



## Tinley's Provides Answers to Frequent Shareholder Questions

### **FOR IMMEDIATE RELEASE**

TORONTO, Ontario and LOS ANGELES, California, November 16, 2022 – The Tinley Beverage Company Inc. (CSE:TNY; OTC:TNYBF) ("Tinley's" or the "Company") is pleased to provide answers to questions received from shareholders about the Company's operations and its recent announcements to the markets.

#### **Why isn't Beckett's available in Ontario? When will it be available?**

*We are addressing reintroduction to Canada of Beckett's at low capital investment based on our recent reformulation and relaunch experience in the US. The priorities for the Company's overall business are set to create value, drive revenue and reduce cost. Based on each geography and our brand's potential, such priorities include: (i) Long Beach Co-pack; (ii) in California, Tinley's and Beckett's US; and (iii) in Canada, Tinley's infused & Beckett's. Beckett's relaunch is currently underway in the US at Total Wine & More stores located in 27 states. The Company expects to reintroduce the Beckett's brand into Canada in due course.*

#### **What is the pricing logic behind the pricing of Tinley's THC beverage in Ontario?**

*Tinley's faced challenges entering the Canadian cannabis-infused beverage market. The Company's previous management made the decision to introduce Smooth Coconut into Ontario at 10 mg of THC and Mystic Dove at 3.5 mg THC. Tinley's tried to market Smooth Coconut as a 5 'suggested serving' 'Malibu rum'-style beverage, but the THC limit per beverage container is 10 mg, and beverages may only be marketed as single servings per Health Canada packaging regulations, making the beverage difficult to position and sell. With respect to Mystic Dove, attempting to sell a 3.5 mg beverage in the 'dollars for mg'-focused Ontario market was challenging, especially at the retail price of Mystic Dove to consumers.*

*Tinley's acknowledges that both Smooth Coconut and Mystic Dove were initially priced too high when compared against the prices of other similar beverages in Ontario. Under Tinley's previous management, the Company entered into manufacturing agreements with licenced beverage producers in Canada at higher production costs than would be available to Tinley's today. The high initial costs of production were built into the price at which Tinley's beverages were available to Ontario consumers. While the prices of Tinley's beverages in Ontario would have been competitive in the early days of recreational legalization which is when these production contracts were entered into, by the time Tinley's beverages were released in Ontario there were numerous other beverages and competitors in the space. At the time Tinley's infused beverages were released in Ontario, the cost of production and the retail price of infused beverages in Ontario had fallen as compared to when Tinley's entered into its first production agreements. So, when Tinley's infused beverages were released, its beverages were competing against other similar beverages being produced at lower production costs and selling for a lower retail price.*

*A price reduction for both Smooth Coconut and Mystic Dove has been approved by the Ontario Cannabis Store ("OCS"). While there is no Mystic Dove inventory remaining at the OCS warehouse, the new reduced price of Smooth Coconut will be reflected on a replenishment order to the OCS for 400 units. Production is currently anticipated to be completed on or around December 2 or 3, 2022, with expected availability at the OCS in January 2023.*

*One of Tinley's top priorities has been to source a new production partner in Canada and re-enter the market with refocused formulations, formats, and pricing. The Company expects to provide a detailed update regarding production in Canada and brand releases for 2023 before the end of this year; however, there can be no assurance as to when any new Canadian production partners may be identified, if at all.*

#### **Why aren't Tinley's infused beverages available in Northern California? What is the sales and marketing plan for Tinley's infused beverages in California?**

*We have relaunched the full seven-SKU Tinley's program in Northern California, beginning with eight CocoFarms/Rio Vista locations ranging from East Bay to the Delta area. The Company continues to add and supply new retailer partners in Northern California with staff education and customer demo events executed at each new account.*

**What is being done to address the share price?**

*This is a question that has been fielded from many shareholders. The short answer is that Tinley's intends to focus on operations and direct its attention and resources towards operations improvements and business growth. We believe that the key to driving up shareholder value and increasing the share price is posting increasing revenue by quarter, driving efficiency, and getting to cash-flow positive to become profitable as a going concern. Tinley's revenue is continuing to increase as its list of co-packing clients grows. The Company's Beckett's line of non-alcoholic and non-THC beverages is beginning to see sales traction in the US market, and it is expected that Beckett's US sales will add to the Q4 2022 revenue, which, as at the date hereof, management expects to be incrementally higher than the previous quarter.*

*Just as important as generating revenue to become cash-flow positive, the current work to reduce overhead costs is essential. Synergy initiatives undertaken by management since June 2022 with the collaboration of our strategic investor partner Blaze Life Holdings ("BLH") and its divisions have already yielded cost savings and improvements in engineering and productivity, enabling revenue growth expected to be reported in Q3 and Q4. The anticipated Management Services Agreement to be entered into between Tinley's and BLH is expected to accelerate and solidify ongoing reductions to overhead costs.*

*Tinley's will consider devoting attention and resources to investor relations once the Company is in a more stable position with respect to its operations. Both the board and management do not believe that committing Tinley's already stretched financial and human resources to investor relations activities is a sound or responsible use of resources at present and should not be undertaken until the Company's business fundamentals and results of operations are demonstrably at a point where the Company can support these kinds of activities and initiatives.*

**Why isn't there CBD in any of Tinley's infused beverages in Canada?**

*Cannabidiol ("CBD"), which is one of the many cannabinoids found in the cannabis plant, was never considered by the Company for the beverages introduced in Canada, as the formulations for Canada are adaptations of Tinley's US formulas, which to date have been micro-dose THC focused, without CBD. We do see that there have been beverages introduced in Canada with both THC and CBD and that some of these beverages appear to sell reasonably well. Tinley's is currently investigating infusing its beverages with THC along with other possible cannabinoids (other than CBD) that may work to enhance and complement the Tinley's beverage experience.*

**Rick Gillis told a shareholder that 100mg beverages "sell really well" in the US. Why isn't Tinley's making these?**

*We are engaged in a company-wide new product development process to respond to trade and consumer trends and direct-to-consumer ("DTC") channel opportunities. DTC consumers are widely understood to include a higher number of 'new canna-curious' consumers motivated by micro-dosing, additional cannabinoids, and natural product attributes. New product announcements and launch dates are expected in 2023. Considerations for new products for the US market include higher-dose products targeted at traditional dispensary consumers, including a 100 mg version of our Tinley's '27s, keeping in mind that the limit on multi-dose potency per single container, for infused beverage products like ours, is 100 mg THC max in California.*

**Do we make edibles for anyone?**

*We currently only produce cannabis infused beverage products for ourselves and for branded contract manufacturing clients in the Long Beach Facility for the US market. We do not manufacture non-beverage edible cannabis products.*

**Why is there a lack of meaningful revenue, especially with the US co-packing business Tinley's has lined up?**

*Revenue is reported quarterly 'in arrears'. The fact that a new brand client may sign a contract for co-packing services at our Long Beach facility and pay initial fees due on a production service request is not recognized as a revenue event. For our contract packing business in California, revenue is recognized after production and once a customer pays for and takes delivery of the product. As a result, there could be a material delay between signing up a new co-packing client and recognizing revenue from the same client. As more of the revenue is able to be booked or recognized by the Company for accounting purposes for the Company's US co-packing clients that it signed over the last several months, management anticipates that this will correspond with meaningful revenue growth being reported from the co-packing business. For Beckett's USA, revenue is recognized when shipments of products manufactured at contract packers, for which we have been paid against purchase orders by retail customers, are delivered to the retail customer's warehouse.*

**How did Ted Zittell become CEO and how was the change made from Office of the CEO to Ted becoming CEO**

*The Office of the CEO was created following Jeff Maser's departure as Tinley's CEO. The Office of the CEO was put in place as a temporary measure to fulfil the duties and obligations of the CEO with existing management at no additional cost to the Company and until Tinley's was able to plan for and put in place a full-time CEO. Some shareholders have raised concerns that the Company was paying CEO salaries to each member of the Office of the CEO. This is a misconception, as the Office of the CEO added no additional cost to the Company and CEO-level salaries were not paid to the members of the Office of the CEO.*

*Following Jeff Maser's departure from Tinley's, the Company did investigate and consider a number of different options for the successor CEO. However, Ted Zittell emerged as the clear choice to lead Tinley's, and the board of directors approached Ted Zittell on an unsolicited basis to offer him the position. The disbandment of the Office of the CEO and the appointment of Ted as CEO of Tinley's was unanimously approved by the board (with the exception of Mr. Zittell, who abstained from voting). The board of directors still unanimously agrees that they made the right decision and Mr. Zittell has the full support and confidence of the newly elected board of directors.*

**How come Tinley's website doesn't have a "where to buy" so a consumer can find product close to them?**

*As programs re-launch, and points of sale are added, more resources will be allocated to marketing Tinley's and Beckett's brands, including adding functionalities to our websites such as where to buy, which demands continuous updates. The Company currently anticipates making "where to buy" tools available on its website in Q1 2023.*

**What about stock options, and 'free shares'?**

*There are no free shares. Under applicable law, shares of a corporation must be paid for and there are rules and regulations applicable to public companies, including Tinley's, for determining what is fair value for a company's shares and at what price a share can be issued at.*

*Certain officers, directors, employees and consultants have been granted and are eligible to receive stock options. Stock options should not be confused with free shares. A stock option allows the optionee to purchase a share from Tinley's treasury at a pre-determined price before a set expiry date. In order for any person with Tinley's stock options to exercise those options and receive shares, that person must pay Tinley in cash for those shares. In no way are Tinley's shares ever given to anyone for free, or in any circumstance not paid for when an option is exercised.*

*For information on the Company's stock option plan and how Tinley's uses stock options to incentivize persons as performance-based rewards, we encourage shareholders to review the section entitled "Compensation, Discussion and Analysis" in the Company's management information circular, dated September 16, 2022, which can be found on the Company's profile at [www.sedar.com](http://www.sedar.com).*

**Why are management salaries so high? How were management's salaries decided?**

*Small cap pre-revenue companies like Tinley's typically review comparable compensation for analogous companies in their sectors. Management and the Board undertook a review of management salaries from a broad range of comparable companies, and with these 'comparables' as reference, the Company offered salaries that the Board in its judgment deemed sufficient to attract and retain key personnel based on their experience. Management salaries were negotiated between each individual and Tinley's. Each member of management is currently earning less at Tinley's than they did at their previous employment, and their salaries are less than they originally requested. When deciding upon management salaries, Tinley's has attempted to balance its available financial resources for management salaries with a quantum necessary to hire and retain management with the experience, talent and pedigree needed to move the Company forward in a direction that advances both the Company's and shareholder interests. The Company believes that if members of management were offered less than they are currently being paid, they would have found alternative employment.*

*The board believes that management salaries are fair and reasonable in the circumstances and reasonable in comparison to other similar companies. Further, the board believes that each current member of management is integral in the overall success of Tinley's and believes that retaining its current management team is in the best interests of the Company and its shareholders.*

## **Forward-Looking Statements**

This news release contains forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are statements and information that are not historical facts but instead include financial projections and estimates, statements regarding plans, goals, objectives and intentions, statements regarding the Company's expectations with respect to its future business and operations, the timing of the Company's manufacturing capability enhancements, revenue growth, management's expectations regarding growth, the expected benefits from facility and equipment upgrades and potential savings from shared management services and related operations synergies, expected benefits from first-mile distribution services enabled by the on-site distribution licence, the expected benefits from last-mile distribution services through SuLo Distro, the timing of the manufacturing, distribution and sale of Tinley's infused products in the US and Canada, the timing of clients' initial and repeat production runs at Tinley's Long Beach Facility, and the timing of production and sales of Beckett's products in the US and Canada, the timing of new product development and releases, and phrases containing words such as "ongoing", "estimates", "expects", or the negative thereof or any other variations thereon or comparable terminology referring to future events or results, or that events or conditions "will", "may", "could", or "should" occur or be achieved, or comparable terminology referring to future events or results. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, delays in obtaining or failures to obtain required governmental, environmental, or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices and delays in the development of projects. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law. Products, formulations, and timelines outlined herein are subject to change at any time.

For further information, please contact:

**The Tinley Beverage Company Inc.**

Teddy Zittel

(310) 507-9146

[relations@drinktinley.com](mailto:relations@drinktinley.com) CSE:TNY; OTC:TNYBF

Twitter: @drinktinleys and @drinkbecketts

Instagram: @drinktinleys and @drinkbecketts

[www.drinktinley.com](http://www.drinktinley.com)