

November 4, 2019



TILT Holdings Announces up to US \$35M Shareholder Backed Financing

Strategic capital will retire outstanding \$20 million debt facility and provide a path to growth that will enable TILT to deliver shareholder value

CAMBRIDGE, Mass., Nov. 04, 2019 (GLOBE NEWSWIRE) -- TILT Holdings Inc. ("TILT" or the "Company") (CSE: TILT) (OTCQB: TLLTF), a foundational technology cannabis platform comprised of assets to support brands worldwide, today announced that it has closed a private placement (the "Financing") of up to US\$35 million of senior secured notes (the "Notes") from a syndicate consisting of existing shareholders and new investors (the "Financing Syndicate"). The first close was \$25.6M. Any further closing of up to \$9.4M would take place within 45 days, subject to approvals from both the Company and the Financing Syndicate. Mark Scatterday, the Company's Interim CEO, and other insiders participated in the Financing.

"We are pleased to share that given our strong results and financial performance we have lowered the amount raised from our previous announcement and improved the terms resulting in a significantly less dilutive financing for the Company. In a market where raising capital is challenging, this financing and these terms are a testament to our recent performance as a business and the support we have from our core shareholder base," commented Mark Scatterday.

Mr. Scatterday further describes that "This loan demonstrates growing confidence in TILT's value proposition as we seek to set ourselves apart with respect to profitable growth, free cash flow and resiliency in a dynamic industry. In a 'grow for growth's sake market,' we are pleased to pair steady growth with principled financial discipline. Our goal is for TILT to become one of the top revenue generating and profitable cannabis companies in the industry. We are excited to share our Q3 results in a few weeks."

TILT intends to use the proceeds from the Financing to continue a rapid yet disciplined focus on profitability as one of the largest US-focused cannabis companies by revenue. Continuing to concentrate on the services side of the cannabis industry, capital will be allocated to help Jupiter continue its growth as one of the largest providers of vape hardware across the US and internationally, as well as the Baker and Blackbird software and distribution platforms. The Company will also be strategically reviewing opportunities surrounding non-core assets. The Financing will be used specifically to retire in full the Company's U.S. \$20 million bridge loan dated April 29, 2019 that bears interest at 18.75% per annum, as well as other payables.

The Financing Syndicate and the Company have agreed to reconstitute the Board of Directors of the Company (the "Board") with new independent Board members in line with

new management's focus on transparency, compliance and corporate governance. The Financing Syndicate has proposed two Board Members who will be appointed shortly after closing.

All Notes 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. In connection with the issuance of the Notes, the Company will issue 1,800 common share purchase warrants (the "Warrants") to the subscribers for each US\$1,000 principal amount of Notes subscribed, for a total aggregate of approximately 46M Warrants (representing 45% warrant coverage on the aggregate gross proceeds of the Notes). Each Warrant is exercisable for one common share of the Company at a price of C\$.33 per common share for a period of 36 months from the closing date. In addition, the previous sellers of Jupiter Research LLC ("Jupiter") have agreed to restructure unsecured debt of \$35 million (owed to them in connection with their sale of Jupiter) with a new maturity date of January 2023 ("Maturity") and an 8% per annum interest rate that accrues and is payable at Maturity, along with a junior secured position to the Financing (the "Jupiter Debt Restructuring"). Upon repayment of the Notes, should any Jupiter Debt be outstanding, the Jupiter Sellers will assume the same rights and security as the original Financing Syndicate until repaid. No warrants shall be issued as part of the Jupiter Debt Restructuring.

The terms of the Financing and the Jupiter Debt Restructuring described in this press release are set out in the applicable definitive documents, which will be filed on SEDAR and available at www.sedar.com. 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 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, a company that provides operations and software solutions for wholesale and retail distribution; and Baker, 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.

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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, the use of proceeds of the Financing, 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 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.

Source: Tilt Holdings