability and shareholder value," continued Scatterday. "The 'vape crisis' of Q4 impacted the entire sector, including our business, and with it now behind us, we believe it demonstrates our business model's resilience during challenging times."

Fourth Quarter and Full Year 2019 Highlights

- Following its acquisition in January 2019, Jupiter Research, LLC ("Jupiter") generated $116.7 million of TILT's 2019 overall full year net revenue. Customized devices represented over 60% of Jupiter 2019 sales.
- Integrated Baker Technologies Inc. CRM functionality as part of Q4 all-in-one Blackbird Holdings Corp. ("Blackbird") software platform launch. Blackbird business model pivoted in reaction to rapidly changing market conditions with pricing changes and $3.5 million annualized run rate expense base reduction to help drive long term growth and profitability.
- Saw a 235% year-over-year increase in quarterly plant-touching business segment revenue from $2.3 million in Q4 2018 to $7.7 million in Q4 2019. Completed expansion of Standard Farms LLC ("Standard Farms") Pennsylvania greenhouse to 33,500 square feet and additional 50,000 square feet of cultivation and production space at Commonwealth Alternative Care Inc.'s ("CAC"s) Taunton, MA facility in 2H

2019.

- Closed financing of $35.8 million with 8% interest rate, retiring $20 million bridge loan
- Added two additional independent members to TILT's board of directors

Financial Updates

- Full-year 2019 revenue of $152.9 million
- At fiscal year-end, current assets totaled $90.5 million and included cash and cash equivalents of $2.6 million. Total debt outstanding was $61.8 million, $0.9 million of which is due within 12 months.
- Cash balance as of March 31, 2020 is $8.2 million, up 215% quarter-over-quarter from 2019 year end

COVID-19 Update

Subsequent to the fourth quarter, TILT activated a COVID-19 Response Plan to ensure the safety of employees and customers. Retail and cultivation/production facilities continued to operate after being deemed essential businesses. In Nevada, Blackbird adjusted its operations to handle the temporary surge in delivery orders. Resulting operating efficiencies captured have strengthened Blackbird's margin profile as retailers re-open for in-store sales. Throughout the pandemic, TILT has prioritized cash generation and prudent credit management to derisk the business.

While cannabis sales in Nevada were down as a whole through COVID-19, Blackbird saw daily delivery totals in April temporarily surge 600% over March, with an average ticket size of <$140 versus the ~$60 in-store statewide average. Blackbird also increased its verified user base on the newly re-released BlackbirdGo.com which now totals over 250,000 users. As Nevada eases COVID-19 restrictions, Blackbird is maintaining elevated levels of deliveries, basket sizes and operating leverage.

Business Highlights

- Q4 2019 TILT revenue was $33.4 million, down from $46.1 million in Q3 2019. This revenue decline was primarily driven by marketplace concerns and headlines related to illegal unregulated vape products which affected sales at Jupiter. Jupiter focuses on delivering customized inhalation product solutions which represented over 60% of Jupiter's full year 2019 revenue. Customized and proprietary products are typically pre-ordered by Jupiter's larger, better-capitalized customers which contributed to the immaterial level of Excess & Obsolete charges taken by Jupiter in 2019. During Q4 Jupiter experienced minimal supply chain disruption related to the onset of COVID-19 as it aggregated inventory in anticipation of Chinese New Year. As previously noted by TILT, this inventory positioning enabled Jupiter's sales force to take a highly active role in the marketplace during Q1 2020. Additionally late in Q4 2019 Jupiter introduced the proprietary Infinity line of cartridges and Liquid Que.

- Beginning in Q4 2019, TILT has undertaken cost reductions at Blackbird resulting in $3.5 million of annualized run rate cost savings. $3 million of these cost savings are associated with a reduction in force of 42 Blackbird staff predominantly aligned with wholesale logistical operations as well as support for functionality from legacy software platforms incorporated into the Blackbird product release announced in December 2019. Approximately half of these personnel reductions occurred in Q4 and have

continued through Q1 and Q2 of 2020.
  - In 2019, Blackbird transported over $250 million in wholesale cannabis in its two operational markets, California and Nevada.

- TILT's cultivation and production businesses CAC in Massachusetts and Standard Farms in Pennsylvania continued to benefit from strong demand dynamics in those two limited license states in Q4 2019. The temporary ban on vape products in Massachusetts had minimal impact on CAC's revenue but quarterly sequential comparisons were materially impacted by monetization of higher levels of CAC inventory held in Q3 vs Q4. As Standard Farm's production capacity matures, greater production yield and throughput is anticipated.

- Total Other Expense was $31.7 million in Q4 2019. These non-operating expenses were primarily attributed to a $22.6 million non-cash impairment charge for goodwill, intangibles and fixed assets related to Sante Veritas Holdings Inc. and Briteside Holdings, Inc. and a $4.7 million non-cash loss in loans receivable determined to be uncollectible in Q4 2019.

Earnings Call and Webcast
The Company will hold a webcast with the investment community on June 11th at 5:00 PM Eastern Time. The audio webcast with the ability to ask questions will be available on the Investors – Events & Presentations section of the Company's website at https://investors.tiltholdings.com/ir-calendar or directly at http://public.viavid.com/index.php?id=140178. Please visit TILT's website at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. The webcast will be archived for approximately 30 days.

About TILT
TILT Holdings helps cannabis businesses build brands. Through a portfolio of companies committed to technical innovation, TILT Holdings services more than 2,000 brands and cannabis retailers across 33 states in the U.S., as well as in Canada, Israel, Mexico, South America and the European Union. TILT's core businesses include Jupiter Research, a wholly-owned subsidiary and leader in the vaporization segment focused on hardware design, R&D and manufacturing; and Blackbird, a software and operations solutions provider for wholesale and retail distributors. The Company also owns cannabis operations Commonwealth Alternative Care, Inc. in Massachusetts and Standard Farms, LLC in Pennsylvania. TILT is headquartered in Cambridge, Massachusetts. For more information, visit www.tiltholdings.com

Forward-Looking Information

This news release contains forward-looking information based on current expectations. Forward-looking information is provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward looking information may include, without limitation, the expected greater production yield and throughput of Standard Farm's production capacity, the anticipated sustainment of heightened Blackbird deliveries and basket sizes through the easing of COVID-19 restrictions, the opinions or beliefs of management, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of TILT, and includes *statements about, among other things, future developments, future operations, strengths and strategy of TILT. Generally, forward looking information can be identified by the use of forward looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. These statements should not be read as guarantees of future performance or results. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including TILT’s experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances. Although such statements are based on management’s reasonable assumptions at the date such statements are made, there can be no assurance that they will be completed on the terms described above and that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on the forward-looking information. TILT assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law. By its nature, forward-looking information is subject to risks and uncertainties, and there are a variety of material factors, many of which are beyond the control of TILT, and that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. The CSE has neither approved nor disapproved the contents of this news release.*

Non-IFRS Financial and Performance Measures

In addition to providing financial measurements based on International Financial Reporting Standards (“IFRS”), the Company provides additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company’s financial performance. These non-IFRS financial measures are EBITDA and Adjusted EBITDA.

Management believes that these non-IFRS financial measures reflect the Company’s ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. Management also believes that these non-IFRS financial measures enable investors to evaluate the Company’s operating results and future prospects in the same manner as management. These non-IFRS financial measures may also exclude expenses and gains that may be unusual in nature, infrequent or not reflective of the Company’s ongoing operating results.

As there are no standardized methods of calculating these non-IFRS measures, the Company’s methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are financial measures that are not defined under IFRS. The Company uses these non-IFRS financial measures, and believes they enhance an investor's understanding of the Company's financial and operating performance from period to period, because they excludes certain material non-cash items and certain other adjustments management believes are not reflective of the Company's ongoing operations and performance. The Company calculates EBITDA as net income (loss), plus (minus) income taxes (recovery), plus (minus) interest expense (income), plus depreciation and amortization expense. Adjusted EBITDA excludes certain one-time non-operating expenses, as determined by management, including stock compensation expense, unrealized gain/loss on changes in fair value of biological assets, fair value changes in biological assets included in inventory sold and business acquisition expense.

Reconciliations of Non-IFRS Financial and Performance Measures

Adjusted EBITDA is reconciled to Net Loss in the Management Discussion and Analysis of the Company for the quarter ended on December 31, 2019, which is available on the Company's SEDAR profile at www.sedar.com.

Selected Financial Results

Selected financial results for the quarters and years ended December 31, 2019 and 2018 are set forth in the tables that follow:

	Three Months Ended		**Year Ended**	
	Dec. 31, 2019	**Dec. 31, 2018**	**Dec. 31, 2019**	**Dec. 31, 2018**
Revenue	$33,429,563	$2,936,452	$152,938,029	$3,502,336
Gross Profit, *After FV Adj.*	$10,590,001	$1,268,580	$55,141,387	$293,304
Gross Margin %, *After FV Adj.*	31.7 %	43.2 %	36.1 %	8.4 %
Adjusted EBITDA, Non-IFRS	($2,702,285)	($5,203,499)	($13,453,833)	($22,634,250)

	As of		
	Dec. 31, 2019	**Dec. 31, 2018**	**$ Change**
Cash and Cash Equivalents	$2,579,802	$97,246,666	($94,666,864)
Biological Assets	$8,579,715	$1,867,656	$6,712,059
Inventory	$48,168,856	$6,666,645	$41,502,211

Net income to adjusted EBITDA

	Three Months Ended		**Year Ended**	
	Dec. 31, 2019	**Sep. 30, 2019**	**Dec. 31, 2019**	**Dec. 31, 2018**
Net Income (Loss) (IFRS)	**($ 32,671,148)**	**$ 26,132,651**	**($ 133,374,194)**	**($ 550,119,036)**
Add (Deduct) Impact of:				

Interest (Income)	($843,236)	($823,448)	($3,280,405)	($2,198,919)
Interest Expense	$4,551,450	$5,750,210	$13,811,831	-
Income Tax Expense (Recovery)	($7,965,818)	$290,233	($6,658,858)	$47,744
Depreciation and Amortization	$5,201,988	$6,032,997	$27,754,804	$648,871
Total	$944,384	$11,249,992	$31,627,372	($1,502,304)
EBITDA (Non-IFRS)	**($ 31,726,764)**	**$ 37,382,643**	**($ 101,746,822)**	**($ 551,621,340)**
EBITDA (Non-IFRS)	($31,726,764)	$37,382,643	($101,746,822)	($551,621,340)
Add (Deduct) Impact of:				
Stock Compensation Expense	$2,914,295	($37,355,753)	$75,628,021	$28,967,349
Business Acquisition Expense	$1,019,873	-	$2,440,428	$4,047,377
Debt Issuance Costs	$540	$106,140	$209,439	-
Goodwill, Intangibles, & Fixed Assets Impairment	$22,560,361	-	$22,560,361	$494,447,782
Recovery (Impairment) of Inventory	-	-	($1,418,048)	$1,418,048
Foreign Exchange Gain (Loss)	$287	-	($76,278)	$106,534
Severance	$1,142,498	$110,153	$1,320,920	-
(Gain) Loss on Sale of Assets	$600,122	-	$608,489	-
Loss on Loans Receivable	$4,688,940	-	$4,688,940	-
Unrealized (Gain) Loss on Changes in FV of Bio. Assets	($9,250,195)	($8,075,606)	($37,459,299)	-
FV Changes in Bio. Assets Included in Inventory Sold	$5,347,758	$10,503,095	$19,790,016	-
Total Adjustments	$29,024,479	($34,711,971)	$88,292,989	$528,987,090
Adjusted EBITDA (Non-IFRS)	**($2,702,285)**	**$2,670,672**	**($ 13,453,833)**	**($ 22,634,250)**

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