



Cansortium Reports Second Quarter 2022 Financial Results

08/29/2022

- Q2 Revenue up 14% QoQ and 36% YoY to a Record \$22.4 Million -
- Q2 Adjusted EBITDA up 64% QoQ and 95% YoY to a Record \$10.2 Million, with \$4.3 Million of Cash from Operations -
- Reaffirms 2022 Guidance of \$90-\$95 Million of Revenue and \$25-\$28 Million of Adjusted EBITDA -

MIAMI, Aug. 29, 2022 /PRNewswire/ - [Cansortium Inc.](#) (CSE:TIUM.U) (OTCQX: CNTMF) ("Cansortium" or the "Company"), a vertically-integrated cannabis company operating under the Fluent™ brand, today announced financial and operating results for the second quarter ended June 30, 2022. Unless otherwise indicated, all results are presented in U.S. dollars.

"We generated a record quarter of results in Q2, highlighted by double-digit revenue growth, margin expansion and a material increase in adjusted EBITDA and cash flow generation," said CEO Robert Beasley. "The investments we have made to add scale and improve cultivation in Florida are paying dividends. Our Sweetwater indoor cultivation facility is now fully operational and the yields in our Tampa facility have doubled from the start of 2022, all of which has led to dramatically improved productivity at the store level and a consistent increase in new patient count. In fact, revenue in Florida was up 16% from Q1 without adding a single new store during the quarter."

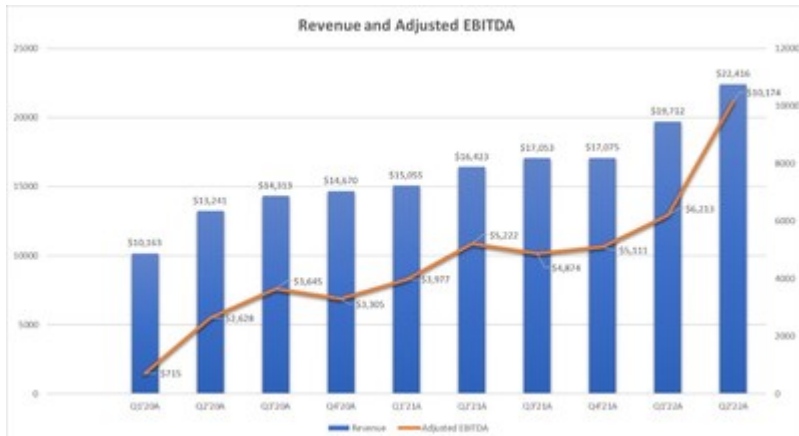
Beasley continued: "I am very proud of what our team has accomplished this year, however we still have significant room to grow. We remain on track to open 4-5 new stores in Florida by year-end, and the final phase of our cultivation expansion in Tampa is nearly complete. We expect product from this new space to hit shelves in the next couple of months, just in time for one of our strongest periods of the year in Florida as we enter the holidays."

Q2 2022 Financial Highlights (vs. Q2 2021)

- Revenue increased 36% to \$22.4 million compared to \$16.5 million.
- Florida revenue increased 33% to \$18.8 million compared to \$14.2 million.
- Adjusted gross profit¹ increased 40% to \$15.0 million or 67.0% of revenue, compared to \$10.7 million or 65.1% of revenue.
- Adjusted EBITDA increased 95% to \$10.2 million or 45.4% of revenue, compared to \$5.2 million or 31.7% of revenue.
- Cash from operations increased significantly to \$4.3 million compared to cash used of \$(0.7) million.
- At June 30, 2022, the Company had approximately \$8.9 million of cash and cash equivalents and \$69.3 million of total debt, with approximately 252.3 million fully diluted shares outstanding (based on treasury stock method and share price on July 31, 2022).

Operational Highlights

- In Florida, the Company anticipates opening 4-5 new stores by the end of 2022. All of these locations are currently under contract and going through construction.
- In Pennsylvania, the Company opened its third dispensary in Annville in April.
- In August, the Company discontinued its operations in Michigan due to unfavorable market conditions. By ceasing operations in Michigan, Cansortium is expected to save approximately \$0.5 million in operating expenses per year.
- As highlighted in the chart below, the Company has experienced ten consecutive quarters of revenue growth in addition to material improvements in adjusted EBITDA, reaching record levels for both metrics.



¹ 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.

2022 Outlook

The Company continues to expect revenue in 2022 to range between \$90-\$95 million, reflecting an approximate 42% increase from 2021 at the midpoint. Consortium also continues to expect adjusted EBITDA in 2022 to range between \$25-\$28 million, reflecting an approximate 35% increase from 2021.

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 and operational results, followed by a question-and-answer period.

Date: Monday, August 29, 2022

Time: 4:30 p.m. Eastern time

Toll-free dial-in number: (800) 319-4610

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

Conference ID: 10020139

Link: [Cansortium Conference 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 (720) 330-2829.

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.

Cansortium is a vertically-integrated cannabis company with licenses and operations in Florida, Pennsylvania 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.

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.

Forward-Looking Information

Certain information in this news release may constitute forward-looking information within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. 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 the Company's expectations, estimates, and projections regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control.

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.

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CANSORTIUM INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2022 and December 31, 2021
(USD '000)

	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 8,858	\$ 9,024
Trade receivable	59	26
Inventory, net	12,209	8,981
Biological assets	4,118	3,297
Investment held for sale	200	200
Prepaid expenses and other current assets	1,178	2,007
Total current assets	26,622	23,535
Property and equipment, net	33,846	34,160
Intangible assets, net	95,057	95,822
Right-of-use assets, net	19,480	19,169
Note receivable	-	4,886
Deposit	-	2,727
Goodwill	1,526	1,526
Other assets	628	632
Total assets	\$ 177,158	\$ 182,457
Liabilities		
Current liabilities		
Trade payable	8,889	8,518
Accrued liabilities	7,723	5,846
Income taxes payable	7,747	2,120
Derivative liabilities	8,669	3,960
Current portion of notes payable	634	619
Current portion of lease obligations	2,657	2,500
Total current liabilities	36,319	23,563
Notes payable	55,459	53,674
Lease obligations	21,573	21,091
Deferred tax liability	21,259	21,563
Total liabilities	134,610	119,891
Shareholders' equity		
Share capital	180,792	180,657
Share-based compensation reserve	6,276	6,176
Equity conversion feature	6,677	4,933
Warrants	28,939	28,869
Accumulated deficit	(179,802)	(157,649)
Foreign currency translation reserve	(334)	(421)
Total shareholders' equity	42,548	62,565
Total liabilities and shareholders' equity	\$ 177,158	\$ 182,457

CANSORTIUM INC.
STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Revenue, net of discounts	\$ 22,416	\$ 16,469	\$ 42,128	\$ 31,584
Cost of goods sold	7,405	5,745	15,571	11,152
Gross profit before fair value adjustments	15,011	10,724	26,557	20,432
Fair value adjustments on inventory sold	(8,594)	(4,727)	(15,418)	(9,320)
Unrealized gain on changes in fair value of biological assets	9,467	(1,224)	10,666	5,655
Gross profit	15,884	4,773	21,805	16,767

Expenses				
General and administrative	2,319	2,868	5,160	6,156
Share-based compensation	-	285	100	3,517
Sales and marketing	4,190	3,515	8,277	7,061
Depreciation and amortization	1,694	1,547	3,358	3,078
Total expenses	8,203	8,215	16,895	19,812
(Loss) income from operations	7,681	(3,442)	4,910	(3,045)
Other expense (income)				
Finance costs, net	3,843	4,719	7,500	7,849
Loss (gain) on change in fair value of derivative liability	3,007	(1,143)	4,709	(1,551)
Equity loss on investment in associate	-	-	-	-
Private Placement issuance expense	-	6,640	-	6,640
Loss on debt settlement	1,136	10,751	1,136	10,751
Loss on disposal of assets	-	1	-	50
Other (income) expense	(373)	(18)	(373)	(131)
Total other expense	7,613	20,950	12,971	23,608
Loss before income taxes	68	(24,392)	(8,061)	(26,653)
Income tax expense	3,504	594	5,516	3,431
Net loss from continuing operations	(3,436)	(24,986)	(13,577)	(30,084)
Net loss (income) from discontinued operations	8,574	33	8,576	31
Net loss	\$ (12,010)	\$ (25,019)	\$ (22,153)	\$ (30,115)
Other comprehensive gain that may be reclassified to profit or loss in subsequent years				
Exchange differences on translation of foreign operations and reporting currency	62	(16)	87	(11)
Comprehensive loss	\$ (11,948)	\$ (25,035)	\$ (22,066)	\$ (30,126)
Net loss per share				
Basic and diluted - continuing operations	\$ (0.05)	\$ (0.11)	\$ (0.09)	\$ (0.14)
Weighted average number of shares				
Basic number of shares	252,276,742	225,401,664	252,276,742	213,945,477
Diluted number of shares	308,755,503	274,403,491	307,984,934	246,123,568

CANSORTIUM INC.
STATEMENTS OF CASH FLOWS
(USD '000)

	For the six months ended June 30,	
	2022	2021
Operating activities		
Net loss from continuing operations	\$ (22,153)	\$ (30,115)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Unrealized gain on changes in fair value of biological assets	(10,666)	(5,655)
Realized gain on changes in fair value of biological assets	15,418	9,320
Share-based compensation	100	3,517
Depreciation and amortization	6,072	4,675
Accretion and interest of convertible debentures	-	2,242
Interest and debt issuance costs of term loan	6,219	-
Interest income on notes receivable	(71)	-
Loss on disposal of assets	-	50
Loss on debt settlement	1,136	10,751
Discontinued operations	8,576	31
Change in fair market value of derivative	4,709	(1,551)
Interest on lease liabilities	1,310	1,239
Deferred tax expense	(304)	959
Changes in operating assets and liabilities:		

Trade receivable	(33)	26
Inventory	1,044	(554)
Biological assets	(9,290)	(4,246)
Prepaid expenses and other current assets	117	1,875
Other assets	5	(61)
Trade payable	374	(278)
Accrued liabilities	1,877	(651)
Income taxes payable	5,627	(10,523)
Net cash provided by (used in) operating activities	10,067	(18,949)
Investing activities		
Purchases of property and equipment	(4,214)	(8,408)
Payment of notes receivable	119	284
Proceeds from sale of property and equipment	-	24
Advances for notes receivable	(94)	(1,020)
Net cash used in investing activities	(4,189)	(9,120)
Financing activities		
Proceeds from issuance of shares and warrants	-	23,730
Proceeds from issuance of debt, net of loan issuance costs	-	63,133
Proceeds from issuance of convertible debenture and warrants	4,656	-
Payment of lease obligations	(2,521)	(2,154)
Exercise of Options	135	-
Exercise of warrants	-	1,365
Principal repayments of notes payable	-	(35,382)
Repayments of principal and interest of Senior Secure Term loan	(8,401)	-
Net cash provided by (used in) financing activities	(6,131)	50,692
Effect of foreign exchange on cash and cash equivalents	87	(11)
Net increase (decrease) in cash and cash equivalents	(166)	22,612
Cash and cash equivalents, beginning of period	9,024	3,392
Cash and cash equivalents, end of period	\$ 8,858	\$ 26,004

CANSORTIUM INC.
ADJUSTED EBITDA RECONCILIATION
(USD '000)

	Three months ended		
	June 30, 2022	June 30, 2021	Variance
Net loss	\$ (12,010)	\$ (25,019)	\$ 13,009
Finance costs, net	3,843	4,719	(876)
Income taxes	3,504	594	2,910
Depreciation and amortization	3,366	2,429	937
EBITDA	\$ (1,297)	\$ (17,277)	\$ 15,980

	Three months ended		
	June 30, 2022	June 30, 2021	Variance
EBITDA	\$ (1,297)	\$ (17,277)	\$ 15,980
Change in fair value of biological assets	(873)	5,951	(6,824)
Change in fair market value of derivative	3,007	(1,143)	4,150
Loss on debt settlement	1,136	10,751	(9,615)
Private placement issuance expense	-	6,640	(6,640)
Share-based compensation	-	285	(285)
Discontinued operations	8,574	33	8,541
Loss on disposal of assets	-	1	(1)
Other non-recurring expense/(income)	(373)	(18)	(355)
Adjusted EBITDA	\$ 10,174	\$ 5,223	\$ 4,951



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