

October 2, 2019



TILT Holdings Announces Forfeiture of 60 Million Stock Options from Founders

CAMBRIDGE, Mass.--(BUSINESS WIRE)-- [TILT Holdings Inc.](#) (“TILT” or the “Company”) (CSE: [TILT](#)) (OTCQB: [TLLTF](#)), a foundational technology cannabis platform comprised of assets to support brands worldwide, announced today that the Company has negotiated an agreement with six of its remaining founders regarding the immediate forfeiture of all 60,217,088 stock options granted at the time of the merger, as well as the final separation of most of these founders from the Company. During the second quarter of fiscal 2019, the Company reported stock-based compensation expense of greater than \$47 million associated with these now forfeited stock options. Adjusting for the subsequent forfeiture, TILT’s Q2 2019 net loss of \$48.9 million would have been almost entirely reduced, bringing the Company close to break-even. The successful forfeiture of these stock options follows the recent announcement of an adjusted EBITDA positive month of July.

“The reduction of this excessive financial overhang on TILT’s consolidated results from the founders’ incentives should not only improve profitability, but reduce potential future dilution on our valued shareholders,” said Mark Scatterday, interim CEO of TILT. “This resolution with these individuals will yield significant improvements to our net earnings profile and reflects the Company’s focus on enhancing shareholder value. This news, paired with the changes we have made in management and implemented in our operations, positions us better financially than we ever have been to date. Since accepting the role of interim CEO, I have been focused on achieving profitability, unlocking shareholder value and further positioning TILT for success. TILT is fundamentally different today from just four months ago. We still have work to do, but we are making great strides in just a small amount of time with new leadership in place and we are looking forward to sharing our Q3 2019 results with the public.”

Since his appointment in May 2019, Mr. Scatterday has spent much of his time focusing on reforms to many of the financial and structural issues within the Company, including a focus on reducing or eliminating the Company’s outstanding stock-based compensation expense in connection with the founders of the Company, as well as changes in senior management to improve operations. This expense reduction will greatly benefit the profitability of the organization and continue to build shareholder value.

The Company also announced today that in connection with the separation of several founders, the Company will be issuing, in accordance with Company policies, an aggregate of 9,045,690 common share purchase warrants (“Warrants”) to such founders, each Warrant exercisable into one common share of the Company at a price of CAD\$1.05 for a period of five years. The financial impact of these “out-of-the-money” Warrants aligns with the Company’s focus on driving shareholder value and achieving long-term success.

To learn more about TILT Holdings Inc. visit www.tiltholdings.com.

About TILT

TILT Holdings serves cannabis brands worldwide through a strong network of portfolio companies committed to technological innovations that support long-term success. 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. As a market leader in cannabis technology and related products and services, the Company's core assets include wholly-owned subsidiaries Jupiter, a company that focuses on the vast potential of inhalation through innovative design, development and manufacturing; Blackbird Logistics Corporation, a company that provides operations and software solutions for wholesale and retail distribution; and Baker Technologies Inc., a CRM platform helping dispensaries grow their business. The Company also owns cannabis operations in states including Massachusetts, led by Commonwealth Alternative Care, Inc.; and in Pennsylvania, led by Standard Farms, LLC. Headquartered in Cambridge, Massachusetts, with offices throughout the U.S., and London, TILT has over 400 employees and has sales in the U.S., Canada and Europe. 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 issuance of Warrants, the opinions or beliefs of management in general, 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", "should", "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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