

RIV CAPITAL CLOSES US\$150 MILLION STRATEGIC INVESTMENT BY THE HAWTHORNE COLLECTIVE

*Investment strengthens balance sheet, accelerating RIV Capital's strategy to build a
multistate cannabis operating and brand platform through acquisitions*

RIV Capital common shares listed on the CSE and voluntarily de-listed from the TSX

TORONTO -- August 25, 2021 -- RIV Capital Inc. ("**RIV Capital**" or the "**Company**") (CSE: RIV) (OTC: CNPOF) is pleased to announce the completion of the [previously announced](#) purchase by The Hawthorne Collective, Inc. ("**The Hawthorne Collective**"), a cannabis-focused subsidiary of The Scotts Miracle-Gro Company (NYSE: SMG) ("**ScottsMiracle-Gro**"), of an unsecured convertible note (the "**Convertible Note**") from RIV Capital for US\$150 million (the "**Investment**").

Pursuant to the Investment, RIV Capital received a capital injection of US\$150 million, to be used for general corporate and other lawful purposes, that will help accelerate the launch and expansion of its U.S. cannabis operating and brand platform. The Investment also establishes RIV Capital as The Hawthorne Collective's preferred vehicle for investments not currently under the purview of The Hawthorne Gardening Company ("**Hawthorne**"), ScottsMiracle-Gro's subsidiary focused on indoor and hydroponic growing supplies.

Upon completion of the Investment, RIV Capital increased the size of its Board of Directors (the "**Board**") to seven and added three nominees of The Hawthorne Collective to the Board, being Chris Hagedorn, Mark Sims and Gary Vaynerchuk.

"The closing of the investment from The Hawthorne Collective comes at a key moment for RIV Capital," said Narbe Alexandrian, President and CEO, RIV Capital. "The ongoing uncertainty around the status of U.S. federal cannabis legalization continues to sideline significant amounts of capital, creating attractive acquisition opportunities in strategic markets. We believe we are well-positioned to capitalize on these opportunities, given our strong balance sheet and acquisition currency, and develop our operating and brand platform."

With approximately CA\$400 million in available capital,¹ and taking into account certain restrictions relating to the proceeds from the Investment, RIV Capital plans to acquire, invest in, launch, and/or develop U.S. operators and brands across financially and strategically attractive states to create a multistate platform. The Company has potential near-term prospects and is engaged in discussions regarding one or more transactions that would kickstart its U.S.

¹ Based on exchange rates as of August 23, 2021.

strategy. The Company then plans to continue building out its platform, with a focus on acquisitions of and investments in brands and plant-touching operators in limited license states and other states of strategic interest. The Company anticipates that the Investment will provide additional resources and flexibility to accelerate its go-forward strategy by pursuing parallel opportunities or acquisition targets.

As previously disclosed, the closing of the Investment was conditional on the Company's ability to list its Class A common shares (the "**Common Shares**") on the Canadian Securities Exchange (the "**CSE**") and de-list its Common Shares from the Toronto Stock Exchange (the "**TSX**"). Accordingly, RIV Capital's Common Shares began trading on the CSE under the symbol "RIV" on August 23, 2021 and were voluntarily de-listed from the TSX as of the close of business on August 24, 2021.

Early Warning Disclosure Regarding ScottsMiracle-Gro

The Convertible Note was issued to The Hawthorne Collective, a wholly-owned subsidiary of ScottsMiracle-Gro, in the principal amount of C\$188,475,000 (being the Canadian dollar equivalent of US\$150,000,000 based on the daily average rate of exchange for USD:CAD published by the Bank of Canada on August 9, 2021 of US\$1.00 = C\$1.2565). The Convertible Note will mature on August 24, 2027 (the "**Maturity Date**"). The Convertible Note is convertible into Common Shares at a conversion price of C\$1.90 per Common Share and will bear interest at a rate of 2.03% annually until August 24, 2023, after which no interest (0.0%) will accrue for the remainder of the term. Accrued interest will be payable on the Maturity Date or will be included in the conversion value of the Convertible Note at the time of conversion.

Immediately prior to the closing of the Investment, ScottsMiracle-Gro did not beneficially own, directly or indirectly, or exercise control or direction over, any Common Shares or any securities convertible into or exercisable for Common Shares. Based on the initial principal amount of the Convertible Note, the Convertible Note is convertible into 99,197,368 Common Shares, representing approximately 41% of the outstanding Common Shares (calculated on a partially diluted basis, based on 142,468,471 Common Shares outstanding as at August 23, 2021). Including the full amount of the anticipated accrued interest over the term of the Convertible Note, the Convertible Note would be convertible into 103,224,782 Common Shares, representing approximately 42% of the outstanding Common Shares (calculated on a partially diluted basis, based on 142,468,471 Common Shares outstanding as at August 23, 2021).

ScottsMiracle-Gro indirectly acquired the Convertible Note as part of a strategic investment in the Company. ScottsMiracle-Gro intends to review its investment in the Company on a continuing basis and may, from time to time and at any time, and depending on market and other conditions, acquire or cause to be acquired additional equity or debt securities or other instruments of the Company, or dispose or cause to be disposed such equity or debt securities or instruments, through open market transactions, private placements and other privately negotiated transactions, or otherwise (including through the exercise of the Convertible Note or through exercising rights provided to The Hawthorne Collective in the Note Purchase

Agreement dated August 9, 2021 between the Company and The Hawthorne Collective or the Investor Rights and Strategic Opportunities Agreement dated August 24, 2021 among the Company, The Hawthorne Collective and Hawthorne (collectively, the “**Transaction Documents**”)), in each case, depending on a number of factors, including general market and economic conditions and other factors and conditions ScottsMiracle-Gro deems appropriate.

The Transaction Documents also provide The Hawthorne Collective with certain governance rights relating to the Company so long as The Hawthorne Collective and its affiliates (including ScottsMiracle-Gro) collectively maintain certain levels of beneficial ownership of Common Shares (on a partially diluted basis), including the right to nominate up to three directors to the Board.

For a summary of the rights of The Hawthorne Collective under the Transaction Documents, see the material change report of RIV Capital dated August 19, 2021, which is available on RIV Capital’s SEDAR profile at www.sedar.com.

RIV Capital’s head office address is 40 King Street West, Suite 2504, Toronto, Ontario. ScottsMiracle-Gro is a corporation existing under the laws of the State of Ohio and it’s head office address is 14111 Scottslawn Road, Marysville, Ohio.

An early warning report will be filed by Hawthorne under applicable Canadian securities laws and once filed will be available on RIV Capital’s SEDAR profile at www.sedar.com. A copy of such report may also be obtained from:

Jim King
EVP & Chief Communications Officer of ScottsMiracle-Gro
937-644-0011.

About RIV Capital

[RIV Capital](#) is an operating and brand platform that aims to acquire, invest in, and develop U.S. cannabis companies to build the cannabis industry of tomorrow, today. By bringing together people, capital, and ideas, we aim to provide shareholders with exposure to exceptional cannabis companies in strategically attractive states poised for significant growth. Backed by our in-house expertise and cannabis domain knowledge, we aim to develop operators and brands who can build market share while we expand the geographic and strategic scope of our multistate platform. RIV Capital also has a strategic relationship with The Hawthorne Collective, Inc., a subsidiary of The Scotts Miracle-Gro Company, pursuant to which RIV Capital is The Hawthorne Collective’s preferred vehicle for investments not under the purview of other ScottsMiracle-Gro subsidiaries.

About The Scotts Miracle-Gro Company

With approximately \$4.1 billion in sales, ScottsMiracle-Gro is one of the world’s largest marketers of branded consumer products for lawn and garden care. ScottsMiracle-Gro’s brands are among

the most recognized in the industry. ScottsMiracle-Gro's Scotts®, Miracle-Gro® and Ortho® brands are market-leading in their categories. ScottsMiracle-Gro's wholly-owned subsidiary, The Hawthorne Gardening Company, is a leading provider of nutrients, lighting and other materials used in the indoor and hydroponic growing segment. Another wholly-owned subsidiary, The Hawthorne Collective, has been established to invest in emerging areas of the cannabis industry. For additional information, visit us at www.scottsmiraclegro.com.

Forward-Looking Statements

This news release contains statements which constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities and operating performance. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, but is not limited to, information and statements regarding: the anticipated benefits of the Investment by The Hawthorne Collective; the Company's intention to invest in, acquire and/or merge with operating U.S. cannabis companies and the value to be derived therefrom; the Company's expectation that the Investment will accelerate growth, provide the Company with additional access to capital and optimize its investment and acquisition strategy; the Company's expectation that it will be The Hawthorne Collective's preferred vehicle for investments not currently under the purview of Hawthorne; the anticipated proceeds from the Investment net of transaction costs; and expectations for other economic, business, and/or competitive factors.

Investors are cautioned that forward-looking information is not based on historical fact but instead reflects management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. Our actual financial position and results of operations may differ materially from management's current expectations.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability of the parties to obtain, in a timely manner and on satisfactory terms, all necessary regulatory approvals required for conversion of the Note; assumptions regarding the conversion of the Note; the timing of any changes to federal laws in the United States to allow for the general cultivation, distribution, and possession of cannabis; assumptions regarding the future acquisition of Common Shares by The Hawthorne Collective pursuant to its rights under the Transaction Documents; the potential impact of the announcement or consummation of the Investment on relationships, including with regulatory bodies, stock exchanges, lenders, employees and competitors; assumptions concerning the Investment and the operations and capital expenditure plans of the Company following completion of the Investment; assumptions concerning the Company's ability to execute its go-forward strategy; credit, liquidity and additional financing risks for the Company and its investees; stock

market volatility; regulatory and licensing risks; changes in cannabis industry growth and trends; changes in the business activities, focus and plans of the Company and its investees and the timing associated therewith; the Company's actual financial results and ability to manage its cash resources; changes in general economic, business and political conditions, including challenging global financial conditions and the impact of the novel coronavirus pandemic; competition risks; potential conflicts of interest; the regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change; changes in applicable laws; changes in the global sentiment towards, and public opinion of, the cannabis industry; divestiture risks; and the other risk factors more fully described in the Company's annual information form for the year ended March 31, 2021 and the Company's Management's Discussion and Analysis of Financial Results for the months ended June 30, 2021 and 2020 filed with the Canadian securities regulators and available on the Company's profile on SEDAR at www.sedar.com.

Should one or more of these 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 the Company has attempted to identify important risks, uncertainties and factors that could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

SOURCE RIV Capital Inc.

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