November 20, 2019

TILT HOLDINGS

TILT Holdings Reports Third Quarter Revenue of US$46.1M, Positive Adjusted EBITDA of US$2.7M

Third Quarter Revenue Increased 18% Over the Second Quarter of 2019
Positive Third Quarter Adjusted EBITDA of US$2.7M Marks Turning Point for Company

CAMBRIDGE, Mass., Nov. 20, 2019 (GLOBE NEWSWIRE) -- TILT Holdings Inc. (“TILT” or the “Company”) (CSE: TILT) (OTCQB: TLLTF), a foundational technology cannabis platform comprised of assets to support brands worldwide, announced today its financial results for the quarter ending September 30, 2019, and provided an overview of recent operational highlights.

Third Quarter 2019 and Recent Financial and Operational Highlights:

- Revenue of US$46.1M in the third quarter of 2019, an 18% increase from the second quarter of 2019.
- Posted first-ever positive adjusted EBITDA quarter, US$2.7M, up from negative US($4.0M) in the second quarter of 2019.
- Announced the closing of US$25.6M of a US$35.0M shareholder backed financing.
- Announced forfeiture of approximately 60 million stock options from its founders, resulting in a positive US$37M adjustment to net income.
- Jupiter Research experienced quarter-over-quarter international sales growth of 70%.
- Commonwealth Alternative Care experienced quarter-over-quarter sales growth of 218%.
- Refocused corporate strategy highlighting success of core operating assets, including refreshed TILT website.
- Reached milestone of supporting over 2,000 brands within the cannabis industry.
- Expanded retail offerings from Jupiter Research asset.

“We have successfully completed the first and most important phase of our turnaround that resulted in three major achievements: we secured attractive financing that solidified our foundation for scalable growth, we negotiated the forfeiture of legacy stock options from founders that put undue pressure on our balance sheet, and most importantly, we reported our first-ever positive adjusted EBITDA quarter of US$2.7M including an 18% increase in revenue from the second quarter of 2019,” said interim CEO Mark Scatterday. “Beyond these significant accomplishments we also want to highlight the success of our core operating assets. TILT now supports over 2,000 brands across the global cannabis industry and we continue to innovate our proprietary hardware offering through new product launches and technologies. Our plant-touching assets are contributing more high-margin income, which we are using as fuel for the rest of the organization. We are confident that we will continue on this growth trajectory through the remainder of the year and into 2020.”

Third Quarter 2019 Financial Highlights

In USD millions	Q3 2019	Q2 2019
Net Revenue	US$46.1	US$39.0
Gross Profit	US$11.5	US$25.5
Gross Profit, excluding changes in fair value of biological assets	US$13.9	US$9.6
Net Income(loss)	US$26.1	US($48.9)
Adjusted EBITDA	US$2.7	US($4.0)

Operational Results - Third Quarter 2019 Compared to Second Quarter 2019
Revenue for the third quarter of 2019 was US$46.1M, an increase from US$39M in the second quarter of 2019. Compared to the second quarter of 2019, revenue increased 18%. On a sequential basis, growth over the second quarter of 2019 primarily reflects growth at the Company's licensed cultivation facilities in Massachusetts.

Gross profit before fair value adjustments to biological assets was US$13.9M, or 30% of revenue, compared to US$9.6M in the prior quarter, or 24.5% of revenue. The sequential gross margin improvement reflects higher margins due to improved business related to an increase in cultivation volume compared to the prior quarter.

Third quarter net income was US$26.1M, compared to a net loss of US($48.9M) in the second quarter of 2019. When compared to the second quarter of 2019, the net income improvement reflects revenue growth, improved margins, and SG&A reduction to cost initiatives as well as a reduction in non-cash stock compensation expense due to forfeiture of legacy stock options.

Third quarter adjusted EBITDA, adjusted for non-cash stock compensation expense, unrealized gains/losses on changes in fair value changes in biological assets, fair value changes in biological assets included in inventory sold, as well as certain one-time non-operating expenses including business acquisition expense was US$2.7 million compared to a loss of US($4.0) million in the second quarter of 2019. The improvement in adjusted EBITDA, compared to the second quarter of 2019 reflects higher volume, continued margin improvement and mix from maturity of Massachusetts operations as well as a reduction in our operating expenses. As a percent of sales, adjusted EBITDA improved approximately 1,600 basis points from negative (10.2%) to positive 5.8% when compared to the second quarter of 2019.

Earnings Call and Webcast
The Company will hold a webcast with the investment community on November 20 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=137007**. 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.

Additional News

In conjunction with the recent financing announced November 4, 2019, the Company added two independent members to the Board, Mr. Mark Coleman and Ms. Jane Batzofin, joining Mark Scatterday, Gary Smith, Timothy Conder and Joel Milton.

Mark J. Coleman is currently Executive Vice President & General Counsel of Trine Acquisition Corp. (a SPAC) and Senior Partner and General Counsel of InterMedia Partners, LP (a private equity fund sponsor). Prior to that, he was the co-founding Executive Vice President and General Counsel of The YES Network. Previously, Mr. Coleman was a Senior Partner at Orrick, Herringon & Sutcliffe LLP, prior to which he was a Partner at Pillsbury Madison & Sutro LLP. Mr. Coleman has over 30 years of experience in corporate finance and private equity. He has a JD from the University of California, Berkeley and a BA from Pomona College.

Jane Batzofin is currently a Partner and General Counsel at Corner Capital Group (a Family Office Investment Company) and a Managing Director and General Counsel of Corner Ventures. Prior to that, she was General Counsel and focused on Business Development and cross-border transactions for Ahana Renewables, a subsidiary of NASDAQ listed company ATNI. Ms. Batzofin was a Principal with Green Lake Capital, an owner of infrastructure assets, and prior to that a real estate finance attorney with DLA Piper in the New York office. Ms. Batzofin brings over 15 years of experience in private equity. She has a JD from Brooklyn Law School and a BA from UCLA.

Although this does not change the prior reported financial statements, the previously issued financial statements and MD&A contained an error in the share-based payments schedule for the year ended December 2018. Previously disclosed share-based payments of $179,049 in the notes to the financial statements are being corrected in the schedule to $26,107,000 representing an increase of $25,927,951 to stock-based compensation to related parties. This correction will also be reflected in the comparative disclosure in year end 2019 MD&A. ***Note that this does not change the prior reported financials and only impacts the disclosure in the notes to the financials and MD&A.***

In addition, the previously issued financial statements and MD&A for the three months ended March 31, 2019 contained an error in reporting the amount of cash paid for acquisition being overstated by US$40,638,783. The amount of the error should have been reflected as a non-cash investing activity. Reconciliations of these corrections can be found in our most recent MD&A filing and financials. ***Note that this does not reflect a change in the reported purchase price of this asset as reported on SEDAR.***

About TILT

TILT Holdings serves cannabis brands worldwide through a strong network of portfolio companies committed to technological innovations that support long-term success. TILT 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. As the market leader in cannabis technology and related products and services, the Company's core assets include wholly-owned subsidiaries Jupiter Research, a company that focuses on the vast potential of inhalation through innovative design, development and manufacturing; Blackbird, a company that provides operations and software solutions for wholesale and retail distribution; and Baker, a CRM platform helping dispensaries grow their business. The Company also owns cannabis operations in states including Massachusetts, led by

Commonwealth Alternative Care; and in Pennsylvania, led by Standard Farms. Headquartered in Cambridge, Massachusetts, with offices throughout the U.S., and London, TILT has over 400 employees and has sales in the U.S., Canada and Europe. For more information, visit www.tiltholdings.com.

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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 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 it 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 Adjusted EBITDA and Pro Forma 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 September 30, 2019, which is available on the Company's SEDAR profile at www.sedar.com. Pro Forma Adjusted EBITDA is reconciled to Net Loss in the table that follows:

The table below reconciles Net Loss to EBITDA and Adjusted EBITDA for the periods indicated.

	Three Months Ended

	Sep. 30, 2019	Sep. 30, 2018
Net Income (Loss) (IFRS)	**$ 26,132,651**	**$(8,204,304)**
Add (Deduct) Impact of:		
Interest (Income)	$ (823,448)	$ (627,210)
Interest Expense	$ 5,750,210	$ 2,797
Income Tax Expense (Recovery)	$ 290,233	-
Depreciation and Amortization	$ 6,032,997	$ 802,371
Stock Compensation Expense	$(37,355,753)	-
Business Acquisition Expense	-	-
Debt Issuance Costs	$ 106,140	-
Severance	$ 110,153	-
Unrealized (Gain) Loss on Changes in FV of Bio. Assets	$ (8,075,606)	$(2,749,686)
FV Changes in Bio. Assets Included in Inventory Sold	$ 10,503,095	$ 1,625,589
Total Adjustments	$(23,461,979)	$ (946,139)
Adjusted EBITDA (Non-IFRS)	**$ 2,670,672**	**$(9,150,443)**

Source: TILT Holdings Inc.