



FLUENT Completes Acquisition of RIV Capital, Adding New York Retail, Wholesale and Cultivation Operations to its Multi-State Footprint

12/19/2024

Accelerates FLUENT's entry into one of the largest and fastest growing cannabis markets in the world

Enables FLUENT banner to expand its retail door count to 42, add on its first wholesale division as well as continue to expand its house of brands

One of the largest U.S. cannabis transactions of 2024, further bolstering FLUENT's balance sheet with approximately US \$33 million^{1,2} in cash just weeks after securing industry attractive refinancing that positions the Company to consider additional M&A and growth opportunities

Acquires RIV Capital's assets and cash balance in a debt-free, all stock transaction: The Hawthorne Collective completes exchange of its existing Convertible Notes in RIV Capital for a new class of non-voting Exchangeable Shares of Consortium, eliminating US\$160 million³ of debt

Conference Call to be Held Today, December 19, 2024, at 4:00 p.m. (Eastern Time)

TAMPA, Fla., Dec. 19, 2024 (GLOBE NEWSWIRE) -- Consortium Inc. (CSE: TIUM.U) (OTCQB: CNTMF) ("FLUENT" or the "Company"), 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 the completion of the previously announced arrangement with RIV Capital (the "Transaction"), whereby FLUENT acquired all of the issued and outstanding Class A common shares (the "RIV Capital Shares") of RIV Capital in exchange for FLUENT Shares (as defined below) pursuant to the terms of an arrangement agreement dated May 30, 2024 (as amended, the "Arrangement Agreement").

Under the terms of the Arrangement Agreement, RIV Capital shareholders (the "RIV Capital Shareholders") received 1.245 of a common share of FLUENT (the "FLUENT Shares") in exchange for each RIV Capital Share held. As a result, shareholders of FLUENT (the "FLUENT Shareholders") hold approximately 51.25% of the combined business of FLUENT and RIV Capital (the "Combined Company") and the RIV Capital Shareholders and The Hawthorne Collective, Inc. ("The Hawthorne Collective"), together, hold approximately 48.75% of the Combined Company, each on a fully diluted basis. The Combined Company will continue to operate under the FLUENT name and the FLUENT 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".

Under the terms of the Arrangement Agreement, Robert Beasley has been named Chief Executive Officer of the Combined Company. The RIV Shares are expected to be delisted from the CSE at market close on December 19, 2024. The Company will cause RIV Capital to apply to the relevant Canadian securities regulatory authorities to cease to be a reporting issuer under applicable Canadian securities laws.

Management Commentary

"I am thrilled to complete this transaction, and I would like to thank our combined teams for all of their hard work over the past few months and our shareholders for their strong support," said Robert Beasley, Chief Executive Officer of FLUENT. "Together, we have created one of the most well-positioned cannabis operators in the industry, with a strategic footprint in four key growth markets and a strong balance sheet which will allow us to act on accretive growth opportunities. With integration activities well underway, our teams have continued to uncover synergies that, combined with our history of operational excellence, will enable us to build an efficient, profitable organization."

Mr. Beasley added, "With New York legal retail sales on pace to exceed \$1 Billion by year end⁴, our recent successful launch of MOODS in New York underscores the immense potential of the Combined Company, as we have introduced FLUENT's brands to scale the wholesale operations and gain additional shelf space in dispensaries across the state. With our proven retail and cultivation expertise, we will continue to optimize and build upon the strong foundation we have built in the attractive markets where we operate. Looking ahead, we remain focused on sustainable, long-term growth and will continue to drive efficiencies across all areas of the business to achieve our profitability and cash generation goals for our shareholders."

"This is a transformational deal for RIV Capital and represents the culmination of substantial work for both FLUENT and RIV Capital," said David Vautrin, former Chief Revenue Officer and Interim Chief Executive Officer of RIV Capital and, upon closing, Chief Commercial Officer of FLUENT. "As evidenced by past performance, we believe FLUENT is one of the most fundamentally sound and now one of the most well-positioned multi-state operators in the United States. I am looking forward to fully unlocking the potential of this combined team to drive value for our shareholders."

Hawthorne Notes Exchange

Further to the Company's press release dated May 30, 2024, the Company and The Hawthorne Collective entered into an exchange and protection agreement on December 18, 2024 (the "Exchange and Protection Agreement"), pursuant to which The Hawthorne Collective exchanged its existing unsecured convertible notes in the aggregate principal amount of US\$160 million, including any accrued and unpaid interest payable by RIV Capital, for 153,069,395 non-voting exchangeable shares (the "Exchangeable Shares") in the capital of the Company (the "Hawthorne Notes Exchange"). In addition, the Exchange and Protection Agreement contains certain provisions that prohibit The Hawthorne Collective from converting its Exchangeable Shares into FLUENT 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 the Company's issued and outstanding voting securities immediately after giving effect to such conversion, unless and until the Company has received the necessary shareholder approval in accordance with all applicable policies of the CSE. For more information on the Exchange and Protection Agreement and the Hawthorne Notes Exchange, see the Company's news release dated May 30, 2024 and the management information circular of the Company dated July 12, 2024 filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

The foregoing description of the Exchange and Protection Agreement is not complete and is qualified in its entirety by reference to the full text of the

Exchange and Protection Agreement, a copy of which will be filed on the Company's profile on SEDAR+ at www.sedarplus.ca.

Investor Rights Agreements

In connection with the Hawthorne Notes Exchange, the Company and The Hawthorne Collective also entered into an investor rights agreement (the "Hawthorne Investor Rights Agreement"), providing for, among other things, the right of The Hawthorne Collective to nominate up to two members to the board of directors of the Company (the "FLUENT Board"), so long as The Hawthorne Collective and its affiliates maintain certain specified beneficial ownership requirements as set forth in the Hawthorne Investor Rights Agreement. In addition, for so long as the beneficial ownership requirement is satisfied, The Hawthorne Collective is entitled to certain participation rights in order to maintain its pro rata equity ownership position in the Company in connection with any offering of FLUENT Shares, or securities exercisable, convertible or exchangeable for FLUENT Shares, by the Company, subject to certain exceptions, and certain other customary rights, including demand registration rights, piggyback rights and information rights.

In addition, further to the Company's press release dated November 26, 2024, the Company and certain of its affiliates and William Smith, a director and the Executive Chair of the Company, and certain companies controlled by Mr. Smith (together with Mr. Smith, collectively, the "Smith Group"), have entered into an investor rights agreement (the "Smith Investor Rights Agreement") in connection with that certain amended and restated termination agreement dated November 26, 2024, providing for, among other things, the Smith Group's continued right to nominate two members of the FLUENT Board, so long as the Smith Group and its affiliates maintain certain specified beneficial ownership requirements as set forth in the Smith Investor Rights Agreement. The Smith Investor Rights Agreement contains substantially similar terms as the Hawthorne Investor Rights Agreement, including certain participating and piggyback registration rights.

The foregoing descriptions of the Hawthorne Investor Rights Agreement and the Smith Investor Rights Agreement are not complete and are qualified in their entirety by reference to the full texts of the Hawthorne Investor Rights Agreement and the Smith Investor Rights Agreement, copies of which will be filed on the Company's profile on SEDAR+ at www.sedarplus.ca.

Additional Information for RIV Capital Shareholders

Pursuant to the Transaction, former RIV Capital Shareholders are entitled to receive 1.245 FLUENT Shares for each RIV Capital Share held. In order to receive FLUENT Shares in exchange for RIV Capital Shares, former registered RIV Capital Shareholders must complete, sign, date and return (together with their certificate or DRS statement representing their RIV Capital Shares) the letter of transmittal that was mailed to them prior to closing of the Transaction. The letter of transmittal has been filed by RIV Capital under RIV Capital's profile on SEDAR+ at www.sedarplus.ca and on RIV Capital's website at www.rivcapital.com. The letter of transmittal is also available by contacting Odyssey Trust Company, the depository for the Transaction, by telephone at (587) 885-0960 or by email at: corp.actions@odysseytrust.com.

Financial and Legal Advisors

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

Moelis & Company LLC acted as financial advisor to RIV Capital and provided a fairness opinion to the board of directors of RIV Capital (the "RIV Capital Board"). INFOR Financial Inc. provided an independent fairness opinion to the RIV Capital Board. Cassels Brock & Blackwell LLP and Goodwin Procter LLP acted as Canadian and United States legal counsel, respectively, to RIV Capital.

Conference Call

FLUENT will host a conference call and live audio webcast today at 4:00 p.m. Eastern time to discuss the Transaction as well as its financial and operating results for the third quarter ended September 30, 2024.

Date: Thursday, December 19, 2024

Time: 4:00 p.m. Eastern time

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

International dial-in number: (412) 717-9224

Link: [FLUENT 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 FLUENT investor relations website at <https://investors.getFLUENT.com/>.

About Consortium Inc.

FLUENT is a vertically-integrated cannabis company with licenses and operations in Florida, New York, 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 FLUENT's unrelenting commitment to operational excellence in cultivation, production, distribution and retail. The Company is headquartered in Tampa, Florida. The FLUENT Shares trade on the CSE under the symbol "TIUM.U" and on the OTCQB Venture Market under the symbol "CNTMF". For more information about the Company, please visit www.getFLUENT.com.

About RIV Capital

RIV Capital is a firm dedicated to developing a leading RIV multi-state platform with a strong portfolio of cannabis brands focused on key strategic markets in the U.S. 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 The ScottsMiracle-Gro Company ("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 Information

Certain information in this news release may constitute forward-looking information within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "is positioned", "estimates", "intends", "assumes", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent the Company's expectations, estimates, and projections regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control.

Forward-looking information is necessarily based on many opinions, assumptions, and estimates that, while considered reasonable by the Company as of the date of this news release, are subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in the public filings of the Company and RIV Capital filed with Canadian securities regulators and available under the Company's and RIV Capital's respective profiles at www.sedarplus.ca. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct.

The Company, through several of its subsidiaries, is 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 the Company operates 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 the Company of liability under United States 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 operations and financial performance.

The forward-looking statements contained in this news release are made as of the date of this news release, and the Company expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

For further information: www.getFLUENT.com.

Company Contact

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Investor Relations Contact

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¹ Cash balance of RIV Capital as of December 19, 2024.

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

³ Based on total outstanding principal and unpaid interest amount of approximately C\$228.7 million, converted to U.S. dollars using today's exchange rate.

⁴ New York State Cannabis Control Board. (2024, December 11). *During Last Cannabis Control Board Meeting Of 2024, Office Provides Year End Milestones, Including 261 Licensed Adult-Use Cannabis Dispensaries Open Across The State.* <https://cannabis.ny.gov/system/files/documents/2024/12/december-2024-ccb-release.pdf>