June 23, 2020

TILT HOLDINGS

TILT Announces Q1 2020 Financial Results

TILT Reports Revenue of $42.4 Million, Up 27% Quarter over Quarter

Positive Adjusted EBITDA of $1.7 Million

$32.3 Million Record Quarterly Revenue at Jupiter Research

Sequential Gross Margin Increase from 20.0% to 27.7%

CAMBRIDGE, Mass., June 23, 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 first quarter 2020.

"We are pleased to report our Q1 financials, which were driven by strong performances from our well-balanced portfolio of businesses," said Mark Scatterday. "Our first quarter revenue was up 27% Quarter over Quarter, and gross margins grew to 27.7%, demonstrating the durability of our business model as we support our customers in their quest to build winning cannabis brands."

"With our portfolio of market-leading businesses, TILT is activating multiple revenue streams leading to increased cash flow generation and shareholder value creation. We are proud of our team's agility and fortitude in the face of this ever-evolving and challenging environment, and look forward to continuing to build on the solid foundations we've established. We believe that we will continue to move in a positive trajectory as the economy shifts into a more normalized environment."

Financial Updates

- Quarterly revenue of $42.4 million, up 27% Quarter over Quarter ("QoQ") and 23% over Q1 2019
- Positive adjusted EBITDA of $1.7 million
- $4.2 million cash flow from operations
- $8.4 million cash and equivalents at March 31, 2020
- As of March 31, 2020 the weighted average number of shares/units outstanding - diluted was 449,093,147

First Quarter Company and Operational Highlights

- Announced Mark Scatterday's appointment to Chief Executive Officer, removing interim title.
- Record $32.3 million quarterly revenue from Jupiter Research, LLC ("Jupiter") up 35% QoQ and 13% Year over Year ("YoY") driven by strong inventory position to meet seasonal demand for inhalation and vaporization technology. Additionally Jupiter announced the launch of unique new vaporization products and future innovation

initiatives for 2020.
- Increased cultivation throughput and focus on higher yielding strains contributed to 5% sequential increase in plant touching revenue and material gross margin expansion tempered by COVID-19 related Massachusetts restrictions on adult use in late March.
- Rapid realignment of Blackbird Holdings Corp, (“Blackbird”) resources and business model in response to COVID-19 related marketplace disruptions in March. Efficiencies captured from overhaul of retail and wholesale delivery pricing, introduction of scheduled routing and additional operational rationalizations resulted in material gross margin gains and improved unit economics.
- Blackbird also updated online cannabis ordering platform BlackbirdGo.com to include advertising, with top retailers seeing click-through rates greater than 20%.
- TILT continued to drive down costs to maximize operational efficiency:
  • $1.7 million (13%) sequential decrease in firm operating expenses excluding non-cash stock compensation and depreciation and amortization.
  • $1.3 million of the $1.7 million total sequential decline from a 21% QoQ decrease in compensation and benefits expense, partially driven by headcount decreases related to realignment of Blackbird businesses.
  • YoY decrease of $6.7 million (37%) from $18.0 million in Q1 2019.
- Confirmed DTC eligibility on the OTCQX under “TLLTF”

Earnings Call and Webcast

The Company will hold a webcast with the investment community on June 23rd 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=140318. 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 helps cannabis businesses build brands. Through a portfolio of companies committed to technical innovation, 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. TILT’s core businesses include Jupiter, a wholly-owned subsidiary and one of the leaders in the vaporization segment focused on hardware design, research and development 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 shift of the economy into a more normalized environment, 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 March 31, 2020, which is available on the Company's SEDAR profile at www.sedar.com.

Selected Financial Results

Income Statement:

	Three Months Ended		
	Mar. 31, 2020	Dec. 31, 2019	Mar. 31, 2019
Revenue	$ 42,424,731	$ 33,429,563	$ 34,377,969
Cost of Goods Sold	$ 30,670,309	$ 26,741,999	$ 27,071,729
Gross Profit, *Before FV Adj.*	$ 11,754,422	$ 6,687,564	$ 7,306,240
Gross Margin %, *Before FV Adj.*	27.7 %	20.0 %	21.3 %
Gain on FV of Bio. Assets	$ 15,970,569	$ 9,250,195	$ 924,064
FV of Bio. Assets in Inventory Sold	$ (6,072,556)	$ (5,347,758)	$ (701,966)
Gross Profit, *After FV Adj.*	$ 21,652,435	$ 10,590,001	$ 7,528,338
Gross Margin %, *After FV Adj.*	51.0 %	31.7 %	21.9 %
Total Operating Expenses	$ 17,212,672	$ 19,481,017	$ 86,285,195
Income (Loss) from Operations	$ 4,439,763	$ (8,891,016)	$ (78,756,857)
Total Other Expenses (Income)	$ 2,080,383	$ 31,745,950	$ (1,438,778)
Income Tax Expense (Recovery)	$ 2,308,455	$ (7,965,818)	$ 577,589
Net income (Loss)	$ 50,925	$ (32,671,148)	$ (77,895,668)
EBITDA, Non-IFRS	$ 10,628,860	$ (31,726,764)	$ (69,015,483)
Adjusted EBITDA, Non-IFRS	$ 1,720,672	$ (2,702,285)	$ (8,268,313)

Reconciliation of Net Income (Loss) to Non-IFRS Measures:

	Three Months Ended		
	Mar. 31, 2020	**Dec. 31, 2019**	**Mar. 31, 2019**
Net Income (Loss) (IFRS)	**$ 50,925**	**$ (32,671,148)**	**$ (77,895,668)**
Add (Deduct) Impact of:			
Interest (Income)	$ (839,755)	$ (843,236)	$ (780,909)
Finance Expense	$ 2,996,285	$ 4,551,450	-
Income Tax Expense (Recovery)	$ 2,308,455	$ (7,965,818)	$ 577,589

Depreciation and Amortization	$ 6,112,950	$ 5,201,988	$ 9,083,505
Total	$ 10,577,935	$ 944,384	$ 8,880,185
EBITDA (Non-IFRS)	**$ 10,628,860**	**$ (31,726,764)**	**$ (69,015,483)**

EBITDA (Non-IFRS)	$ 10,628,860	$ (31,726,764)	$ (69,015,483)
Add (Deduct) Impact of:			
Stock Compensation Expense	$ 617,394	$ 2,914,295	$ 59,772,491
Business Acquisition Expense	-	$ 1,019,873	$ 1,196,777
Debt Issuance Costs	$ 825	$ 540	-
Goodwill, Intangibles, & Fixed Assets Impairment	-	$ 22,560,361	-
Foreign Exchange Gain (Loss)	-	$ 287	-
Severance	$ 104,258	$ 1,142,498	-
(Gain) Loss on Sale of Assets	-	$ 600,122	-
Loss on Loans Receivable	-	$ 4,688,940	-
Lease Restructuring Costs	$ 267,348	-	-
Unrealized (Gain) Loss on Changes in FV of Bio. Assets	$ (15,970,569)	$ (9,250,195)	$ (924,064)
FV Changes in Bio. Assets Included in Inventory Sold	$ 6,072,556	$ 5,347,758	$ 701,966
Total Adjustments	$ (8,908,188)	$ 29,024,479	$ 60,747,170
Adjusted EBITDA (Non-IFRS)	**$ 1,720,672**	**$ (2,702,285)**	**$ (8,268,313)**

Balance Sheet:

	As of	
	Mar. 31, 2020	Dec. 31, 2019
Current Assets		
Cash and Cash Equivalents	$ 8,427,618	$ 2,579,802
Trade Receivables and Others, net	$ 19,232,523	$ 19,743,590
Biological Assets	$ 15,228,788	$ 8,579,715
Inventory	$ 37,519,832	$ 48,168,856
Other Current Assets	$ 12,595,671	$ 11,450,403
Total Current Assets	**$ 93,004,432**	**$ 90,522,366**
Non-Current Assets		
Property, Plant & Equipment, Net	$ 78,939,007	$ 80,576,468
Intangible Assets	$ 183,063,459	$ 187,175,686
Goodwill	$ 138,349,075	$ 138,349,075
Other Non-Current Assets	$ 48,359,659	$ 49,279,023
Total Non-Current Assets	**$ 448,711,200**	**$ 455,380,252**
Total Assets	**$ 541,715,632**	**$ 545,902,618**
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 33,239,388	$ 39,613,860
Other Current Liabilities	$ 10,044,070	$ 10,750,433
Total Current Liabilities	**$ 43,283,458**	**$ 50,364,293**
Non-Current Liabilities		
Notes Payable, net of current portion	$ 61,880,739	$ 60,923,113
Other Non-Current Liabilities	$ 46,736,939	$ 46,866,417
Total Non-Current Liabilities	**$ 108,617,678**	**$ 107,789,530**
Shareholders' Equity		
Total Shareholders' Equity	**$ 389,814,496**	**$ 387,748,795**
Total Liabilities and Shareholders' Equity	**$ 541,715,632**	**$ 545,902,618**

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