



Cansortium Reports Fourth Quarter and Full Year 2023 Results

04/29/2024

– Q4 Revenue up 9% YoY to a Record \$25.5 Million

– 9th Consecutive Quarter of Positive Cash Flow from Operations

TAMPA, Fla., April 29, 2024 (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 fourth quarter and full year ended December 31, 2023. Unless otherwise indicated, all financial results are presented in U.S. dollars.

“We delivered record revenue and positive cash flow generation during the fourth quarter as we continued to execute on our growth objectives,” said CEO Robert Beasley. “We are making the critical investments needed to lay the foundation for growth and support our future plans and remain excited about the opportunities ahead.”

“In Florida, we continue to ramp our new dispensaries while driving cultivation improvements, leading to production of more high quality, high THC products. These operating improvements drove higher retail prices and higher average basket size during the quarter.”

“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 by early 2025.”

Q4 2023 Financial Highlights (vs. Q4 2022)

- Revenue increased 9% to \$25.5 million compared to \$23.4 million.
- Florida revenue increased 11% to \$21.6 million compared to \$19.4 million.
- Adjusted gross profit¹ was \$12.6 million or 49.4% of revenue, compared to \$0.7 million or 3.1% of revenue.
- Adjusted EBITDA was \$6.9 million compared to \$7.9 million, with the decrease primarily driven by higher SG&A spend due to additional stores.
- Cash flow from operations for the three months ended December 31, 2023 was \$1.4 million compared to \$3.6 million in the prior year.
- At December 31, 2023 the Company had approximately \$10.5 million of cash and cash equivalents and \$61.2 million of total debt, with approximately 300 million shares outstanding.

Full Year 2023 Financial Highlights (vs. Full Year 2022)

- Revenue increased 11% to \$97.3 million compared to \$87.7 million.
- Florida revenue increased 11% to \$81.2 million compared to \$73.0 million.
- Adjusted gross profit¹ was \$49.5 million or 50.9% of revenue, compared to \$44.0 million or 50.1% of revenue.
- Adjusted EBITDA was \$27.2 million compared to \$25.1 million, with the increase primarily driven by higher revenue on higher customer transactions, slightly offset by higher SG&A due to new dispensary locations.
- Cash flow from operations for the full year ended December 31, 2023 was \$18.5 million compared to \$19.1 million in the prior year.

Restatement of 2023 Earnings

The Audit Committee of the Board of Directors of the Company, in consultation with the Company's management, concluded that the Company's previously issued consolidated financial statements for the quarterly periods ended March 31, 2023, June 30, 2023 and September 30, 2023 contained an error related to the accounting for the following items:

- Biological assets: Process errors related to beginning of period balances resulted in a \$6.7 million mis-classification of expense between COGS and Realized FV of Inventory. There is no impact to Net Income from this mis-classification, but it does impact Adjusted EBITDA. The affected periods are the first three quarters of 2023.
- Depreciation: A misclassification led to \$2.4 million of Depreciation being booked to SG&A instead of COGS. There is no impact to Net Income or Adjusted EBITDA. The affected periods are the second and third quarters of 2023.
- ERTC Claim: Due to uncertainties surrounding the ERTC program, the Company has removed income from the \$3.4 million sale of its ERTC to a third party. This adjustment impacts Net Income for the third quarter of 2023 but does not impact Adjusted EBITDA.

Recent Operational Highlights

- In Florida, Cansortium opened four dispensaries during 2023.
- The Company has opened 2 new locations in Florida thus far in 2024 and currently operates 35 locations in the state.

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, April 29, 2024

Time: 4:30 p.m. Eastern time

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

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

Conference ID: 10023399

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.

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.

Company Contact

Robert Beasley, CEO

(850) 972-8077

investors.getFLUENT.com

Investor Relations Contact

Trailblaze

investors@cansortiuminc.com

Cansortium Inc.

Consolidated Statements of Financial Position

As of December 31, 2023 and 2022

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	December 31,	
	2023	2022
Assets		
Current assets		
Cash	\$ 10,521	\$ 8,359
Trade receivable	215	28
Inventory, net	9,244	8,973
Biological assets	331	996

Prepaid expenses and other current assets	1,882	883
Total current assets	22,193	19,239
Property and equipment, net	27,642	31,743
Intangible assets, net	93,593	94,291
Right-of-use assets, net	31,943	30,464
Goodwill	1,525	1,526
Other assets	907	768
Total assets	\$ 177,803	\$ 178,031
Liabilities		
Current liabilities		
Trade payable	\$ 5,525	\$ 6,931
Accrued liabilities	9,779	5,534
Income taxes payable	22,009	13,952
Derivative liabilities	9,109	8,676
Current portion of notes payable, net	213	741
Current portion of lease liabilities	2,872	2,123
Total current liabilities	49,507	37,957
Notes payable, net	61,189	56,969
Lease liabilities	37,242	33,922
Deferred tax liability	17,398	20,290
Other long-term liabilities	3,882	1,333
Total liabilities	169,218	150,471
Shareholders' equity		
Share capital	183,690	180,954
Share-based compensation reserve	6,739	6,395
Equity conversion feature	6,677	6,677
Warrants	29,634	28,939
Accumulated deficit	(217,821)	(195,071)
Foreign currency translation reserve	(334)	(334)
Total shareholders' equity	8,585	27,560
Total liabilities and shareholders' equity	\$ 177,803	\$ 178,031

Cansortium Inc.

Statement of Operations

For the twelve months ending December 31, 2023 and 2022

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	For the Years Ended December 31,	
	2023	2022
Revenue, net of discounts	\$ 97,290	\$ 87,692
Cost of goods sold	47,814	43,731
Gross profit before fair value adjustments	49,476	43,961
Fair value adjustments on inventory sold	12,659	2,622
Unrealized loss on changes in fair value of biological assets	(14,602)	(9,620)
Gross profit	47,533	36,963
Expenses		
General and administrative	10,022	8,288
Share-based compensation	638	545
Sales and marketing	20,193	17,510
Depreciation and amortization	7,414	6,765
Total expenses	38,267	33,108
Income from operations	9,266	3,855

Other expense (income)		
Finance costs, net	17,941	16,087
Loss on change in fair value of derivative liability	433	4,716
Loss on debt settlement	-	1,136
Loss (gain) on disposal of assets	(26)	672
Loss on lease modifications	67	-
Loss from termination of a contract	7	8,011
Other expense	-	3
Total other expense	18,422	30,625
Loss before income taxes	(9,156)	(26,770)
Income tax expense	13,594	10,376
Net loss from continuing operations	(22,750)	(37,146)
Net loss from discontinued operations	-	277
Net loss	\$ (22,750)	\$ (37,423)
Other comprehensive gain that may be reclassified to profit or loss in subsequent years		
Exchange differences on translation of foreign operations and reporting currency	-	88
Comprehensive loss	\$ (22,750)	\$ (37,335)
Net loss per share		
Basic and diluted - continuing operations	\$ (0.08)	\$ (0.15)
Weighted average number of shares		
Basic number of shares	292,622,129	252,698,567
Diluted number of shares	349,037,476	308,498,834

Cansortium Inc.

Statement of Operations

For the three months ending December 31, 2023 and 2022

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	Three months ended		
	December 31, 2023	December 31, 2022	Variance
Revenue, net of discounts	\$ 25,544	\$ 23,464	\$ 2,080
Cost of goods sold	12,932	22,738	(9,806)
Gross profit before fair value adjustments ⁽¹⁾	12,612	726	11,886
Gross margin before fair value adjustments ⁽¹⁾	49.4 %	3.1 %	46.3 %
Realized fair value of increments on inventory sold	3,615	27,645	(24,030)
Unrealized change in fair value of biological assets	(2,883)	(22,844)	19,961
Gross profit	13,344	5,527	7,817
Gross profit margin	52.2 %	23.6 %	28.7 %
Expenses:			
General and administrative	2,436	941	1,495
Share-based compensation	(6)	391	(397)
Sales and marketing	5,265	4,677	588
Depreciation and amortization	1,634	1,751	(117)
Total expenses	9,329	7,760	1,569
Income (loss) from operations	4,015	(2,233)	6,248
Other expense (income):			

Finance costs, net	4,806	4,165	641
Change in fair market value of derivative	171	(306)	477
Loss (gain) on termination of a contract	1	(584)	585
Loss on debt settlement	116	-	116
(Gain) loss on disposal of assets	(96)	695	(791)
Other expense	-	1	(1)
Total other expense	4,997	3,971	1,027
Loss before taxes	(983)	(6,204)	5,221
Income taxes	3,727	3,209	518
Loss from continuing operations	(4,710)	(9,413)	4,703
Loss from discontinued operations	-	277	(19)
Net loss	\$ (4,710)	\$ (9,689)	\$ 4,979

Cansortium Inc.

Consolidated Statements of Cash Flow

For the years ended December 31, 2023 and 2022

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	For the twelve months ended December 31,	
	2023	2022
Operating activities		
Net loss from continuing operations	\$ (22,750)	\$ (37,146)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Unrealized loss (gain) on changes in fair value of biological assets	14,602	9,620
Realized gain on changes in fair value of biological assets	(12,659)	(2,622)
Share-based compensation	619	545
Depreciation and amortization	15,078	13,428
Accretion and interest of convertible debentures	536	362
Accretion and interest of term loan	12,873	12,232
Interest income on notes receivable	-	(71)
Interest on insurance financing	48	-
Loss on disposal of assets	255	672
Loss on debt settlement	-	1,136
Loss on termination of contract	-	8,011
Change in fair market value of derivative	433	4,716
Interest on lease liabilities	4,473	3,612
Deferred tax expense	(2,892)	(1,273)
Changes in operating assets and liabilities:		
Trade receivable	(187)	(2)
Inventory	15,596	11,927
Biological assets	(17,145)	(16,355)
Prepaid expenses and other current assets	(999)	404
Right of Use Assets/Liabilities	(3,698)	197
Other assets	661	(137)
Trade payable	(1,404)	(1,208)
Accrued liabilities	4,409	(811)
Other long-term liabilities	2,549	-
Income taxes payable	8,057	11,832
Net cash provided by operating activities	18,455	19,069
Investing activities		
Purchases of property and equipment	(6,019)	(6,799)
Purchase of intangible assets	(319)	-
Payment of notes receivable	-	119
Advances for notes receivable	-	(94)
Net cash used in investing activities	(6,338)	(6,774)

Financing activities

Net proceeds from issuance of shares and warrants	2,992	-
Proceeds from issuance of convertible debenture and warrants	-	4,660
Net proceeds from insurance financing	-	-
Payment of lease obligations	(2,381)	(5,771)
Net proceeds from equipment loan	-	748
Exercise of options	-	135
Issuance of shares for note payable extension	-	162
Principal repayments of notes payable	(10,566)	(12,982)
Net cash used in financing activities	(9,955)	(13,048)
Effect of foreign exchange on cash and cash equivalents	-	88
Net increase (decrease) in cash	2,162	(665)
Cash, beginning of year	8,359	9,024
Cash, end of year	\$ 10,521	\$ 8,359

Cansortium Inc.**Adjusted EBITDA Calculation**

(Amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended		
	December 31, 2023	December 31, 2022	Variance
Net loss	\$ (22,750)	\$ (37,423)	\$ 14,673
Interest expense	17,941	16,087	1,854
Income taxes	13,594	10,376	3,218
Depreciation and amortization	15,078	13,666	1,412
EBITDA	\$ 23,863	\$ 2,706	\$ 21,157

	Year ended		
	December 31, 2023	December 31, 2022	Variance
EBITDA	\$ 23,863	\$ 2,706	\$ 21,157
Change in fair value of biological assets	1,943	6,998	(5,055)
Change in fair market value of derivative	433	4,716	(4,283)
Gain on debt settlement ⁽¹⁾	-	1,136	(1,136)
Loss on termination of contract ⁽¹⁾	7	8,011	(8,004)
Share-based compensation	638	545	93
Discontinued operations ⁽¹⁾	-	-	-
Loss (gain) on disposal of assets ⁽¹⁾	(26)	673	(699)
Income from ERTC tax credit ⁽¹⁾	-	-	-
Loss on sale of ERTC tax credit ⁽¹⁾	-	-	-
Other non-recurring expense (income) ⁽²⁾	327	278	48
Adjusted EBITDA	\$ 27,183	\$ 25,063	\$ 2,121

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.