



## **Cansortium Inc. Reports Second Quarter 2019 Financial Results; Revises Full Year 2019 Outlook; Expects to Achieve Profitability in Early 2020**

August 29, 2019

MIAMI, Aug. 29, 2019 /CNW/ - [Cansortium](#) Inc. (CSE:TIIUM.U) (OTCQB: CNTMF) ("Cansortium" or the "Company"), a vertically-integrated, global provider of premium-quality medical cannabis, today announced financial results of the second quarter ended June 30, 2019. The Company's unaudited condensed interim consolidated financial statements and accompanying notes, along with the Management Discussion and Analysis (MD&A) are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and are also accessible through a link on the Investor Relations section of the Company's website at [www.cansortium.com](http://www.cansortium.com).

### **Selected Second Quarter 2019 Financial Highlights Versus Pro-Forma Second Quarter 2018 Results<sup>(1)</sup>**

- Consolidated revenue increased 19 percent to \$6.1 million, compared to pro-forma revenues of \$5.1 million for the second quarter of 2018
- Consolidated net loss totaled \$(5.3) million, or \$(0.03) per diluted share, compared to pro-forma net income of \$4.9 million, or \$0.04 per diluted share for the second quarter of 2018
- Consolidated EBITDA<sup>(2)</sup> totaled \$1.8 million, compared to pro-forma EBITDA<sup>(2)</sup> of \$5.8 million for the second quarter of 2018
- Consolidated Adjusted EBITDA<sup>(2)</sup> totaled \$(2.6) million, compared to Adjusted pro-forma EBITDA<sup>(2)</sup> of \$0.1 million for the second quarter of 2018

### **Selected First Half 2019 Financial Highlights Versus First Half 2018 Pro-Forma Results<sup>(1)</sup>**

- Consolidated first half 2019 revenue increased 37 percent to \$11.6 million, compared with pro-forma revenue of \$8.5 million for the first half of 2018
- Consolidated first half 2019 net loss totaled \$(21.8) million, or \$(0.11) per diluted share, compared to pro-forma net loss of \$(1.6) million, or \$(0.01) per diluted share for the first half of 2018
- Consolidated first half EBITDA<sup>(2)</sup> totaled \$(7.4) million, compared to pro-forma EBITDA<sup>(2)</sup> of \$0.1 million for the first half of 2018
- Consolidated first half Adjusted EBITDA<sup>(2)</sup> totaled \$(6.6) million, compared to Adjusted pro-forma EBITDA<sup>(2)</sup> of \$(1.4) million for the first half of 2018

### **Selected Events Subsequent to June 30, 2019**

- Opened 3 new medical cannabis dispensaries in Florida, for a total of 14 in Florida
- Received licensing for and began propagating Phase 2 of the Company's Tampa, Florida cultivation facility which, when combined with its existing Phase 1 capacity, is expected to more than triple the Company's total current Florida cultivation capacity
- Opened the Company's second medical cannabis dispensary in Puerto Rico
- Received approval to list on the OTCQB Venture Market

Cansortium's Chief Executive Officer Jose Hidalgo commented, "In every market where we choose to compete, our goal is to establish Fluent as the leading premium medical cannabis brand and a standard-setter for consistent formulation and unmatched customer experience at each of our Fluent-branded medical marijuana dispensaries.

While we continued to execute our strategy to expand cultivation, processing, and dispensaries during the second quarter, a combination of unexpected delays in construction needed in order to secure final regulatory approvals at our Tampa cultivation Phase 2 expansion, as well as delays in opening certain previously planned Florida dispensaries, led to second quarter revenues that were lower than originally anticipated. As a result, we are experiencing an approximate six-month delay on our plans presented earlier in the year.

Given this delay, our management team is laser-focused on directing our capital and human resources toward the Florida, Michigan and Texas markets, which we believe offer the greatest revenue potential over the near-to-intermediate term, and a more achievable path to near-term profitability for the company.

While 2019 is still expected to be a year of significant growth, we have revised our full year outlook to reflect the delays we've experienced. Notably, with the increased cultivation capacity in Florida combined with the start of cultivation in Michigan and the anticipated increased demand in Texas, we have confidence in achieving our revised 2019 outlook, exiting the year with strong momentum and achieving profitability in the first quarter of 2020."

Mr. Hidalgo concluded, "The Founders and senior executive team firmly believe in this plan and are committed to seeing it through. To that end, we

have agreed to a voluntary lock-up of our shares, which represents 25% of the outstanding shares on a fully diluted basis."

### **Revised Full Year 2019 Outlook**

All projections related to anticipated future results are forward-looking in nature and are subject to risks and uncertainties that may cause actual results to differ, perhaps materially. Projections are predicated on the Company's ability to successfully execute its operational expansion initiatives during 2019, which include expanding its Florida cultivation and dispensary platform and securing licenses necessary to enable expansion of its cultivation and dispensary platforms in other key markets. In addition, projections are based on the Company's ability to secure and effectively deploy its capital resources toward those initiatives. Effective March 22, 2019, the Company became subject to U.S. IRS Tax Code Section 280E, under which gross profit from the Company's U.S. retail operations is taxed at U.S. federal corporate tax rates, without the opportunity to deduct any selling, general & administrative expenses attributable to the Company's U.S. operations. The Company's 2019 outlook also assumes that legal, regulatory and tax policies in key markets remain largely unaltered for the balance of the year.

As indicated in the accompanying financial statements, Consolidated Net Loss year to date is approximately \$22 million, which includes over \$10 million of costs associated with the Company's Initial Public Offering completed in late March and financing activities completed during 2019. These expenses, which included legal expenses and multi-year audits, are not anticipated to re-occur in 2020. The Company's outlook for SG&A expenses in the second half of the year remains unchanged.

As discussed above, the expansion of the Tampa cultivation facility as well as the opening of certain dispensaries was delayed. As a result, the Company is revising its full year 2019 revenue outlook from its previous outlook of \$80 - \$82 million, to a revised outlook of approximately \$40 million.

The company has stabilized the month on month cash burn and is focused on increasing revenue to achieve profitable operations. As a result of the impact of the delayed cultivation and dispensary openings, combined with the year to date consolidated net loss of \$22 million, the Company currently expects a full year 2019 consolidated net loss of approximately \$30 million. The Company expects that EBITDA and Adjusted EBITDA will be similarly impacted.

In addition, the Company also noted that the first harvest from Phase 2 of its Tampa facility is on track to be cultivated in the fourth quarter of 2019, more than tripling its Florida cultivation volume and supply of flower and oil-based products to support its expanding Florida dispensary network. Further, the Company anticipates having at least 21 operational dispensaries in Florida by December 31, 2019, with plans to expand to 40 locations by the end of 2020.

As a result of the anticipated incremental cultivation capacity, dispensary openings, and operating momentum resulting in increased revenues expected by year-end 2019, the Company expects to be profitable in the first quarter of 2020.

### **Conference Call**

The Company will hold a conference call on Thursday, August 29, 2019 at 5:00pm (ET) to review its second quarter and first half 2019 financial results. The conference call can be accessed by calling 877-407-9039 (in the U.S.) or 201-689-8470 (international), conference ID 13692655. Participants should call in at least five minutes prior to the start of the call. The call also will be accessible via live webcast at [www.cansortium.com](http://www.cansortium.com). A replay of the call will be available starting August 29, 2019 at 8:00pm (ET) through September 5, 2020 at 11:59pm (ET), at 844-512-2921 (in the U.S.) or 412-317-6671 (international); conference ID 13692655. A webcast replay will also be available through August 28, 2020 at [www.cansortium.com](http://www.cansortium.com)

### **ABOUT CONSORTIUM INC.**

Cansortium Inc. is a global medical cannabis company operating in highly populous medical cannabis markets with a mission to deliver the highest standards of cannabis care from nursery to lab to shelf. Headquartered in Miami, FL and operating under the recently-launched Fluent™ brand (formerly Knox Medical), the Company through its subsidiaries operates cultivation, processing and dispensary facilities across Florida, Texas, Puerto Rico and a dispensary license in Pennsylvania. The Company also has licensed cultivation facilities in Colombia and Canada, with licensing pending in Michigan.

For a complete list of Fluent dispensary locations, current promotions and rewards programs and hours of operation, or to explore the entire Fluent product line and place an online order for home delivery in Florida, Texas or Puerto Rico visit <https://getfluent.com/>.

Cansortium Inc.'s common shares and warrants trade on the CSE under the symbol "TIUM.U" and "TIUM.WT.U" respectively, and on the OTCQB Venture Market under the symbol (OTCQB: CNTMF). Investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on [www.otcmarts.com](http://www.otcmarts.com).

During the first six months of 2018, substantially all of the Company's revenue-generating activity occurred in Florida and derived from a 38% minority investment in Knox Servicing, LLC. On August 15, 2018, the Company acquired the remaining 62% ownership of Knox Servicing, LLC, (1)becoming its sole member. The Company's pro-forma first-half 2018 financial results are presented on a fully consolidated basis as if the Company had acquired 100% of Knox Servicing, LLC as of January 1, 2018. These results reflect activities related to Knox Servicing's Florida operations and the company's operations inside and outside of Florida unrelated to Knox Servicing, LLC during the six months ended June 30, 2018

EBITDA and Adjusted EBITDA are not recognized performance measures under IFRS. "EBITDA" is earnings before interest, taxes, depreciation and amortization. "Adjusted EBITDA" is equal to net income (loss), plus (minus) interest expense (income) and finance transactions costs, plus depreciation and amortization, plus (minus) unrealized loss (gain) on embedded derivatives, plus (minus) certain one-time non-operating expenses, as determined by management. The management of the Company believes that these non-IFRS financial measures in addition to conventional (2)measures prepared in accordance with IFRS provides information that is helpful to understand the results of operations and financial condition of the Company. The objective is to present readers with a view of the Company from management's perspective by interpreting the material trends and activities that affect the operating results, liquidity and financial position of the Company. These measures are not necessarily comparable to similarly titled measures used by other companies. A reconciliation of EBITDA and Adjusted EBITDA to Consolidated Net Income reported in accordance with IFRS is included in the financial tables below

### **Forward-Looking Information**

Certain information in this news release, may constitute forward-looking information. 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 management's expectations, estimates and projections regarding future events.

Forward-looking information is necessarily based on a number of 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 documents of the Company available at [www.sedar.com](http://www.sedar.com). 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 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 information on Consortium Inc., please visit [www.cansortium.com](http://www.cansortium.com).

Financial Tables Follow

## CANSORTIUM INC.

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2019 and December 31, 2018

(USD '000)

June 30, 2019	December 31, 2018	
<b>Assets</b>		
Current assets		
Cash	\$21,375	\$ 2,026
Accounts receivable	166	62
Inventory	6,718	2,837
Biological assets	2,421	2,549
Prepaid expenses and other current assets	2,347	543
Total current assets	33,027	8,017
Property and equipment, net	28,886	22,398
Intangible assets, net	103,320	106,417
Right-of-use assets	13,819	-
Goodwill	17,911	10,315
Other assets	319	721
<b>Total assets</b>	<b>\$197,282</b>	<b>\$ 147,868</b>

**Liabilities**

## Current liabilities

Accounts payable	\$5,866	\$ 4,910
Accrued expenses	3,137	3,936
Income taxes payable	1,406	-
Derivative liabilities	11,015	9,242
Current portion of notes payable	26,792	51,463
Lease obligations	1,423	-
Other current liabilities	1,379	1,350
Total current liabilities	51,018	70,901
Notes payable, net of current portion	10,324	1,910
Lease obligations, net of current portion	13,962	-
Other long-term liabilities	1,397	451
Total liabilities	<b>76,701</b>	<b>73,262</b>

**Shareholders' equity**

Share capital	164,893	92,000
Share-based compensation reserve	738	-
Equity conversion feature	341	-
Warrants	8,686	296
Retained earnings (accumulated deficit)	(53,356)	(16,687)
Non-controlling interests	(199)	(515)
Accumulated other comprehensive income (loss)	(522)	(488)
Total shareholders' equity	120,581	74,606
<b>Total liabilities and shareholders' equity</b>	<b>\$197,282</b>	<b>\$ 147,868</b>

**CANSORTIUM INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018****(USD '000)**

<b>For the three months</b>	<b>For the six months</b>			
<b>ended June 30,</b>	<b>ended June 30,</b>			
<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	
Revenue	\$6,091	\$155	\$11,619	\$224
Cost of goods sold	1,540	25	4,100	55
Gross profit before fair value adjustments	4,551	130	7,519	169
Realized fair value of increments on inventory sold 2,233	-		3,351	-
Unrealized change in fair value of biological assets (972)	-		(2,073)	-
Gross profit	3,290	130	6,241	169
Expenses				
General and administrative	5,369	1,763	15,022	3,669
Shared-based compensation	883	-	1,487	-
Sales and marketing	2,705	236	5,623	371
Depreciation and amortization	2,403	165	4,701	317
Total expenses	11,360	2,164	26,833	4,357
Loss from operations	(8,070)	(2,034)	(20,592)	(4,188)
Other expense (income)				
Interest expense, net	2,543	586	6,860	1,119
Change in fair market value of derivative	(1,662)	(2,994)	(3,542)	2,940
Loss on investment in associate	-	1,594	-	647
Gain in fair market value of investment in associate(3,388)	-		(3,388)	-
Other expense (income)	(1,562)	(27)	28	(1)
Total other expense (income)	(4,069)	(841)	(42)	4,705
Loss before taxes	(4,001)	(1,193)	(20,550)	(8,893)
Income taxes	1,276	-	1,276	-
Net loss	(5,277)	(1,193)	(21,826)	(8,893)
Net loss attributable to non-controlling interest	(270)	(57)	(353)	(304)
Net loss attributable to controlling interest	\$(5,007)	\$(1,136)	\$(21,473)	\$(8,589)

Net loss per share

Basic	\$ (0.03)	\$ (0.01)	\$ (0.12)	\$ (0.07)
Diluted	\$ (0.03)	\$ (0.01)	\$ (0.11)	\$ (0.07)

**CANSORTIUM INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018**

**(USD '000)**

**For the six months ended June**

**30,**

**2019**

**2018**

**Operating activities**

Net income (loss) \$(21,826) \$(5,581)

Adjustments to reconcile net loss to net cash used in operating activities:

Depreciation and amortization	5,412	423
Amortization of debt discount	2,910	876
Equity based compensation	1,747	65
(Gain) loss from equity method investments	-	(2,904)
Gain in fair market value of investment in associate	(3,388)	-
Change in fair market value of derivative	(3,542)	2,940
Unrealized gain on changes in fair value of biological assets	(2,073)	-
Changes in operating assets and liabilities:		
Accounts receivable	(104)	-
Inventory	(3,881)	(795)
Biological assets	2,201	-
Prepaid expenses and other current assets	(1,555)	(869)
Other assets	1,375	(32)
Accounts payable	956	532
Accrued expenses	(3,386)	61

Income taxes	1,406	-
Lease obligations	1,357	-
Other current and long-term liabilities	285	-
Net cash used in operating activities	(22,106)	(5,283)
<b>Investing activities</b>		
Purchases of property and equipment	(9,049)	(1,567)
Due from associate	-	(486)
Net cash used in investing activities	(9,049)	(2,053)
<b>Financing activities</b>		
Proceeds from IPO	56,178	-
Proceeds from issuance of shares	-	9,274
Proceeds from issuance of notes payable	41,006	-
Payment of lease obligations	(1,305)	-
Principal repayments of notes payable	(45,341)	(9)
Net cash provided by financing activities	50,538	9,265
Effect of foreign exchange on cash and cash equivalents	(34)	15
Net increase in cash and cash equivalents	19,349	1,944
Cash and cash equivalents, beginning of period	2,026	3,033
Cash and cash equivalents, end of period	\$21,375	\$4,976
Cash paid during the period for interest	\$2,124	\$2
Non-cash transactions:		
Issuance of equity for additional interest in consolidated entity	\$13,786	\$-
Conversion of accrued interest and notes payable to equity	\$-	\$7,493

**CANSORTIUM INC.**

**FINANCIAL HIGHLIGHTS**

**FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018**

**(USD '000)**

**GAAP (IFRS)**

**PRO-FORMA<sup>(1)</sup>**

Three months ended	Three months ended					
	June 30,	June 30,	June 30,	Variance	2018	vs. 6/30/19
Financial results	2019	2018	Variance	2018	vs. 6/30/19	
Revenue	\$6,091	\$155	\$5,936	\$ 5,133	\$ 958	
Gross profit	\$3,290	\$130	\$3,160	\$ 7,066	\$ (3,776)	
Gross margin	54.0%	83.9%	-29.9%	137.7%	-83.6%	
Adjusted gross profit <sup>(2)</sup>	\$4,551	\$130	\$4,421	\$ 4,398	\$ 153	
Adjusted gross margin <sup>(2)</sup>	74.7%	83.9%	-9.2%	85.7%	-11.0%	
Selling, general and administrative expenses	\$11,360	\$2,164	\$9,196	\$ 4,650	\$ 6,710	
EBITDA <sup>(2)</sup>	\$1,772	\$(441)	\$2,213	\$ 5,773	\$ (4,001)	
Adjusted EBITDA <sup>(2)</sup>	\$(2,592)	\$(3,435)	\$843	\$ 111	\$ (2,703)	
Net loss	\$(5,277)	\$(1,193)	\$(4,084)	\$ 4,853	\$ (10,130)	
Net loss per share (basic)	\$(0.03)	\$(0.01)	\$(0.02)	\$ 0.04	\$ (0.07)	
Net loss per share (diluted)	\$(0.03)	\$(0.01)	\$(0.02)	\$ 0.04	\$ (0.06)	

## CANSORTIUM INC

### FINANCIAL HIGHLIGHTS

#### FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(USD '000)

GAAP (IFRS)	PRO-FORMA <sup>(1)</sup>				
	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended
June 30,	June 30,	June 30,	Variance	2018	vs. 6/30/19
Financial results	2019	2018	Variance	2018	vs. 6/30/19
Revenue	\$11,619	\$224	\$11,395	\$8,475	\$3,144
Gross profit	\$6,240	\$169	\$6,071	\$11,682	\$(5,442)
Gross margin	53.7%	75.4%	-21.7%	137.8%	-84.1%
Adjusted gross profit <sup>(2)</sup>	\$7,518	\$169	\$7,349	\$7,170	\$348
Adjusted gross margin <sup>(2)</sup>	64.7%	75.4%	-10.7%	84.6%	-19.9%
Selling, general and administrative expenses	\$26,834	\$4,357	\$22,477	\$9,265	\$17,569



EBITDA <sup>(2)</sup>	\$ (7,370)	\$ (7,456)	\$ 86	\$ 125	\$ (7,495)
Adjusted EBITDA <sup>(2)</sup>	\$ (6,616)	\$ (4,516)	\$ (2,100)	\$ (1,448)	\$ (5,168)
Net loss	\$ (21,828)	\$ (8,893)	\$ (12,935)	\$ (1,636)	\$ (20,192)
Net loss per share (basic)	\$ (0.12)	\$ (0.07)	\$ (0.05)	\$ (0.01)	\$ (0.11)
Net loss per share (diluted)	\$ (0.11)	\$ (0.07)	\$ (0.04)	\$ (0.01)	\$ (0.09)

**CANSORTIUM INC.**  
**RECONCILIATION OF NON-IFRS FINANCIAL MEASURES**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018**  
**(USD '000)**

**EBITDA**

EBITDA is a non-IFRS financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates EBITDA from net income (loss), plus (minus) interest expense (income), plus income taxes, plus depreciation and amortization, as follows:

<b>GAAP (IFRS)</b>	<b>PRO-FORMA<sup>(1)</sup></b>				
<b>Three months ended</b>	<b>Three months ended</b>				
<b>June 30,</b>	<b>June 30, June 30,</b>				
<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>2018</b>	<b>Variance</b>	
Net income (loss)	\$ (5,277)	\$ (1,193)	\$ (4,084)	\$ 4,853	\$ (10,130)
Interest expense	2,543	586	1,957	589	1,954
Income taxes	1,276	-	1,276	-	1,276
Depreciation and amortization	3,230	166	3,064	332	2,898
EBITDA	\$ 1,772	\$ (441)	\$ 2,213	\$ 5,773	\$ (4,001)

<b>GAAP (IFRS)</b>	<b>PRO-FORMA<sup>(1)</sup></b>				
<b>Six months ended</b>	<b>Six months ended</b>				
<b>June 30,</b>	<b>June 30, June 30,</b>				
<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>2018</b>	<b>Variance</b>	
Net loss	\$ (21,828)	\$ (8,893)	\$ (12,935)	\$ (1,636)	\$ (20,192)
Interest expense	6,860	1,119	5,741	1,124	5,736
Income taxes	1,276	-	1,276	-	1,276
Depreciation and amortization	6,322	318	6,004	637	5,686
EBITDA	\$ (7,370)	\$ (7,456)	\$ 86	\$ 125	\$ (7,495)

(1) Pro-forma measures reflect the consolidation of Knox Servicing, which was accounted for as an equity method investment until August 15, 2018, the date on which the Company acquired the remaining interest in Knox Servicing and became the sole member, and are non-IFRS financial

measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies

**CANSORTIUM INC.**  
**RECONCILIATION OF NON-IFRS FINANCIAL MEASURES**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018**  
**(USD '000)**

**Adjusted EBITDA**

Adjusted EBITDA is a non-IFRS financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates adjusted EBITDA from EBITDA plus (minus) unrealized loss (gain) on embedded derivatives, plus (minus) certain one-time non-operating expenses, as determined by management. The reconciliation from EBITDA to Adjusted EBITDA is as follows:

<b>GAAP (IFRS)</b>	<b>PRO-FORMA<sup>(1)</sup></b>				
<b>Three months ended</b>	<b>Three months ended</b>				
June 30,	June 30, June 30,				
<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>2018</b>	<b>Variance</b>	
EBITDA	\$1,772	\$(441)	\$2,213	\$5,773	\$(4,001)
Change in fair value of biological assets	1,261	-	1,261	(2,669)	3,930
Change in fair market value of derivative	(1,662)	(2,994)	1,332	(2,994)	1,332
Gain in fair market value of investment in associate	(3,388)	-	(3,388)	-	(3,388)
Other non-recurring income <sup>(2)</sup>	(575)	-	(575)	-	(575)
Adjusted EBITDA	\$(2,592)	\$(3,435)	\$843	\$111	\$(2,703)

<b>GAAP (IFRS)</b>	<b>PRO-FORMA<sup>(1)</sup></b>				
<b>Six months ended</b>	<b>Six months ended</b>				
June 30,	June 30, June 30,				
<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>2018</b>	<b>Variance</b>	
EBITDA	\$(7,370)	\$(7,456)	\$86	\$125	\$(7,495)
Change in fair value of biological assets	1,278	-	1,278	(4,513)	5,791
Change in fair market value of derivative	(3,541)	2,940	(6,481)	2,940	(6,481)
Gain in fair market value of investment in associate	(3,388)	-	(3,388)	-	(3,388)
Other non-recurring expenses <sup>(2)</sup>	6,405	-	6,405	-	6,405
Adjusted EBITDA	\$(6,616)	\$(4,516)	\$(2,100)	\$(1,448)	\$(5,168)

Pro-forma measures reflect the consolidation of Knox Servicing, which was accounted for as an equity method investment until August 15, 2018, the date on which the Company acquired the remaining interest in Knox Servicing and became the sole member, and are non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies

(2) Other non-recurring expenses includes IPO related fees and expenses of \$5,846

SOURCE Consortium Inc

For further information: Jeffrey Reath, Executive Vice-President, Finance and Investor Relations, 786-373-2882 ext. 10007, [jeff@cansortium.com](mailto:jeff@cansortium.com)