



## RIV Capital Reports Fiscal Second Quarter 2023 Financial Results

*Receives all regulatory approvals for the final closing of the previously announced Etain Transaction, which is expected to occur by year end*

**TORONTO** – November 29, 2022 – RIV Capital Inc. (“**RIV Capital**” or the “**Company**”) (CSE: RIV) (OTC: CNPOF), 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, today released its financial results for the three and six months ended September 30, 2022 (“**FQ2 2023**”).

### **FQ2 2023 Highlights**

- Received New York State Cannabis Control Board (“**CCB**”) and New York State Office of Cannabis Management (“**OCM**”) approval for Etain, LLC’s change of control request, clearing the path for the Company to complete the final closing of the previously announced acquisition of ownership and control of Etain IP LLC and Etain, LLC (collectively, “**Etain**”) (the “**Etain Acquisition**”)
- Entered into a lease agreement with Zephyr, a leading California-based developer, for the development and operation of a planned new flagship cannabis cultivation and manufacturing facility in Buffalo, New York
- \$165 million of cash on-hand to, among other things, support the completion of the Etain Acquisition, the expansion and development of Etain’s cultivation and processing facilities, and to pursue new growth opportunities
- Reported a net loss of \$142.3 million, including a goodwill impairment charge of \$138.9 million related to the Etain Acquisition

“Having cleared all regulatory hurdles, we are eager to complete the final closing of the Etain Acquisition before the end of 2022, establishing RIV Capital as a strongly positioned, vertically integrated cannabis operator in New York,” said Mark Sims, President and CEO of RIV Capital. “With the long-awaited drafts of New York cannabis market regulations approved for publication last week, we are looking forward to continuing to work with the State to help create an efficient market where registered organizations can operate effectively. We intend to provide our feedback during the public review period and continue to work with the regulators to support the creation of rules that are mutually beneficial for all stakeholders.”

“The draft regulations further support our thesis that there will be a robust wholesale market in New York, where the most successful companies will be those that can build the strongest brands. New York continues to offer us the best platform to launch our brand-focused strategy, and our expanding cultivation footprint designed to support the premium New York market provides RIV Capital with attractive wholesale opportunities.”

Eddie Lucarelli, Chief Financial Officer of RIV Capital, added, “In this environment where access to capital and liquidity continues to be challenging for many cannabis companies, we believe we remain well positioned with a strong balance sheet to execute our expansion strategy in New York and simultaneously evaluate other growth and capital allocation opportunities.”

## **Strategic and Operational Update**

On November 21, 2022, RIV Capital announced that the CCB and OCM approved Etain, LLC's change of control request, clearing the path for the Company to complete the final closing of the Etain Acquisition, as all necessary regulatory approvals have been obtained. Final closing of the Etain Acquisition remains subject to customary closing conditions and is expected to occur by the end of calendar year 2022.

Etain's cultivation and production infrastructure in Chestertown, New York continues to undergo a significant expansion to increase cultivation capacity and support the development of new product formats. The Company expects construction on the entire expansion to be substantially complete before the end of the first quarter of calendar year 2023, with cultivation coming online in the second quarter of calendar year 2023 and a first harvest expected soon after in the third quarter of calendar year 2023.

During FQ2 2023, RIV Capital entered into a lease agreement with Zephyr for the development and operation of a planned new flagship indoor cannabis cultivation and manufacturing facility in Buffalo, New York, designed with premier cultivation and production infrastructure specifically tailored to support the New York market. Under the lease agreement relating to the facility, RIV Capital will lease two buildings totaling approximately 75,000 square feet. Importantly, the Company plans to designate and make available approximately 10,000 square feet of the new facility for social equity licensees. The Company believes that supporting the State's initiatives for an equitable cannabis industry will further strengthen the broader New York market, while securing new wholesale opportunities and other potential partnerships. Zephyr began initial work on the development of the new flagship facility in October 2022. The lease is contingent on receipt of regulatory and other necessary approvals, including completion of any environmental remediation pursuant to the New York State Brownfield Program. Operation of the flagship facility is also subject to receipt of regulatory approval from the CCB and OCM.

The Company recognizes that the current market in New York faces operational challenges, many of which result from the uncertainty created by the prolonged roll-out of regulations for the adult-use market. On November 21, 2022, the CCB and OCM published draft regulations for New York's adult-use cannabis market that are subject to a 60-day public comment period. Etain, LLC intends to submit comments to the CCB and OCM on the draft regulations as part of the review process, with the intent of supporting the development of regulations that are mutually beneficial to all stakeholders.

Management continues to strongly believe in the significant market opportunity in New York: in addition to being well aligned with RIV Capital's growth strategy, management believes the State's social equity retail license program presents a particularly attractive opportunity for the Company's future wholesale business.

RIV Capital's long-term strategy is to build a leading multi-state operating and brand platform, with New York serving as the foundation. In the near term, the Company is primarily focused on its New York operations and will continue to execute on its expansion plans, keeping the evolving regulatory climate in mind. The Company intends to develop and expand new brands and products designed to resonate with the New York consumer, with plans to offer Etain's popular product line as one of its core brands, which will include new form factors and SKUs.

While management's focus is on operationalizing New York, the Company continues to explore M&A opportunities and believes that RIV Capital's strong liquidity puts the Company in a favourable position to build its US platform as regional and broader markets evolve.

The Company continues to evaluate its capital allocation strategy, given its existing cash resources and plans for expansion of the Chestertown facility and development of the Buffalo site. As part of that process, the Company may consider a repurchase of its Class A common shares, subject to the requirements of applicable law and stock exchange requirements and receipt of applicable approvals. Any such action would be subject to further determination of the Board of Directors of the Company and there can be no assurance any such steps will be pursued by the Company.

Additionally, effective October 3, 2022, Amanda Rico was appointed Chief Human Resources Officer of RIV Capital. Ms. Rico brings extensive HR experience to RIV Capital's management team, having held a variety of HR focused roles across The Scotts Miracle-Gro Company ("ScottsMiracle-Gro"). Prior to joining RIV Capital, Ms. Rico most recently served as the Vice President of Human Resource Operations at ScottsMiracle-Gro. In this role, she was responsible for managing all HR Operations for the company, primarily supporting The Hawthorne Gardening division. As an HR professional with over 17 years of experience, she has worked in various industries, bringing a unique perspective to supporting people operations and passion for creating a diverse and inclusive culture.

### **Impairment Charge**

The Company is required to review the carrying value of goodwill and intangible assets annually for impairment or more frequently when there are indicators that impairment may have occurred.

As the Company identified indicators that an impairment of its cash generating unit ("**CGU**") represented by Etain (the "**Etain CGU**") may have occurred, the Company conducted an impairment test as at September 30, 2022, by comparing the recoverable amount of the Etain CGU to its carrying amount. The recoverable amount was represented by the estimated fair value (less costs to sell) of the Etain CGU, which was based upon an updated financial forecast for the business and an updated discount rate applied to projected cash flows to account for the enhanced risk and uncertainty attached to the New York market. Based on the foregoing, the Company recognized an impairment charge of \$138.9 million for the Etain CGU for FQ2 2023.

While the Company remains optimistic about the New York market, the discounted cash flow analysis used for the impairment assessment considered, among other things, the delay in the development of the regulated market for adult-use cannabis in New York relative to initial expectations, as well as increased uncertainty regarding registered organizations' pathway to participation in such market. The Company believes that these developments have contributed to proposed transactions involving New York cannabis license holders being abandoned and values implied by recently announced transactions involving comparable businesses being lower than the purchase price paid in the Etain Acquisition. In addition, the Company believes that market-based perceptions of the value of New York cannabis licenses have also been negatively impacted by the perceived proliferation of the unregulated market that has developed (particularly within New York City) and lack of enforcement to curtail such activities.

The impairment charge is an adjustment that does not affect the Company's current cash position or cash flow from operating activities. There is no guarantee as to whether further impairment charges will or will not occur in the future. Additional information regarding the impairment of the Etain CGU is available in the Company's unaudited condensed interim consolidated financial statements (the "Interim Consolidated Financial Statements"), available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.rivcapital.com/investors](http://www.rivcapital.com/investors).

## FQ2 2023 Financial Results

The following is a summary of the Company's financial results the three and six months ended September 30, 2022 and 2021. Unless otherwise indicated, all financial highlights summarized in tables in this press release are presented in thousands of dollars, except share and per share amounts. All references to "\$" are to United States dollars.

| <b>Summary Operating Results<sup>(1)(2)</sup></b> |   |   |   |   |
|---|---|---|---|---|
|   | <b>Three months<br/>ended<br/>Sep. 30, 2022</b> | <b>Three months<br/>ended<br/>Sep. 30, 2021</b> | <b>Six months<br/>ended<br/>Sep. 30, 2022</b> | <b>Six months<br/>ended<br/>Sep. 30, 2021</b> |
| Revenue   | \$ 1,977  | \$ -  | \$ 3,405                                      | \$ -  |
| Excise taxes                                      | (124)   | -   | (211)   | -   |
| <b>Total revenue, net</b>                         | <b>1,853</b>                                    | <b>-</b>  | <b>3,194</b>                                  | <b>-</b>                                      |
| Cost of goods sold                                | 906   | -   | 1,689   | -   |
| <b>Gross profit excluding fair value items</b>    | <b>947</b>                                      | <b>-</b>  | <b>1,505</b>                                  | <b>-</b>                                      |
| Fair value items included in gross profit         | (58)  | -   | (94)  | -   |
| <b>Gross profit</b>                               | <b>889</b>                                      | <b>-</b>  | <b>1,411</b>                                  | <b>-</b>                                      |
| Selling, general, and administrative expenses     | 4,840   | 4,035   | 10,369  | 6,064   |
| Impairment of goodwill                            | 138,937   | -   | 138,937                                       | -   |
| <b>Operating loss</b>                             | <b>(142,888)</b>                                | <b>(4,035)</b>                                  | <b>(147,895)</b>                              | <b>(6,064)</b>                                |
| Other income (loss)                               | (1,557)   | (18)  | 600   | (26,448)                                      |
| <b>Loss before taxes</b>                          | <b>(144,445)</b>                                | <b>(4,053)</b>                                  | <b>(147,295)</b>                              | <b>(32,512)</b>                               |
| Income tax recovery                               | (2,121)   | (2,870)   | (1,497)                                       | (6,819)                                       |
| <b>Net loss</b>                                   | <b>\$ (142,324)</b>                             | <b>\$ (1,183)</b>                               | <b>\$ (145,798)</b>                           | <b>\$ (25,693)</b>                            |
| Other comprehensive income (loss)                 | 390   | (6,609)   | (4,159)                                       | (3,423)                                       |
| <b>Total comprehensive loss</b>                   | <b>\$ (141,934)</b>                             | <b>\$ (7,792)</b>                               | <b>\$ (149,957)</b>                           | <b>\$ (29,116)</b>                            |
| <b>Loss per share – basic</b>                     | <b>\$ (0.84)</b>                                | <b>\$ (0.01)</b>                                | <b>\$ (0.88)</b>                              | <b>\$ (0.18)</b>                              |
| <b>Loss per share – diluted</b>                   | <b>\$ (0.84)</b>                                | <b>\$ (0.01)</b>                                | <b>\$ (0.88)</b>                              | <b>\$ (0.18)</b>                              |

(1) The operating results reported by the Company for the six months ended September 30, 2022, include the operating results for Etain, LLC from April 23, 2022, to September 30, 2022. The revenue and net loss reported by the Company for the six months ended September 30, 2022, would not have been materially different had the initial closing of the Etain Acquisition been effected April 1, 2022, instead of April 22, 2022.

(2) The Company changed its presentation currency from the Canadian dollar to the U.S. dollar, effective April 1, 2022. Comparative period results have been restated to reflect current period presentation.

The Company reported revenue, net of excise taxes, of \$1.9 million for the three months ended September 30, 2022, compared to \$1.3 million for the previous quarter (the Company did not report revenue for any reporting periods ended on or prior to March 31, 2022). Retail revenue of \$1.9 million was generated from Etain, LLC's dispensaries in Manhattan, Kingston, Syracuse, and Yonkers, and wholesale revenue of \$0.1 million was generated from sales of Etain-branded products to other registered organizations in New York.

The Company reported cost of goods sold (which excludes unrealized fair value changes included in biological assets and realized fair value changes included in inventory sold) of \$0.9 million for the three months ended September 30, 2022, compared to \$0.8 million for the previous quarter (the Company did not report cost of goods sold for any reporting periods ended on or prior to March 31, 2022). The unrealized loss on changes in fair value of biological assets and fair value gain included in inventory sold were not material for the quarter.

Based on the foregoing, the Company reported a gross profit of \$0.9 million for the three months ended September 30, 2022, compared to a gross profit of \$0.5 million for the previous quarter (the Company did not report gross profit for any reporting periods ended on or prior to March 31, 2022).

The Company reported operating expenses of \$4.8 million for the three months ended September 30, 2022, compared with operating expenses of \$4.0 million for the same period last year. The increase in operating expenses relative to the comparative period was primarily due to the significant increase in the size and scope of general and administrative functions of the Company to support its strategic shift to the U.S. cannabis market and as a result of the Etain Acquisition, as well as legal fees incurred in respect of litigation matters.

As noted above, the Company recognized a goodwill impairment charge of \$138.9 million for the three months ended September 30, 2022.

The Company reported other loss of \$1.6 million for the three months ended September 30, 2022, compared with other loss of a nominal amount for the same period last year. The following factors contributed to the Company's reported results, among other items:

- Royalty, interest, and lease income was \$0.1 million for the three months ended September 30, 2022, compared with \$0.3 million for the same period last year. The decrease in royalty, interest, and lease income relative to the comparative period was primarily attributable to the Company no longer recognizing royalty, interest, or lease income for certain investees due to challenges in the underlying business performance of those investees or as a result of dispositions of these financial assets.
- Share of loss from associates was \$0.5 million for the three months ended September 30, 2022, compared with \$0.4 million for the same period last year.
- The net change in fair value of financial assets at fair value through profit or loss ("FVTPL") was a decrease of \$1.4 million for the three months ended September 30, 2022, compared with an increase of \$0.5 million for the same period last year.
- Accretion and interest expense was \$4.3 million for the three months ended September 30, 2022, compared with \$0.9 million for the same period last year. The increase in accretion expense relative to the comparative period was primarily attributable to the accretion expense recognized on the convertible notes issued to The Hawthorne Collective, Inc. and accretion expense recognized on the deferred consideration payable.
- Unrealized foreign exchange gain was \$4.4 million for the three months ended September 30, 2022, compared with \$1.8 million for the same period last year. The increase in unrealized foreign exchange gain was primarily attributable to foreign-denominated cash deposits held by the Company and certain of its subsidiaries.

The Company reported an income tax recovery of \$2.1 million for the three months ended September 30, 2022, compared with an income tax recovery of \$2.9 million for the same period

last year. Income tax recovery for the period included a tax expense of \$0.2 million related to the estimated taxable profits of Etain, LLC for which the Company is responsible.

Based on the foregoing, the Company reported a net loss of \$142.3 million, and a basic and diluted loss per share of \$0.84 for the three months ended September 30, 2022, compared with a net loss of \$1.2 million, and a basic and diluted loss per share of \$0.01 for the same period last year.

The net change in fair value of financial assets at fair value through other comprehensive income (net of tax expense or recovery) was an increase of \$1.0 million for the three months ended September 30, 2022, compared with an increase of \$0.3 million for the same period last year. The Company also reported a downward adjustment as a result of foreign currency translation of \$0.6 million for the three months ended September 30, 2022, compared with a downward adjustment of \$7.0 million for the same period last year. The recognition of the foreign currency translation adjustment was due to the shift in the Company's presentation currency from Canadian dollars to U.S. dollars effective April 1, 2022.

Based on the foregoing, the Company reported a total comprehensive loss of \$141.9 million for the three months ended September 30, 2022, compared with a total comprehensive loss of \$7.8 million for the same period last year.

| <b>Summary Cash Flows and Financial Position Data</b>  |   |   |
|--|---|---|
|  | <b>Six months<br/>ended<br/>Sep. 30, 2022</b> | <b>Six months<br/>ended<br/>Sep. 30, 2021</b> |
| Net cash flows from operating activities               | \$ (7,278)                                    | \$ (20,519)                                   |
| Net cash flows from investing activities               | (168,096)                                     | 85,442  |
| Net cash flows from financing activities               | 23,994  | 145,015                                       |
| <b>Net increase (decrease) in cash</b>                 | <b>\$ (151,380)</b>                           | <b>\$ 209,938</b>                             |
| Effect of foreign exchange rate movements on cash held | (1,906)                                       | 5,635   |
| Cash, beginning of fiscal period                       | 318,706                                       | 101,695                                       |
| <b>Cash, end of fiscal period</b>                      | <b>\$ 165,420</b>                             | <b>\$ 317,268</b>                             |
|  | <b>As at<br/>Sep. 30, 2022</b>                | <b>As at<br/>Mar. 31, 2022</b>                |
| Current assets   | \$ 183,792                                    | \$ 330,190                                    |
| Non-current assets                                     | 155,405                                       | 36,021  |
| <b>Total assets</b>                                    | <b>\$ 339,197</b>                             | <b>\$ 366,211</b>                             |
| Current liabilities                                    | \$ 45,973                                     | \$ 3,946                                      |
| Non-current liabilities                                | 142,906                                       | 97,551  |
| <b>Total liabilities</b>                               | <b>\$ 188,879</b>                             | <b>\$ 101,497</b>                             |
| <b>Total shareholders' equity</b>                      | <b>\$ 150,318</b>                             | <b>\$ 264,714</b>                             |

## FQ2 2023 Portfolio Updates

The following represents a brief summary of other developments in the RIV Capital portfolio during and subsequent to FQ2 2023:

- BioLumic Inc. (“**BioLumic**”) announced an exclusive partnership with Fluence, a leading global provider of energy-efficient lighting solutions for commercial cannabis and food production, to deliver BioLumic’s cutting-edge UV Light Signals through Fluence’s industry-leading LED products.
- High Beauty, Inc. (“**High Beauty**”) completed the initial closing of a financing round that triggered automatic conversion mechanisms pursuant to the senior secured convertible promissory note agreement between High Beauty and the Company. Accordingly, the convertible promissory note with a face value of \$0.8 million that the Company purchased in December 2019 converted into 1,000,017 shares of High Beauty based on a conversion price that was a 20.0% discount to the price per share implied by High Beauty’s raise.
- Dynaleo Inc. announced the launch of Canada’s first Delta 8 soft chew under the Sunshower brand, and Canada’s first large format CBG soft chew offering from DynaWellness.
- Headset, Inc. expanded access to its competitive intelligence tool, Headset Insights, to businesses in Massachusetts and Florida; and augmented its suite of cannabis market and intelligence solutions with the launch of Bridge Signal, which provides a secure and reliable way to access competitive intelligence in real-time, without the interruptions that alternative web-scraping models may encounter.
- LeafLink International decided to temporarily suspend operations in Canada in light of ongoing limitations on the company’s growth prospects driven primarily by certain regulatory restrictions, until such time that the Canadian regulatory framework evolves to allow more direct transactions between producers and retailers, or there are further developments in international cannabis markets.

This press release should be read in conjunction with the Company’s Interim Consolidated Financial Statements and management’s discussion and analysis (“**MD&A**”) for FQ2 2023, which are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.rivcapital.com/investors](http://www.rivcapital.com/investors).

For more information regarding the Company and its portfolio companies, please refer to the MD&A and the Company’s annual information form (“AIF”) dated June 10, 2022, also available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.rivcapital.com/investors](http://www.rivcapital.com/investors).

## 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 the announced Etain Acquisition. Through its strategic relationship with The Hawthorne Collective, Inc. (“**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.

## **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 RIV Capital and its portfolio companies 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 information regarding the Company's strategies, objectives, goals, opportunities and plans, including in respect of Etain; the Company's expectations regarding the regulations for the New York market and its intentions to provide feedback on the recently released New York cannabis market regulations; the Company's liquidity position, including its ability to finance the second closing of the Etain Acquisition and long-term expansion plans with cash on-hand; the Company's ability to appropriately scale Etain's existing infrastructure, processes and systems; the Company's expectations regarding the U.S. cannabis market; the Company's expectations of the anticipated benefits of the Etain Acquisition, and the structure thereof, and strategic rationales for acquiring Etain, including expectations regarding legal cannabis market opportunities in New York, the benefits of the New York cannabis market and the value of New York cannabis licenses; the Company's expectations regarding the impairment and whether or not further impairment charges will or will not occur in the future; expectations regarding the launch of adult-use sales in the state of New York; expectations regarding expansion and timing thereof; expectations regarding the construction of Etain's Chestertown facility, including the timing of the first harvest; plans to update Etain's existing retail locations and the potential to build new locations; the Company's investment in Etain, including the timing and cash required for completion of the second closing of the Etain Acquisition; the Company's expectations regarding Etain's position in the New York cannabis market; the Company's expectations and plans regarding Etain's business, including its market share, sales, brand, products and locations; the Company's expectations regarding growth opportunities; challenges faced by the existing U.S. medical cannabis market; the Company's expectations with respect to the development of the Buffalo facility, including the size and expected timing for completion of such facility and expectations related to the lease agreement with Zephyr; the Company's intention to, and the anticipated benefits of, supporting New York state cannabis equity initiatives; the Company's expectations regarding its capital allocation strategy and its intentions regarding a potential repurchase of its Class A common shares; 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 RIV Capital 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 RIV Capital or its portfolio companies.*

*Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: satisfaction of other conditions to closing, in respect of the Etain Acquisition; the Company's ability to execute its go-forward strategy; stock market volatility; changes in the business activities, focus and plans of the Company, Etain and*

*the Company's investees and the timing associated therewith; the timing of any changes to federal laws in the U.S. to allow for the general cultivation, distribution, and possession of cannabis; regulatory and licensing risks; changes in cannabis industry growth and trends; changes in general economic, business and political conditions, including changes in the financial markets; litigation risks; the global regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change; risks relating to anti-money laundering laws; compliance with extensive government regulation, including RIV Capital's interpretation of such regulation; public opinion and perception of the cannabis industry; divestiture risks; and the risk factors set out in RIV Capital's MD&A and AIF filed with the Canadian securities regulators and available on RIV Capital's profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

*The Company has invested in and acquired, and intends to in the future invest in and/or acquire, companies that are involved in the manufacture, possession, use, sale, and distribution of cannabis in the recreational and medicinal cannabis marketplace in the United States. Local state laws where such operations occur 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 U.S. 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 U.S. 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 recreational and medicinal cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. The enforcement of federal laws in the United States is a significant risk to the business of the Company and any proceedings brought against the Company thereunder may adversely affect the Company's operations and financial performance.*

*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 RIV Capital 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. RIV Capital does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*

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