



Tinley's Announces the Sale of Lakewood Libations, Inc. and Provides Corporate Updates

FOR IMMEDIATE RELEASE

TORONTO, Ontario and LOS ANGELES, California, September 19, 2023 – The Tinley Beverage Company Inc. (CSE:TNY; OTC:TNYBF) (“**Tinley’s**” or the “**Company**”) announces the execution of a stock purchase agreement for the sale of its interest in Lakewood Libations, Inc. (“**Lakewood**”) and is pleased to provide corporate updates on recent activities and initiatives underway intended to advance the Company’s business and create sustainable shareholder value.

Stock Purchase Agreement and Lease Extension

Tinley’s has executed a stock purchase agreement (the “**Purchase Agreement**”) with its Long Beach landlord, Unlimited, LLC (“**Unlimited**”), who has agreed to acquire all of the shares in Lakewood from Tinley’s. Lakewood is a subsidiary of Tinley’s that holds the cannabis licences for the Long Beach bottling facility. In consideration for the shares of Lakewood, Unlimited granted Tinley’s a lease extension on the Long Beach bottling facility to August 31, 2023 at a significantly reduced rent. The lease extension and rent reduction allowed Tinley’s to service its co-packing clients until August 20, 2023, while minimizing its cash burn at the same time. The sale of Lakewood will be completed upon the satisfaction of certain conditions. Following the closing, Tinley’s will no longer own Lakewood or its cannabis licences.

Relocation to Canoga Park

The Company has now vacated its Long Beach bottling facility and is in the process of relocating its bottling assets to the Blaze Life Holdings (“**BLH**”) Delta Bev facility in Canoga Park, California (“**BLH Facility**”). Additionally, Tinley’s has retained the services of Beverage Equipment Traders, a company that specializes in the resale of beverage manufacturing equipment, to offer for sale certain other production assets that were not part of the plans for relocation. The proceeds from the sale of these other manufacturing and related assets are intended to mitigate the costs associated with the transition.

The Company expects that its bottling equipment will be installed and operational at the BLH Facility during the fourth quarter of this year. Production of cannabis-infused beverages will begin when BLH is in receipt of certain City of Los Angeles licences and approvals to operate its state-of-the-art cannabis processing, bottling, canning, and storage/distribution facility. Final interior renovations and capital improvements to the BLH Facility required to satisfy the municipal licensing inspections and approvals are underway in order to allow the BLH Facility to become fully operational. Absent any unexpected delays, management is hopeful that the BLH Facility will be fully licenced and operational during Q4 of this year.

As previously announced, once Tinley’s bottling equipment is operational at the BLH Facility, management expects the Company to save approximately USD \$1 million annually in overhead operating expenses compared to when Tinley’s operated its Long Beach bottling facility.

The BLH Facility is expected to be the world's largest cannabis beverage manufacturing plant – scalable to 14 times the capacity of the current California market. This makes the BLH Facility well suited to manufacture beverages for inter-state commerce if cannabis is rescheduled under U.S. federal law. As part of its ongoing efforts to optimize the fragmented California cannabis supply chain, BLH's distribution arm, Sulo Distro, which is Tinley's distribution partner, will operate out of the BLH Facility in Canoga Park - solving for first-mile movement and the significant warehousing costs currently burdening the market.

New CEO of Blaze Life Holdings, Mr. Shreyas Balakrishnan

Tinley's congratulates its strategic partner, Blaze Life Holdings, on the hiring of its new Chief Executive Officer, Shreyas Balakrishnan, former Anheuser Busch ("AB") senior executive and recent President of Cutwater Spirits. Balakrishnan's nearly 20-year career at Anheuser-Busch spanned leadership positions across brewing and distillery operations, distribution, sales, and M&A. Since 2019, Balakrishnan served as president of Cutwater Spirits, acquired by Anheuser-Busch in 2019. Prior to Cutwater, Balakrishnan served Elysian Brewing Co. as president and general manager, where he took a regional brand based in Seattle and orchestrated its national expansion.

"Shreyas' proven track record driving long-term brand and category growth through operational leadership will accelerate our momentum and grow the cannabis beverage category overall," said Paul Burgis, BLH co-founder and director of Tinley's. "Having managed Anheuser-Busch distribution operations in the two largest U.S. metropolitan markets, New York City and Los Angeles, his expertise in navigating the route to market in complex environments is the sophistication we need as we enter our next growth phase," he continued.

"We look forward to working with Shreyas to build our brand and transform the category," said Teddy Zittell, Tinley's CEO and director. "Recruiting Shreyas underscores our strategic partner's commitment to continued investment in distribution; it's a tangible acknowledgment of the essential role distro will play in brand and category success."

Relaunch of the Company's Cannabis-infused Beverages

The Company previously announced, and is currently at work on, the relaunch of an optimized line-up of its infused SKUs under a new Beckett's infused brand, featuring product potencies and formats designed to respond to the dispensary and home delivery market. The relaunch, planned to coincide with new production beginning at the BLH Facility, will be driven by the power of Sulo Distro's newly expanded strength up and down the state. "The scalable capacity and key manufacturing-distro adjacency at the BLH Facility in Canoga Park will enable efficient volume growth, both in California and across state lines, as legislation continues to evolve," said Teddy Zittell. "We were encouraged by California's recent state legislation increasing consumption opportunities for onsite lounges, as well as by the reported August 29, 2023 US government recommendation to reclassify cannabis from the highly restrictive Schedule I to Schedule III, which would improve the tax and banking climate for cannabis companies, and significantly, establish the federal basis to sell and ship cannabis between US states," added Teddy Zittell.

Beckett's Non-Infused/Non-Alcoholic Beverages

As the sober-curious low-no-alcohol beverage market in the United States shows sustained year-over-year growth, the Company's Beckett's Tonics® Non-alcoholic RTDs (ready-to-drink SKUs) and Beckett's '27® non-alcoholic spirits continue to experience increasing consumer demand at Total Wine & More's approximately 250 locations across 28 US states. In response to new retailer purchase orders, we are working to engage new supply chain partners to stage additional production at the earliest opportunities possible.

Beckett's is a key component of the Company's current and future value and management's goal for 2024 is to significantly increase the depth and reach of Beckett's non-infused sales, to include additional chain retailers, and new on-premises (restaurants, bars, etc.) relationships. To ensure faster and more efficient responses to new

purchase orders than we currently enjoy, we are now sourcing additional contract manufacturers and distributors, to produce products in relative proximity to the accounts' 'ship to' locations, reducing both response time and freight costs, and gaining the ability to manage reserve inventory of finished goods through new favourable distributor and warehousing relationships.

¹ Industry research estimates published in 2022 by global research and data analytics provider GlobalData.

Direction Going Forward

Until such time as the BLH Facility is operational, the Company's income and cash flow will remain significantly constrained. The start of production at the BLH Facility will enable Sulo Distro, BLH's state-wide distribution arm, to market, sell and distribute Tinley's infused beverages throughout California on our negotiated pre-paid basis. Once the BLH Facility begins to operate, Tinley's will start to receive referral fee payments from BLH for Tinley's canning clients that transferred their production to the BLH Facility, and all top-line revenue generated from the operation of Tinley's bottling line.

The Company will also book revenue from Beckett's, through the currently outstanding Beckett's purchase orders now in production, and from any additional shipments through the end of Q4 that we can secure and produce. To help enable ongoing viability and mitigate cash flow constraints through Q4, Management will undertake to negotiate payment plans with the Company's past-due vendors and may seek to raise capital through strategic private placements with positive and confidential outlooks in hand.

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, management's expectations regarding growth and phrases containing words such as "ongoing", "estimates", "expects", "anticipates", 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, the timing of BLH's receipt of certain licences and approvals necessary to operate at the BLH Facility, the timing of the BLH Facility becoming fully operational, potential delays or unanticipated problems related to the relocation of Tinley's bottling assets to the BLH Facility, risks associated with Tinley's existing bottling customers continuing production at the BLH Facility and Tinley's existing can customers agreeing to move their production to the BLH Facility, Tinley's being sufficiently capitalized to meet its financial obligations related to the move to BLH Facility, potential delays in obtaining, or failures to obtain, necessary governmental approvals required to operate the BLH Facility, risks underlying management's expectations relating to the proposed benefits of relocating to the BLH Facility, 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 input costs, changes in consumer tastes and preferences, and the ability of BLH and the Company to achieve certain expected synergies as a result of the entering into their management services agreement. 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.

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