



RIV Capital reports third quarter fiscal year 2022 financial results

Strongly Positioned with Approximately US\$319 million¹ in Cash to Launch U.S. Platform

TORONTO -- March 1, 2022 -- RIV Capital Inc. ("**RIV Capital**" or the "**Company**") (CSE: RIV) (OTC: CNPOF) today released its unaudited condensed interim consolidated financial statements and management's discussion and analysis ("**MD&A**") for the three and nine months ended December 31, 2021 ("**Q3 2022**").

"We have narrowed our pipeline of potential U.S. cannabis acquisition targets and are more excited than ever by the immense opportunity ahead of us in the U.S.," said Narb  Alexandrian, President and CEO of RIV Capital. "We are working toward announcing the next step of our U.S. acquisition and investment strategy prior to the end of this fiscal year and believe the plan we have in place will contribute to the long-term value for our shareholders."

In early 2021, RIV Capital embarked upon a strategic shift to the U.S. cannabis market. As the Company explored various avenues, it determined that in order to create a market leader, the platform needed to be differentiated in a real, tangible manner. To that end, in August 2021, the Company announced a strategic partnership with The Scotts Miracle-Gro Company, a global leader of branded consumer products for lawn and garden care, via their newly-formed cannabis subsidiary, The Hawthorne Collective. This strategic partnership significantly bolstered RIV Capital's approach to its U.S. transition, both strategically and financially. After continuing to develop its market intelligence and evaluating several opportunities, the Company has advanced discussions relating to key strategic U.S. markets and anticipates announcing further developments on its U.S. acquisition and investment strategy prior to the end of its fiscal year. No definitive agreement has been reached with respect to any potential investment or other transaction to date and there can be no assurance that any of the Company's discussions will necessarily lead to an investment or other transaction.

¹ Based on December 31, 2021 reported cash of CA\$405.6 million and a USD:CAD exchange rate of 1.2698 as of February 28, 2022.

Q3 2022 Financial Results²

Select Summary of Financial Results	Three months ended 31-Dec-21	Three months ended 31-Dec-20
Operating income (before equity method investees and fair value changes)	\$ 87	\$ 3,003
Operating expenses	2,474	3,390
Net operating loss (before equity method investees and fair value changes)	(2,387)	(387)
Equity method investees and fair value changes	(4,387)	4,524
PharmHouse-related charges	-	(13,700)
Net operating loss	(6,774)	(9,563)
Other expenses (income)	(2,190)	442
Income tax recovery	1,075	11,411
Net income (loss)	(3,509)	1,406
Other comprehensive income (net of tax)	434	80,759
Total comprehensive income (loss)	(3,075)	82,165
Basic earnings (loss) per share ("EPS")	\$ (0.02)	\$ 0.01
Diluted EPS	\$ (0.02)	\$ 0.01
Cash flows used in operating activities	(3,629)	(953)
Cash flows provided by investing activities	-	944
Cash flows provided by (used in) financing activities	(44)	76

Select Summary of Financial Results	Nine months ended 31-Dec-21	Nine months ended 31-Dec-20
Operating loss (before equity method investees and fair value changes)	\$ (1,155)	\$ (130)
Operating expenses	10,109	7,615
Net operating loss (before equity method investees and fair value changes)	(11,264)	(7,745)
Equity method investees and fair value changes	(40,744)	(34,042)
PharmHouse-related recovery (charges)	1,935	(84,456)
Net operating loss	(50,073)	(126,243)
Other expenses (income)	(5,024)	2,034
Income tax recovery	9,624	15,875
Net loss	(35,425)	(112,402)
Other comprehensive income (net of tax)	376	114,877
Total comprehensive income (loss)	(35,049)	2,475
Basic EPS	\$ (0.25)	\$ (0.59)
Diluted EPS	\$ (0.25)	\$ (0.59)
Cash flows used in operating activities	(27,156)	(2,815)
Cash flows provided by (used in) investing activities	110,318	(5,910)
Cash flows provided by (used in) financing activities	187,205	(4)

Eddie Lucarelli, Chief Financial Officer of RIV Capital, commented, "We believe we are in a favourable environment for consolidation activity in the U.S cannabis market, and are confident that our financial strength and strategic partnership optimally position us to successfully identify, evaluate, and execute upon accretive transaction opportunities in attractive markets."

² The financial highlights in this summary are presented in CA\$ thousands, unless otherwise noted.

Operating Income and Expenses

	Three months ended 31-Dec-21	Three months ended 31-Dec-20
Royalty, interest, and lease income (before provisions)	\$ 755	\$ 5,853
Provision for credit losses on interest and royalty receivables	(668)	(2,850)
Operating income (before equity method investees and fair value changes)	\$ 87	\$ 3,003
General and administrative expenses	\$ 1,587	\$ 981
Consulting and professional fees	577	441
Share-based compensation	260	80
Depreciation and amortization expense	50	50
Restructuring costs	-	1,838
Operating expenses	\$ 2,474	\$ 3,390
Net operating loss (before equity method investees and fair value changes)	\$ (2,387)	\$ (387)
	Nine months ended 31-Dec-21	Nine months ended 31-Dec-20
Royalty, interest, and lease income (before provisions)	\$ 1,731	\$ 12,586
Provision for credit losses on interest and royalty receivables		
PharmHouse	-	(8,939)
Other	(2,886)	(3,777)
Operating loss (before equity method investees and fair value changes)	\$ (1,155)	\$ (130)
General and administrative expenses	\$ 6,215	\$ 3,610
Consulting and professional fees	2,818	1,168
Share-based compensation	932	434
Depreciation and amortization expense	144	137
Restructuring costs	-	2,266
Operating expenses	\$ 10,109	\$ 7,615
Net operating loss (before equity method investees and fair value changes)	\$ (11,264)	\$ (7,745)

Operating income (before equity method investees and fair value changes) in Q3 2022 was \$0.1 million and primarily consisted of royalty and interest income (before provisions for expected credit losses) of \$0.8 million generated from the Company's debenture and royalty agreements with 10831425 Canada Ltd. d/b/a/ Greenhouse Juice Company ("**Greenhouse Juice**") and NOYA Cannabis Inc. ("**NOYA**", formerly known as Radicle Medical Marijuana Inc.), respectively; offset by an increase in provision for expected credit losses on interest and royalty receivables of \$0.7 million.

Operating expenses in Q3 2022 were \$2.5 million. General and administrative expenses were \$1.6 million, primarily attributable to employee compensation and other general and administrative activities, including insurance, business development, and general public company costs. Consulting and professional fees were \$0.6 million, primarily attributable to legal fees and audit, tax, accounting, and other regulatory compliance advisory fees.

Equity Method Investees and Fair Value Changes

	Three months ended 31-Dec-21	Three months ended 31-Dec-20
Share of loss from equity method investees	\$ (595)	\$ (728)
Net change in fair value of financial assets at FVTPL	(3,792)	4,790
Other PharmHouse-related charges		
Change in provision for credit losses on loans receivable	-	(6,200)
Change in provision for credit losses on financial guarantee liability	-	(7,500)
Gain on disposition of equity method investee	-	462
Equity method investees and fair value changes	\$ (4,387)	\$ (9,176)
	Nine months ended 31-Dec-21	Nine months ended 31-Dec-20
Share of loss from equity method investees		
PharmHouse	\$ -	\$ (37,025)
Other	(1,467)	(845)
Net change in fair value of financial assets at FVTPL	(39,277)	3,366
Other PharmHouse-related recovery (charges)		
Change in provision for credit losses on loans receivable	-	(51,956)
Change in provision for credit losses on financial guarantee liability	1,935	(32,500)
Gain on disposition of equity method investee	-	462
Equity method investees and fair value changes	\$ (38,809)	\$ (118,498)

The Company's share of loss from equity method investees in Q3 2022 was \$0.6 million. Greenhouse Juice, LeafLink Services International ULC ("**LeafLink International**"), and NOYA represented the Company's equity method investees for which a share of income or loss was recognized for the quarter.

The Company also reported a net decrease in the fair value of financial assets that are reported at fair value through profit or loss ("**FVTPL**") in Q3 2022 of \$3.8 million, which included a \$2.6 million decrease in the estimated fair value of the Company's royalty investment in Agripharm Corp. ("**Agripharm**").

Other Income and Expenses

	Three months ended 31-Dec-21	Three months ended 31-Dec-20
Unrealized foreign exchange gain	\$ (5,038)	\$ -
Accretion and interest expense	3,000	7
Other expenses (income), net	(152)	435
Other expenses (income)	\$ (2,190)	\$ 442

	Nine months ended 31-Dec-21	Nine months ended 31-Dec-20
Unrealized foreign exchange gain	\$ (7,349)	\$ -
Accretion and interest expense	4,190	22
Gain on disposition of finance lease receivable	(1,103)	-
Other expenses (income), net	(762)	2,012
Other expenses (income)	\$ (5,024)	\$ 2,034

The Company reported other income (net) in Q3 2022 of \$2.2 million. During the quarter, the Company exchanged CA\$200.0 million of its cash reserves to U.S. dollars, which, when combined with the U.S. dollar proceeds received by the Company in its previous fiscal quarter from the US\$150.0 million unsecured convertible note issued to The Hawthorne Collective (the “**Convertible Note**”), led to an unrealized foreign exchange gain of \$5.0 million for the quarter. This was partially offset by a \$3.0 million non-cash accretion expense that the Company systematically recognizes on a quarterly basis in respect of the Convertible Note.

Net Change in Fair Value of Financial Assets at FVTOCI

	Three months ended 31-Dec-21	Three months ended 31-Dec-20
Nova Cannabis	\$ -	\$ (55)
Headset	500	(200)
Zeakal	-	(600)
Biolumic	-	(100)
Other	-	95,500
Gross change in fair value of financial assets at FVTOCI	\$ 500	\$ 94,545
OCI income tax expense	66	13,786
Net change in fair value of financial assets at FVTOCI⁽³⁾	\$ 434	\$ 80,759

	Nine months ended 31-Dec-21	Nine months ended 31-Dec-20
Nova Cannabis	\$ (267)	\$ (273)
Headset	500	(500)
Zeakal	100	(1,500)
Biolumic	100	(39)
Dynaleo	-	835
Other	-	134,124
Gross change in fair value of financial assets at FVTOCI	\$ 433	\$ 132,647
OCI income tax expense	57	17,748
Net change in fair value of financial assets at FVTOCI⁽³⁾	\$ 376	\$ 114,899

⁽³⁾ In addition to the net fair value change noted above, the historical net change in fair value of financial assets at FVTOCI also included FX gains/losses related to investments in certain equity method investees denominated in USD currency

Total comprehensive loss in Q3 2022 was \$3.1 million, which included an increase of \$0.5 million (before tax) in the estimated fair value of financial assets that are reported at fair value through other comprehensive income (“FVTOCI”).

Period ended	As at 31-Dec-21	As at 31-Mar-21
Cash	\$ 405,598	\$ 127,882
Equity method investees	6,899	7,366
Financial assets at FVTPL	16,301	164,030
Financial assets at FVTOCI	23,800	23,218
Other assets	16,741	12,866
Total assets	\$ 469,339	\$ 335,362
Convertible note	\$ 97,431	\$ -
Deferred tax liability	22,164	-
Financial guarantee liability	-	3,000
Other liabilities	2,296	20,902
Total shareholders' equity	347,448	311,460
Total liabilities and shareholders' equity	\$ 469,339	\$ 335,362



At December 31, 2021, RIV Capital had \$405.6 million of cash on hand compared with \$127.9 million as at the end of its most recently completed fiscal year, with the increase primarily due to the monetization of its previously-held Canopy Growth common shares and the proceeds from the Convertible Note.

Q3 2022 Portfolio Updates

The following represents a brief summary of other developments in the RIV Capital portfolio during and subsequent to Q3 2022:

- Dynaleo Inc. (“**Dynaleo**”) partnered with Niagara College to build on prior research for a therapeutic CBD-infused gummy to support muscle recovery for the sports and wellness markets. Additionally, Dynaleo’s Executive Chairman Michael Krestell was appointed to the Cannabis Council of Canada’s Board of Directors.
- Greenhouse Juice introduced zero sugar oat milk to market and began distributing its organic boosters nationally in Canada. Subsequent to the quarter, Greenhouse Juice was named to Canadian Business’ New Innovators List for 2022.
- Headset Inc. (“**Headset**”) completed a US\$8.6 million financing round led by private equity firm Althea. Headset also expanded its competitive intelligence tool, Headset Insights Premium, to Arizona, Illinois, and Maryland.

This press release should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and MD&A for Q3 2022, which are available under the Company’s profile on SEDAR at www.sedar.com and on the Company’s website at www.rivcapital.com/investors. All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

For more information regarding the Company and its portfolio companies, please refer to the MD&A and the Company’s annual information form dated June 28, 2021 (“**AIF**”), also available under the Company’s profile on SEDAR at www.sedar.com and on the Company’s website at www.rivcapital.com/investors.

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, 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.

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 plan to launch its U.S. platform; potential acquisition targets; the opportunity for the Company in the U.S.; the timing of announcements related to the Company’s developments on its U.S. acquisition and investment strategy; the favourable environment for consolidation activity in the U.S. cannabis market; the anticipated benefits of the Convertible Note investment by The Hawthorne Collective, Inc.; the Company’s expectation that it will be The Scotts Miracle-Gro Company’s preferred vehicle for investments not under the purview of other ScottsMiracle-Gro subsidiaries; the likelihood and timing of potential investments by the Company or other similar transactions; 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: the Company’s ability to execute its go-forward strategy; stock market volatility; changes in the business activities, focus and plans of the Company and its 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; 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.

The Company intends to 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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