

## FORM 51-102F3

### Material Change Report

**Item 1**      **Name and Address of Company**

Cansortium Inc. (“**Cansortium**”)  
5540 W. Executive Drive, Suite 100  
Tampa, FL 33609

**Item 2**      **Date of Material Change**

May 30, 2024

**Item 3**      **News Release**

A news release relating to the material change described herein was disseminated on May 30, 2024 through the services of GlobeNewswire.

**Item 4**      **Summary of Material Change**

On May 30, 2024, Cansortium entered into a definitive agreement (the “**Arrangement Agreement**”) with RIV Capital Inc. (“**RIV Capital**”), pursuant to which Cansortium has agreed to acquire, by way of a court-approved plan of arrangement under the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”), all of the issued and outstanding Class A common shares (each, a “**RIV Capital Share**”) of RIV Capital in exchange for Cansortium Shares (as defined below) (the “**Transaction**”).

**Item 5**      **Full Description of Material Change**

**5.1**      **Full Description of Material Change**

On May 30, 2024, Cansortium announced that it had entered into the Arrangement Agreement. The Transaction will be carried out by way of a court-approved plan of arrangement of RIV Capital under the OBCA (the “**Arrangement**”), pursuant to which shareholders of RIV Capital (the “**RIV Capital Shareholders**”) will receive 1.245 of a common share of Cansortium (the “**Cansortium Shares**”) in exchange for each RIV Capital Share held and holders of options of RIV Capital will receive Cansortium replacement options. Upon closing of the Transaction, shareholders of Cansortium (the “**Cansortium Shareholders**”) are expected to hold approximately 51.25% of the combined business of Cansortium and RIV Capital (the “**Combined Company**”) and the RIV Capital Shareholders and The Hawthorne Collective, Inc. (“**The Hawthorne Collective**”), together, are expected to hold approximately 48.75% of the Combined Company, each on a fully diluted basis. Upon closing of the Transaction, it is expected that Robert Beasley, the current Chief Executive Officer of Cansortium, will act as Chief Executive Officer of the Combined Company.

Transaction Summary and Shareholder Approvals

The implementation of the Transaction will be subject to the approval of at least two-thirds of the votes cast by RIV Capital Shareholders, and by a majority of the minority of RIV Capital Shareholders, as required pursuant to Multilateral Instrument 61-101 – *Protection of Minority*

*Security Holders in Special Transactions* (“**MI 61-101**”) at an annual and special meeting of RIV Capital Shareholders expected to be held in the third quarter of 2024 (the “**RIV Capital Meeting**”). Certain of RIV Capital’s directors and officers and a significant shareholder holding an aggregate 20.2% of the RIV Capital Shares have entered into voting support agreements with Consortium to, among other things, vote in favor of the Transaction.

In addition to RIV Capital Shareholder approval, the closing of the Transaction is subject to the receipt of regulatory and court approvals, the closing of the Hawthorne Notes Exchange (as defined below), the completion of the Smith Transaction (as defined below), the requirement for RIV Capital to maintain a certain minimum cash balance as of a specified date prior to closing and the satisfaction of certain other conditions customary for transactions of this nature. For further details relating to the Hawthorne Notes Exchange and the Smith Transaction, see the “Concurrent Transactions” section below. The Arrangement Agreement includes customary provisions, including non-solicitation, “fiduciary out” and “right to match” provisions as well as a termination fee of US\$3,000,000 payable by RIV Capital to Consortium and a termination fee of US\$5,000,000 payable by Consortium to RIV Capital, in certain specified circumstances.

Assuming timely receipt of all necessary court, shareholder, regulatory and other third-party approvals, the closing of the Hawthorne Notes Exchange and the completion of the Smith Transaction and the satisfaction of all other conditions, closing of the Transaction is expected to occur in the fourth quarter of 2024. A description of the Transaction will be set forth in the management information circular of RIV Capital (the “**RIV Capital Circular**”), which will be mailed to RIV Capital Shareholders and filed with the Canadian securities regulators on SEDAR+.

In connection with the Hawthorne Notes Exchange, which is expected to close on the business day prior to the closing date of the Transaction, Consortium will hold an annual general and special meeting of shareholders (the “**Cansortium Meeting**”) where the Consortium Shareholders will be asked to consider a special resolution authorizing an amendment to its articles of incorporation (the “**Amendment Proposal**”) to create a new class of non-voting exchangeable shares (the “**Exchangeable Shares**”). The Exchangeable Shares will not carry voting rights, rights to receive dividends or other rights upon dissolution of Consortium, but will be convertible into Consortium Shares on a one-for-one basis. The Amendment Proposal must be approved by at least two-thirds of the votes cast by Consortium Shareholders voting at the Consortium Meeting. Certain of Consortium’s directors and officers and significant shareholders holding approximately 26.8% of the voting power of the issued and outstanding Consortium Shares and proportionate voting shares have entered into voting support agreements with RIV Capital to, among other things, vote in favor of the Amendment Proposal.

A description of the Amendment Proposal, the Smith Transaction, the Hawthorne Notes Exchange and the Hawthorne Exchange Agreement (as defined below) will be set forth in the management information circular of Consortium (the “**Cansortium Circular**”), which will be mailed to Consortium Shareholders and filed with the Canadian securities regulators on SEDAR+. The Consortium Meeting is expected to be held in the third quarter of 2024 / concurrently with the RIV Capital Meeting.

#### Approvals and Recommendations

The Transaction has been unanimously approved by the boards of directors of Consortium (the “**Cansortium Board**”) and RIV Capital (the “**RIV Capital Board**”). The RIV Capital Board has unanimously determined, after receiving financial and legal advice along with the fairness opinion from each of Moelis & Company LLC (“**Moelis**”) and INFOR Financial Inc. (“**INFOR**”) and following the receipt and review of a unanimous recommendation of the RIV Capital Strategic

Growth Committee, that the Transaction is in the best interests of RIV Capital and is fair to the RIV Capital Shareholders and the RIV Capital Board recommends that the RIV Capital Shareholders vote in favor of the resolution (the “**Arrangement Resolution**”) to approve the Arrangement. Each of Moelis and INFOR provided the RIV Capital Board with an opinion, dated May 29, 2024, to the effect that, as of the date of the opinion, the consideration payable pursuant to the Transaction is fair, from a financial point of view, to the RIV Capital Shareholders, in each case, based upon and subject to the respective assumptions, limitations and qualifications and other matters set forth in such opinions. Paradigm Capital Inc. provided the Consortium Board with an oral opinion, dated May 30, 2024, to the effect that, as of the date of the opinion, the consideration being offered by Consortium to RIV Capital Shareholders pursuant to the Transaction is fair, from a financial point of view, to the Consortium Shareholders, based upon and subject to the respective assumptions, limitations, qualifications and other matters set forth in such opinion.

The Hawthorne Notes Exchange, including the Amendment Proposal, has been unanimously approved by the Consortium Board. The Consortium Board unanimously determined, after receiving financial and legal advice, that the consideration payable pursuant to the Transaction and the exchange ratio applicable thereto is fair, from a financial point of view, to the Consortium Shareholders, and the Consortium Board recommends that the Consortium Shareholders vote in favor of the Amendment Proposal.

#### Concurrent Transactions

##### *Hawthorne Notes Exchange*

In connection with the Transaction, Consortium and The Hawthorne Collective have entered into a letter agreement (the “**Notes Exchange Side Letter**”), pursuant to which the parties have agreed that, on the business day immediately prior to the closing date of the Transaction, The Hawthorne Collective will exchange its existing unsecured convertible notes that were issued for an aggregate principal amount of US\$175,000,000, including any accrued and unpaid interest, payable by RIV Capital, for Exchangeable Shares of Consortium (the “**Hawthorne Notes Exchange**”). In connection with the Notes Exchange Side Letter, Consortium and The Hawthorne Collective have agreed to enter into a notes exchange and protection agreement (the “**Hawthorne Exchange Agreement**”) prior to the closing of the Transaction, pursuant to which, among other things, the parties will complete the Hawthorne Notes Exchange. The Hawthorne Collective will be granted nomination rights with respect to the Consortium Board, and for the period during which The Hawthorne Collective holds its Exchangeable Shares until it elects to convert such Exchangeable Shares into Consortium Shares, The Hawthorne Collective will be granted pro rata participation rights in any future equity financings of Consortium and Consortium will agree to certain covenants in favor of The Hawthorne Collective. In addition, the Hawthorne Exchange Agreement will contain certain provisions that prohibit The Hawthorne Collective from converting its Exchangeable Shares into Consortium 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 Consortium’s issued and outstanding voting securities of Consortium immediately after giving effect to such conversion, unless and until Consortium has received the necessary shareholder approval in accordance with all applicable policies of the Canadian Securities Exchange (the “**CSE**”).

##### *Smith Transaction*

In connection with the Transaction, Consortium and certain of its affiliates and William Smith, a director and the Executive Chair of Consortium, and certain companies controlled by Mr. Smith (together with Mr. Smith, collectively, the “**Smith Group**”), have entered into a termination agreement (the “**Smith Transaction Termination Agreement**”). The Smith Transaction Termination Agreement terminates the initial agreement, as amended, among the parties named therein (the “**Initial Smith Transaction Agreement**”), which provided that an aggregate of 30,250,000 Consortium Shares (on an as converted basis) held by the Smith Group would be subject to a minimum price “floor” of US\$0.40 (the “**Floor**”) until December 31, 2025, which entitled the Smith Group to an aggregate of up to US\$12,100,000 in the event the Smith Group elected to sell its Consortium Shares at a price that was below the Floor (the “**Floor Entitlement**”). Pursuant to the terms of the Smith Transaction Termination Agreement, upon consummation of the Arrangement, the Smith Group will no longer be entitled to the Floor Entitlement (and, in the interim, so long as the Smith Transaction Termination Agreement has not been terminated, the Smith Entities have agreed not to exercise the Floor Entitlement), and in consideration thereof, on closing of the Transaction, Consortium will, among other things, issue to the Smith Group a 15% secured subordinate convertible note in an initial aggregate principal amount of US\$6,500,000 payable three years from the date of issuance (the “**Smith Convertible Note**”). Upon issuance, the Smith Convertible Note will be guaranteed by, and secured by a junior lien on substantially all assets of, Consortium and its subsidiaries, and will be subordinated in right of payment to prior payment in full of the Credit Agreement (as defined below) (and any “eligible refinancing” of the Credit Agreement). The Smith Convertible Note will be convertible, at the discretion of the Smith Group, into Consortium Shares at a price of US\$0.21 per Consortium Share. Assuming full conversion of the Smith Convertible Note, including the full amount of the anticipated accrued interest over the life of the Smith Convertible Note, the Smith Group would be entitled to receive 44,880,952 Consortium Shares, representing approximately 15% of Consortium’s outstanding Consortium Shares on a partially diluted basis based on the current number of non-diluted Consortium Shares outstanding.

The transactions contemplated by the Smith Transaction Termination Agreement (the “**Smith Transaction**”) constitutes a “related party transaction” as such term is defined in MI 61-101. Consortium has relied on the exemptions from obtaining a formal valuation and minority shareholder approval of the Consortium Shareholders with respect to the Smith Transaction in accordance with sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the Smith Convertible Note issuable in connection with the Smith Transaction does not exceed 25% of Consortium’s market capitalization as determined in accordance with the provisions of MI 61-101. A special committee of independent directors of Consortium formed for the purpose of reviewing, evaluating and considering the Smith Transaction (the “**Special Committee**”) has unanimously recommended that the Consortium Board approve the Smith Transaction and, following the receipt and review of recommendations from the Special Committee, the Smith Transaction was approved by the Consortium Board, with Mr. Smith having disclosed his interest in the Smith Transaction and abstaining from voting thereon. Consortium did not file a material change report more than 21 days before the closing of the Smith Transaction as the details of the Smith Transaction had not been finalized at that time and Consortium wished to close the Smith Transaction as soon as practicable following finalization of the Smith Transaction terms, which Consortium deems reasonable in the circumstances.

#### *Bridge Financing and Bridge Note*

In connection with the Transaction, RIV Capital US Corporation (“**RIV Capital US**”), a wholly-owned subsidiary of RIV Capital, has agreed to advance to Consortium an interest-bearing bridge loan up to an aggregate principal amount of US\$8,975,000 (the “**Bridge Loan**”). In consideration, Consortium has agreed to issue a 10% unsecured convertible promissory note (the “**Bridge Note**”)

to and in favour of RIV Capital US evidencing the Bridge Loan, which will mature, if not earlier converted or prepaid in accordance with its terms, May 1, 2025 (the “**Maturity Date**”), and is subordinated in right of payment to prior payment in full of the Credit Agreement (as defined below) (and any “eligible refinancing” of the Credit Agreement). The Bridge Note will automatically be convertible into Consortium Shares upon the occurrence of certain events of default, and at the option of RIV Capital US on the business day immediately preceding the Maturity Date, in each case at a price of US\$0.17 per Consortium Share. In connection with signing the Arrangement Agreement, RIV Capital US made an initial advance to Consortium under the Bridge Loan in the amount of US\$3,000,000.

#### *Credit Agreement Amendment*

In connection with entering into the Arrangement Agreement, Consortium has obtained the consent of the Required Lenders under its senior secured term loan credit agreement dated April 29, 2021 (the “**Credit Agreement**”) to the Transaction and certain concurrent transactions in accordance with, and subject to the terms and conditions set forth in, an amendment to the Credit Agreement (the “**Amended Credit Agreement**”). Among other things, the Amended Credit Agreement provides that,

- (a) upon consummation of the Arrangement, RIV Capital and its subsidiaries shall become loan parties under the Amended Credit Agreement and shall pledge their assets to secure the Amended Credit Agreement;
- (b) the Consolidated Leverage Ratio (as defined in the Amended Credit Agreement), for purposes of triggering a prepayment of the loans under the Amended Credit Agreement, was amended to (i) 2.5:1.0 for fiscal quarter of the Borrower ending March 31, 2022 and each fiscal quarter thereafter prior to the fiscal quarter in which the Arrangement is consummated and (ii) 3.0:1.0 for the fiscal quarter in which the Arrangement is consummated and each fiscal quarter thereafter;
- (c) the Consolidated Interest Coverage (as defined in the Amended Credit Agreement) covenant was amended to (i) 2:5:1:0 for period March 31, 2022 through the fiscal quarter immediately prior to the fiscal quarter in which the Arrangement is consummated and (ii) 1.2:1.0 for the fiscal quarter in which the Arrangement is consummated and each fiscal quarter thereafter;
- (d) the Minimum Liquidity (as defined in the Amended Credit Agreement) covenant was amended to provide that (i) the quarterly Minimum Liquidity shall apply up to the fiscal quarter immediately prior to the fiscal quarter in which the Arrangement is consummated and (ii) commencing with the calendar month in which the Arrangement is consummated and each calendar month thereafter, Liquidity (as defined in the Amended Credit Agreement) shall be not less than US\$10,000,000;
- (e) on the Arrangement closing date, after giving effect to the Transaction and the pay-down required under the Amended Credit Agreement, pro forma Liquidity shall be not less than US\$10,000,000;
- (f) upon consummation of the Arrangement, Consortium will prepay US\$10,000,000 of the principal amount outstanding under the Amended Credit Agreement, together with accrued

interest and the applicable Prepayment Premium (as defined in the Amended Credit Agreement) thereon (if applicable); and

(g) certain additional covenants and events of default be added.

No fee was payable to the lenders in connection with the Amended Credit Agreement. A copy of the Amended Credit Agreement will be filed with the Canadian securities regulators on SEDAR+.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable.

**Item 7 Omitted Information**

Not Applicable.

**Item 8 Executive Officer**

The name and business number of an executive officer of Consortium who is knowledgeable about the material change and this report is:

Robert Beasley  
Chief Executive Officer  
Tel: 850-972-8077

**Item 9 Date of Report**

June 7, 2024

**Forward-Looking Statement**

*This material change report contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “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” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Consortium, RIV Capital or their respective subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this material change report. Examples of such statements include statements with respect to the timing and outcome of the Transaction, the anticipated timing and mailing of the RIV Capital Circular and the Consortium Circular; the anticipated timing of the meeting of shareholders of RIV Capital and Consortium and the closing of the Transaction, the satisfaction or waiver of the closing conditions set out in the Arrangement Agreement, including receipt of all regulatory approvals and the anticipated timing and outcome of the Hawthorne Notes Exchange and the Smith Transaction. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including assumptions as to the time required to prepare and mail meeting materials to RIV Capital Shareholders and Consortium Shareholders; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court, shareholder and stock exchange (including the CSE) approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the Transaction; the prompt and effective integration of Consortium’s and RIV*

*Capital's businesses and the ability to achieve the anticipated synergies contemplated by the Transaction; inherent uncertainty associated with financial or other projections; risks related to the value of the Consortium Shares to be issued pursuant to the Transaction and risks related to the Smith Transaction, the Hawthorne Notes Exchange, including the Exchangeable Shares issuable pursuant to the Hawthorne Notes Exchange; the diversion of management time on Transaction-related issues; expectations regarding future investment, growth and expansion of Consortium's and RIV Capital's operations; regulatory and licensing risks; Consortium's and RIV Capital's reliance on licenses issued by state authorities; future levels of revenues and the impact of increasing levels of competition; changes in laws, regulations and guidelines and Consortium's and RIV Capital's compliance with such laws, regulations and guidelines; risks relating to Consortium's and RIV Capital's ability to refinance debt as and when required on terms favorable to Consortium and RIV Capital, as applicable, and to comply with covenants contained in each company's debt facilities and debt instruments; Consortium's and RIV Capital's ability to manage disruptions in credit markets or changes to such company's credit ratings; the timing and manner of the legalization of cannabis in the United States; business strategies, growth opportunities and expected investment; counterparty risks and liquidity risks that may impact Consortium's and RIV Capital's ability to obtain loans and other credit facilities on favorable terms; the potential effects of judicial, regulatory or other proceedings, litigation or threatened litigation or proceedings, or reviews or investigations, on Consortium's and RIV Capital's business, financial condition, results of operations and cash flows; risks associated with divestment and restructuring; the anticipated effects of actions of third parties such as competitors, activist investors or federal, state, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; consumer demand for cannabis; risks related to stock exchange restrictions; risks related to the protection and enforcement of Consortium's and RIV Capital's intellectual property rights; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; changes in general economic, business and political conditions, including changes in the financial and stock markets; risks relating to the long term macroeconomic effects of any pandemic or epidemic; inflation risks; risks relating to the economic impacts caused by the ongoing conflicts in Europe and the Middle East; risks relating to anti-money laundering laws; compliance with extensive government regulation and the interpretation of various laws regulations and policies; public opinion and perception of the cannabis industry; and such other risks contained in the public filings of Consortium filed with Canadian securities regulators and available under Consortium's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and in the public filings of RIV Capital filed with Canadian securities regulators and available under RIV Capital's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), including RIV Capital's annual information form for the year ended March 31, 2023.*

*In respect of the forward-looking statements and information concerning the anticipated benefits and completion of the Transaction, expected ownership percentages and the anticipated timing for completion of the Transaction, Consortium and RIV Capital have provided such statements and information in reliance on certain assumptions that they believe are reasonable at this time. Although Consortium and RIV Capital believe that the assumptions and factors used in preparing the forward-looking information in this material change report are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all.*

*Consortium and RIV Capital, through several of their respective subsidiaries, are 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 Consortium and RIV Capital operate 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 Consortium and RIV Capital of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against Consortium or RIV Capital. The enforcement of federal laws in the United States is a significant risk to the business of Consortium and RIV Capital and any proceedings brought against Consortium or RIV Capital thereunder may adversely affect operations and financial performance.*

*Should one or more of the foregoing 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 Consortium and RIV Capital have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The forward-looking information included in this material change report are made as of the date of this material change report and Consortium and RIV Capital do not undertake any obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws.*

*Investors are cautioned that, except as disclosed in the RIV Capital Circular and the Consortium Circular, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.*