



RIV Capital Completes Final Closing of Previously Announced Etain Transaction

Transformative transaction establishes a foundation for the Company's platform as Etain is one of only 10 vertically integrated operators in New York

TORONTO - December 15, 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 announced that it has completed the final closing of its previously announced transaction involving Etain, LLC ("**Etain**") – owner and operator of a legally-licensed Registered Organization with cannabis cultivation and manufacturing facilities, and retail dispensaries in the state of New York – and Etain IP LLC (the "**Transaction**").

"With four dispensaries, including a Manhattan flagship store and locations in Kingston, Syracuse and Westchester, as well as a cultivation and production facility in Chestertown, we believe Etain is a strong foundation and a scalable platform for future growth," said Mark Sims, President and CEO of RIV Capital. "We plan to continue Etain's collaboration with diverse New York-owned brands, optimize Etain's attractive retail footprint, and augment Etain's four premium product lines with high-performing west coast brands. The ongoing expansion of Etain's Chestertown cultivation facility, which is nearing completion, and our planned flagship indoor cultivation facility in Buffalo, will enable Etain to better serve medical patients and, eventually, adult-use consumers in New York."

Final Closing Transaction Details

Under the terms of the transaction, RIV Capital paid the remaining purchase price through a combination of approximately US\$42 million in cash and the issuance of 5,273,084 Class A common shares in RIV Capital. Following the final closing, the former owners of Etain hold approximately 16% of the issued and outstanding Class A common shares of RIV Capital.

Growth and Expansion Strategy

RIV Capital's long-term strategy is to build a leading multi-state operating and brand platform, with New York serving as the foundation. The Company intends to develop and expand new brands and products designed to resonate with the New York consumer,



RIV CAPITAL

with plans to offer as one of its core brands Etain's popular product line, which will include new form factors and SKUs in the near future.

The expansion of Etain's Chestertown-based cultivation and production infrastructure, which the company anticipates will be completed by second quarter of calendar year 2023, is designed to increase cultivation capacity and support the development of new product formats in anticipation of the launch of adult-use sales in New York. RIV Capital is also in the process of developing a new, state-of-the-art flagship indoor cultivation facility in Buffalo, designed with premier cultivation and production infrastructure specifically tailored to support the premium New York market.

Early Warning Reporting Disclosure

BrandCo HoldCo, LLC ("HoldCo") announced today, pursuant to applicable requirements of Canadian securities laws, that it has acquired (the "**Acquisition**") 5,273,084 Class A common shares pursuant to the final closing of the Etain transaction. That number of shares was determined not based on the price on the date of issuance but based on the five-day volume-weighted average price of such shares on the Canadian Securities Exchange as of the last trading day prior to the initial announcement of the Transaction (March 30, 2022), which was C\$1.65 per share and C\$8.7 million in the aggregate. The shares issued represents approximately 3% of the issued and outstanding Class A shares of RIV Capital. Prior to the Acquisition, HoldCo owned 21,092,335 Class A common shares representing approximately 13% of the issued and outstanding shares of the Company.

HoldCo completed the Acquisition for investment purposes. Subject to applicable laws and the terms of the Investor Rights Agreement entered into by HoldCo and the Company, HoldCo may acquire additional securities of RIV Capital or may dispose of any or all of its holdings of Class A common shares, from time to time through, among other things, transactions on the open market or in private transactions or otherwise, on such terms and at such times as HoldCo may deem advisable depending upon an ongoing evaluation of the Class A common shares, the Company, prevailing market conditions, the availability of Class A common shares at prices that would make the purchase or sale of shares desirable, other investment opportunities, liquidity requirements of HoldCo, respectively, and/or other considerations and in such manner as it deems appropriate.

A copy of the early warning report filed by HoldCo in connection with the above will be filed on SEDAR and made available under RIV Capital's profile on SEDAR at www.sedar.com.



RIV CAPITAL

HoldCo is located at 172 Prospect Hill Road, Brewster, New York, 10509. For further information, please contact Hillary Peckham at 914-482-2481.

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 Transaction. 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.

Dickinson Wright PLLC, Paul Hastings LLP, and Blake, Cassels & Graydon LLP served as legal counsel to RIV Capital. Moelis & Company LLC served as exclusive financial advisor and DLA Piper, LLP served as legal counsel to Etain, LLC and Etain IP LLC.

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, Etain and RIV Capital's portfolio companies with respect to the expansion and augmenting of Etain's retail footprint and product lines, the expansion of Etain's Chestertown cultivation facility, the development of our flagship indoor cultivation facility in Buffalo, the U.S. and New York state cannabis market, the Company's expectations of the anticipated benefits of the Transaction, including the scalability of Etain's business, growth opportunities, 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 future growth and creating shareholder value; 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

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, 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 management's discussion and analysis dated November 28, 2022 and annual information form dated June 10, 2022 filed with the Canadian securities regulators and available on RIV Capital's profile on SEDAR at 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



RIV CAPITAL

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.

For further information:

Investor Relations Contact for RIV Capital:

ir@rivcapital.com

Media Contact:

Ellen Mellody

570-209-2957

riv@mattio.com

media@rivcapital.com

Officer Contact for RIV Capital:

Matt Mundy

416-583-5945

////