

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: TILT Holdings Inc. (“TILT” or the “Issuer”).

Trading Symbol: TILT

Number of Outstanding Listed Securities: 190,220,698 common shares in the capital of the Issuer (“Common Shares”)

Date: August 6, 2019

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are “material information” as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

TILT is a provider of products and services to businesses operating in the cannabis industry. The Issuer 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 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 Issuer 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.

On July 10th 2019, the Issuer released an update letter from the Issuer’s Interim Chief Executive Officer, Mark Scatterday. The letter discussed financing initiatives, operational capacity and functioning of TILT.

On July 16th 2019, TILT 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 (“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 Issuer (the “Financing”). The Financing is subject to the completion of due diligence and definitive legal documentation, and it is expected to close in August. The proceeds from the Financing will be used for:

Finance and Operations

- Retire in full the Issuer’s U.S. \$20 million Bridge Loan dated April 29, 2019, which bears interest at 18.75% per annum.
- Provide adequate cash for working capital needs to sustain and build long-term operations.

Growth of Existing Businesses

- Jupiter Research LLC (“Jupiter”) will continue its expansion throughout the U.S. 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 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 Issuer 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 15th 2019 closing price. 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.

On July 18th 2019, TILT announced the appointment of Tim Conder as Chief Operating Officer, effective immediately. Mr. Conder was previously the Senior Vice President of Software and Services for TILT, having joined TILT through the acquisition of his cannabis delivery and supply chain services company, Blackbird Logistics Corporation (“Blackbird”), in January 2019. During the recent transition period, Mr. Conder has already streamlined operations across the corporate organization and the business units by eliminating redundancies and implementing Standard Operating Procedures that enable TILT to both move faster and increase accountability. Over the next 100 days, Mr. Conder plans to push for increased profitability through refined budgets broken down by division and business unit, as well as further develop TILT’s ongoing regulatory dialogue.

On July 30th 2019, Tilt Holdings announced that amended and restated management’s discussion and analysis (“MD&A”) for the quarters and year-ended December 31st 2018 and for the three-month period ended March 31st 2019 and 2018 have been re-filed on SEDAR.

The Amended and Restated MD&As were prepared following a continuous disclosure review by the British Columbia Securities Commission ("BCSC") of the Issuer's disclosure records. The Amended and Restated MD&As were refiled to address comments received from BCSC staff and in order to improve the Issuer's disclosure. Specifically, the Q1 2019 MD&A was refiled at the request of the BCSC to:

- address the guidance provided in Staff Notice 51-352 (Revised) Issuers with U.S. Marijuana-Related Activities published by the Canadian Securities Administrators on February 8th 2018;
- identify those persons party to Related Party Transactions disclosed in the MD&A;
- provide more comprehensive disclosure and discussion regarding Pro Forma Results from the quarter ended March 31st 2019;
- remove content from the MD&A deemed "promotional" by the BCSC;
- specifically identify the forward-looking statements in the MD&A;
- include a detailed listing of TILT's financial instruments; and
- discuss the impact on TILT of the implementation of IFRS 16 – Leases.

Furthermore, the YE 2018 MD&A was refiled at the request of the BCSC to:

- address the guidance provided in Staff Notice 51-352 (Revised) Issuers with U.S. Marijuana-Related Activities published by the Canadian Securities Administrators on February 8th 2018;
- provide more prominent and comprehensive disclosure regarding the Issuer's goodwill impairment for the year ended December 31, 2019;
- provide more prominent and comprehensive disclosure as to the Issuer's significant increase from fiscal 2017 in consulting fees, general and office expenses, professional expenses and wages and benefits;
- identify those persons party to Related Party Transactions disclosed in the MD&A;
- provide more comprehensive disclosure and discussion regarding Pro Forma Results from the year ended December 31st 2018;
- remove content from the MD&A deemed "promotional" by the BCSC;
- specifically identify the forward-looking statements in the MD&A;
- include a detailed listing of TILT's financial instruments; and
- discuss the impact on TILT of the implementation of IFRS 16 – Leases.

On July 31st 2019, TILT announced a partnership with CMW Media, a creative and public relations agency specializing in cannabis, cannabidiol (CBD) health and wellness, and emerging markets. This decision is part of TILT's efforts to bring national recognition to the Issuer's subsidiaries and better enhance communication, while providing transparency through more regular media coverage. Additionally, CMW Media will position TILT as a company dedicated to providing value to cannabis retailers through hardware, infrastructure, and technology. CMW Media will help to develop a consistent stream of integrated communications and media campaigns to the overall awareness of TILT and the Issuer's comprehensive footprint throughout the cannabis industry. For interested partners, CMW Media will bring recognition to TILT's portfolio of cannabis companies and brands, which deliver a vertically integrated cannabis solution to help accelerate growth across North America.

2. Provide a general overview and discussion of the activities of management.

See item 1

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

See item 1

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

N/A

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

N/A

8. Describe the acquisition of new customers or loss of customers.

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

N/A

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

For the period from 7/1/2019 to 7/31/2019, TILT hired 10 employees and terminated 36 employees.

11. Report on any labour disputes and resolutions of those disputes if applicable.

N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

On July 10, 2019, Parkline, Inc., a West Virginia corporation, filed a complaint in Bristol Superior Court in Taunton, MA, against Brideside Modular, LLC, and Commonwealth Alternative Care, Inc., both subsidiaries of the Company. The complaint alleges breach of contract and related claims, and seeks damages of US\$2,067,074.17, which relate to amounts that Parkline alleges are owed under certain purchase orders related to the purchase of modular structures, equipment, and services by Brideside Modular, LLC for a project site controlled by Commonwealth Alternative Care, LLC. The Company believes that the case is defensible and intends to vigorously contest this suit.

Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

N/A

13. Provide details of any securities issued and options or warrants granted.

No securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

14. Provide details of any loans to or by Related Persons.

N/A

15. Provide details of any changes in directors, officers or committee members.

TILT announced the appointment of Tim Conder as Chief Operating Officer, effective July 18th 2019. Mr. Conder was previously the Senior Vice President of Software and Services for TILT, having joined TILT through the acquisition of his cannabis delivery and supply chain services company, Blackbird Logistics Corporation, in January 2019.

Effective July 29, 2019, TILT appointed Marshall Horowitz as an executive officer, in the role of General Counsel to TILT.

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Amended and Restated Management Discussion & Analysis dated July 30th 2019 (the "MD&A") under the heading "Risk Factors and Uncertainties". The MD&A is available on the Issuer's SEDAR profile at www.sedar.com.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated August 6, 2019.

David Caloia
Name of Director or Senior Officer

/s/ "David Caloia"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer TILT Holdings Inc.	For Month End July 2019	Date of Report August 6, 2019
Issuer Address 745 Thurlow Street Suite #2400 Vancouver, BC V6E 0C5 Canada		
City/Province/Postal Code Vancouver, British Columbia V6C 0C5	Issuer Fax No. ()	Issuer Telephone No. (617) 956-6736
Contact Name David Caloia	Contact Position CFO	Contact Telephone No. (617) 500-1127