

The Tile Shop Announces Warrant Repurchases

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PLYMOUTH, Minnesota--(BUSINESS WIRE)-- Tile Shop Holdings, Inc. (NASDAQ: TTS), a specialty retailer of manufactured and natural stone tiles, setting and maintenance materials, and related accessories, today announced that it has completed the purchase of 3,580,004 outstanding warrants in private transactions. The aggregate purchase price to acquire the warrants was approximately \$30.1 million. These purchases were funded with the cash proceeds received from the exercise of publically held warrants.

After a thorough analysis regarding the alternative uses for the cash received from the public warrant exercises, the Board of Directors determined that it was in the Company's best interest to repurchase these warrants so as to minimize the dilutive effect that would have occurred if these warrants had been exercised, while maintaining the benefits associated with an increase in the public float of the Company's common stock resulting from the exercise of the publically traded warrants.

Since the Merger on August 21, 2012, the Company has received instructions to exercise 6,604,551 warrants; 3,984,555 warrants were exercised by delivering \$45.7 million of cash to the Company, and 2,619,996 were exercised on a cashless basis. As a result, the Company has issued 4,916,598 shares of common stock in connection with warrant exercises. As of today, the Company has 47,746,482 shares of common stock and 7,648,778 warrants outstanding.

The Company will continue to evaluate various alternatives associated with the utilization of the remaining cash received to date and any additional cash that might be received in the future, from the exercise of public warrants.

The terms of the warrants enable the Company to force conversion of the warrants into stock when the reported last sale price of the Company's common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30 day trading period. When this benchmark is achieved, the Company can require conversion of the warrant into common stock on a "cashless" basis.

About Tile Shop Holdings and The Tile Shop

Tile Shop Holdings is the parent company of The Tile Shop. Tile Shop Holdings' common stock is listed on the NASDAQ Global Market under the ticker symbol "TTS" and its warrants trade on the OTCBB under the symbol "TTSAW".

The Tile Shop is a specialty retailer of manufactured and natural stone tiles, setting and maintenance materials, and related accessories in the United States. The Tile Shop offers a wide selection of products, attractive prices, and exceptional customer service in an extensive showroom setting. The Tile Shop operates 71 stores in 22 states, with an average size of 23,000 square feet.

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