



Cansortium Reports Third Quarter 2023 Results

11/29/2023

- Q3 Revenue up 14% YoY to a Record \$25.3 Million -

- Q3 Cash from Operations increased 32% to a Record \$7.1 Million;
8th Consecutive Quarter of Positive Cash Flow -

TAMPA, Fla., Nov. 29, 2023 (GLOBE NEWSWIRE) -- [Cansortium Inc. \(CSE: TIUM.U\) \(OTCQB: CNTMF\)](#) ("Cansortium" or the "Company"), a vertically-integrated, multi-state cannabis company operating under the [FLUENT™](#) brand, today announced financial and operating results for the third quarter ended September 30, 2023. Unless otherwise indicated, all financial results are presented in U.S. dollars.

"We generated record revenue and cash flow generation during the third quarter as we continued to execute on our growth objectives despite a seasonally slow period in Florida," said CEO Robert Beasley. "Adjusted EBITDA was offset by increased headcount to keep pace with new store openings, however these investments are critical in laying the foundation for growth and supporting our future plans.

"In Florida, we continue to ramp our four new stores opened this year while driving cultivation improvements, leading to production of more high quality, high THC products. Although the third quarter is generally the most challenging period of the year in Florida, these operating improvements have enabled us to command higher retail prices and partially offset lower volumes from the summer months in Florida.

"Looking ahead, we will continue to drive improvements across our footprint in Florida and Pennsylvania, while capitalizing on our first mover advantage in Texas as we plan to open our brick-and-mortar delivery center in Houston in early 2024."

Q3 2023 Financial Highlights (vs. Q3 2022)

- Revenue increased 14% to \$25.3 million compared to \$22.1 million.
- Florida revenue increased 17% to \$21.3 million compared to \$18.2 million.
- Adjusted gross profit¹ was \$16.1 million or 63.9% of revenue, compared to \$16.7 million or 75.5% of revenue.
- Adjusted EBITDA was \$8.8 million compared to \$11.7 million, with the decrease primarily driven by additional salaries and wages as well as lower average ticket per transaction. This was partially offset by the impact of increased customer transactions.
- Cash flow from operations for the three months ended September 30, 2023 was \$7.1 million compared to \$5.4 million in the prior year.
- At September 30, 2023 the Company had approximately \$12.1 million of cash and cash equivalents and \$60.3 million of total debt, with approximately 298 million shares outstanding.

Recent Operational Highlights

- In Florida, Cansortium opened its Jacksonville – Cassat store. The Company currently operates 33 stores.
- The Company anticipates opening 1 additional new store in Florida by the end of 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: Wednesday, November 29, 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: 10022610

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 Tampa, Florida.

Cansortium Inc.'s Common Shares trade on the CSE under the symbol "TIUM.U" and on the OTCQB Venture 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 September 30, 2023 and December 31, 2022

(USD '000)

	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash	\$ 12,105	\$ 8,359
Trade receivable	48	28
Inventory, net	8,471	8,973
Biological assets	418	996
Prepaid expenses and other current assets	1,380	883
Total current assets	22,422	19,239
Property and equipment, net	28,618	31,743
Intangible assets, net	93,327	94,291
Right-of-use assets, net	30,103	30,464
Goodwill	1,525	1,526
Other assets	4,889	768
Total assets	\$ 180,884	\$ 178,031
Liabilities		
Current liabilities		
Trade payable	3,675	6,931

Accrued liabilities	5,329	5,534
Income taxes payable	25,721	13,952
Derivative liabilities	8,938	8,676
Current portion of notes payable	606	741
Current portion of lease obligations	4,984	2,123
Total current liabilities	49,253	37,957
Notes payable	60,024	56,969
Lease obligations	32,164	33,922
Deferred tax liability	19,287	20,290
Other long-term liabilities	4,471	1,333
Total liabilities	165,199	150,471
Shareholders' equity		
Share capital	183,576	180,954
Share-based compensation reserve	6,695	6,395
Equity conversion feature	6,677	6,677
Warrants	29,634	28,939
Accumulated deficit	(210,563)	(195,071)
Foreign currency translation reserve	(334)	(334)
Total shareholders' equity	15,685	27,560
Total liabilities and shareholders' equity	\$ 180,884	\$ 178,031

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Revenue, net of discounts	\$ 25,260	\$ 22,100	\$ 71,746	\$ 64,228
Cost of goods sold	9,121	5,419	25,730	20,990
Gross profit before fair value adjustments	16,139	16,681	46,016	43,238
Fair value adjustments on inventory sold	3,415	(9,605)	2,336	(25,023)
Unrealized (loss) gain on changes in fair value of biological assets	(3,627)	2,558	(11,719)	13,224
Gross profit	15,927	9,634	36,633	31,439
Expenses				
General and administrative	2,705	2,188	7,586	7,348
Share-based compensation	228	53	644	153
Sales and marketing	5,354	4,556	14,929	12,833
Depreciation and amortization	3,412	1,656	8,223	5,014
Total expenses	11,699	8,453	31,382	25,348
Income (loss) from operations	4,228	1,181	5,251	6,091
Other expense (income)				
Finance costs, net	4,562	4,422	13,135	11,922
Income from ERTC tax credit	(4,055)	-	(4,055)	-
Loss on change in fair value of derivative liability	426	313	262	5,021
Private Placement issuance expense	-	-	-	-
Loss (gain) on debt settlement	(116)	-	(116)	1,136
Loss (gain) on disposal of assets	-	(22)	70	(22)

Loss from termination of a contract	2	-	5	-
Other expense (income)	-	(1)	67	(373)
Total other expense	1,427	4,712	9,976	17,684
Gain (loss) before income taxes	2,800	(3,531)	(4,726)	(11,593)
Income tax expense	5,561	2,026	10,766	7,542
Net loss from continuing operations	(2,761)	(5,557)	(15,492)	(19,135)
Net loss from discontinued operations	-	19	-	8,594
Net loss	\$ (2,761)	\$ (5,576)	\$ (15,492)	\$ (27,729)
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	-	87
Comprehensive loss	\$ (2,761)	\$ (5,514)	\$ (15,492)	\$ (27,642)
Basic and diluted - continuing operations	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.11)
Basic and diluted - discontinued operations	\$ -	\$ (0.00)	\$ -	\$ (0.00)
Weighted average number of shares				
Basic number of shares	298,963,366	252,276,742	290,693,488	252,230,588
Diluted number of shares	358,650,277	309,136,061	345,906,048	308,192,639

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

	For the nine months ended September 30,	
	2023	2022
Operating activities		
Net loss from continuing operations	\$ (15,492)	\$ (27,729)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Unrealized gain (loss) on changes in fair value of biological assets	11,719	(13,224)
Realized (loss) gain on changes in fair value of biological assets	(2,336)	25,023
Share-based compensation	644	153
Depreciation and amortization	10,961	9,534
Accretion and interest of convertible debentures	400	-
Accretion and interest of term loan	9,534	9,359
Interest income on notes receivable	-	(71)
Interest of equipment loan	37	-
Loss (gain) on disposal of assets	70	(22)
Loss on debt settlement	-	1,136
Discontinued operations	-	8,594
Change in fair market value of derivative	262	5,021
Interest on lease liabilities	3,041	2,546
Deferred tax expense	(1,003)	(703)
Changes in operating assets and liabilities:		
Trade receivable	(20)	(27)
Inventory	4,632	1,185
Biological assets	(12,609)	(15,495)
Prepaid expenses and other current assets	(497)	(477)
Right of Use Assets/Liabilities	455	236
Other assets	(4,121)	-

Trade payable	(3,277)	333
Accrued liabilities	(205)	2,060
Other long-term liabilities	3,141	-
Income taxes payable	11,769	8,053
Net cash provided by operating activities	17,105	15,486

Investing activities

Purchases of property and equipment	(4,500)	(5,439)
Payment of notes receivable	-	119
Advances for notes receivable	-	(94)
Net cash used in investing activities	(4,500)	(5,414)

Financing activities

Net proceeds from issuance of shares and warrants	2,993	-
Proceeds from issuance of convertible debenture and warrants	-	4,710
Net proceeds from insurance financing	800	-
Exercise of Options	-	135
Issuance of shares for note payable extension	-	-
Net cash provided by (used in) financing activities	(8,859)	(10,084)
Net cash used in by financing activities	(8,859)	(10,084)
Effect of foreign exchange on cash and cash equivalents	-	87
Net increase in cash	3,746	75
Cash, beginning of period	8,359	9,024
Cash, end of period	\$ 12,105	\$ 9,099

Cansortium Inc.

Adjusted EBITDA Calculation (USD '000)

	Three months ended		
	September 30, 2023	September 30, 2022	Variance
Net loss	\$ (2,761)	\$ (5,576)	\$ 2,815
Finance costs, net	4,562	4,422	140
Income taxes	5,561	2,026	3,535
Depreciation and amortization	3,830	3,464	366
EBITDA	\$ 11,192	\$ 4,336	\$ 6,856

	Three months ended		
	September 30, 2023	September 30, 2022	Variance
EBITDA	\$ 11,192	\$ 4,336	\$ 6,856
Change in fair value of biological assets	212	7,047	(6,835)
Change in fair market value of derivative	426	313	113
Gain on debt settlement(1)	(116)	-	(116)
Loss on termination of contract(1)	2	-	2
Share-based compensation	228	53	175
Discontinued operations(1)	-	19	(19)
Income from ERTC tax credit(1)	(4,055)	-	(4,055)
Loss on sale of ERTC tax credit(1)	608	-	608
Other non-recurring expense (income)(2)	261	(1)	262
Adjusted EBITDA	\$ 8,758	\$ 11,745	\$ (2,987)