



Cansortium Reports First Quarter 2024 Results

05/30/2024

- Q1 Revenue up 14% YoY to \$25.2 Million

- 10th Consecutive Quarter of Positive Cash Flow from Operations

TAMPA, Fla., May 30, 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 first quarter ended March 31, 2024. Unless otherwise indicated, all financial results are presented in U.S. dollars.

"We delivered another quarter of year-over-year revenue growth and positive cash flow generation during the first 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 another quarter of higher retail prices and average basket size, carrying over the trends we saw in the fourth quarter."

"Looking ahead, we are excited about the [business combination](#) with RIV Capital announced this morning, laying the groundwork for a presence in four of the five largest population states in the country upon closing. We remain laser focused on our existing portfolio in Florida, Pennsylvania and Texas and look forward to closing the RIV Capital agreement in the fourth quarter."

Q1 2024 Financial Highlights (vs. Q1 2023)

- Revenue increased 14% to \$25.2 million compared to \$22.1 million.
- Florida revenue increased 16% to \$21.1 million compared to \$18.2 million.
- Adjusted gross profit¹ was \$12.3 million or 48.6% of revenue, compared to \$10.2 million or 46.4% of revenue.
- Adjusted EBITDA was \$6.8 million compared to \$5.8 million, with the increase primarily driven by higher sales in Florida.
- Cash flow from operations for the three months ended March 31, 2024 was \$4.1 million compared to \$5.1 million in the prior year.
- At March 31, 2024 the Company had approximately \$8.5 million of cash and cash equivalents and \$62.9 million of total debt, with approximately 300 million shares outstanding.

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.

Recent Operational Highlights

- The Company [re-appointed Patricia Fonseca](#) as Chief Financial Officer ("CFO") of the Cansortium effective May 13, 2024. Ms. Fonseca previously served as the CFO of the Company from March 9, 2021 to November 21, 2022.
- During the first quarter, the Company announced the [commencement of a new cultivation facility](#), known as the "Rosa Facility" in Tampa, Florida along with the commencement of cultivation activities at its new facility in Ruskin.
- In Florida, Cansortium currently operates 35 locations and anticipates opening 3 new locations in the state by the end of 2024.
- The company announced it had entered a [business combination](#) agreement with RIV Capital on May 30, 2024.

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 March 31, 2024 and 2023

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

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash	\$ 8,521	\$ 10,521
Trade receivable	232	215
Inventory, net	9,818	9,244
Biological assets	2,043	331
Prepaid expenses and other current assets	1,456	1,882
Total current assets	22,070	22,193
Property and equipment, net	27,815	27,642
Intangible assets, net	93,553	93,593
Right-of-use assets, net	33,115	31,943
Goodwill	1,525	1,525
Other assets	997	907
Total assets	\$ 179,075	\$ 177,803
Liabilities		
Current liabilities		
Trade payable	\$ 6,154	\$ 5,525
Accrued liabilities	5,587	9,779
Income taxes payable	28,947	22,009
Derivative liabilities	7,422	9,109
Current portion of notes payable, net	476	213
Current portion of lease liabilities	2,918	2,872
Total current liabilities	51,504	49,507
Notes payable, net	62,381	61,189
Lease liabilities	38,597	37,242
Deferred tax liability	18,615	17,398

Other long-term liabilities	3,507	3,882
Total liabilities	174,604	169,218
Shareholders' equity		
Share capital	183,690	183,690
Share-based compensation reserve	6,788	6,739
Equity conversion feature	6,677	6,677
Warrants	29,634	29,634
Accumulated deficit	(221,984)	(217,821)
Foreign currency translation reserve	(334)	(334)
Total shareholders' equity	4,471	8,585
Total liabilities and shareholders' equity	\$ 179,075	\$ 177,803

Cansortium Inc.

Statement of Operations

For the three months ending March 31, 2024 and 2023

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

	For the three months ended March 31,	
	2024	2023
Revenue, net of discounts	\$ 25,227	\$ 22,056
Cost of goods sold	12,966	11,827
Gross profit before fair value adjustments	12,261	10,229
Fair value adjustments on inventory sold	1,628	2,341
Unrealized gain (loss) on changes in fair value of biological assets	1,047	(5,057)
Gross profit	14,936	7,513
Expenses		
General and administrative	3,963	2,312
Share-based compensation	49	238
Sales and marketing	5,434	3,998
Depreciation and amortization	1,730	1,848
Total expenses	11,176	8,396
Income (loss) from operations	3,760	(883)
Other expense (income)		
Finance costs, net	4,711	4,249
(Gain) loss on change in fair value of derivative liability	(1,687)	278
Loss on disposal of assets	212	70
Other miscellaneous (income) expense	2	(11)
Total other expense	3,238	4,586
Income (loss) before income taxes	522	(5,469)
Income tax expense	4,685	1,914
Net comprehensive income (loss)	\$ (4,163)	\$ (7,383)
Net loss per share		
Basic and diluted - continuing operations	\$ (0.01)	\$ (0.03)
Weighted average number of shares		
Basic number of shares	299,529,367	276,556,965
Diluted number of shares	342,504,514	325,342,276

Cansortium Inc.**Consolidated Statements of Cash Flow****For the three months ended March 31, 2024 and 2023***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

	For the three months ended March 31,	
	2024	2023
Operating activities		
Net loss from continuing operations	\$ (4,163)	\$ (7,383)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Unrealized loss (gain) on changes in fair value of biological assets	(1,047)	5,057
Realized gain on changes in fair value of biological assets	(1,628)	(2,341)
Share-based compensation	49	238
Depreciation and amortization	3,703	3,717
Accretion and interest of convertible debentures	110	132
Accretion and interest of term loan	3,365	3,086
Interest of equipment loan	-	8
Loss on disposal of assets	212	70
Change in fair market value of derivative	(1,687)	278
Interest on lease liabilities	1,211	1,021
Deferred tax expense	1,216	(1,198)
Changes in operating assets and liabilities:		
Trade receivable	(17)	(5)
Inventory	3,939	3,981
Biological assets	(3,551)	(4,566)
Prepaid expenses and other current assets	747	358
Right of Use Assets/Liabilities	(1,317)	67
Other assets	(90)	(39)
Trade payable	630	598
Accrued liabilities	(4,192)	(963)
Other long-term liabilities	(375)	(83)
Income taxes payable	6,938	3,111
Net cash provided by operating activities	4,053	5,144
Investing activities		
Purchases of property and equipment	(2,948)	(2,949)
Net cash used in investing activities	(2,948)	(2,949)
Financing activities		
Net proceeds from issuance of shares and warrants	-	2,993
Payment of lease obligations	(765)	(1,585)
Principal repayments of notes payable	(2,340)	(2,494)
Net cash used in financing activities	(3,105)	(1,086)
Net increase (decrease) in cash	(2,000)	1,109
Cash, beginning of period	10,521	8,359
Cash, end of period	\$ 8,521	\$ 9,468

Cansortium Inc.**Adjusted EBITDA Calculation***(Amounts expressed in thousands of United States Dollars unless otherwise stated)*

	Three months ended		
	March 31, 2024	March 31, 2023	Variance
Net loss	\$ (4,163)	\$ (7,383)	\$ 3,220
Interest expense	4,711	4,249	462
Income taxes	4,685	1,914	2,771

Depreciation and amortization		3,702		3,774		(72)
EBITDA	\$	8,935	\$	2,554	\$	6,381

	Three months ended		
	March 31, 2024	March 31, 2023	Variance
EBITDA	\$ 8,935	\$ 2,554	\$ 6,381
Change in fair value of biological assets	(2,675)	2,716	(5,391)
Change in fair market value of derivative	(1,687)	278	(1,965)
Professional fees ⁽¹⁾	1,789	-	1,789
One-time employee costs ⁽²⁾	160	-	160
Share-based compensation	49	238	(189)
Loss on disposal of assets	212	70	142
Other non-recurring expense (income)	2	(11)	13
Adjusted EBITDA	\$ 6,785	\$ 5,845	\$ 940