March 30, 2022

TILT Holdings Reports Record Fourth Quarter and Full Year 2021 Results and Issues 2022 Annual Guidance

Completes Year of Strong Organic Growth and Builds on New B2B Strategy

Q4 Revenue and Adjusted EBITDA up 28% YoY to $54.1 Million and 6% to $4.8 Million, Respectively

FY 2021 Revenue and Adjusted EBITDA up 28% YoY to $202.7 Million and 33% to $22.5 Million, Respectively

PHOENIX, March 30, 2022 (GLOBE NEWSWIRE) -- TILT Holdings Inc. ("TILT or the "Company") (NEO: TILT) (OTCQX: TLLTF), a global provider of cannabis business solutions that include inhalation technologies, cultivation, manufacturing, processing, brand development and retail, is reporting its financial and operating results for the three and twelve months ended December 31, 2021. All financial information is provided in U.S. dollars unless otherwise indicated.

"2021 was a strong year for TILT—growing organically, building our team, and implementing the new B2B strategy we unveiled in late 2020. As this brand strategy continues to unfold in 2022, we expect our wholesale mix to drastically change, highlighting the strength of our partnerships with proven brands and the emphasis we place on building reciprocal relationships," said Gary Santo, CEO of TILT. "Over the course of 2021, we doubled our canopy in Massachusetts and added two adult-use dispensaries, entered into our third market with the acquisition of Standard Farms Ohio, and our fourth market with the launch of a strategic partnership with the Shinnecock Indian Nation of New York, and we activated four new marquee brand partnerships. This is in addition to maintaining our position as the category leader in cannabis inhalation and accessory sales. These achievements underscore the success of our new strategy and the relentless effort from our growing team."

Q4 2021 Financial Summary

- Revenue increased approximately 28% to $54.1 million compared to $42.3 million in the year ago period.
- Gross profit before fair value adjustments was $11.3 million or approximately 21% of revenue, compared to $11.3 million or approximately 27% of revenue in the year ago period. The decrease in gross margin was primarily driven by lower margins in the Company's inhalation and accessories business due to customer concentration mix. The Company also experienced increased freight costs related to global supply chain disruption and lower bulk wholesale prices in its cannabis business.

- Operating expenses less non-cash adjustments for stock compensation, depreciation and amortization, and impairment charges were $9.2 million compared to $10.5 million in the year-ago period. As a percentage of revenue, operating expenses less non-cash adjustments totaled approximately 17% in the fourth quarter of 2021 compared to approximately 25%.
- Adjusted EBITDA increased to $4.8 million compared to $4.5 million in the year ago period.
- At December 31, 2021, cash and cash equivalents was $7.0 million compared to $8.9 million at December 31, 2020. Working capital was $41.1 million compared to $57.4 million at December 31, 2020.
- Total debt was $86.6 million compared to $71.8 million. The Company is actively exploring options to address its debt structure.

Q4 2021 Operational Highlights and Recent Events

- Commenced adult-use retail sales at its Brockton and Taunton, Massachusetts dispensaries.
- Divested non-core assets including Sante Veritas Therapeutics and Providence dispensary sites.
- Expanded contract with AIRO Brands to manufacture and distribute select products in Massachusetts.
- Entered into multi-state agreement to manufacture and distribute cannabis brand Toast™.
- Signed an exclusive Ohio partnership with leading vape brand, Timeless Refinery.
- Launched an adult-use cannabis delivery service in Massachusetts with Bracts & Pistils.

FY 2021 Financial Summary

- Revenue increased approximately 28% to $202.7 million in 2021 compared to $158.4 million for the year ended 2020. The increase was primarily attributable to an approximate 33% increase in inhalation and accessory revenue, as well as an approximate 11% increase in cannabis revenue.
- Gross profit before fair value adjustments was $50.5 million or approximately 25% of revenue, compared to $46.7 million or approximately 29% of revenue for the year ended 2020. The decline in gross margin was primarily driven by customer mix and higher freight costs in the Company’s inhalation and accessory business, as well as lower wholesale prices and ramping cultivation in the Company’s cannabis business.
- Operating expenses less non-cash adjustments for stock compensation, deprecation and amortization, and impairment charges in 2021 totaled $37.7 million compared to $36.6 million in 2020. As a percentage of revenue, opex less non cash adjustment was approximately 19% compared to approximately 23%.
- Adjusted EBITDA increased approximately 33% to $22.5 million compared to $16.9 million in 2020.

Santo continued: “TILT, along with most of the cannabis industry, faced considerable challenges in the back half of the year as inflationary pressure set in on the consumer, and supply/demand imbalances impacted the wholesale market. We also experienced higher supply chain costs in our inhalation and accessory business. We were not immune to these macro pressures. In fact, we launched our B2B strategy last year specifically with this environment in mind and the early results are proving this out. We believe that brand differentiation will be key as competition heats up across the U.S. and new cultivation comes online.

“Looking ahead, we expect another solid year of growth and profitability that will be somewhat back-half weighted in 2022 given the broader market pressure. We look forward to executing our multiple avenues for growth and introducing additional SKUs for those partners who launched in 2021. This quarter, we have already signed two new brand partnerships this year, and we expect our two adult-use dispensaries that came online in December to begin ramping. In addition, we look forward to opening our Cambridge, Massachusetts medical dispensary later this year.”

2022 Financial Guidance

TILT expects 2022 annual revenue to range between $255 – $265 million, and adjusted EBITDA to range between $27 – $32 million. At the midpoint, this reflects approximately 28% revenue growth and approximately 31% adjusted EBITDA growth over 2021.

Earnings Call and Webcast

TILT management will host a conference call today at 4:30 p.m. Eastern time to discuss its financial and operational results, followed by a question-and-answer period.

Date: Wednesday, March 30, 2022
Time: 4:30 p.m. Eastern time
Toll-free dial-in number: (877) 705-6003
International dial-in number: (201) 493-6725
Conference ID: 13727877
Webcast: TILT Q4 2021 Earnings Call

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Elevate IR at (720) 330-2829.

The conference call will also be broadcast live and available for replay in the investor relations section of the Company’s website at www.tiltholdings.com.

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 36 states in the U.S., as well as Canada, Israel, South America and the European Union. TILT’s core businesses include Jupiter Research LLC, a wholly-owned subsidiary and leader in the vaporization segment focused on hardware design, research, development and manufacturing; and cannabis operations, Commonwealth Alternative Care, Inc. in Massachusetts, Standard Farms LLC in Pennsylvania, Standard Farms Ohio, LLC in

Ohio, and its partnership with the Shinnecock Indian Nation in New York. TILT is headquartered in Phoenix, Arizona. For more information, visit www.tiltholdings.com.

Instagram: @tiltholdings
Twitter: @TILT_Holdings

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 2022 revenue and Adjusted EBITDA guidance, 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 Annual Information Form of the Company for the year ended on December 31, 2021, which will be available on the Company's SEDAR profile at 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, Adjusted EBITDA, and Working Capital, and gross margin percentage. 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.

Working Capital

The calculation of working capital provides additional information and is not defined under IFRS. The Company defines working capital as current assets less current liabilities. This measure should not be considered in isolation or as a substitute for any standardized measure under IFRS. This information is intended to provide investors with information about the Company's liquidity. Other businesses in the Company's industry may calculate this differently than the Company does, limiting usefulness as a comparative measure. A reconciliation of working capital to IFRS measures can be found under the "*Q4 2021 Financial Condition Including Liquidity and Capital Resources*" section of the Management Discussion and Analysis of the Company for the three and twelve months ended on December 31, 2021.

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 three and twelve months ended on December 31, 2021, which will be available on the Company's SEDAR profile at www.sedar.com.

Company Contact:
Lynn Ricci, VP of Investor Relations & Corporate Communications
TILT Holdings Inc.
lricci@tiltholdings.com

Investor Relations Contact:
Sean Mansouri, CFA
Elevate IR
TILT@elevate-ir.com
720.330.2829

Media Contact:
Juliet Fairbrother
MATTIO Communications
juliet@mattio.com
631.338.5343

Table 1: Consolidated Statements of Operations
(in US$ thousands)

($ thousands)	Three Months Ended Dec 31, 2021	Three Months Ended Sep 30, 2021	Three Months Ended Dec 31, 2020	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019
Revenue	**$ 54,057**	**$ 53,362**	**$ 42,265**	**$ 202,705**	**$ 158,409**	**$ 146,935**
Cost of Goods Sold	42,801	40,697	30,985	152,214	111,738	106,236
Gross Profit, *Before FV Adj.*	11,256	12,665	11,280	50,491	46,671	40,699
Gross Margin %, *Before FV Adj.*	21%	24%	27%	25%	29%	28%
Gain on FV of Bio. Assets	12,103	8,559	13,650	47,189	47,298	37,459
FV of Bio. Assets in Inventory Sold	(5,969)	(9,886)	(14,063)	(39,474)	(35,014)	(19,790)
Gross Profit, *After FV Adj.*	**17,390**	**11,338**	**10,867**	**58,206**	**58,955**	**58,368**
Gross Margin %, *After FV Adj.*	32%	21%	26%	29%	37%	40%
Total Operating Expenses	54,375	16,260	49,703	98,788	93,552	170,353
Loss from Operations	**(36,985)**	**(4,922)**	**(38,836)**	**(40,582)**	**(34,597)**	**(111,985)**
Total Other Income (Expense)	1,433	2,371	(15,841)	(9,571)	(22,553)	(13,217)
Income Tax Recovery	4,704	652	9,313	3,860	5,043	3,275
Net Loss from Continuing Operations, Net of Tax	**$ (30,848)**	**$ (1,899)**	**$ (45,364)**	**$ (46,293)**	**$ (52,107)**	**$ (121,927)**
Net Loss from Discontinued Operations, Net of Tax	-	-	(46,783)	-	(53,650)	(11,447)
Net Loss	**$ (30,848)**	**$ (1,899)**	**$ (92,147)**	**$ (46,293)**	**$ (105,757)**	**$ (133,374)**
EBITDA, Non-IFRS	(26,611)	6,618	(49,612)	(16,457)	(29,032)	(89,022)

Adjusted EBITDA, Non-IFRS	**$ 4,801**	**$ 4,954**	**$ 4,545**	**$ 22,497**	**$ 16,924**	**$ (845)**

Table 2: Reconciliation of Non-IFRS Measures
(in US$ thousands)

	Three Months Ended			Year Ended		
($ thousands)	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Net Loss from Continuing Operations	**$ (30,848)**	**$ (1,899)**	**$ (45,364)**	**$ (46,293)**	**$ (52,107)**	**$ (121,927)**
Add (Deduct) Impact of:						
Interest (Income)	(6)	1	(1,595)	(592)	(3,835)	(3,280)
Finance Expense	2,872	3,035	1,847	10,988	10,336	13,463
Income Tax (Recovery)	(4,704)	(652)	(9,313)	(3,860)	(5,043)	(3,275)
Depreciation and Amortization	6,075	6,133	4,813	23,300	21,617	25,997
Total Adjustments	4,237	8,517	(4,248)	29,836	23,075	32,905
EBITDA (Non-IFRS)	**$ (26,611)**	**$ 6,618**	**$ (49,612)**	**$ (16,457)**	**$ (29,032)**	**$ (89,022)**
Add (Deduct) Impact of:						
Share-based Compensation	1,398	849	817	3,804	4,200	75,628
Severance	159	739	-	915	279	1,204
(Gain) Loss on Sale of Assets	(20)	(127)	(32)	(88)	70	610
Lease Restructuring Costs	(117)	-	-	(131)	280	-
Deferred Rent Adjustment	-	-	-	(548)	-	-
Legal Settlement	-	36	275	2,363	275	-
Unrealized Loss on Investment in Equity Security	62	71	23	891	337	-
Loss on Loan Receivable	4,562	-	16,416	4,562	16,416	4,689
Derecognition and Impairment Loss	39,306	194	34,076	39,500	34,214	22,560
Foreign Exchange (Gain) Loss	-	-	-	15	-	(76)
One Time Bad Debt Expense	137	-	2,169	137	2,169	-
One Time Adjustments	842	451	-	1,250	-	1,231
Change in Fair Value of Financial Instruments	(8,783)	(5,204)	-	(6,001)	-	-
Unrealized (Gain) on Changes in FV of Bio. Assets	(12,103)	(8,559)	(13,650)	(47,189)	(47,298)	(37,459)
FV Changes in Bio. Assets Included in Inventory Sold	5,969	9,886	14,063	39,474	35,014	19,790
Total Adjustments	31,412	(1,664)	54,157	38,954	45,956	88,177
Adjusted EBITDA (Non-IFRS)	**$ 4,801**	**$ 4,954**	**$ 4,545**	**$ 22,497**	**$ 16,924**	**$ (845)**

Table 3: Consolidated Statements of Cash Flows
(in US$ thousands)

	Twelve months ended	
	December 31, 2021	December 31, 2020
Cash provided by operating activities - continuing operations	(8,822)	16,693

Cash (used in) operating activities - discontinuing operations	-	(7,040)
Net cash (used in) provided by operating activities	**(8,822)**	**9,653**
Cash (used in) provided by investing activities - continuing operations	872	(2,578)
Cash (used in) investing activities - discontinuing operations	-	58
Net cash (used in) provided by investing activities	**872**	**(2,520)**
Cash (used in) financing activities - continuing operations	6,024	(2,275)
Cash (used in) financing activities - discontinuing operations	-	(638)
Net cash (used in) financing activities	**6,024**	**(2,913)**
Effect of foreign exchange on cash and cash equivalents	19	627
Net change in cash and cash equivalents	**(1,907)**	**4,847**
Cash and cash equivalents, beginning of period	8,859	4,012
Cash and cash equivalents, end of period	**$ 6,952**	**$ 8,859**

Table 4: Consolidated Statements of Financial Position (Select Items)
(in US$ thousands)

($ thousands)	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2019**
Cash and Cash Equivalents	$ 6,952	$ 8,859	$ 4,012
Biological Assets	9,609	11,201	8,580
Inventory	85,017	52,634	48,169
Total Current Assets	140,575	101,889	94,708
Property, Plant & Equipment, Net	62,360	66,795	80,576
Total Assets	414,011	429,604	545,903
Total Current Liabilities	99,482	44,488	50,365
Total Long-Term Liabilities	81,669	102,069	111,672
Total Shareholders’ Equity	232,860	283,047	383,866
Working Capital	41,093	57,401	44,343

TILT
HOLDINGS

Source: TILT Holdings Inc.