



TILT Reports Record First Quarter 2019 Revenue

Executed acquisitions and business integration to create one of the industry's leading end-to-end provider of products and services in support of the rapidly growing North American cannabis industry

First Quarter Pro forma Revenue increased 169% year over year to \$40 million

CAMBRIDGE, Mass.--(BUSINESS WIRE)-- TILT Holdings Inc. ("TILT" or the "Company") (CSE: TILT) (OTCQB: SVVTF), a leading provider of products and services to businesses operating in the cannabis industry, today announced its financial results for the first quarter of 2019 ended March 31, 2019. All financial information presented in this release is in U.S. dollars, unless otherwise noted.

First Quarter 2019 Operational and Financial Highlights

- First quarter pro forma¹ revenue increased 169% year over year to \$40 million.
- Improved pro forma¹ Adjusted EBITDA margin as a percentage of revenue by 330 basis points year over year to (18.4%).
- Closed the acquisitions of Jupiter Research, Blackbird and Standard Farms, creating a comprehensive solutions provider to the cannabis industry.
- Successfully launched manufacturing supply-chain partnerships in Massachusetts for third-party clients.
- Launched on-demand direct-to-consumer cannabis delivery in the Greater Los Angeles area.
- Expanded Jupiter distribution in California through integration with TILT's software and supply chain services.
- Successfully up-listed shares to the OTCQB Venture Market.
- Named Mark Scatterday Interim Chief Executive Officer.

"We are pleased to report our first quarter as a consolidated company, reflecting the strength of the business combination that has established TILT as one of the largest revenue producing companies in the cannabis industry. We have only begun to realize the synergies of our business combination, which we expect to drive incremental revenue growth and improved margins as we execute our business development and integration strategies," stated Mark Scatterday, Interim Chief Executive Officer. "Our end-to-end, U.S.-focused cannabis businesses continue to scale and we have assembled leading assets to drive leadership in cultivation and production, consumer devices and packaged goods, and software and services. Our near-term plans are to optimize the integration of our businesses, foster an entrepreneurial culture grounded in accountability and growth, allocate capital to the combined enterprise's most promising near- and long-term growth initiatives, fine-tune and improve communication with all of our stakeholders and further augment our operational team."

First Quarter 2019 Financial Highlights

| | Q1 2019 | Q1 2018 |
|---|-----------------|-----------------|
| Reported revenue | \$34.4 million | \$0.0 million |
| <i>Pro forma</i> revenue ⁽¹⁾ | \$39.6 million | \$14.7 million |
| Gross profit | \$7.5 million | \$0.0 million |
| <i>Pro forma</i> gross profit ⁽¹⁾ | \$7.7 million | \$3.9 million |
| Adjusted EBITDA | \$(8.0) million | \$(2.1) million |
| <i>Pro forma</i> Adjusted EBITDA ⁽¹⁾ | \$(7.3) million | \$(3.2) million |

(1) Represents the pro forma unaudited gross revenue generated by TILT in the first quarter of fiscal 2019 and 2018 assuming the closing of the business combination (the "Business Combination") between Sea Hunter Therapeutics LLC, Briteside Holdings, LLC, Baker Technologies, Inc. and Santé Veritas Holdings Inc., and the acquisitions of Jupiter, Blackbird and Standard Farms occurred on January 1, 2018.

Liquidity

The Company's cash and cash equivalents at March 31, 2019 were \$12.1 million compared to \$97.2 million on December 31, 2018. There was no debt as of March 31, 2019. Subsequent to the end of the first quarter of fiscal 2019, the Company secured a \$20 million credit facility to be utilized to fund existing and future growth projects, future M&A activity and general corporate purposes.

Earnings Webcast

The Company will hold a webcast with the investment community at 8:30 a.m. Eastern Time on Friday, May 31, 2019. A live webcast with the ability to ask questions and view the Company's presentation 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=134773>. 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 is a leading provider of products and services to businesses operating in the cannabis industry. The Company offers the contract manufacturing of marijuana in a variety of form factors, vaporizer and inhalation devices, business and consumer delivery services and a broad suite of software products for over 1,500 retailers and brands throughout the U.S., Canada and Europe. The majority of TILT's products are customized to client specifications and branding, all enabling them to operate their businesses more efficiently and connect with their customers more effectively. The Company is organized in two main business units, Software & Services and Consumer Devices & Packaged Goods, designed to augment competencies across the organization in research, manufacturing, packaging and technology to deliver end-to-end services and customer solutions. All of TILT's products are supported by an extensive research process led by scientists and engineers, using data analytics and discovery to produce new products helping shape the industry. Headquartered in Cambridge, MA, with offices throughout the U.S., Toronto and London, TILT has over 500 employees and has sales in 40 U.S. states, Canada and Europe. For more information, please 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 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, 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.

Pro Forma Presentation

The pro forma information (“Pro Forma Information”) presented herein is not necessarily indicative of the operating results or financial condition that would have been achieved if the proposed acquisitions to which the Pro Forma Information relates had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or financial position of the combined entities for any future period or as of any future date. Actual amounts recorded upon consummation of the acquisitions to which the Pro Forma Information relates would likely differ from those recorded in the Pro Forma Information. The Pro Forma Information does not reflect any special items such as integration costs or operating synergies that may be realized as a result of the acquisitions to which the Pro Forma Information relates.

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

Adjusted EBITDA and Pro Forma 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, goodwill impairment, loss (gain) on disposal of asset and business combination 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 March 31, 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:

Reconciliations of Non-IFRS Financial and Performance Measures

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

Three Months Ended

| | <u>Mar. 31, 2019</u> | <u>Mar. 31, 2018</u> |
|-----------------------------------|-----------------------|----------------------|
| Net Income (Loss) (IFRS) | (\$77,895,668) | (\$2,126,021) |
| Add (Deduct) Impact of: | | |
| Net Interest Expense (Income) | (\$780,909) | - |
| Income Tax Expense (Recovery) | \$ 577,589 | - |
| Depreciation and Amortization | \$ 9,083,505 | \$ 4,978 |
| Total Adjustments | \$ 8,880,185 | \$ 4,978 |
| EBITDA (Non-IFRS) | (\$69,015,483) | (\$2,121,043) |
| EBITDA (Non-IFRS) | (\$69,015,483) | (\$2,121,043) |
| Add (Deduct) Impact of: | | |
| Foreign Exchange Loss (Gain) | - | - |
| Stock Compensation Expense | \$ 59,772,491 | - |
| Impairment of Inventory | - | - |
| Goodwill Impairment | - | - |
| Business Combination Expense | - | - |
| Business Acquisition Expense | \$ 1,196,777 | - |
| Total Adjustments | \$ 60,969,268 | - |
| Adjusted EBITDA (Non-IFRS) | (\$8,046,215) | (\$2,121,043) |

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