

Cansortium Reports First Quarter 2021 Financial Results

05/28/2021

Q1 Revenue up 49% YoY to \$15.1 Million; Adjusted EBITDA up Significantly to \$4.4 Million

Management to Host Conference Call Today at 4:30 P.M. Eastern Time

MIAMI, Fla., May 28, 2021 /CNW/ - [Cansortium Inc.](#) (CSE: TIUM.U) (OTCQB: CNTMF) ("Cansortium" or the "Company"), a vertically-integrated cannabis company operating under the Fluent™ brand, today announced financial results for the first quarter ended March 31, 2021, as well as recent operational highlights. Unless otherwise indicated, all results are presented in U.S. dollars.



CANSORTIUM

"The momentum from last year has carried into 2021 as we generated another quarter of record revenue and adjusted EBITDA¹," said Chief Executive Officer Robert Beasley. "We have moved well past our turnaround phase and have returned to consistent growth and profitability. In fact, we followed up Q1 with another record month of sales in April, and we continue to expect a step function in growth in the back half of the year as new dispensaries and cultivation capacity come online.

"Our expansion initiatives in both Florida and Pennsylvania have been fully funded by our recent debt and equity financings of nearly \$90 million. By the end of 2021, we anticipate having a total of 30 dispensaries operational along with over 150,000 ft² of cultivation capacity, positioning us well for an even stronger 2022."

Q1 2021 Financial Highlights (vs. Q1 2020)

- Revenue increased 49% to \$15.1 million compared to \$10.2 million
- Florida revenue increased 41.4% to \$13.1 million compared to \$9.3 million
- Adjusted gross profit² increased 49% to \$9.7 million or 64.2% of revenue, compared to \$6.5 million or 64.0% of revenue
- Net loss totaled \$(5.1) million or \$(0.03) per share, compared to a net loss of \$(13.9) million or \$(0.07) per share
- Adjusted EBITDA increased significantly to \$4.4 million compared to \$0.7 million

¹ 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. A reconciliation from adjusted EBITDA to net loss is included in the accompanying financial schedules.

² Adjusted gross profit 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 gross profit from gross profit plus (minus) the changes in fair value of biological assets, as presented in the consolidated statement of operations.

Recent Operational Highlights

- Generated record April sales Florida highlighted by record volumes on the 4/20 cannabis holiday
- Launched 21 new flower strains in Florida as well as several new products, including three new Moods flavors and Jane West pipes

- In April, the Company completed a \$17 million private placement and \$71 million secured term loan, which provides the resources and working capital needed to support Consortium's growth and expansion
- In May, the Company satisfied and cancelled approximately \$43 million of legacy debt and redeemed \$5 million of convertible notes
- As of May 28, 2021, the Company had approximately \$30 million of cash and cash equivalents, \$71 million of debt and a \$5 million convertible note outstanding, as well as approximately 267 million fully diluted shares outstanding (based on treasury stock method and share price on May 27, 2021)

2021 Outlook

The Company is reiterating its previously issued annual guidance of revenue between approximately \$90 million to \$100 million, as well as adjusted EBITDA of approximately \$30 million to \$35 million.

In Florida, Consortium continues to expect a total of 27 dispensaries to be operational by the end of 2021 (up from its current 24 locations in FL), with an additional four identified locations by year-end. The Company also continues to expect approximately \$70-80 million of 2021 revenue to come from its operations in Florida.

In Pennsylvania, the Company continues to expect opening an additional dispensary in Q3 2021, with a third dispensary opening in Q4 2021.

In Michigan, the Company has approximately 2,600 lbs. of biomass in inventory and 900 lbs. of flower prepared for sale. The Company anticipates that all will be sold in the next 30-60 days and based on current market prices, will generate approximately \$3 million of revenue.

The Company's unaudited 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 and are also accessible through the Investor Relations section of the Company's website at www.getfluent.com.

Conference Call

The Company will host a conference call and live audio webcast today at 4:30 p.m. Eastern time to discuss its financial results and operational highlights.

Toll-free dial-in number: 1-800-319-4610

International dial-in number: (604) 638-5340

Conference ID: 10014932

Link: [Cansortium Q1 2021 Webcast](#)

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Elevate IR at (949) 200-4603.

The conference call will also be available for replay via the News & Events section of the Company's investor relations website at <https://investors.getfluent.com/>.

About Consortium Inc.

Consortium is a vertically-integrated cannabis company with licenses and operations in Florida, Pennsylvania, Michigan 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 Consortium's unrelenting commitment to operational excellence in cultivation, production, distribution and retail. The Company is headquartered in Miami, Florida.

Consortium Inc.'s common 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.

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 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 documents of the Company available at 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 further information: www.getfluent.com

CANSORTIUM INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(USD '000)

March 31, 2021 December 31, 2020

Assets

Current assets

Cash and cash equivalents	\$ 3,114	\$ 3,392
Accounts receivable	115	148
Inventory, net	6,860	5,006
Biological assets	5,536	1,914
Note receivable	3,887	3,859
Prepaid expenses and other current assets	1,052	1,365
Total current assets	20,564	15,684
Investment held for sale	200	200
Property and equipment, net	20,880	19,517
Intangible assets, net	96,652	97,035
Right-of-use assets	18,427	19,094
Deposit	1,050	1,050
Goodwill	1,526	1,526
Other assets	481	425
Total assets	\$ 159,780	\$ 154,531

Liabilities

Current liabilities

Accounts payable	7,281	4,808
Accrued liabilities	7,803	7,614
Income taxes payable	10,028	8,925
Derivative liabilities	7,004	7,412

Current portion of notes payable	39,658	38,583
Lease obligations	2,006	1,894
Total current liabilities	73,780	69,236
	-	
Notes payable, net of current portion	13,224	13,182
Lease obligations, net of current portion	20,265	20,811
Deferred income taxes	23,465	23,471
Total liabilities	130,734	126,700
Shareholders' equity		
Share capital	141,176	137,835
Share-based compensation reserve	5,704	4,675
Equity conversion feature	11,044	11,044
Warrants	15,200	13,265
Accumulated deficit	(143,705)	(138,609)
Accumulated other comprehensive loss	(374)	(379)
Total shareholders' equity	29,046	27,831
Total liabilities and shareholders' equity	\$ 159,780	\$ 154,531

CANSORTIUM INC.

STATEMENT OF OPERATIONS

(USD '000)

	For the three months ended March 31,	
	2021	2020
Revenue, net of discounts	\$ 15,116	\$ 10,163
Cost of goods sold	5,407	3,660
Gross profit before fair value adjustments	9,709	6,503

Realized fair value of increments on inventory sold	(4,593)	(7,562)
Unrealized change in fair value of biological assets	6,879	12,110
Gross profit	11,995	11,051
Expenses		
General and administrative	3,289	3,139
Share-based compensation	3,232	886
Sales and marketing	3,546	3,121
Depreciation and amortization	1,530	1,502
Total expenses	11,597	8,648
Loss from operations	398	2,403
Other expense (income)		
Interest expense, net	3,130	3,759
Change in fair market value of derivative liability	(408)	1,835
Equity loss on investment in associate	-	183
Loss on debt restructuring	-	8,065
Loss on disposal of assets	48	-
Other (income) expense	(113)	16
Total other expense (income)	2,657	13,858
Loss before income taxes	(2,259)	(11,455)
Income taxes	2,838	2,833
Net loss	(5,097)	(14,288)
(Gain)/Loss from discontinued operations	(2)	(376)
Net loss after discontinued operations	\$ (5,095)	\$ (13,912)
Other comprehensive loss:		
Foreign exchange translation gain (loss)	5	(70)

Comprehensive loss	\$ (5,090)	\$ (13,982)
Net loss per share		
Basic	\$ (0.03)	\$ (0.07)
Diluted	\$ (0.03)	\$ (0.07)

CANSORTIUM INC.

STATEMENT OF CASH FLOWS

(USD '000)

	For the three months ended March 31,	
	2021	2020
Operating activities		
Net loss	\$ (5,095)	\$ (13,912)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized gain on changes in fair value of biological assets	(6,879)	(12,110)
Realized gain on changes in fair value of biological assets	4,593	7,562
Share-based compensation	2,151	806
Depreciation and amortization	2,231	1,990
Discontinued operations	(2)	(370)
Accretion of convertible debentures	1,123	1,822
Interest on lease liabilities	618	663
Change in fair market value of derivative	(408)	1,835
Loss on investment in associate	-	183
Loss on debt restructuring	-	8,065
Loss on disposal of assets	48	-
Deferred tax expense	(6)	1,108
Changes in operating assets and liabilities:		

Accounts receivable	33	8
Inventory	(1,854)	(1,627)
Biological assets	(1,336)	1,715
Prepaid expenses and other current assets	417	(592)
Other assets	(56)	1
Accounts payable	2,473	998
Accrued liabilities	191	660
Income taxes payable	1,103	1,726
Net cash provided by (used in) operating activities	(655)	531
Investing activities		
Purchases of property and equipment	(2,610)	(1,132)
Payment of notes receivable	284	-
Proceeds from sale of property and equipment	17	-
Notes receivable	(311)	(339)
Net cash used in investing activities	(2,620)	(1,471)
Financing activities		
Proceeds from issuance of shares and warrants	1,891	4,351
Proceeds from issuance of notes payable	-	62
Payment of lease obligations	(1,052)	(1,064)
Shares issued for interest repayments of notes payable	884	-
Exercise of warrants	1,275	-
Principal repayments of notes payable	(6)	(9)
Net cash provided by financing activities	2,992	3,340
Effect of foreign exchange on cash and cash equivalents	5	(70)
Net increase (decrease) in cash and cash equivalents	(278)	2,330
Cash and cash equivalents, beginning of period	3,392	2,516
Cash and cash equivalents, end of period	\$ 3,114	\$ 4,846

CANSORTIUM INC.**ADJUSTED EBITDA RECONCILIATION**

USD '000

	Three months ended		
	March 31, 2021	March 31, 2020	Variance
Net loss	\$(5,095)	\$(13,912)	\$ 8,817
Interest expense	3,130	3,759	(629)
Income taxes	2,838	2,833	5
Depreciation and amortization	2,232	1,989	243
EBITDA	\$ 3,105	\$(5,330)	\$ 8,435

	Three months ended		
	March 31, 2021	March 31, 2020	Variance
EBITDA	\$ 3,105	\$(5,330)	\$ 8,435
Change in fair value of biological assets	(2,286)	(4,548)	2,262
Loss on debt restructuring	-	8,065	(8,065)
Change in fair market value of derivative	(408)	1,835	(2,243)
Share-based compensation	3,232	886	2,346
Discontinued operations	(2)	(376)	374
Loss on disposal of assets	48	-	48
Other non-recurring expense	697	183	514
Adjusted EBITDA	\$ 4,386	\$ 715	\$ 3,671

 View original content to download multimedia: <http://www.prnewswire.com/news-releases/cansortium-reports-first-quarter-2021-financial-results-301301885.html>

SOURCE Cansortium Inc