



Cansortium Reports Second Quarter 2023 Results

08/28/2023

- Q2 Revenue up 9% Sequentially and YoY to \$24.4 Million -

- Q2 Cash from Operations of \$4.8 Million; 7th Consecutive Quarter of Positive Cash Flow -

TAMPA, Fla., Aug. 28, 2023 (GLOBE NEWSWIRE) -- [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 second quarter ended June 30, 2023. Unless otherwise indicated, all financial results are presented in U.S. dollars.

"We continued to drive revenue growth and cash flow generation during the second quarter through a combination of organic growth as well as new store openings in Florida," said CEO Robert Beasley. "We have opened four new stores in Florida this year that are still ramping and we continue to expect opening an additional 1-2 new stores before year end, all while continuing to improve our cultivation to deliver more high-THC products."

"In Pennsylvania, we generated another quarter of organic growth as our inventory optimization and expanded product assortment continues to resonate with patients. And in Texas, we logged our first B2B sale during the quarter and continue to expect opening our brick-and-mortar delivery center in Houston in the coming months. We look forward to executing on our plans as we deliver another year of revenue growth and cash flow generation in 2023."

Q2 2023 Financial Highlights (vs. Q2 2022)

- Revenue increased 9% to \$24.4 million compared to \$22.4 million.
- Florida revenue increased 11% to \$20.1 million compared to \$18.2 million.
- Adjusted gross profit¹ increased 5% to \$15.8 million or 64.6% of revenue, compared to \$15.0 million or 67.0% of revenue.
- Adjusted EBITDA was \$8.6 million compared to \$10.2 million, with the decrease primarily driven by increased SG&A related to new store openings that are still ramping.
- Cash flow from operations for the three months ended June 30, 2023 was \$4.8 million compared to \$5.8 million in the prior year.
- At June 30, 2023 the Company had approximately \$8.8 million of cash and cash equivalents and \$59.3 million of total debt, with approximately 298 million shares outstanding.

Recent Operational Highlights

- In Florida, Cansortium currently operates 33 stores and anticipates opening an additional 1-2 new stores by the end of 2023.
- The Company appointed John Mazarakis to the Board of Directors, who brings over 25 years of entrepreneurial, operational and managerial experience to Cansortium.
- The Company completed its headquarters relocation from Miami to Tampa, Florida, and will create more than 30 new jobs in administration, finance, human resources, marketing, sales, operations and other key areas.
- In Texas, the Company completed its first B2B sale and expects to open its brick-and-mortar delivery center in Houston by the end of the year.

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, August 28, 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: 10022237

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.

Consortium Inc. 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 Tampa, Florida.

Consortium 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, 2023 and December 31, 2022

(USD '000)

	June 30, 2023		December 31, 2022
Assets			
Current assets			
Cash	\$ 8,797	\$	8,359
Trade receivable	27		28
Inventory, net	7,023		8,973
Biological assets	511		996
Prepaid expenses and other current assets	872		883
Total current assets	17,230		19,239
Property and equipment, net	30,956		31,743
Intangible assets, net	93,525		94,291
Right-of-use assets, net	29,148		30,464
Goodwill	1,525		1,526
Other assets	808		768
Total assets	\$ 173,192	\$	178,031

Liabilities

Current liabilities		
Trade payable	6,813	6,931
Accrued liabilities	4,911	5,534
Income taxes payable	20,674	13,952
Derivative liabilities	8,512	8,676
Current portion of notes payable	339	741
Current portion of lease obligations	2,586	2,123
Total current liabilities	43,835	37,957
Notes payable	58,925	56,969
Lease obligations	32,900	33,922
Deferred tax liability	18,773	20,290
Other long-term liabilities	542	1,333
Total liabilities	154,975	150,471
Shareholders' equity		
Share capital	183,577	180,954
Share-based compensation reserve	6,466	6,395
Equity conversion feature	6,677	6,677
Warrants	29,634	28,939
Accumulated deficit	(207,803)	(195,071)
Foreign currency translation reserve	(334)	(334)
Total shareholders' equity	18,217	27,560
Total liabilities and shareholders' equity	\$ 173,192	\$ 178,031

CANSORTIUM INC.
STATEMENT OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30,
2023 AND 2022

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Revenue, net of discounts	\$ 24,430	\$ 22,416	\$ 46,486	\$ 42,128
Cost of goods sold	8,644	7,405	16,609	15,571
Gross profit before fair value adjustments	15,786	15,011	29,877	26,557
Fair value adjustments on inventory sold	441	(8,594)	(1,079)	(15,418)
Unrealized (loss) gain on changes in fair value of biological assets	(3,035)	9,467	(8,092)	10,666
Gross profit	13,192	15,884	20,706	21,805
Expenses				
General and administrative	2,571	2,319	4,883	5,160
Share-based compensation	177	-	415	100
Sales and marketing	5,576	4,190	9,575	8,277
Depreciation and amortization	2,963	1,694	4,811	3,358
Total expenses	11,287	8,203	19,684	16,895
Income from operations	1,905	7,681	1,022	4,910
Other expense (income)				
Finance costs, net	4,324	3,843	8,573	7,500
Loss (gain) on change in fair value of derivative liability	(442)	3,007	(164)	4,709
Loss on debt settlement	-	1,136	-	1,136
Loss on disposal of assets	-	-	70	-

Loss from termination of a contract	82	-	3	-
Other expense (income)	-	(373)	66	(373)
Total other expense	3,964	7,613	8,549	12,971
Income (loss) before income taxes	(2,059)	68	(7,527)	(8,061)
Income tax expense	3,291	3,504	5,205	5,516
Net loss from continuing operations	(5,350)	(3,436)	(12,732)	(13,577)
Net loss from discontinued operations	-	8,574	-	8,576
Net loss	\$ (5,350)	\$ (12,010)	\$ (12,732)	\$ (22,153)
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	-	62	-	87
Comprehensive loss	\$ (5,350)	\$ (11,948)	\$ (12,732)	\$ (22,066)
Net loss per share				
Basic and diluted - continuing operations	\$ (0.02)	\$ (0.05)	\$ (0.04)	\$ (0.09)
Weighted average number of shares				
Basic number of shares	296,938,910	352,230,174	286,804,241	252,698,567
Diluted number of shares	352,230,174	307,984,934	339,972,379	308,498,834

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

	For the six months ended June 30,	
	2023	2022
Operating activities		
Net loss from continuing operations	\$ (12,732)	\$ (22,153)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Unrealized gain (loss) on changes in fair value of biological assets	8,092	(10,666)
Realized gain on changes in fair value of biological assets	1,079	15,418
Share-based compensation	415	100
Depreciation and amortization	8,042	6,072
Accretion and interest of convertible debentures	266	-
Accretion and interest of term loan	6,262	6,219
Interest income on notes receivable	-	(71)
Interest of equipment loan	13	-
Loss on disposal of assets	70	-
Loss on debt settlement	-	1,136
Discontinued operations	-	8,576
Change in fair market value of derivative	(164)	4,709
Interest on lease liabilities	2,037	1,310
Deferred tax expense	(1,517)	(304)
Changes in operating assets and liabilities:		
Trade receivable	1	(33)
Inventory	1,770	1,044
Biological assets	(8,886)	(9,290)
Prepaid expenses and other current assets	11	117
Right of Use Assets/Liabilities	67	-
Other assets	(40)	5

Trade payable	(135)	374
Accrued liabilities	(623)	1,877
Other long-term liabilities	(791)	-
Income taxes payable	6,722	5,627
Net cash provided by operating activities	9,960	10,067

Investing activities

Purchases of property and equipment	(4,339)	(4,214)
Payment of notes receivable	-	119
Advances for notes receivable	-	(94)
Net cash used in investing activities	(4,339)	(4,189)

Financing activities

Net proceeds from issuance of shares and warrants	2,993	4,656
Payment of lease obligations	(3,188)	(2,521)
Exercise of Options	-	135
Principal repayments of notes payable	(4,988)	(8,401)
Net cash used in financing activities	(5,183)	(6,131)
Effect of foreign exchange on cash and cash equivalents	-	87
Net increase (decrease) in cash	438	(166)
Cash, beginning of period	8,359	9,024
Cash, end of period	8,797	8,858

Cansortium Inc.

Adjusted EBITDA Calculation (USD '000)

	Three months ended		
	June 30, 2023	June 30, 2022	Variance
Net loss	\$ (5,350)	\$ (12,010)	\$ 6,660
Finance costs, net	4,324	3,843	481
Income taxes	3,291	3,504	(213)
Depreciation and amortization	3,888	3,366	522
EBITDA	\$ 6,153	\$ (1,297)	\$ 7,450

	Three months ended		
	June 30, 2023	June 30, 2022	Variance
EBITDA	\$ 6,153	\$ (1,297)	\$ 7,450
Change in fair value of biological assets	2,594	(873)	3,467
Change in fair market value of derivative	(442)	3,007	(3,449)
Loss on debt settlement	-	1,136	(1,136)
Gain on termination of a contract	82	-	82
Share-based compensation	177	-	177
Discontinued operations	-	8,574	(8,574)
Other non-recurring expense/(income)	-	(373)	373
Adjusted EBITDA	\$ 8,563	\$ 10,174	\$ (1,611)