



## ScottsMiracle-Gro Announces Creation of New Investment Entity to Enable Investments in the Cannabis Industry

August 10, 2021

### The Hawthorne Collective to Invest \$150 million in Canadian-based RIV Capital

MARYSVILLE, Ohio, Aug. 10, 2021 (GLOBE NEWSWIRE) -- The Scotts Miracle-Gro Company (NYSE: SMG) announced today the creation of a newly formed subsidiary, The Hawthorne Collective, which will focus on strategic minority investments in areas of the cannabis industry not currently pursued by The Hawthorne Gardening Company. To that end, The Hawthorne Collective will provide a \$150 million convertible loan to Toronto-based RIV Capital (TSX: RIV) (OTC: CNPOF), a cannabis investment and acquisition firm currently listed on the Toronto Stock Exchange.

"The addition of The Hawthorne Collective into our portfolio allows us to explore and pursue new opportunities in an industry that is poised for significant growth in the years ahead," said Jim Hagedorn, chairman and chief executive officer. "With full appreciation of current banking and legal requirements, The Collective is designed to allow us to eventually participate directly in a larger marketplace as the legal environment changes over time."

The strategic investment in RIV Capital is in the form of a six-year convertible note. The note accrues interest at 2.03% percent annually for the first two years and includes additional follow-on investment rights. Upon conversion, The Collective, and thus ScottsMiracle-Gro, would own approximately 42 percent of RIV Capital.

The Collective will also have the right to nominate up to three members to RIV Capital's Board of Directors, which will be increased to seven. Neither The Collective nor ScottsMiracle-Gro will have an active day-to-day role in RIV Capital nor the companies in which it invests.

In filings with Canadian regulators and the Toronto Stock Exchange, RIV Capital indicated it would use the funds provided by The Collective for general corporate and other lawful purposes, which could include additional investments and acquisitions. Upon close, RIV Capital will become The Collective's preferred vehicle for future investments that are not currently in the purview of The Hawthorne Gardening Company. The transaction is expected to close in the fourth quarter of 2021.

"By making a minority, non-equity investment in RIV Capital, this initial transaction will have little near-term impact on our financial performance," Hagedorn said. "While this approach means we will employ capital that won't be available for near-term investments with a more immediate return, we are confident our partners at RIV Capital and our long-term approach ultimately will drive meaningful value for our shareholders."

"Indeed, the growth of The Hawthorne Gardening Company over the past six years has generated significant shareholder value. It also has allowed us to develop a rare level of expertise and insight regarding the cannabis space without being involved in the plant-touching aspects of the industry. That is why we are beginning to invest in other areas of the industry through The Collective while continuing to pursue near-in strategic acquisitions to fold into the existing Hawthorne Gardening business."

### About ScottsMiracle-Gro

With approximately \$4.1 billion in sales, the Company is one of the world's largest marketers of branded consumer products for lawn and garden care. The Company's brands are among the most recognized in the industry. The Company's Scotts<sup>®</sup>, Miracle-Gro<sup>®</sup> and Ortho<sup>®</sup> brands are market-leading in their categories. The Company'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](http://www.scottsmiraclegro.com).

### About RIV Capital

RIV Capital is an investment and acquisition company specializing in cannabis with a portfolio of 13 companies across various segments of the cannabis value chain. We believe that bringing together people, capital, and ideas raises the potential of the entire cannabis industry. By leveraging our industry insights, in-house expertise, and thesis-driven approach to investing, we aim to provide shareholders with exposure to specialized and disruptive cannabis companies.

### Cautionary Note Regarding Forward-Looking Statements

Statements contained in this press release, other than statements of historical fact, which address activities, events and developments that the Company expects or anticipates will or may occur in the future, including, but not limited to, information regarding the future economic performance and financial condition of the Company, the plans and objectives of the Company's management, and the Company's assumptions regarding such performance and plans are "forward-looking statements" within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties. These forward-looking statements generally can be identified as statements that include phrases such as "guidance," "outlook," "projected," "believe," "target," "predict," "estimate," "forecast," "strategy," "may," "goal," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will," "should" or other similar words or phrases. Actual results could differ materially from the forward-looking information in this release due to a variety of factors, including, but not limited to:

- The ongoing COVID-19 pandemic could have a material adverse effect on the Company's business, results of operation, financial condition and/or cash flows;
- Compliance with environmental and other public health regulations or changes in such regulations or regulatory enforcement priorities could increase the Company's costs of doing business or limit the Company's ability to market all of

its products;

- Damage to the Company's reputation or the reputation of its products or products it markets on behalf of third parties could have an adverse effect on its business;
- If the Company underestimates or overestimates demand for its products and does not maintain appropriate inventory levels, its net sales and/or working capital could be negatively impacted;
- If the Company is unable to effectively execute its e-commerce business, its reputation and operating results may be harmed;
- Because of the concentration of the Company's sales to a small number of retail customers, the loss of one or more of, or significant reduction in orders from, its top customers could adversely affect the Company's financial results;
- Climate change and unfavorable weather conditions could adversely impact financial results;
- Certain of the Company's products may be purchased for use in new or emerging industries or segments and/or be subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement approaches, judicial interpretations and consumer perceptions;
- The Company's operations may be impaired if its information technology systems fail to perform adequately or if it is the subject of a data breach or cyber-attack;
- The Company may not be able to adequately protect its intellectual property and other proprietary rights that are material to the Company's business;
- In the event the Third Restated Marketing Agreement for consumer Roundup products terminates, or Monsanto's consumer Roundup business materially declines the Company would lose a substantial source of future earnings and overhead expense absorption;
- Hagedorn Partnership, L.P. beneficially owns approximately 25% of the Company's common shares and can significantly influence decisions that require the approval of shareholders;
- Acquisitions, other strategic alliances and investments could result in operating difficulties, dilution and other harmful consequences that may adversely impact the Company's business and results of operations.

Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward-looking information contained in this release is readily available in the Company's publicly filed quarterly, annual and other reports. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.

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