



Cansortium Reports Fourth Quarter and Full Year 2022 Results

05/01/2023

- Q4 Revenue up 28% YoY to \$23.5 Million; FY 2022 Revenue up 34% YoY to \$87.7 Million -

- FY 2022 Cash from Operations up Significantly to \$19.1 Million, Compared to Cash Used of \$5.0 Million in FY 2021 -

MIAMI, May 1, 2023 /CNW/ - [Cansortium Inc.](#) (CSE: TIUM.U) (OTCQX: CNTMF) ("Cansortium" or the "Company"), a vertically-integrated, multi-state cannabis company operating under the Fluent™ brand, today announced financial and operating results for the fourth quarter and full year ended December 31, 2022. Unless otherwise indicated, all results are presented in U.S. dollars.



CANSORTIUM

"We delivered strong revenue growth and material cash flow generation in 2022 despite a challenging backdrop for the broader cannabis industry, as well as the adverse impact we experienced in Florida from Hurricane Ian," said CEO Robert Beasley. "Within our home market of Florida, we captured meaningful market share driven in part by our cultivation improvements and new store openings over the course of 2022. In addition, our exit from Michigan last August enabled us to strategically reallocate capital and sharpen focus on our core operations.

"Looking ahead, we expect to continue expanding our Florida footprint through new store openings, while further improving our cultivation to increase both capacity and flower quality. In Texas, we are making progress on building out operations in the state as we aim to maximize our first mover advantage as one of only three license holders in the market. We look forward to delivering another year of strong growth and cash flow generation as we continue to execute on our strategy in 2023."

Q4 2022 Financial Highlights (vs. Q4 2021)

- Revenue increased 28% to \$23.5 million compared to \$18.3 million.
- Florida revenue increased 26% to \$19.4 million compared to \$15.4 million.
- Adjusted gross profit¹ was \$0.7 million compared to \$11.8 million, with the decrease driven by IAS 41 Addendum leading the Company to recognize income tax on biologicals that was not accounted for the first three quarters in 2022. Excluding this one-time impact, adjusted gross profit in Q4 2022 was \$11.7 million.
- Adjusted EBITDA increased 54% to \$7.9 million compared to \$5.1 million.

FY 2022 Financial Highlights (vs. FY 2021)

- Revenue increased 34% to \$87.7 million compared to \$65.4 million.
- Florida revenue increased 31% to \$73.2 million compared to \$55.7 million.
- Adjusted gross profit¹ was \$44.0 million or 50.1% of revenue, compared to \$41.9 million or 64.1% of revenue.
- Adjusted EBITDA increased 28% to \$25.1 million compared to \$19.6 million.
- Cash from operations improved significantly to \$19.1 million compared to (\$5.0) million.
- At December 31, 2022, the Company had approximately \$8.4 million of cash and cash equivalents and \$57.7 million of total debt, with approximately 314 million fully diluted shares outstanding.

Operational Highlights

- In Florida, Cansortium recently opened two new stores in Pensacola and one in Jacksonville Atlantic Beach, bringing its total Florida footprint to 31 stores. The Company anticipates opening an additional 3-5 new stores by the end of 2023. Three of these are already under contract and going through construction.
- After the damage caused by Hurricane Ian in Q3 2022, the Company's Sweetwater facility is now fully operational with recent harvests reaching a record high 30%+ THC flower potency.
- In Pennsylvania, Cansortium recently began the expansion of its Hanover dispensary to maximize the store's capacity for patients.

- In Texas, the Company continued to make progress building out its operational footprint by hiring a President and dedicated team to run the state operations. More recently, Consortium completed its first THC sale last week, implemented an advertising campaign to build awareness for new patients, and went under contract for a delivery center in Houston, TX.
- Based on the Florida OMMU data over the last nine weeks, Consortium has consistently held its position as #6 in the state in terms of THC sales and reached record levels for the week ended April 20, 2023.

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.

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. Interested parties may submit questions to the Company prior to the call by emailing investors@cansortiuminc.com.

Date: Monday, May 1, 2023
Time: 4:30 p.m. Eastern time
Toll-free dial-in number: (800) 319-4610
International dial-in number: (604) 638-5340
Conference ID: 10021840
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 December 31, 2022 and December 31, 2021

(USD '000)

	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash	\$ 8,359	\$ 9,024
Trade receivable	28	26
Inventory, net	8,973	8,981
Biological assets	996	3,297
Investment held for sale	-	200
Prepaid expenses and other current assets	883	2,007
Total current assets	19,239	23,535
Property and equipment, net	31,743	34,160
Intangible assets, net	94,291	95,822
Right-of-use assets, net	30,464	19,169
Investment in associate	-	-
Note receivable	-	4,886
Deposit	-	2,727
Goodwill	1,526	1,526

Other assets	768	632
Total assets	\$ 178,031	\$ 182,457

Liabilities

Current liabilities

Trade payable	6,931	8,518
Accrued liabilities	5,534	5,846
Income taxes payable	13,952	2,120
Derivative liabilities	8,676	3,960
Current portion of notes payable	741	619
Current portion of lease obligations	2,123	2,500
Total current liabilities	37,957	23,563

Liabilities held for sale

-

-

Notes payable	56,969	53,674
Lease obligations	33,922	21,091
Deferred tax liability	20,290	21,563
Other long-term liabilities	1,333	-
Total liabilities	150,471	119,891

Shareholders' equity

Share capital	180,954	180,657
Share-based compensation reserve	6,395	6,176
Equity conversion feature	6,677	4,933
Warrants	28,939	28,869
Accumulated deficit	(195,071)	(157,648)
Foreign currency translation reserve	(334)	(421)

Total shareholders' equity attributable to Consortium Inc. shareholders	38,313	57,453
Non-controlling interests	-	-
Total shareholders' equity	27,560	62,566
Total liabilities and shareholders' equity	\$ 178,031	\$ 182,457

Consortium Inc.

Statement of operations

For the three and twelve months ended December 30, 2022 and 2021

(USD '000)

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Revenue, net of discounts	\$ 23,464	\$ 18,284	\$ 87,692	\$ 65,437
Cost of goods sold	22,738	6,519	43,731	23,488
Adjusted gross profit ⁽¹⁾	726	11,765	43,961	41,949
<i>Adjusted gross margin ⁽¹⁾</i>	<i>3.1 %</i>	<i>64.3 %</i>	<i>50.1 %</i>	<i>64.1 %</i>
Realized fair value of increments on inventory sold	27,645	(6,582)	2,622	(21,015)
Unrealized change in fair value of biological assets	(22,844)	3,085	(9,620)	14,853
Gross profit	5,527	8,268	36,963	35,787
<i>Gross margin</i>	<i>23.6 %</i>	<i>45.2 %</i>	<i>42.2 %</i>	<i>54.7 %</i>
Expenses:				
General and administrative	941	2,085	8,288	10,326
Share-based compensation	391	56	545	4,304
Sales and marketing	4,677	4,322	17,510	15,416
Depreciation and amortization	1,751	1,658	6,765	6,384

Total expenses	7,760	8,121	33,108	36,430
Income (Loss) from operations	(2,233)	147	3,855	(643)
Discontinued operations	277	1	277	35
Other expense (income):				
Finance costs, net	\$ 4,165	\$ 4,527	16,087	15,760
Change in fair market value of derivative	(306)	(1,901)	4,716	(3,452)
Loss on termination of a contract	(584)	-	8,011	-
Private placement issuance expense	-	(7,530)	-	-
Loss on debt settlement	-	(1,458)	1,136	(1,501)
Loss on disposal of assets	695	2	672	31
Other expense	1	1	3	(123)
Total other (income) expense	\$ 3,971	\$ (6,359)	30,625	10,715
Income (Loss) before taxes	(6,480)	6,505	(27,048)	(11,393)
Income taxes	3,209	2,777	10,376	7,646
Net income (loss)	(9,689)	3,728	(37,423)	(19,039)
Other comprehensive gain (loss) that may be reclassified				
to profit or loss in subsequent years				
Exchange differences on translation of foreign operations and reporting currency 1		(9)	88	(42)
Comprehensive loss	\$ (9,690)	\$ 3,737	\$ (37,335)	\$ (19,081)
Net loss per share				
Basic and diluted - continuing operations				
Basic and diluted - discontinued operations	\$ (0.03)	\$ 0.02	\$ (0.15)	(0.08)

Weighted average number of shares

Basic number of shares	254,087,245	228,628,703	252,698,567	228,628,703
Diluted number of shares	309,407,433	275,231,404	308,498,834	275,231,404

CANSORTIUM INC.

STATEMENTS OF CASH FLOWS

(USD '000)

For the years ended December 31,

	2022	2021
Operating activities		
Net loss from continuing operations	\$ (37,146)	\$ (19,004)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Unrealized gain (loss) on changes in fair value of biological assets	9,620	(14,853)
Realized (loss) gain on changes in fair value of biological assets	(2,622)	21,015
Share-based compensation	545	4,304
Depreciation and amortization	13,428	9,808
Accretion and interest of convertible debentures	362	8,901
Accretion and interest of term loan	12,232	2,700
Interest income on notes receivable	(71)	(266)
Loss on disposal of assets	672	(4)
Loss on debt settlement	1,136	-
Loss from termination of a contract	8,011	-
Change in fair market value of derivative	4,716	(3,452)
Interest on lease liabilities	3,612	2,554
Deferred tax expense	(1,273)	(836)
Changes in operating assets and liabilities:		

Trade receivable	(2)	122
Inventory	11,927	3,490
Biological assets	(16,355)	(14,127)
Prepaid expenses and other current assets	404	(641)
Right of Use Assets/Liabilities	197	-
Other assets	(137)	(207)
Trade payable	(1,208)	3,710
Accrued liabilities	(811)	(1,435)
Income taxes payable	11,832	(6,805)
Net cash provided by (used in) continuing operating activities	19,069	(5,026)
Net cash used in discontinued activities		
Net cash provided by (used in) operating activities	19,069	(5,026)
Investing activities		
Purchases of property and equipment	(6,799)	(21,060)
Purchase of intangible assets	-	(319)
Payment of notes receivable	119	1,419
Advances for notes receivable	(94)	(2,180)
Net cash used in continuing investing activities	(6,774)	(22,140)
Net cash provided by discontinued investing activities	-	29
Net cash used in investing activities	(6,774)	(22,111)
Financing activities		
Net proceeds from issuance of shares and warrants	-	17,228
Issuance of warrants for term loan	-	-
Issuance of warrants from term loan	-	9,018
Issuance of shares for note payable interest and extention expenses	-	1,049
Net proceeds from issuance of convertible debenture and warrants	4,660	-

Net proceeds from issuance of secure term loan	-	52,659
Payment of lease obligations	(5,771)	(4,544)
Return of shares	-	-
Shares issued for interest repayments of notes payable	-	-
Net proceeds from equipment loan	748	-
Exercise of Options	135	-
Exercise of warrants	-	1,365
Issuance of shares for note payable extension	162	-
Principal repayments of notes payable	(12,982)	(43,964)
Net cash (used in) provided by continuing financing activities	(13,048)	32,811
Net cash provided by discontinued financing activities	-	—
Net cash provided by (used in) financing activities	(13,048)	32,811
Net cash (used in) provided by financing activities	(13,048)	32,811
Effect of foreign exchange on cash	88	(42)
Net (decrease) increase in cash	(665)	5,632
Cash, beginning of period	9,024	3,392
Cash, end of period	8,359	9,024

Cansortium Inc.

Adjusted EBITDA Calculation

(USD '000)

	Year Ended		
	December 31,	December 31,	
	2022	2021	Variance
Net loss	\$ (37,423)	\$ (19,039)	\$ (18,384)
Interest expense	16,087	15,760	327
Income taxes	10,376	7,646	2,730

Depreciation and amortization	13,666	10,685	2,981
EBITDA	\$ 2,706	\$ 15,052	\$ (12,346)

Year Ended

December 31, December 31,

	2022	2021	Variance
EBITDA	\$ 2,706	\$ 15,052	\$ (12,346)
Change in fair market value of derivative	4,716	(3,452)	8,168
Loss on debt settlement	1,136	(1,501)	2,637
Private placement issuance expense	8,011	-	8,011
Share-based compensation	545	4,304	(3,759)
Change in fair value of biological assets	6,998	6,162	836
Discontinued operations	277	35	242
Other non-recurring expense	675	(1,007)	1,682
Adjusted EBITDA	\$ 25,063	\$ 19,593	\$ 5,470

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