



Cansortium and RIV Capital Announce Business Combination

05/30/2024

Combined Company's footprint will provide access to Florida, New York, Texas, and Pennsylvania, with significant growth potential and future regulatory catalysts in all four states

Combined Company expected to leverage Cansortium's robust operating expertise as well as RIV Capital's ~US\$66 million^{1,2} cash balance, strengthening both its operating and financial position

Transaction has the support of ScottsMiracle-Gro, which intends to exchange its existing convertible notes in RIV Capital for a new class of non-voting Exchangeable Shares of Cansortium at closing, eliminating US\$175 million³ of debt

TAMPA, Fla., May 30, 2024 (GLOBE NEWSWIRE) -- Cansortium Inc. (CSE: TIUM.U) (OTCQB: CNTMF) ("Cansortium"), a vertically integrated, multi-state cannabis company operating under the **FLUENT™** brand, and RIV Capital Inc. (CSE: RIV) (OTC: CNPOF) ("RIV Capital"), a vertically integrated cannabis company operating the **Etain™** brand in New York, are pleased to announce that they have entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which Cansortium will acquire all of the issued and outstanding Class A common shares (the "RIV Capital Shares") of RIV Capital in exchange for Cansortium Shares (as defined below) (the "Transaction").

Under the terms of the Arrangement Agreement, RIV Capital shareholders (the "RIV Capital Shareholders") will receive 1.245 of a common share of Cansortium (the "Cansortium Shares") in exchange for each RIV Capital Share held. Upon closing of the Transaction, shareholders of Cansortium (the "Cansortium Shareholders") are expected to hold approximately 51.25% of the combined business of Cansortium and RIV Capital (the "Combined Company") and the RIV Capital Shareholders and The Hawthorne Collective, Inc. ("The Hawthorne Collective"), together, are expected to hold approximately 48.75% of the Combined Company, each on a fully diluted basis.

¹ Cash balance of RIV Capital as of March 31, 2024.

² All references to "\$" in this news release are to United States dollars.

³ Based on gross proceeds received in U.S. dollars upon issuance of the convertible notes. The convertible notes are denominated in Canadian dollars with a total outstanding principal amount of approximately C\$219.7 million.

Key Transaction Highlights

- **Positioned in Key U.S. Markets:** The Combined Company will be geographically diversified across the eastern U.S., spanning four key states (Florida, New York, Texas and Pennsylvania), positioning the Combined Company to cover approximately 25% of the U.S. population. These limited license markets in which the Combined Company is expected to hold a strong position have well-staged regulatory catalysts in the near and medium term.
- **Bolstering Balance Sheet:** The Combined Company is expected to be well capitalized with a pro forma cash balance of approximately US\$74 million as of March 31, 2024, in a capital scarce environment, in order to enable the Combined Company to fund highly accretive growth. The Hawthorne Collective's intended exchange of its existing convertible notes in RIV Capital for a new class of non-voting exchangeable shares of Cansortium will eliminate US\$175 million of debt, which is expected to fundamentally transform the Combined Company's balance sheet.
- **Operational Efficiencies:** Cost synergy opportunities are estimated to be approximately US\$5-10 million annually over the next few years, which are expected to be realized from anticipated cultivation, processing and operating efficiencies, corporate integration and eliminating duplicative public company costs in the Combined Company.
- **Strategic Partnerships:** Strategic relationship with The Scotts Miracle-Gro Company ("ScottsMiracle-Gro") (NYSE: SMG) through its investment in RIV Capital via its wholly-owned subsidiary, The Hawthorne Collective and through innovative growing products sold by its wholly-owned subsidiary, The Hawthorne Gardening Company (together with The Hawthorne Collective, "Hawthorne"). The Hawthorne Collective intends to exchange its existing convertible notes in RIV Capital for a new class of non-voting exchangeable shares of Cansortium at closing, further strengthening and reinforcing its relationship with the Combined Company.
- **Scalable Talent-Base:** Expanded talent-base through the combination of Cansortium and RIV Capital management and operating personnel. The Combined Company will seek to leverage Cansortium's operating expertise and best practices across its footprint.

Upon closing of the Transaction, the Combined Company is expected to operate in four of the largest states by population in the U.S. – Florida, New York, Texas, and Pennsylvania – creating a strategic operating footprint with significant potential growth opportunities in the years ahead. Operations in these states will be comprised of 8 cultivation and processing facilities and 42 retail dispensaries.

The Combined Company will operate under the Cansortium name and the Cansortium Shares will continue to trade on the Canadian Securities Exchange (the "CSE") under the symbol "TIUM.U" and on the OTCQB Venture Market under the symbol "CNTMF". Upon closing of the Transaction, it

is expected that the Combined Company will be headquartered in Tampa, Fla., which is the current location of Consortium's corporate offices, and Robert Beasley, the current Chief Executive Officer of Consortium, will act as Chief Executive Officer of the Combined Company.

Management Commentary

"The plan to bring together these two companies with core strengths in key growth states is expected to position us to drive near-term synergies, capitalize on opportunities for long-term value creation while continuing to provide high-quality service to customers who call Florida and New York home with the **FLUENT™** brand experience." said Robert Beasley, Chief Executive Officer of Consortium. "Upon consummation of the Transaction, we believe the Combined Company will be able to leverage balance sheet liquidity and the ability to opportunistically allocate capital to growth initiatives building upon the strength of our existing operating platform, in addition to a pathway for Consortium to lead in New York's emerging adult-use market. As a Combined Company, we will continue to focus on growth and profitability while relying on our core principles in cultivation, operating efficiencies and inventory optimization to deliver strong cash flows for shareholders."

William Smith, Executive Chair of Consortium, said, "I view joining forces with RIV Capital as a natural progression in the expansion of Consortium. With the addition of the New York cannabis market, Consortium is expected to hold the distinction of operating in 4 of the 5 highest population states in the U.S. following the closing of the Transaction. Additionally, the resources and market expertise that are expected to be leveraged from RIV Capital and Hawthorne will help position Consortium to capitalize on the inevitable regulatory changes expected in the U.S. cannabis industry."

Mike Totzke, interim Chief Executive Officer and Chief Operating Officer of RIV Capital, said, "The Combined Company will enable RIV Capital to deliver on its vision of becoming an established multi-state operator, capable of deploying capital for strategic investments beyond New York. In an environment where state-issued cannabis licenses are limited, Consortium opens doors in important growth markets in the U.S. Additionally, Consortium has a proven operating model that can bring efficiencies and economies of scale to RIV Capital's cultivation and dispensary operations."

"Through its relationship with RIV Capital, Hawthorne has used its research and development capabilities to recommend innovative growing products to support in the buildout of **Etain™** and adult-use in New York, and we look forward to providing continued support to this exciting, larger platform," said Chris Hagedorn, President of Hawthorne and director of RIV Capital. "Hawthorne and ScottsMiracle-Gro are fully supportive of the deal, and we expect that the Combined Company will unlock value drivers to the benefit of our shareholders as well as those of RIV Capital and Consortium."

Financial Highlights

Select financial highlights of the Transaction are currently expected to be⁴:

- 2023 pro forma revenue: US\$105 million
- 2023 Consortium Adjusted EBITDA⁵: US\$27 million
- Cash and cash equivalents as of March 31, 2024: US\$74 million
- Combined Company's cash position net of debt as of March 31, 2024: US\$5 million ⁶
- Total steady state addressable market of the Combined Company's footprint: US\$13 billion ⁷

⁴ Unless otherwise stated, the pro forma financial information referred to in this news release, which gives effect to the Transaction as if it had closed on December 31, 2023, was prepared utilizing accounting policies that are consistent with those disclosed in the audited consolidated financial statements of Consortium for the year ended December 31, 2023 and RIV Capital for the nine months ended December 31, 2023, and year ended March 31, 2023.

⁵ Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Measures" section below.

⁶ Cash position net of debt is a non-IFRS measure. See "Non-IFRS Measures" section below. The cash position net of debt is equal to the cash balance of RIV Capital as of March 31, 2024, plus the cash balance of Consortium as of March 31, 2024, less Consortium's outstanding debt of US\$69 million as of March 31, 2024. Consortium's outstanding debt of US\$69 million consists of a US\$66 million senior secured term loan, a US\$3.1 million convertible debenture and US\$0.4 million of combined auto, equipment and insurance financing or loans and excludes employee retention tax credits related liability and the convertible note issued in conjunction with the resolution of the Smith Transaction. The cash position net of debt also assumes the closing of the Hawthorne Notes Exchange.

⁷ Sum of Florida market size per BDSA June 2023 market forecasts, New York market size per MGP Consulting New York illicit Cannabis Market Absorption Analysis and Pennsylvania market size per MJBiz 2023 Factbook. Note, this amount does not ascribe value to the Texas market.

Transaction Summary and Shareholder Approvals

The Transaction will be effected by way of a court-approved plan of arrangement pursuant to the *Business Corporations Act* (Ontario) (the "Arrangement") requiring the approval of at least two-thirds of the votes cast by the RIV Capital Shareholders voting at an annual general and special meeting of shareholders to consider the Transaction, which is expected to be held in the third quarter of 2024. Certain of RIV Capital's directors and officers and a significant shareholder holding an aggregate 20.2% of the RIV Capital Shares have entered into voting support agreements with Consortium to, among other things, vote in favor of the Transaction.

The closing of the Transaction is subject to shareholder and court approvals, as well as the receipt of all required regulatory approvals, the closing of the Hawthorne Notes Exchange (as defined below), the completion of the Smith Transaction (as defined below), the requirement for RIV Capital to maintain a certain minimum cash balance as of a specified date prior to closing and the satisfaction of certain other closing conditions customary in transactions of this nature. For further details relating to the Hawthorne Notes Exchange and the Smith Transaction, see the "Concurrent Transactions" section below. The Arrangement Agreement includes customary provisions, including non-solicitation, "fiduciary out" and "right to match" provisions as well as a termination fee of US\$3,000,000 payable by RIV Capital to Consortium and a termination fee of US\$5,000,000 payable by Consortium to RIV Capital, in certain specified circumstances.

Assuming timely receipt of all necessary court, shareholder, regulatory and other third-party approvals, the closing of the Hawthorne Notes Exchange and the completion of the Smith Transaction and the satisfaction of all other conditions, closing of the Transaction is expected to occur in the fourth quarter of 2024.

A description of the Transaction will be set forth in the management information circular of RIV Capital (the "RIV Capital Circular"), which will be mailed

to RIV Capital Shareholders and filed with the Canadian securities regulators on System for Electronic Document Analysis and Retrieval + ("SEDAR+").

In connection with the Hawthorne Notes Exchange, which is expected to close on the business day prior to the closing date of the Transaction, Consortium will hold an annual general and special meeting of shareholders (the "Consortium Meeting") where the Consortium Shareholders will be asked to consider a special resolution authorizing an amendment to its articles of incorporation (the "Amendment Proposal") to create a new class of non-voting exchangeable shares (the "Exchangeable Shares"). The Exchangeable Shares will not carry voting rights, rights to receive dividends or other rights upon dissolution of Consortium, but will be convertible into Consortium Shares on a one-for-one basis. The Amendment Proposal must be approved by at least two-thirds of the votes cast by Consortium Shareholders voting at the Consortium Meeting. Certain of Consortium's directors and officers and significant shareholders holding approximately 26.8% of the voting power of the issued and outstanding Consortium Shares and proportionate voting shares have entered into voting support agreements with RIV Capital to, among other things, vote in favor of the Amendment Proposal.

A description of the the Amendment Proposal, the Smith Transaction, the Hawthorne Notes Exchange and the Hawthorne Exchange Agreement (as defined below) will be set forth in the management information circular of Consortium (the "Consortium Circular"), which will be mailed to Consortium Shareholders and filed with the Canadian securities regulators on SEDAR+ at www.sedarplus.ca. The Consortium Meeting is expected to be held in the third quarter of 2024 / concurrently with the meeting of shareholders of RIV Capital.

Approvals and Recommendation

The Transaction has been unanimously approved by the boards of directors of Consortium (the "Consortium Board") and RIV Capital (the "RIV Capital Board"). The RIV Capital Board has unanimously determined, after receiving financial and legal advice along with the Independent Fairness Opinion (as defined below) and following the receipt and review of a unanimous recommendation of the RIV Capital Strategic Growth Committee, that the Transaction is in the best interests of RIV Capital and is fair to the RIV Capital Shareholders and the RIV Capital Board recommends that the RIV Capital Shareholders vote in favor of the Transaction.

Each of Moelis & Company LLC and INFOR Financial Inc. provided the RIV Capital Board with an opinion, dated May 29, 2024, to the effect that, as of the date of such opinion, the consideration payable pursuant to the Transaction is fair, from a financial point of view, to the RIV Capital Shareholders, in each case, based upon and subject to the respective assumptions, limitations, qualifications and other matters set forth in such opinions. Paradigm Capital Inc. provided the Consortium Board with an oral opinion, dated May 30, 2024, to the effect that, as of the date of such opinion, the consideration being offered by Consortium to the RIV Capital Shareholders pursuant to the Transaction, is fair, from a financial point of view, to the Consortium Shareholders, based upon and subject to the respective assumptions, limitations, qualifications and other matters set forth in such opinion.

The Hawthorne Notes Exchange, including the Amendment Proposal has been unanimously approved by the Consortium Board. The Consortium Board unanimously determined, after receiving financial and legal advice, that the consideration payable pursuant to the Transaction and the exchange ratio applicable thereto is fair, from a financial point of view, to the Consortium Shareholders, and the Consortium Board recommends that the Consortium Shareholders vote in favor of the Amendment Proposal.

None of the securities to be issued pursuant to the Transaction have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and any securities issuable in the Transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Concurrent Transactions

Hawthorne Notes Exchange

In connection with the Transaction, Consortium and The Hawthorne Collective have entered into a letter agreement (the "Notes Exchange Side Letter"), pursuant to which the parties have agreed that, on the business day immediately prior to the closing date of the Transaction, The Hawthorne Collective will exchange its existing unsecured convertible notes that were issued for an aggregate principal amount of US\$175,000,000, including any accrued and unpaid interest, payable by RIV Capital, for Exchangeable Shares of Consortium (the "Hawthorne Notes Exchange"). In connection with the Notes Exchange Side Letter, Consortium and The Hawthorne Collective have agreed to enter into a notes exchange and protection agreement (the "Hawthorne Exchange Agreement") prior to the closing of the Transaction, pursuant to which, among other things, the parties will complete the Hawthorne Notes Exchange. The Hawthorne Collective will be granted nomination rights with respect to the Consortium Board, and for the period during which The Hawthorne Collective holds its Exchangeable Shares until it elects to convert such Exchangeable Shares into Consortium Shares, The Hawthorne Collective will be granted pro rata participation rights in any future equity financings of Consortium and Consortium will agree to certain covenants in favor of The Hawthorne Collective. In addition, the Hawthorne Exchange Agreement will contain certain provisions that prohibit The Hawthorne Collective from converting its Exchangeable Shares into Consortium Shares where such conversion would result in The Hawthorne Collective, together with any person or company acting jointly or in concert with The Hawthorne Collective having an aggregate beneficial ownership of, or control or direction over, directly or indirectly, over 19.99% of Consortium's issued and outstanding voting securities of Consortium immediately after giving effect to such conversion, unless and until Consortium has received the necessary shareholder approval in accordance with all applicable policies of the CSE.

Smith Transaction

In connection with the Transaction, Consortium and certain of its affiliates and William Smith, a director and the Executive Chair of Consortium, and certain companies controlled by Mr. Smith (together with Mr. Smith, collectively, the "Smith Group"), have entered into a termination agreement (the "Smith Transaction Termination Agreement"). The Smith Transaction Termination Agreement terminates the initial agreement, as amended, among the parties named therein (the "Initial Smith Transaction Agreement"), which provided that an aggregate of 30,250,000 Consortium Shares (on an as converted basis) held by the Smith Group would be subject to a minimum price "floor" of US\$0.40 (the "Floor") until December 31, 2025 (the "Floor Expiration Date"), which entitled the Smith Group to an aggregate of up to US\$12,100,000 in the event the Smith Group elected to sell its Consortium Shares at a price that was below the Floor (the "Floor Entitlement"). Pursuant to the Initial Smith Transaction Agreement, if on or prior to the Floor Expiration Date, the Smith Group elected to sell some or all of its Consortium Shares that were subject to the Floor, and the proposed purchase price of such Consortium Shares was less than US\$0.40 per Consortium Share, then Consortium could either purchase all or any portion of the Consortium

Shares proposed to be sold by the Smith Group for US\$0.40 per Consortium Share or elect to pay in cash the difference between US\$0.40 per Consortium Share and the actual sale price per Consortium Share received by the Smith Group in such sale. Pursuant to the terms of the Smith Transaction Termination Agreement, upon consummation of the Arrangement, the Smith Group will no longer be entitled to the Floor Entitlement (and, in the interim, so long as the Smith Transaction Termination Agreement has not been terminated, the Smith Entities have agreed not to exercise the Floor Entitlement), and in consideration thereof, on closing of the Transaction, Consortium will, among other things, issue to the Smith Group a 15% secured subordinate convertible note in an initial aggregate principal amount of US\$6,500,000 payable three years from the date of issuance (the "Smith Convertible Note"). Upon issuance, the Smith Convertible Note will be guaranteed by, and secured by a junior lien on substantially all assets of, Consortium and its subsidiaries, and will be subordinated in right of payment to prior payment in full of the Credit Agreement (and any "eligible refinancing" of the Credit Agreement). The Smith Convertible Note will be convertible, at the discretion of the Smith Group, into Consortium Shares at a price of US\$0.21 per Consortium Share. Assuming full conversion of the Smith Convertible Note, including the full amount of the anticipated accrued interest over the life of the Smith Convertible Note, the Smith Group would be entitled to receive 44,880,952 Consortium Shares, representing approximately 15% of Consortium's outstanding Consortium Shares on a partially diluted basis based on the current number of non-diluted Consortium Shares outstanding. For more information on the Initial Smith Transaction Agreement, see Consortium's news release dated December 22, 2022 and Consortium's material change report dated January 3, 2023 filed under Consortium's profile on SEDAR+ at www.sedarplus.ca.

The transactions contemplated by the Smith Transaction Termination Agreement (the "Smith Transaction") constitutes a "related party transaction" as such term is defined in Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions* ("MI 61-101"). Consortium has relied on the exemptions from obtaining a formal valuation and minority shareholder approval of the Consortium Shareholders with respect to the Smith Transaction in accordance with sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the Smith Convertible Note issuable in connection with the Smith Transaction does not exceed 25% of Consortium's market capitalization as determined in accordance with the provisions of MI 61-101. A special committee of independent directors of Consortium formed for the purpose of reviewing, evaluating and considering the Smith Transaction (the "Special Committee") has unanimously recommended that the Consortium Board approve the Smith Transaction and, following the receipt and review of recommendations from the Special Committee, the Smith Transaction was approved by the Consortium Board, with Mr. Smith having disclosed his interest in the Smith Transaction and abstaining from voting thereon. Consortium did not file a material change report 21 days prior to the closing of the Smith Transaction as the details of the Smith Transaction had not been finalized at that time.

Bridge Financing and Bridge Note

In connection with the Transaction, RIV Capital US Corporation ("RIV Capital US"), a wholly-owned subsidiary of RIV Capital, has agreed to advance to Consortium an interest-bearing bridge loan up to an aggregate principal amount of US\$8,975,000 (the "Bridge Loan"). In consideration, Consortium has agreed to issue a 10% unsecured convertible promissory note (the "Bridge Note") to and in favour of RIV Capital US evidencing the Bridge Loan, which will mature, if not earlier converted or prepaid in accordance with its terms, May 1, 2025 (the "Maturity Date"), and is subordinated in right of payment to prior payment in full of the Credit Agreement (as defined below) (and any "eligible refinancing" of the Credit Agreement). The Bridge Note will automatically be convertible into Consortium Shares upon the occurrence of certain events of default, and at the option of RIV Capital US on the business day immediately preceding the Maturity Date, in each case at a price of US\$0.17 per Consortium Share. In connection with signing the Arrangement Agreement, RIV Capital US will make an initial advance to Consortium under the Bridge Loan in the amount of US\$3,000,000.

Credit Agreement Amendment

In connection with entering into the Arrangement Agreement, Consortium has obtained the consent of the Required Lenders under its senior secured term loan credit agreement dated April 29, 2021 (the "Credit Agreement") to the Transaction and certain concurrent transactions in accordance with, and subject to the terms and conditions set forth in, an amendment to the Credit Agreement (the "Amended Credit Agreement"). Among other things, the Amended Credit Agreement provides that,

- (a) upon consummation of the Arrangement, RIV Capital and its subsidiaries shall become loan parties under the Amended Credit Agreement and shall pledge their assets to secure the Amended Credit Agreement;
- (b) the Consolidated Leverage Ratio (as defined in the Amended Credit Agreement), for purposes of triggering a prepayment of the loans under the Amended Credit Agreement, was amended to (i) 2.5:1.0 for fiscal quarter of the Borrower ending March 31, 2022 and each fiscal quarter thereafter prior to the fiscal quarter in which the Arrangement is consummated and (ii) 3.0:1.0 for the fiscal quarter in which the Arrangement is consummated and each fiscal quarter thereafter;
- (c) the Consolidated Interest Coverage (as defined in the Amended Credit Agreement) covenant was amended to (i) 2:5:1:0 for period March 31, 2022 through the fiscal quarter immediately prior to the fiscal quarter in which the Arrangement is consummated and (ii) 1.2:1.0 for the fiscal quarter in which the Arrangement is consummated and each fiscal quarter thereafter;
- (d) the Minimum Liquidity (as defined in the Amended Credit Agreement) covenant was amended to provide that (i) the quarterly Minimum Liquidity shall apply up to the fiscal quarter immediately prior to the fiscal quarter in which the Arrangement is consummated and (ii) commencing with the calendar month in which the Arrangement is consummated and each calendar month thereafter, Liquidity (as defined in the Amended Credit Agreement) shall be not less than US\$10,000,000;
- (e) on the Arrangement closing date, after giving effect to the Transaction and the pay-down required under the Amended Credit Agreement, pro forma Liquidity shall be not less than US\$10,000,000;
- (f) upon consummation of the Arrangement, Consortium will prepay US\$10,000,000 of the principal amount outstanding under the Amended Credit Agreement, together with accrued interest and the applicable Prepayment Premium (as defined in the Amended Credit Agreement) thereon (if applicable); and
- (g) certain additional covenants events of default were added.

No fee was payable to the lenders in connection with the Amended Credit Agreement. A copy of the Amended Credit Agreement will be filed with the Canadian securities regulators on SEDAR+ at www.sedarplus.ca.

Financial and Legal Advisors

ATB Securities Inc. is acting as financial advisor to Consortium and Paradigm Capital Inc. provided an independent fairness opinion to the Consortium Board. Wildeboer Dellelce LLP and Shumaker, Loop & Kendrick, LLP are acting as Canadian and United States legal counsel, respectively, to Consortium.

Moelis & Company LLC is acting as financial advisor to RIV Capital and provided a fairness opinion to the RIV Capital Board. INFOR Financial Inc. provided an independent fairness opinion to the RIV Capital Board (the "Independent Fairness Opinion"). Cassels Brock & Blackwell LLP and Goodwin Procter LLP are acting as Canadian and United States legal counsel, respectively, to RIV Capital.

Paul Hastings LLP and Goodmans LLP are acting as United States and Canadian legal counsel, respectively, to the Agent and the Required Lenders under the Credit Agreement.

Conference Call

Consortium will host a conference call and live audio webcast today at 11:00 a.m. Eastern time to discuss the Transaction.

Date: Thursday, May 30, 2024

Time: 11:00 a.m. Eastern time

Toll-free dial-in number: (844) 763-8274

International dial-in number: (647) 484-8814

Conference ID: 10023540

Link: [Consortium Conference Call](#)

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization.

The conference call will also be available for replay via the News & Events section of Consortium's investor relations website at <https://investors.getFLUENT.com/>.

About Consortium

Consortium is a vertically-integrated cannabis company with licenses and operations in Florida, Pennsylvania and Texas. The Company operates under the **FLUENT™** brand and is dedicated to being one of the highest quality cannabis companies for the communities it serves. This is driven by Consortium's unrelenting commitment to operational excellence in cultivation, production, distribution and retail. The Company is headquartered in Tampa, Florida. For more information about the Company, please visit www.getFLUENT.com.

About RIV Capital

RIV Capital is an acquisition and investment firm with a focus on building a leading multistate platform with one of the strongest portfolios of brands in key strategic U.S. markets. Backed by in-house expertise and cannabis domain knowledge, RIV Capital aims to grow its own brands and partner with established U.S. cannabis operators and brands to bring them to new markets and build market share. RIV Capital established the foundational building blocks of its active U.S. strategy with its previously announced acquisition of **Etain™**. Through its strategic relationship with The Hawthorne Collective, a subsidiary of ScottsMiracle-Gro, RIV Capital is The Hawthorne Collective's preferred vehicle for cannabis-related investments not under the purview of other ScottsMiracle-Gro subsidiaries.

Non-IFRS Measures

This news release makes reference to Adjusted EBITDA and cash position net of debt. Adjusted EBITDA is a non-IFRS measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Adjusted EBITDA is calculated as net income (loss), plus (minus) interest expense (income) and finance transaction costs, plus taxes, plus depreciation and amortization, plus (minus) the changes in fair value of biological assets, plus (minus) the changes in fair market value of derivatives, plus (minus) certain one-time operating expenses, as determined by management of Consortium and RIV Capital. Management of Consortium and RIV Capital believe that Adjusted EBITDA provides information that is helpful to understand the results of operations and financial condition of the companies. The objective is to present readers with a view of Consortium and RIV Capital from the perspective of management of Consortium and RIV Capital by interpreting the material trends and activities that affect the operating results, liquidity and financial position of the companies. For an explanation and reconciliation of Adjusted EBITDA to related comparable financial information presented in the financial statements prepared in accordance with IFRS, refer to each of Consortium's management's discussion and analysis of financial results for the three months and year ended December 31, 2023 and RIV Capital's management's discussion and analysis for the three and nine months ended December 31, 2023, and the three months and year ended March 31, 2023, which are available under their respective profiles on SEDAR+.

Cash position net of debt is a non-IFRS measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Cash position net of debt is calculated as cash and cash equivalents less total balance sheet debt. Management of Consortium and RIV Capital believe this non-IFRS measure is useful to investors as it provides a measure to compare cash less debt to evaluate each company's overall balance sheet position. For an explanation and reconciliation of cash position net of debt to related comparable financial information presented in the financial statements prepared in accordance with IFRS, refer to the reconciliation table below.

Notice Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. To the extent any forward-looking information constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to describe the Transaction, and readers are cautioned this information may not be appropriate for any other purpose, including investment decisions, and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. The Combined Company's actual financial position and results of operations may differ materially from current expectations. Such future-oriented financial information or financial outlook contained in this news release may not be an indication of the Combined Company's actual financial position or results of operations. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "enables", "intends", "anticipates" or "does not anticipate", "potential", "seeks" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "can", "could", "would", "might" or "will" be

taken, occur or be achieved. Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Consortium, RIV Capital or their respective subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements or information contained in this news release. Examples of such statements include statements with respect to the timing and outcome of the Arrangement, the anticipated benefits of the Transaction and the Combined Company's ability to achieve or take advantage of such benefits, the estimated potential synergies or growth opportunities as a result of the Transaction including the Combined Company's total addressable market at maturity, the Combined Company's ability to achieve anticipated market opportunity, the anticipated timing and mailing of the RIV Capital Circular and the Consortium Circular; the anticipated timing of the meeting of shareholders of RIV Capital and Consortium and the closing of the Transaction, the satisfaction or waiver of the closing conditions set out in the Arrangement Agreement, including receipt of all regulatory approvals and the anticipated timing and outcome of the Hawthorne Notes Exchange and the Smith Transaction. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including assumptions as to the time required to prepare and mail meeting materials to RIV Capital Shareholders and Consortium Shareholders; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholder approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the Transaction; the prompt and effective integration of Consortium's and RIV Capital's businesses and the ability to achieve the anticipated synergies contemplated by the Transaction; inherent uncertainty associated with financial or other projections; risks related to the value of the Consortium Shares to be issued pursuant to the Transaction and risks related to the Smith Transaction, the Hawthorne Notes Exchange, including the Exchangeable Shares issuable pursuant to the Hawthorne Notes Exchange; the diversion of management time on Transaction-related issues; expectations regarding future investment, growth and expansion of Consortium's and RIV Capital's operations; regulatory and licensing risks; Consortium's and RIV Capital's reliance on licenses issued by state authorities; future levels of revenues and the impact of increasing levels of competition; changes in laws, regulations and guidelines and Consortium's and RIV Capital's compliance with such laws, regulations and guidelines; risks relating to Consortium's and RIV Capital's ability to refinance debt as and when required on terms favorable to Consortium and RIV Capital, as applicable, and to comply with covenants contained in each company's debt facilities and debt instruments; Consortium's and RIV Capital's ability to manage disruptions in credit markets or changes to such company's credit ratings; the timing and manner of the legalization of cannabis in the United States; business strategies, growth opportunities and expected investment; counterparty risks and liquidity risks that may impact Consortium's and RIV Capital's ability to obtain loans and other credit facilities on favorable terms; the potential effects of judicial, regulatory or other proceedings, litigation or threatened litigation or proceedings, or reviews or investigations, on Consortium's and RIV Capital's business, financial condition, results of operations and cash flows; risks associated with divestment and restructuring; the anticipated effects of actions of third parties such as competitors, activist investors or federal, state, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; consumer demand for cannabis; risks related to stock exchange restrictions; risks related to the protection and enforcement of Consortium's and RIV Capital's intellectual property rights; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; changes in general economic, business and political conditions, including changes in the financial and stock markets; risks relating to the long term macroeconomic effects of any pandemic or epidemic; inflation risks; risks relating to the economic impacts caused by the ongoing conflicts in Europe and the Middle East; risks relating to anti-money laundering laws; compliance with extensive government regulation and the interpretation of various laws regulations and policies; public opinion and perception of the cannabis industry; and such other risks contained in the public filings of Consortium filed with Canadian securities regulators and available under Consortium's profile on SEDAR+ at www.sedarplus.ca and in the public filings of RIV Capital filed with Canadian securities regulators and available under RIV Capital's profile on SEDAR+ at www.sedarplus.ca, including RIV Capital's annual information form for the year ended March 31, 2023.

In respect of the forward-looking statements and information concerning the anticipated benefits and completion of the Transaction, expected ownership percentages and the anticipated timing for completion of the Transaction, Consortium and RIV Capital have provided such statements and information in reliance on certain assumptions that they believe are reasonable at this time. Although Consortium and RIV Capital believe that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. Financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to various risks as set out herein. Consortium's and RIV Capital's actual financial position and results of operations may differ materially from managements' current expectations and, as a result, the cash balance for each of Consortium, RIV Capital and the Combined Company may differ materially from the values provided in this news release.

Consortium and RIV Capital, through several of their respective subsidiaries, are directly involved in the manufacture, possession, use, sale, and distribution of cannabis in the adult-use and medical cannabis marketplace in the United States. Local state laws where Consortium and RIV Capital operate permit such activities however, investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the United States Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute, or possess cannabis in the United States. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable United States federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with adult-use and medical cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve Consortium and RIV Capital of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against Consortium or RIV Capital. The enforcement of federal laws in the United States is a significant risk to the business of Consortium and RIV Capital and any proceedings brought against Consortium or RIV Capital thereunder may adversely affect operations and financial performance.

Should one or more of the foregoing risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Consortium and RIV Capital have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The forward-looking information included in this news release are made as of the date of this news release and Consortium and RIV Capital do not undertake any obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

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Pro Forma Cash Position Net of Debt Reconciliation⁸
(USD '000)

	March 31, 2024		
	Cansortium	RIV Capital	Pro Forma
Cash	\$ 8,521	\$ 65,861	\$ 74,382
Less: Senior secured term loan	(65,830)	-	(65,830)
Less: Convertible debenture	(3,071)	-	(3,071)
Less: Other Debt	(369)	-	(369)
Less: Hawthorne convertible notes	-	-	-
Cash Position Net of Debt	\$ (60,749)	\$ 65,861	\$ 5,112

⁸ Cansortium's outstanding debt excludes employee retention tax credits related liability and the convertible note issued in conjunction with the resolution of the Smith Transaction. The cash position net of debt also assumes the closing of the Hawthorne Notes Exchange.