



## Cansortium Reports Third Quarter 2021 Financial Results

11/30/2021

Q3 Revenue up 9% YoY to \$15.6 Million; Adjusted EBITDA up 34% to \$4.9 million

Management to Host Conference Call Today at 5:00 P.M. Eastern Time

MIAMI, Nov. 30, 2021 /CNW/ - [Cansortium Inc.](#) (CSE: TIUM.U) (OTCQX: CNTMF) ("Cansortium" or the "Company"), a vertically-integrated cannabis company operating under the Fluent™ brand, today announced financial results for the third quarter ended September 30, 2021. Unless otherwise indicated, all results are presented in U.S. dollars.



## CANSORTIUM

"We executed on several key initiatives during the quarter, including the opening of a new dispensary in Pennsylvania and two new dispensaries in Florida, bringing our total retail footprint to 29 stores," said CEO Robert Beasley. "We also received approval from the Florida Department of Health to commence operation in several new bays at our recently expanded Sweetwater facility. In fact, products from Sweetwater hit the shelves in November as planned and early customer feedback has been excellent.

"During the quarter, there was a well-publicized merger between two MSOs in Florida that created a product liquidation event, which disrupted pricing in the market. We nevertheless stood our ground on pricing, which impacted sales but enabled us to hold margins relatively well and still increase adjusted EBITDA by 34% to \$4.9 million. Due to these lower sales, we are revising our 2021 revenue guidance to \$63-\$66 million, however we are holding our adjusted EBITDA guidance and expect to come in at the low end of our previously disclosed range of \$18-\$26 million."

Beasley continued: "Pricing volatility in Florida has improved since the peak disruption in September, and as we enter the final month of the year, we continue to expect exiting 2021 at a strong run rate with full production from our increased capacity hitting shelves in February 2022. We have already seen increased yields due to environmental control enhancements across multiple facilities, and we are excited to dramatically improve our competitive positioning with greater inventory and a wider range of products to sell across our Florida retail footprint in 2022."

### **Q3 2021 Financial Highlights (vs. Q3 2020)**

- Revenue increased 9% to \$15.6 million compared to \$14.3 million.
- Florida revenue increased 4.3% to \$13.1 million compared to \$12.6 million.
- Adjusted gross profit<sup>1</sup> increased to \$9.8 million or 62.7% of revenue, compared to \$9.5 million or 66.6% of revenue.
- Adjusted EBITDA increased 34% to \$4.9 million or 31.4% of revenue, compared to \$3.6 million or 25.5% of revenue.

### **Recent Operational Highlights**

- In August, the Company opened its 2<sup>nd</sup> store in Pennsylvania in Mechanicsburg.
- In September, the Company opened its 27<sup>th</sup> store in Florida in Fruitland Park, which is the city's first medical marijuana dispensary.
- Received approval from the Florida Department of Health to commence operations at several new bays at its Sweetwater, FL cultivation facility.
- Cansortium appointed a new auditor, Baker Tilly US, LLP, in preparation for reporting financial results in accordance with U.S. GAAP in 2022.

### **2021 Outlook**

The Company is revising its 2021 outlook for revenue and now expects it to range between \$63-\$66 million. The Company continues to expect adjusted EBITDA to range between \$18-\$26 million and anticipates achieving the lower end of the range. This compares to approximately \$52 million of revenue and \$10 million of adjusted EBITDA in 2020.

The Company's unaudited consolidated financial statements and accompanying notes, along with the Management Discussion and Analysis (MD&A), will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and are also accessible through the Investor Relations section of the Company's website at [www.getfluent.com](http://www.getfluent.com).

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<sup>1</sup> 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.

#### **Conference Call**

The Company will host a conference call and live audio webcast today at 5:00 p.m. Eastern time to discuss its financial results and operational highlights.

Toll-free dial-in number: (800) 319-4610  
International dial-in number: (604) 638-5340  
Conference ID: 10017358  
Link: [Cansortium Q3 2021 Earnings Call](#)

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 Cansortium Inc.**

Cansortium 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 Cansortium's unrelenting commitment to operational excellence in cultivation, production, distribution and retail. The Company is headquartered in Miami, Florida.

Cansortium Inc.'s common shares trade on the CSE under the symbol "TIUM.U" and on the OTCQX Best Market under the symbol "CNTMF." For more information about the Company, please visit [www.getfluent.com](http://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](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 further information: [www.getfluent.com](http://www.getfluent.com)

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**CANSORTIUM INC.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of September 30, 2021 and December 31, 2020

(USD '000)

	September 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 13,808	\$ 3,392
Accounts receivable	301	148
Inventory, net	9,975	5,006
Biological assets	3,108	1,914
Prepaid income taxes	628	-
Note receivable	3,986	3,859
Prepaid expenses and other current assets	1,657	1,365
Total current assets	33,463	15,684
Investment held for sale	200	200
Property and equipment, net	30,369	19,517
Intangible assets, net	96,205	97,035
Right-of-use assets	19,290	19,094
Deposit	2,727	1,050
Goodwill	1,526	1,526
Other assets	528	425
<b>Total assets</b>	<b>\$ 184,308</b>	<b>\$ 154,531</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	4,685	4,808

Accrued liabilities	7,092	7,614
Income taxes payable	-	8,925
Derivative liabilities	-	7,412
Current portion of notes payable	620	38,583
Lease obligations	2,375	1,894
Total current liabilities	14,772	69,236
	-	
Notes payable	54,693	13,182
Lease obligations, net of current portion	21,157	20,811
Deferred income taxes	21,547	23,471
Total liabilities	<b>112,169</b>	<b>126,700</b>
<b>Shareholders' equity</b>		
Share capital	193,020	137,835
Share-based compensation reserve	6,164	4,675
Equity conversion feature	4,933	11,044
Warrants	29,797	13,265
Accumulated deficit	(161,363)	(138,609)
Accumulated other comprehensive loss	(412)	(379)
Total shareholders' equity	72,139	27,831
<b>Total liabilities and shareholders' equity</b>	<b>\$ 184,308</b>	<b>\$ 154,531</b>

**CANSORTIUM INC.**

**STATEMENT OF OPERATIONS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

**(USD '000)**

**For the three months For the nine months  
ended September 30, ended September 30,**

**2021      2020      2021      2020**

Revenue, net of discounts	\$ 15,568	\$ 14,313	\$ 47,153	\$ 37,718
Cost of goods sold	5,805	4,784	\$ 16,956	13,011
Gross profit before fair value adjustments	9,763	9,529	30,197	24,707
Realized fair value of increments on inventory sold	(5,113)	(6,051)	(14,433)	(18,566)
Unrealized change in fair value of biological assets	6,113	4,263	11,768	23,945
Gross profit	10,763	7,741	27,532	30,086
Expenses				
General and administrative	2,084	2,861	8,241	9,064
Share-based compensation	731	1,689	4,248	4,938
Sales and marketing	4,033	3,561	11,094	10,162
Depreciation and amortization	1,649	1,561	4,727	4,635
Total expenses	8,497	9,672	28,310	28,799
Income (Loss) from operations	2,266	(1,931)	(778)	1,287
Other expense (income)				
Interest expense, net	3,383	3,892	11,233	11,448
Change in fair market value of derivative liability	-	673	(1,551)	1,680
(Gain)/Loss on debt settlement	(10,794)	-	(42)	-
Private placement issuance expense	890	-	7,530	-
Equity loss on investment in associate	-	166	-	381
Loss on debt restructuring	-	-	-	8,065
(Gain)/Loss on disposal of assets	(20)	710	30	656
Other (income) expense	7	1	(124)	7
Total other expense (income)	(6,534)	5,442	17,076	22,237
Income (Loss) before income taxes	8,800	(7,373)	(17,854)	(20,950)
Income taxes	1,437	1,281	4,868	7,422

Net income (loss)	7,363	(8,654)	(22,722)	(28,372)
(Gain)/Loss from discontinued operations	2	236	33	(106)
Net income (loss) after discontinued operations	\$ 7,361	\$ (8,890)	\$ (22,755)	\$ (28,266)
Other comprehensive loss:				
Foreign exchange translation gain (loss)	(22)	4	(33)	188
Comprehensive income (loss)	\$ 7,339	\$ (8,886)	\$ (22,788)	\$ (28,078)
Net loss per share				
Basic	\$ 0.03	\$ (0.04)	\$ (0.10)	\$ (0.14)
Diluted	\$ 0.02	\$ (0.04)	\$ (0.10)	\$ (0.14)

## CANSORTIUM INC.

### STATEMENT OF CASH FLOWS

(USD '000)

For the nine months ended September 30,

	2021	2020
<b>Operating activities</b>		
Net loss	\$ (22,755)	\$ (28,266)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized gain on changes in fair value of biological assets	(11,768)	(23,945)
Realized gain on changes in fair value of biological assets	14,433	18,566
Share-based compensation	3,883	4,938
Depreciation and amortization	7,529	6,146
Discontinued operations	33	(106)
Accretion of convertible debentures	3,457	5,974
Interest on lease liabilities	1,911	3,324
Change in fair market value of derivative	(1,551)	1,680

Loss on investment in associate	-	381
Loss on debt restructuring	-	8,065
(Gain)/Loss on disposal of assets	30	656
Deferred tax expense	(852)	1,700
Changes in operating assets and liabilities:		
Accounts receivable	(153)	79
Inventory	(4,969)	(2,930)
Biological assets	(3,859)	3,096
Prepaid expenses and other current assets	1,632	(492)
Right-of-use assets	(2,395)	(1,439)
Right-of-use liabilities	2,378	-
Other assets	(105)	(99)
Accounts payable	(123)	(309)
Accrued liabilities	(396)	2,205
Income taxes	(9,553)	4,909
Other liabilities	-	(411)
Net cash provided by (used in) operating activities	(23,193)	3,723
<b>Investing activities</b>		
Purchases of property and equipment	(15,210)	(3,136)
Purchase of intangible assets	(318)	-
Payment of notes receivable	1,477	350
Proceeds from sale of property and equipment	29	-
Notes receivable	(1,802)	(1,375)
Proceeds from sale of subsidiary	-	600
Net cash used in investing activities	(15,824)	(3,561)
<b>Financing activities</b>		
Proceeds from issuance of shares and warrants	23,730	4,351
Proceeds from issuance of debt, net of loan issuance costs	63,086	62

Payment of lease obligations	(3,342)	(3,207)
Exercise of warrants	1,365	-
Principal repayments of notes payable	(35,373)	-
Net cash provided by financing activities	49,466	1,206
Effect of foreign exchange on cash and cash equivalents	(33)	188
Net increase (decrease) in cash and cash equivalents	10,416	1,556
Cash and cash equivalents, beginning of period	3,392	2,516
Cash and cash equivalents, end of period	\$ 13,808	\$ 4,072

#### CANSORTIUM INC.

#### ADJUSTED EBITDA RECONCILIATION

(USD '000)

	Three months ended		
	September 30, 2021	September 30, 2020	Variance
Net income (loss)	\$ 7,361	\$ (8,890)	\$ 16,251
Interest expense	3,383	3,892	(509)
Income taxes	1,437	1,281	156
Depreciation and amortization	2,844	2,100	744
EBITDA	\$ 15,025	\$ (1,617)	\$ 16,642

	Three months ended		
	September 30, 2021	September 30, 2020	Variance
EBITDA	\$ 15,025	\$ (1,617)	\$ 16,642
Change in fair value of biological assets (1,000)		1,788	(2,788)
Change in fair market value of derivative-		673	(673)
Loss on debt settlement	(10,794)	-	(10,794)
Private placement issuance expense	890	-	890

Share-based compensation	731	1,689	(958)
Discontinued operations	2	236	(234)
(Gain)/Loss on disposal of assets	(20)	\$ 710	(730)
Other non-recurring expense/(income)	52	166	(114)
Adjusted EBITDA	\$ 4,886	\$ 3,645	\$1,241

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