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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 14, 2022**

**TILT HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

**British Columbia**  
(State or other jurisdiction  
of incorporation)

**000-56422**  
(Commission  
File Number)

**83-2097293**  
(I.R.S. Employer  
Identification Number)

**2801 E. Camelback Road #180**  
**Phoenix, Arizona**  
(Address of principal executive offices)

**85016**  
(Zip Code)

**(623) 887-4900**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

<input type="checkbox"/>	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.424)
<input type="checkbox"/>	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 2.02 Results of Operations and Financial Condition.**

On November 14, 2022, the Company announced via press release its results for the third fiscal quarter ended September 30, 2022 and the reorganization of executive officers. A copy of the Company's press release is hereby furnished and incorporated herein by reference as Exhibit 99.1.

## **Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On November 14, 2022, the Company announced a reorganization of some of its executive management team as described below. There are no family relationships between the officers listed below and any of the Company's officers or directors that are required to be disclosed pursuant to Item 401(d) of Regulation S-K. None of the officers listed below has a direct or indirect material interest in any transaction required be disclosed pursuant to Item 404(a) of Regulation S-K.

Brad Hoch

Effective December 1, 2022, Brad Hoch, who is currently the Chief Financial Officer ("CFO") of the Company, will become the Company's first Chief Accounting Officer ("CAO"). Mr. Hoch's compensation terms and employment agreement were previously disclosed in Amendment No.2 of the Company's registration statement on Form 10 filed by the Company with the Securities and Exchange Commission on June 29, 2022 (the "Form 10"). While Mr. Hoch's employment agreement expired in June 2022, the Company has continued to compensate Mr. Hoch in accordance with the terms of the employment agreement.

Mr. Hoch, 53, served as the CFO since October 2020 and served as the interim CFO from June 2020 to October 2020. Mr. Hoch served as the Division Controller of Verra Mobility, a technology company focused on fleet management, from October 2011 to February 2019. Mr. Hoch has over 20 years of experience in senior finance and accounting positions in several high growth technology and business solutions enterprises including having served as Director of Finance at TPI Composites Inc. from September 2009 to October 2011 and having held numerous positions at Gateway Inc. from January 1996 to September 2009.

Dana Arvidson

Effective December 1, 2022, Dana Arvidson, who is currently the Chief Operating Officer ("COO") of the Company, will become the CFO. Mr. Arvidson's compensation terms and employment agreement were previously disclosed in the Form 10.

Mr. Arvidson, 48, served as the COO of the Company since July 2021. Prior to serving as COO of the Company, Mr. Arvidson served as Vice President of Corporate Development at PhyNet Dermatology LLC, a physician network of dermatologists and dermatopathologists, from March 2019 to July 2021. Prior to PhyNet, Mr. Arvidson served as Director of Corporate Development at American Dental Partners Inc., a dental practice management company, from March 2017 to March 2019. Mr. Arvidson has over 20 years of experience in a broad array of roles focused on achieving growth objectives and enhancing operating results within Healthcare and Financial Services.

Chris Kelly

Effective December 1, 2022, Chris Kelly, who is currently the Senior Vice President of Revenue Growth, will become the first Chief Revenue Officer ("CRO") of the Company.

Chris Kelly, 56, served as Senior Vice President ("SVP") of Revenue Growth of the Company since June 2022. Prior to serving as the SVP of Revenue Growth, Mr. Kelly served as the Executive Director of Wholesale at Trulieve Cannabis Corp., a cannabis company ("Trulieve"), from September 2019 to May 2022. Prior to Trulieve, Mr. Kelly served as the Senior Director of Sales at the Kellogg Company from January 2016 to August 2019. Mr. Kelly has over 25 years of experience in leadership roles focused on sales and revenue growth.

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description
10.1*	<a href="#"><u>Employment Agreement dated October 28, 2020 between TILT Holdings Inc. and Brad Hoch (incorporated by reference to Exhibit 10.18 to Amendment No. 2 to the Company's Form 10 filed with the SEC on June 29, 2022).</u></a>
10.2*	<a href="#"><u>Employment Agreement dated June 23, 2021 and effective July 12, 2021 between TILT Holdings Inc. and Dana R. Arvidson (incorporated by reference to Exhibit 10.17 to Amendment No. 2 to the Company's Form 10 filed with the SEC on June 29, 2022).</u></a>
99.1	<a href="#"><u>Press Release dated November 14, 2022.</u></a>
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document.

\* Indicates a management contract or compensatory plan, contract or arrangement in which directors or executive officers participate.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TILT Holdings Inc.

Date: November 14, 2022

By: /s/ Gary F. Santo, Jr.

Name: Gary F. Santo, Jr.

Its: Chief Executive Officer

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**AMENDMENT NO. 3  
TO  
PROMISSORY NOTE**

This AMENDMENT NO. 3 TO PROMISSORY NOTE (this “**Amendment**”) is dated as of November 14, 2022, by and among JIMMY JANG, L.P., a Delaware limited partnership and BAKER TECHNOLOGIES, INC., a Delaware corporation, JUPITER RESEARCH, LLC., an Arizona limited liability company, and COMMONWEALTH ALTERNATIVE CARE, INC., a Massachusetts corporation, together, joint and severally, the “**Company**”) and NR 1, LLC, a Delaware limited liability company, as noteholder representative (the “**Noteholder Representative**”).

WHEREAS, pursuant to that certain Senior Secured Note Purchase Agreement dated as of November 1, 2019 (the “**Senior NPA**”; capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Senior NPA) by and among the Company, the Noteholder and the investors party thereto (the “**Purchasers**”), the Company issued to such investors senior secured promissory notes in the aggregate principal amount of approximately \$35.0 million (collectively, the “**Notes**”);

WHEREAS, the Company and certain Purchasers (collectively, the “**Participating Noteholders**”) entered into Amendment No. 1 to Promissory Note, pursuant to which the Maturity Date for the Notes held by such Participating Noteholders (the “**Extended Notes**”) was extended from November 1, 2022 to November 14, 2022 and the Applicable Interest Rate was amended; and

WHEREAS, the Notes may be further amended with the written consent of the Company and Noteholder Representative, and the Company and Noteholder Representative wish to amend the Notes as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment to Notes. The Company and the Noteholder Representative hereby agree to extend the Maturity Date for the Extended Notes from November 14, 2022 to December 31, 2022.

2. Miscellaneous.

(a) Except as expressly set forth herein, the Note shall remain in full force and effect and this Amendment shall have no effect or impact on the other Notes outstanding under the Senior NPA.

(b) This Amendment will be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the Commonwealth of Massachusetts.

(c) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this Amendment No. 3 to Promissory Note as of the date first written above.

**THE COMPANY:**

**JIMMY JANG, L.P., a Delaware limited partnership, by its  
General Partner, JIMMY JANG HOLDINGS INC., a  
British Columbia corporation**

By /s/ Gary F. Santo, Jr.  
Name: Gary F. Santo, Jr.  
Title: President

**BAKER TECHNOLOGIES, INC., a Delaware corporation**

By /s/ Gary F. Santo, Jr.  
Name: Gary F. Santo, Jr.  
Title: President

**JUPITER RESEARCH, LLC, an Arizona limited liability  
company**

By /s/ Gary F. Santo, Jr.  
Name: Gary F. Santo, Jr.  
Title: President

**COMMONWEALTH ALTERNATIVE CARE, INC., a  
Massachusetts corporation**

By /s/ Gary F. Santo, Jr.  
Name: Gary F. Santo, Jr.  
Title: President

**NOTEHOLDER REPRESENTATIVE:**

**NR1, LLC**

By: /s/ David Milner  
Name: David Milner  
Title: Authorized Signatory

**Acknowledged and Agreed to:**

TILT HOLDINGS INC., a British Columbia corporation

By /s/ Gary F. Santo, Jr.

Name: Gary F. Santo, Jr.

Title: Chief Executive Officer

Address: 2801 E. Camelback Rd., Suite 180  
Phoenix, Az 85016





## TILT Holdings Reports Third Quarter 2022 Results

*Plant touching revenue increased 8% year-over-year driven by 424% growth in brand partner sales as TILT executes on its strategic vision;*

*YTD cash from operations up significantly year-over-year to \$8.3 million, compared to cash used of \$3.9 million;*

*Company extends maturity date for certain senior debt holders and reaches agreement in principle for new debt facility*

**Phoenix, Arizona, November 14, 2022** -- 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 months and nine months ended September 30, 2022. All financial information is reported in U.S. dollars and prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") unless otherwise indicated.

"The macro-economic challenges facing operators in the cannabis sector have been well documented over the course of 2022," said CEO Gary Santo. "Macro-economic pressures have affected consumer spending habits and both retail and wholesale pricing volatility has been exacerbated by cannabis supply and demand imbalances occurring in key markets such as Massachusetts and Pennsylvania. However, TILT's brand partner strategy continues to outperform the market with modest to no declines in our wholesale pricing. While still in the early days of executing a mix-shift in our product offerings, wholesale brand partner sales increased 15% sequentially and now account for nearly 40% of our wholesale revenue mix, contributing to stable gross margin on a year-over-year basis as we continue to scale our CPG business."

"At the same time, we have seen an improvement in the gross margin profile of our hardware business and are excited to be debuting several innovative new hardware devices at this week's MJBiz conference in Las Vegas. Our renewed focus on innovation has been well received by long-time partners such as Smoore while attracting the interest of new partners as we look to grow our hardware business in 2023 and beyond."

"By year-end, we expect to have over 145 brand partner product offerings in market, which together with our expanded hardware portfolio, should allow TILT to end the year on a strong note as we prepare to enter New York in 2023. We remain Adjusted EBITDA and cash flow positive, and with the agreement in principle for our expected debt refinancing announced earlier today, we believe we are well positioned to return to stronger growth and profitability in the coming year."

### Q3 2022 Financial Summary

- Revenue was \$40.5 million in the three months ended September 30, 2022, compared to \$53.4 million in the prior year period. The decrease in revenue was primarily driven by lower sales volume
-

in the Company's inhalation business, partially offset by continued growth in the Company's cannabis operations.

- Gross profit was \$9.5 million in the three months ended September 30, 2022, or approximately 24% of revenue, compared to \$12.6 million or approximately 24% of revenue in the prior year period. The decrease in gross profit was primarily driven by the aforementioned lower sales volume in the Company's inhalation business, as well as lower pricing in the Company's wholesale cannabis operations for non-brand partner sales.
- Net loss for the quarter was \$15.7 million in the three months ended September 30, 2022, compared to a net income of \$1.0 million in the prior year period. The net loss was primarily driven by lower gross profit, tax expense and a revaluation of warrant liabilities.
- Adjusted EBITDA was \$0.6 million in the three months ended September 30, 2022, compared to \$5.0 million in the prior year period. The decrease was driven by lower sales volume in the Company's inhalation business as well as pricing contraction for non-brand partners in the Company's wholesale cannabis operations, partially offset by lower operating expenses.
- Year to date cash provided by operations was up significantly to \$8.3 million, compared to cash used of \$3.9 million in the prior year. The increase was primarily driven by the reduction of accounts receivable and conversion of inventory.
- Total cash balance at September 30, 2022 was \$16.6 million compared to \$7.0 million at December 31, 2021. This cash balance included restricted cash of \$10.0 million at September 30, 2022, compared to restricted cash of \$2.7 million at December 31, 2021. Unrestricted cash and cash equivalents were \$6.6 million compared to \$4.2 million at December 31, 2021.

#### **Recent Financing Update**

- Entered into amendments to the senior secured promissory notes held by certain senior debt noteholders totaling \$9.6 million in principal amount to extend the maturity date from November 14, 2022, to December 31, 2022. In addition, the Company announced an agreement in principle for a new debt agreement with new and existing investors that, when signed and closed, is expected to satisfy and retire the senior notes now due in December 2022 and junior notes due in April 2023. The Company expect to enter into a definitive agreement and close by the end of the year.
- Announced previously that the work with IIPR for the Pennsylvania sale and leaseback of the Company's White Haven, Pennsylvania facility has been successfully completed and the timing of closing was extended to on or before December 31, 2022, as part of a simultaneous closing with the expected debt refinancing anticipated to occur by year end.

#### **Q3 2022 Operational Highlights**

- Launched innovative self-care brand 1906™ to patients across Pennsylvania, as well as lifestyle cannabis brands Toast and Highsman in Massachusetts for both patients and adult-use customers.
  - Received approval from the Massachusetts Cannabis Control Commission to commence operations for the medical use of marijuana at the Company's 5,100 sq ft dispensary in Cambridge, Massachusetts.
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- Won multiple awards during the quarter, including the cultivators cup “Best Cannabis Partnership” at the annual Benzinga Cannabis Capital Conference which highlighted the Company’s partnership with the Shinnecock Indian Nation to develop cannabis operations on sovereign land.

#### **Recent Operational Highlights**

- Announcing today multiple senior leadership updates, including the appointment of Dana Arvidson to Chief Financial Officer, Brad Hoch to Chief Accounting Officer, and Chris Kelly to Chief Revenue Officer, all to be effective December 6, 2022.
- Launched Black Buddha Cannabis, a black and woman-owned and led, environmentally conscious, social impact cannabis wellness brand throughout Massachusetts.
- Launched purpose-driven cannabis lifestyle brand Highsman to medical dispensaries in Pennsylvania under the brand *H* by Ricky Williams.
- Introduced CCELL by Smoore Technology Limited’s latest technology release, EVO, through the Company’s wholly owned subsidiary, Jupiter.
- Announced an exclusive manufacture and distribution agreement with Curaleaf International, to bring the Jupiter manufactured Liquid Que™ vaporizer to new territories abroad.

#### **2022 Financial Guidance**

Due to the evolving macroeconomic environment, inflationary impacts on consumer spending, and lower cannabis wholesale pricing in Massachusetts and Pennsylvania, TILT is revising its 2022 financial outlook and now expects revenue to range between \$175 – \$180 million, with Adjusted EBITDA ranging between \$5 – \$6 million.

#### **Earnings Call and Webcast**

TILT management will host a conference call today at 5:00 p.m. Eastern time to discuss its financial and operational results, followed by a question-and-answer period.

Date: Monday, November 14, 2022

Time: 5:00 p.m. Eastern Time

Toll-free dial-in number: (855) 656-0923

International dial-in number: (412) 317-5244

Conference ID: 10172685

Webcast: TILT Q3 2022 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](http://www.tiltholdings.com).

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## **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 in regulated markets across 37 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](http://www.tiltholdings.com).

Instagram: @tiltholdings

Twitter: @TILT\_Holdings

## **Forward-Looking Information**

This news release contains forward-looking information and statements (together, "forward-looking information") under applicable Canadian and U.S. securities laws which are based on current expectations. Forward-looking information is provided for the purpose of presenting information about TILT 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 relating to TILT's debt refinancing and discussions with the senior note holders and other investors and the agreement in principle, expectations with respect to the entry into a definitive agreement with such parties and to close by the end of the year, expectations regarding the ability to satisfy short-term maturing debt and to have the capital and foundation to execute on plans, the expectations with respect to entering into the new York market and the timing thereof the expectations with respect to growth and profitability, the expected performance and growth of the Company's hardware business, the expected performance of the collaboration between TILT and its brand partners, the expected number of brand partner product offering by year end, anticipated development, timing and release of future product offerings, anticipated effect of new pricing on future margins, expectations and guidance regarding 2022 revenue and Adjusted EBITDA, 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 and 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", "will", "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.

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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 risk 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. Such risk factors include, but are not limited to, the risk that TILT will not reach a definitive agreement with note holders and investors to satisfy its short-term maturing debt or that such debt refinancing will occur on acceptable terms, or at all, the risk that TILT may not be able to secure additional capital on attractive terms, if at all, and those risks described under the heading "Risk Factors" in Amendment No. 2 to the Form 10 Registration Statement filed by TILT with the United States Securities and Exchange Commission and on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Non-GAAP Financial and Performance Measures**

In addition to providing financial measurements based on GAAP, the Company provides additional financial metrics that are not prepared in accordance with GAAP. Management uses non-GAAP financial measures, in addition to GAAP 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-GAAP financial measures are EBITDA and Adjusted EBITDA. Management believes that these non-GAAP 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-GAAP financial measures enable investors to evaluate the Company's operating results and future prospects in the same manner as management. These non-GAAP 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-GAAP 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-GAAP 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 GAAP.

#### EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are financial measures that are not defined under GAAP. The Company uses these non-GAAP 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

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(minus) income taxes (recovery), plus (minus) finance expense (income), plus depreciation and amortization expense. Adjusted EBITDA is EBITDA excluding certain one-time, non-cash or non-operating expenses, as determined by management, including stock compensation expense, debt issuance costs and severance.

Please see “Reconciliation of Non-GAAP Measures” below for further information.

**Company Contact:**

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

**Investor Relations Contact:**

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Elevate IR  
TILT@elevate-ir.com  
720.330.2829

**Media Contact:**

Leland Radovanovic  
Trailblaze  
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Table 1: Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)  
(Amounts Expressed in Thousands of United States Dollars)

	Three Months Ended			Nine Months Ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Revenues, net</b>	\$ 40,487	\$ 47,055	\$ 53,362	\$ 129,894	\$ 148,648
Cost of goods sold	(30,950)	(36,110)	(40,780)	(100,059)	(109,632)
<b>Gross profit</b>	<b>9,537</b>	<b>10,945</b>	<b>12,582</b>	<b>29,835</b>	<b>39,016</b>
<b>Operating expenses:</b>	4,881	6,335	5,169	16,384	13,801
Wages and benefits	4,643	5,585	5,113	15,007	14,003
General and administrative	808	586	321	1,801	702
Sales and marketing	533	786	849	2,545	2,406
Share-based compensation	4,594	4,560	4,429	13,712	13,261
Depreciation and amortization	175	6,669	194	7,541	194
Impairment loss and loss on disposal of assets	15,634	24,521	16,075	56,990	44,367
<b>Total operating expenses</b>	<b>(6,097)</b>	<b>(13,576)</b>	<b>(3,493)</b>	<b>(27,155)</b>	<b>(5,351)</b>
<b>Operating loss</b>					
<b>Other (expense) income:</b>					
Interest income	94	56	—	168	587
Other income	2	4	2	9	70
Change in fair value of warrant liability	610	3,913	5,204	2,360	(2,782)
Gain (loss) on sale of assets	(1)	—	127	—	68
Unrealized loss on investment	(198)	(49)	(17)	(292)	(829)
Loan receivable losses	(133)	(504)	—	(1,154)	—
Loss on termination of lease	—	—	—	—	(333)
Interest expense	(4,150)	(3,796)	(2,849)	(10,727)	(7,624)
Foreign exchange gain (loss)	—	—	12	—	(23)
<b>Total other (expense) income</b>	<b>(3,776)</b>	<b>(376)</b>	<b>2,425</b>	<b>(9,636)</b>	<b>(10,866)</b>
<b>(Loss) income from operations before income tax and non-controlling interest</b>	<b>(9,873)</b>	<b>(13,952)</b>	<b>(1,068)</b>	<b>(36,791)</b>	<b>(16,217)</b>
<b>Income taxes</b>					
Income tax benefit (expense)	(5,818)	6,898	2,094	2,412	1,220
<b>Net (loss) income before non-controlling interest</b>	<b>(15,691)</b>	<b>(7,054)</b>	<b>1,026</b>	<b>(34,379)</b>	<b>(14,997)</b>
Less: Net loss attributable to non-controlling interest	—	3	—	8	—
<b>Net (loss) income attributable to TILT Holdings Inc.</b>	<b>\$ (15,691)</b>	<b>\$ (7,051)</b>	<b>\$ 1,026</b>	<b>\$ (34,371)</b>	<b>\$ (14,997)</b>

Table 2: Reconciliation of Non-GAAP Measures (Unaudited)  
(Amounts Expressed in Thousands of United States Dollars)

	Three Months Ended			Nine Months Ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Net (loss) income before non-controlling interest</b>	<b>\$ (15,691)</b>	<b>\$ (7,054)</b>	<b>\$ 1,026</b>	<b>\$ (34,379)</b>	<b>\$ (14,997)</b>
Add (Deduct) Impact of:					
Interest income	(94)	(56)	—	(168)	(587)
Interest expense	4,150	3,796	2,849	10,727	7,624
Income tax expense (benefit)	5,818	(6,898)	(2,094)	(2,412)	(1,220)
Depreciation and amortization	6,061	6,128	6,180	18,357	17,464
Total Adjustments	15,935	2,970	6,935	26,504	23,281
<b>EBITDA (Non-GAAP)</b>	<b>\$ 244</b>	<b>\$ (4,084)</b>	<b>\$ 7,961</b>	<b>\$ (7,875)</b>	<b>\$ 8,284</b>
Add (Deduct) Impact of:					
Share-based Compensation	533	786	849	2,545	2,406
Severance	202	94	739	296	756
(Gain) Loss on Sale of Assets	1	—	(127)	—	(68)
Loss on termination of lease	—	—	—	—	333
Deferred Rent Adjustment	—	—	—	—	(548)
Legal Settlement	(782)	(360)	36	(1,142)	2,363
Unrealized (Gain) Loss on Investment in Equity Security	198	49	71	292	829
Change in Fair Value of Financial Instruments	(610)	(3,913)	(5,204)	(2,360)	2,782
Loss on Loan Receivable	133	504	—	1,154	—
Impairment loss and loss on disposal of assets	175	6,669	194	7,541	194
One Time Adjustments	493	1,312	451	2,734	408
Total Adjustments	343	5,141	(2,991)	11,060	9,455
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>587</b>	<b>1,057</b>	<b>4,970</b>	<b>3,185</b>	<b>17,739</b>

Table 3: Condensed Consolidated Statements of Cash Flows (Unaudited)  
(Amounts Expressed in Thousands of United States Dollars)

	Nine Months Ended	
	September 30, 2022	September 30, 2021
Net Cash Provided by (Used in) Operating Activities	\$ 8,292	\$ (3,934)
Net Cash (Used in) Provided by Investing Activities	(15,962)	1,141
Net Cash Provided by Financing Activities	17,297	2,089
Effect of Foreign Exchange on Cash and Cash Equivalents	(6)	(5)
<b>Net Change in Cash and Cash Equivalents</b>	<b>9,621</b>	<b>(709)</b>
Cash and Cash Equivalents and Restricted Cash, Beginning of Period	6,952	8,859
<b>Cash and Cash Equivalents and Restricted Cash, End of Period</b>	<b>\$ 16,573</b>	<b>\$ 8,150</b>



# TILT HOLDINGS

Table 4: Condensed Consolidated Balance Sheets (Select Items) (Unaudited)  
(Amounts Expressed in Thousands of United States Dollars)

	<u>September 30, 2022</u>	<u>Dec 31, 2021</u>
	(unaudited)	(audited)
Cash and Cash Equivalents	\$ 6,584	\$ 4,221
Restricted cash	9,989	2,731
Trade receivables and others	23,940	32,393
Inventories	49,245	55,583
Total Current Assets	92,993	100,613
Property, Plant & Equipment, Net	69,943	62,360
Total Assets	364,382	381,348
Total Current Liabilities	129,668	99,497
Total Long-Term Liabilities	40,891	56,186
Total Shareholders' Equity	193,823	225,665

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