

April 15, 2021



# TILT Holdings Reports Fourth Quarter and Full-Year 2020 Financial Results Including First Full-Year of Positive Adjusted EBITDA

*Full-year 2020 Adjusted EBITDA of \$16.9 million compared to Adjusted EBITDA loss of \$0.8 million in 2019*

*Full-year 2020 cash from operating activities improved \$34.2 million compared to 2019*

*Full-year 2020 cannabis revenue increased 41% compared to 2019*

*Full-year cash expenses decreased 30% compared to 2019*

PHOENIX, April 15, 2021 (GLOBE NEWSWIRE) -- [TILT Holdings Inc.](#) ("TILT" or the "Company") (CSE: TILT) (OTCQB: TLLTF) a provider of business solutions to the global cannabis industry that includes inhalation technologies, cultivation, manufacturing, processing, brand development and retail, reported its financial and operating results for the three and twelve-months ended December 31, 2020. All financial information is provided in U.S. dollars except where otherwise indicated. Results of Yaris Acquisition, LLC and its subsidiaries (together, "Blackbird") have been reclassified as discontinued operations on the income statement and statement of cash flows. All periods have been updated to reflect this change.

"The primary focus in 2020 was for TILT to become profitable, putting in place the pieces necessary to achieve scale and engage in a steady and sustainable growth trajectory," said Gary Santo, President of TILT. "We made a number of key decisions throughout the year that have already started to pay off, allowing the Company to have a strong finish to 2020, producing \$16.9 million in Adjusted EBITDA and \$16.7 million in cash from operating activities for the year. We look to carry that momentum into 2021 and are already off to a great start across all business units, supporting management's previously announced full-year 2021 revenue guidance of \$205 million to \$210 million and Adjusted EBITDA guidance of \$30 million to \$32 million."

"TILT underwent significant changes in 2020," added Mark Scatterday, CEO of TILT. "Through the tireless efforts of our team we were able to stabilize our foundation, solidify our strategy and focus on how best to deploy available resources towards our high-growth plant touching assets, allowing TILT to provide a differentiated B2B platform capable of supporting independent brands, U.S. MSOs and Canadian LPs. We expect 2021 to be an exciting year as we continue our transition from being a holding company possessing a disparate collection of subsidiaries to an integrated operating company capable of benefitting from economies of scale and cross-selling opportunities."

## Financial Highlights from Continuing Operations for the Quarter Ended December 31, 2020

- Revenue of \$42.3 million, an 8.1% increase from the third quarter of 2020 and an increase of 35.4% from the prior year period.
- Gross margin before fair value adjustments of 26.7%, down 460 basis points (**bps**) from the third quarter of 2020 and up 200 bps from the prior year period.
- Operating expenses less non-cash adjustments for stock compensation, depreciation/amortization and one-time charges was \$8.3 million, flat compared to the third quarter and a 17.7% decline from the prior year period.
- Positive Adjusted EBITDA for the fourth consecutive quarter at \$4.5 million.
- Cash and cash equivalents of \$7.4 million, a \$3.1 million increase from the previous quarter, due to robust cashflow from operations.
- Working Capital of \$57.4 million, an \$8.5 million increase from the previous quarter.

## Operational Highlights for the Quarter Ended December 31, 2020

- Jupiter Research LLC's ("**Jupiter**") power supply revenue doubled from Q3 2020 to Q4 2020.
- Standard Farms, LLC ("**Standard Farms**") posted record revenue for the quarter, including the two highest sales months in Company history.
- Standard Farms doubled extraction processing capacity during the quarter.
- Commonwealth Alternative Care, Inc.'s ("**CAC**") lab and kitchen production capacity increased 100% during the quarter; cultivation expansion approved October 2020 planted during Q4 2020 and yielded first harvest in March 2021.
- Completed sale of Blackbird.

## Operational Highlights Subsequent to Quarter End

- Closed acquisition of Standard Farms Ohio LLC.
- Jupiter saw record cartridge shipments in January and record orders in February.
- Jupiter received ISO 13485:2016 Medical Device Certification.
- Launch of Her Highness NYC branded products in Massachusetts within 30 days of signing manufacturing and distribution contract.
- CAC completed planting in its eight additional grow rooms in Massachusetts during the quarter.
- Standard Farms had its highest flower sales during the month of March.

## Earnings Call and Webcast

The Company will host a webcast at 8:00 AM EDT to discuss financial and operational results for the reported quarter.

The live webcast may be accessed from the Events and Presentations menu in the Investor Relations section of the Company's website at <https://investors.tiltholdings.com/ir-calendar> or to access the conference call via telephone, please dial, 1-877-705-6003. Please register at least 15 minutes prior to the scheduled start to download and install any necessary audio software.

A replay of the webcast will be available in the Past Events section of the Company's

Investor Relations website approximately 2 hours after the live event and will be archived for 30 days.

## **About TILT**

TILT helps cannabis businesses build brands. Through a portfolio of companies providing technology, hardware, cultivation and production, TILT services brands and cannabis retailers across 35 states in the U.S., as well as Canada, Israel, Mexico, South America and the European Union. TILT's core businesses include Jupiter, a wholly owned subsidiary and leader in the vaporization segment focused on hardware design, research, development and manufacturing; and cannabis operations, CAC in Massachusetts, Standard Farms in Pennsylvania and Standard Farms Ohio, LLC. TILT is headquartered in Phoenix, Arizona. For more information, visit [www.tiltholdings.com](http://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, expectations regarding 2021 revenue and Adjusted EBITDA guidance, the anticipated transition from a holding company to an integrated operating company capable of benefitting from economies of scale and cross-selling opportunities, 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, the 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, the ability of TILT to maximize shareholder value, 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 it 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.

For additional information regarding forward-looking statements and their related risks, please refer to the “Risk Factors and Uncertainties” section in the Management Discussion and Analysis of the Company for the quarter and year ended on December 31, 2020, which is available on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **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 exclude 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) finance expense (income), plus depreciation and amortization expense. Adjusted EBITDA excludes certain one-time, non-cash or non-operating expenses, as determined by management, including stock compensation expense, business acquisition expense, debt issuance costs, severance, unrealized (gain) loss on changes in fair value of biological assets and fair value changes in biological assets included in inventory sold.

### **Reconciliations of Non-IFRS Financial and Performance Measures**

Adjusted EBITDA is reconciled to Net Loss below as well as the section labelled

“Reconciliation of Net Income (Loss) to Non-IFRS Measures” in the Management Discussion and Analysis of the Company for the quarter and year ended on December 31, 2020, which is available on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

## Selected Financial Results

**Table 1: Income Statement:**  
(in US\$ thousands, unaudited)

(\$ thousands)	Three Months Ended			Year Ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
<b>Revenue</b>	<b>\$ 42,265</b>	<b>\$ 39,083</b>	<b>\$ 31,225</b>	<b>\$ 158,409</b>	<b>\$ 146,935</b>	<b>\$ 3,502</b>
Cost of Goods Sold	30,985	26,846	23,517	111,738	106,236	3,360
Gross Profit, <i>Before FV Adj.</i>	11,280	12,237	7,708	46,671	40,699	142
Gross Margin %, <i>Before FV Adj.</i>	26.7%	31.3%	24.7%	29.5%	27.7%	4.1%
Gain on FV of Bio. Assets	13,650	14,477	9,250	47,298	37,459	151
FV of Bio. Assets in Inventory Sold	-14,063	-7,870	-5,348	-35,014	-19,790	-
<b>Gross Profit, <i>After FV Adj.</i></b>	<b>10,867</b>	<b>18,844</b>	<b>11,610</b>	<b>58,955</b>	<b>58,368</b>	<b>293</b>
Gross Margin %, <i>After FV Adj.</i>	25.7%	48.2%	37.2%	37.2%	39.7%	8.4%
Total Operating Expenses	49,703	14,453	38,613	93,552	170,354	56,582
<b>Income (Loss) from Continuing Operations</b>	<b>-38,836</b>	<b>4,391</b>	<b>-27,003</b>	<b>-34,597</b>	<b>-111,985</b>	<b>(56,289)</b>
Total Other Income (Expense)	-15,841	-2,476	-9,200	-22,552	-13,217	(493,782)
Income Tax Expense (Recovery)	-9,313	3,639	-4,582	-5,043	-3,275	48
Net (Loss) from Continuing Operations	-45,364	-1,724	-31,621	-52,107	-121,927	(550,119)
Net (Loss) from discontinued operations, net of tax	-46,783	-2,893	-1,050	-53,650	-11,447	-
<b>Net (Loss)</b>	<b>\$(92,147)</b>	<b>\$ (4,617)</b>	<b>\$(32,671)</b>	<b>\$(105,757)</b>	<b>\$(133,374)</b>	<b>\$(550,119)</b>
EBITDA, Non-IFRS	-49,612	9,673	-27,881	-29,032	-89,022	(551,621)
<b>Adjusted EBITDA, Non-IFRS</b>	<b>\$ 4,545</b>	<b>\$ 5,063</b>	<b>\$ 1,564</b>	<b>\$ 16,924</b>	<b>\$ (845)</b>	<b>\$ (22,634)</b>

**Table 2: Reconciliation of Non-IFRS Measures:**  
(in US\$ thousands, unaudited)

(\$ thousands)	Three Months Ended			Year Ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
<b>Net (Loss) from Continuing Operations</b>	<b>\$(45,364)</b>	<b>\$ (1,724)</b>	<b>\$(31,621)</b>	<b>\$(52,107)</b>	<b>\$(121,927)</b>	<b>\$(550,119)</b>
Add (Deduct) Impact of:						
Interest (Income)	(1,595)	(767)	(843)	(3,835)	(3,280)	(2,199)
Finance Expense	1,847	2,981	4,398	10,336	13,463	-
Income Tax Expense (Recovery)	(9,313)	3,639	(4,582)	(5,043)	(3,275)	48
Depreciation and Amortization	4,813	5,544	4,767	21,617	25,997	649
<b>Total Adjustments</b>	<b>(4,248)</b>	<b>11,397</b>	<b>3,740</b>	<b>23,075</b>	<b>32,905</b>	<b>(1,502)</b>
<b>EBITDA (Non-IFRS)</b>	<b>\$(49,612)</b>	<b>\$ 9,673</b>	<b>\$(27,881)</b>	<b>\$(29,032)</b>	<b>\$ (89,022)</b>	<b>\$(551,621)</b>
Add (Deduct) Impact of:						
Stock Compensation Expense	817	1,456	2,914	4,200	75,628	28,967
Business Acquisition Expense	-	-	1,020	-	2,440	4,047
Debt Issuance Costs	-	-	540	-	209	-
Severance	-	-	1,026	279	1,204	-
Foreign Exchange (Gain) Loss	-	-	-	-	(76)	107
(Gain) Loss on Sale of Assets	(32)	102	598	70	610	-
Lease Restructuring Costs	-	-	-	280	-	-
Legal Settlement	275	-	-	275	-	-
Unrealized (Gain) Loss on Investment in Equity Security	23	301	-	337	-	-
Loss on Loan Receivable	16,416	-	4,689	16,416	4,689	-
One time bad debt expense	2,169	-	-	2,169	-	-
Impairment (Recovery) of Inventory	-	-	-	-	(1,418)	1,418
Derecognition and impairment loss	34,076	138	22,560	34,214	22,560	494,448

Unrealized (Gain) on Changes in FV of Bio. Assets	(13,650)	(14,477)	(9,250)	(47,298)	(37,459)	-
FV Changes in Bio. Assets Included in Inventory Sold	14,063	7,870	5,348	35,014	19,790	-
Total Adjustments	54,157	(4,610)	29,445	45,956	88,177	528,987
<b>Adjusted EBITDA (Non-IFRS)</b>	<b>\$ 4,545</b>	<b>\$ 5,063</b>	<b>\$ 1,564</b>	<b>\$ 16,924</b>	<b>\$ (845)</b>	<b>\$ (22,634)</b>

**Table 3: Condensed Consolidated Statements of Cash Flow:**  
(in US\$ thousands, unaudited)

	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019
Cash provided by (used in) operating activities - continuing operations	16,693	(17,551)
Cash (used in) operating activities - discontinuing operations	(7,040)	(10,404)
<b>Net cash provided by (used in) operating activities</b>	<b>9,653</b>	<b>(27,955)</b>
Cash (used in) investing activities - continuing operations	(2,578)	(95,962)
Cash provided by (used in) investing activities - discontinuing operations	58	(275)
<b>Net cash (used in) investing activities</b>	<b>(2,520)</b>	<b>(96,237)</b>
Cash (used in) provided by financing activities - continuing operations	(2,275)	29,145
Cash (used in) provided by financing activities - discontinuing operations	(638)	(633)
<b>Net cash (used in) provided by financing activities</b>	<b>(2,913)</b>	<b>28,512</b>
Effect of foreign exchange on cash and cash equivalents	627	1,012
<b>Net change in cash and cash equivalents</b>	<b>4,847</b>	<b>(94,667)</b>
Cash and cash equivalents, beginning of year	2,579	97,247
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,427</b>	<b>\$ 2,579</b>

**Table 4: Condensed Consolidated Statements of Financial Position (Select Items)**  
(in US\$ thousands, unaudited):

(\$ thousands)	Dec 31, 2020	Dec 31, 2019
Cash and Cash Equivalents	\$ 7,427	\$ 2,580
Biological Assets	11,201	8,580
Inventory	52,634	48,169
Total Current Assets	101,889	94,708
Property, Plant & Equipment, Net	66,795	80,576
Total Assets	429,604	545,903
Total Current Liabilities	44,488	50,365
Total Long-Term Liabilities	102,069	111,672
Total Shareholders' Equity	283,047	383,866
Working Capital	57,401	44,343

*The CSE has neither approved nor disapproved the contents of this news release.*

**Investor Relations Contact:**

Taylor Allison

[investors@tiltholdings.com](mailto:investors@tiltholdings.com)

**Media Contact:**

Ellen Mellody

[Ellen@mattio.com](mailto:Ellen@mattio.com)

570-209-2947

**TILT**  
**HOLDINGS**

Source: TILT Holdings Inc.