

Cansortium Reports First Quarter 2023 Results

05/31/2023

- Q1 Revenue up 12% YoY to \$22.1 Million -

- Q1 Adjusted EBITDA up 56% YoY to \$9.7 Million, with Cash from Operations up 20% YoY to \$5.1 Million -

MIAMI, May 31, 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 first quarter ended March 31, 2023. Unless otherwise indicated, all monetary results are presented in U.S. dollars.



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"We are pleased to once again report double-digit revenue growth and adjusted EBITDA margin expansion, coupled with another period of strong cash flow generation in the face of broader industry challenges," said CEO Robert Beasley. "Our new store openings in Florida, continually improving our cultivation and increasing the mix of high-THC products are all contributing to our growth and profitability improvements in the state."

"In Pennsylvania, we have worked to optimize our inventory management while adding new products to shelves, which has led to increased sales in the state without any new store openings. And in Texas, although we are disappointed with the outcome of the proposed decriminalization and medical program expansion bills, we continue to believe the growth opportunity in Texas is exceptional, similar to the Florida market seven years ago. We are gaining ground in Texas and capturing market share, even without regulatory reform."

"Looking ahead, we plan to continue driving growth and profitability through new store openings, improved cultivation, operating efficiencies and inventory optimization as we execute our strategy and trend toward another year of strong growth and cash flow generation."

Q1 2023 Financial Highlights (vs. Q1 2022)

- Revenue increased 12% to \$22.1 million compared to \$19.7 million.
- Florida revenue increased 9.7% to \$18.2 million compared to \$16.6 million.
- Adjusted gross profit¹ increased 22% to \$14.1 million or 63.9% of revenue, compared to \$11.5 million or 58.6% of revenue.
- Adjusted EBITDA increased 56% to \$9.7 million compared to \$6.2 million.
- Cash flow from operations improved 20% to \$5.1 million compared to \$4.3 million.
- At March 31, 2023 the Company had approximately \$9.5 million of cash and cash equivalents and \$57.9 million of total debt, with approximately 296 million shares outstanding.

Recent Operational Highlights

- In Florida, Cansortium currently operates 31 stores and anticipates opening an additional 3-5 new stores by the end of 2023. Three of these are under contract and in the construction phase.
- In Florida, Cansortium launched its new Dark Chocolate Bar, made with FLUENT's high quality cannabis extract and Caraïbe 66% chocolate from Valrhona, the legendary French chocolatier.
- Entered into an agreement, subject to financing, to acquire a Florida property that will become a new 70k square foot cultivation facility and 2.5-acre greenhouse.
- The Company announced that it plans to move its headquarters from Miami to Tampa, Florida, and will create more than 30 new jobs in administration, finance, human resources, marketing, sales, operations and other key roles.
- In Pennsylvania, the Company has implemented a more targeted inventory management strategy, which has led to organic sales growth in the state.
- In Texas, the Company continued to make progress building out its operational footprint and is working to expand its delivery capabilities to support patient populations in Houston and Austin.

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: Wednesday, May 31, 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: 10021974

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 Cansortium 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 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.

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.

Company Contact

Robert Beasley, CEO

(850) 972-8077

investors.getFLUENT.com

Investor Relations Contact

Sean Mansouri, CFA

Elevate IR

(720) 330-2829

investors@cansortiuminc.com

Media Contact

Patrick Maddox

(501) 680-5220

FLUENT@mattio.com

CANSORTIUM INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2023 and December 31, 2022

(USD '000)

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash	\$ 9,468	\$ 8,359
Trade receivable	33	28
Inventory, net	7,738	8,973
Biological assets	158	996
Investment held for sale	-	-
Prepaid expenses and other current assets	525	883
Total current assets	17,922	19,239
Property and equipment, net	32,145	31,743
Intangible assets, net	93,908	94,291
Right-of-use assets, net	30,075	30,464
Deposit	-	-
Goodwill	1,526	1,526
Other assets	808	768
Total assets	\$ 176,384	\$ 178,031
Liabilities		
Current liabilities		
Trade payable	7,529	6,931
Accrued liabilities	4,572	5,534

Income taxes payable	17,063	13,952
Derivative liabilities	8,954	8,676
Current portion of notes payable	531	741
Current portion of lease obligations	2,486	2,123
Total current liabilities	41,134	37,957
Liabilities held for sale	-	-
	-	-
Notes payable	57,912	56,969
Lease obligations	33,587	33,922
Deferred tax liability	19,092	20,290
Other long-term liabilities	1,250	1,333
Total liabilities	\$ 152,975	\$ 150,471

Shareholders' equity

Share capital	183,414	180,954
Share-based compensation reserve	6,471	6,395
Equity conversion feature	6,677	6,677
Warrants	29,634	28,939
Accumulated deficit	(202,454)	(195,071)
Foreign currency translation reserve	(334)	(334)
Total shareholders' equity attributable to Consortium Inc. shareholders	38,313	38,313
Total shareholders' equity	23,409	27,560
Total liabilities and shareholders' equity	\$ 176,384	\$ 178,031

CANSORTIUM INC.

STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**For the three months ended
March 31.**

	2023	2022
Revenue, net of discounts	\$ 22,056	\$ 19,712
Cost of goods sold	7,966	8,166
Gross profit before fair value adjustments	14,090	11,546
Fair value adjustments on inventory sold	(1,520)	(6,824)
Unrealized (loss) gain on changes in fair value of biological assets	(5,057)	1,198
Gross profit	7,513	5,920
Expenses		
General and administrative	2,312	2,841
Share-based compensation	238	100
Sales and marketing	3,998	4,087
Depreciation and amortization	1,848	1,664
Total expenses	8,396	8,692
Income (loss) from operations	(883)	(2,772)
Other expense (income)		
Finance costs, net	4,249	3,657
Loss (gain) on change in fair value of derivative liability	278	1,702
Private Placement issuance expense	-	-
Loss on debt settlement	-	-
Loss on disposal of assets	70	-
Loss from termination of a contract	(78)	-
Other expense (income)	67	(2)

Total other expense	4,586	5,357
Loss before income taxes	(5,469)	(8,129)
Income tax expense	1,914	2,013
Net loss from continuing operations	(7,383)	(10,142)
Net loss from discontinued operations	-	2
Net loss	\$ (7,383)	\$ (10,144)
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 -		24
Comprehensive loss	\$ (7,383)	\$ (10,120)
Net loss per share		
Basic and diluted - continuing operations	\$ (0.03)	\$ (0.04)
Weighted average number of shares		
Basic number of shares	276,556,965	252,276,742
Diluted number of shares	325,942,276	307,365,805

CANSORTIUM INC.

STATEMENTS OF CASH FLOWS

(USD '000)

For the three months ended March 31,

2023

2022

Operating activities

Net loss from continuing operations	\$	(7,383)	\$	(10,142)
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	5,057	(1,198)		
Realized (loss) gain on changes in fair value of biological assets	1,520	6,824		
Share-based compensation	238	100		
Depreciation and amortization	3,717	2,986		
Accretion and interest of convertible debentures	132	3,057		
Accretion and interest of term loan	3,086	-		
Interest income on notes receivable	-	(71)		
Interest of equipment loan	8	-		
Loss on disposal of assets	70	-		
Change in fair market value of derivative	278	1,702		
Interest on lease liabilities	1,021	655		
Deferred tax expense	(1,198)	(714)		
Changes in operating assets and liabilities:				
Trade receivable	(5)	1		
Inventory	119	(309)		
Biological assets	(4,566)	(4,271)		
Prepaid expenses and other current assets	358	930		
Right of Use Assets/Liabilities	67	-		
Other assets	(39)	83		
Trade payable	598	415		
Accrued liabilities	(963)	1,513		
Other long-term liabilities	(83)	-		
Income taxes payable	3,111	2,726		
Net cash provided by continuing operating activities	5,144	4,287		
Net cash used in discontinuing operating activities	-	2		

Net cash provided by operating activities	5,144	4,289
Investing activities		
Purchases of property and equipment	(2,949)	(2,353)
Purchase of intangible assets	-	-
Payment of notes receivable	-	92
Advances for notes receivable	-	(30)
Net cash used in continuing investing activities	(2,949)	(2,291)
Net cash provided by discontinued investing activities		
Net cash used in investing activities	(2,949)	(2,291)
Financing activities		
Net proceeds from issuance of shares and warrants	2,993	-
Payment of lease obligations	(1,585)	(1,254)
Exercise of Options	-	135
Issuance of shares for note payable extension		-
Principal repayments of notes payable	(2,494)	(2,224)
Net cash (used in) provided by continuing financing activities	(1,086)	(3,343)
Net cash provided by discontinued financing activities	-	—
Net cash provided by (used in) financing activities	(1,086)	(3,343)
Effect of foreign exchange on cash and cash equivalents	-	24
Net (decrease) increase in cash	1,109	(1,323)
Cash, beginning of period	8,359	9,024
Cash, end of period	9,468	7,701

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Adjusted EBITDA Calculation

(USD '000)

	Three months ended		
	March 31,	March 31,	Variance
	2023	2022	
Net loss	\$ (7,383)	\$ (10,144)	\$ 2,761
Finance costs, net	4,249	3,657	592
Income taxes	1,914	2,013	(99)
Depreciation and amortization	3,774	3,259	515
EBITDA	\$ 2,554	\$ (1,215)	\$ 3,769

	Three months ended		
	March 31,	March 31,	Variance
	2023	2022	
EBITDA	\$ 2,554	\$ (1,215)	\$ 3,769
Change in fair value of biological assets	6,577	5,626	951
Change in fair market value of derivative	278	1,702	(1,424)
Gain on termination of a contract	(78)	-	(78)
Share-based compensation	238	100	138
Discontinued operations	-	2	(2)
Loss on disposal of assets	70	-	70
Other non-recurring expense/(income)	67	-	67
Adjusted EBITDA	\$ 9,706	\$ 6,215	\$ 3,491

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