

July 16, 2019



## TILT Holdings Announces U.S. \$125 Million Convertible Note Financing

*Proposed financing would provide the capital to accelerate the runway for growth across business units and continue the TILT mission to deliver value to shareholders*

CAMBRIDGE, Mass.--(BUSINESS WIRE)-- TILT Holdings Inc. ("TILT" or the "Company") (CSE: TILT) (OTCQB: SVVTF) today announced that it has signed a binding term sheet for a private placement of US \$125 million from a syndicate of institutional investors (the "Financing Syndicate") led by UCP, a Toronto-based investment firm specializing in cannabis and alternative assets. This investment will be in the form of convertible senior secured notes (the "Notes") that will provide aggregate gross proceeds to TILT of a minimum of US \$50 million and up to US \$125 million, at the election of the Company (the "Financing"). The Financing is subject to the completion of due diligence and definitive legal documentation, and it is expected to close in August.

"This financing demonstrates TILT's access to long-term capital partners committed to realizing the TILT vision and TILT's drive towards potential profitability, free cash flow and scaling," commented Mark Scatterday, Interim CEO. "This investment into our business, at significantly improved terms to our existing debt facility, is a reflection of the value of our assets, the support investors are providing to a new transparent management team, and the opportunity for TILT's strategic positioning to unlock that value. With our new leadership in place, we have already implemented imperative cost-cutting measures throughout the organization so that this new capital will be utilized in the most fiscally responsible way. Using the minimum \$50 million positions TILT to reach potential profitability and become cash flow positive. Having access to \$125 million enables TILT to take advantage of both organic and acquisition-based growth opportunities that will enable TILT to solidify its position as a top revenue generating company in the sector. We look forward to sharing more about our comprehensive plan that is underway, recent management upgrades, and Q2 results in August."

TILT intends to use the proceeds from the Financing to continue its rapid yet disciplined focus on profitability as one of the largest US-focused cannabis companies by revenue. The Financing is designed to maximize shareholder value during the 12 months immediately following the closing, and beyond. The proceeds from the Financing will be used for:

- *Finance and Operations*
  - Retire in full the Company's U.S. \$20 million Bridge Loan dated April 29, 2019 that bears interest at 18.75% per annum
  - Provide adequate cash for working capital needs to sustain and build long-term operations without fundraising concerns
- *Growth of Existing Businesses*
  - Capitalizing on Jupiter's leadership position, Jupiter will expedite its expansion

throughout the United States and global markets by multiplying the sales force and distribution hubs. In addition, resources will be invested to accelerate Jupiter's new exclusive product introductions and supporting the new product development/fundamental research center and laboratory

- Continue wholesale distribution efforts throughout Massachusetts and position for retail openings in Brockton and Cambridge
- *Investor Relations*
  - The new Financing Syndicate to work hand in hand with TILT leadership to ensure a new era of transparency, compliance and an independent board

All Notes will have a maturity date of 36 months from the closing date and will bear interest from their date of issue at 8.0% per annum, payable quarterly. During the term of the Notes, the Company may choose to pay a portion of the interest in kind and prepay the Notes without penalty any time after the first year with 60 days' notice to the holders of the Notes.

The Notes will be convertible, at the option of the holders at approximately a 30% premium to TILT's closing price as of July 15, 2019. Additionally, the Financing Syndicate will also be issued the right to purchase Common Share warrants ("Warrants"), which represent 30% Warrant coverage on the aggregate gross proceeds of the Notes with a strike price at approximately 50% premium to the July 15, 2019 closing price.

The terms of the Financing described in this press release are set out in the Term Sheet, which will be filed on SEDAR and available at [www.sedar.com](http://www.sedar.com), and remain subject to completion of due diligence, and negotiation and entering into of definitive documentation. Closing fees are 1.25% of the total investment payable in cash and 2.5% of the total investment payable in stock based on the same formula as the conversion rights, subject to compliance with Canadian securities laws. A subsequent news release will be circulated once the initial draw down is funded which will also include the amount of warrants and other key terms at such time.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

## **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 United States ("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 three main business units, Cultivation & Production, 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](http://www.tiltholdings.com).

## **About UCP**

UCP, headquartered in Toronto, concentrates on private equity opportunities in the cannabis, technology and digital media spheres in North America and Western Europe.

## **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 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.*

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