Cansortium Inc. Completes New Senior Secured Credit Agreement Ahead of Planned Business Combination Closing with RIV Capital

11/26/2024

TAMPA, Fla., Nov. 26, 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, announced today that it has closed on a new senior secured credit agreement (the "Credit Agreement") of up to $96,500,000 with Chicago Atlantic Admin, LLC ("Chicago Atlantic"), as administrative agent for certain lenders. The Credit Agreement bears a cash interest rate of 12.00% per annum and paid-in-kind (PIK) interest of 1.00% per annum, and is due to mature on November 26, 2028.

The Credit Agreement refinances the existing $71,000,000 senior secured term loan that was set to mature May 29, 2025, thereby eliminating the previously disclosed requirement that the Company prepay $10,000,000 upon the consummation of the business combination with RIV Capital Inc. (CSE: RIV) (OTC: CNPOF) ("RIV Capital"), a vertically integrated cannabis company operating the Etain brand in New York. All required regulatory approvals needed for the business combination with RIV Capital Inc. have been obtained and the Company expects the closing with RIV Capital to occur in early December 2024.

"We are excited to announce the successful completion of our senior secured refinancing. The loan's favorable interest rate and single financial covenant underscore our strong financial standing, while its non-dilutive structure - free of equity or warrants – preserves shareholder value. As a result of this transaction, we have no material debt maturities until late 2028," said Robert Beasley, CEO of Cansortium. "The refinancing includes access to two additional credit lines totaling $25 million, which, combined with the cash balance inflow from the RIV business combination, positions us to enter 2025 with a robust war chest. These resources will allow us to pursue strategic acquisitions and growth initiatives in key markets like Pennsylvania and New York, while also targeting new opportunities in emerging high-growth states. With our solid foundation and this enhanced financial flexibility, we are poised to capitalize on exciting industry developments at the state and federal levels. The future for our company – and our shareholders – has never been brighter."

The Credit Agreement provides for an initial loan of $71,500,000 and access to two additional credit lines of $10,000,000 for future real estate acquisitions and construction projects, and $15,000,000 in the event that the Company were to acquire RIV Capital's Buffalo cultivation and processing facility following the completion of the business combination.

"Cansortium has executed with prudence and foresight in its core states of Florida, Pennsylvania and Texas, and we have every confidence in their strategic approach to meet demands in additional markets," said Peter Sack, Managing Parter of Chicago Atlantic. "They are innately focused on customer experience, fiscal responsibility, and operational excellence, and Chicago Atlantic is thrilled to support their next phase of growth."

The Credit Agreement includes a single financial covenant requiring Cansortium to maintain a minimum unrestricted cash balance of $4,500,000, tested at the end of each fiscal quarter, and includes customary terms and conditions for a financing of this type, including repayment obligations upon the occurrence of certain events of default thereunder.

The foregoing description of the Credit Agreement is not complete and is qualified in its entirety by reference to the full text of the Credit Agreement, a copy of which will be filed on the Company's profile on SEDAR+ at www.sedarplus.ca.

Chicago Atlantic Credit Advisers, LLC served as lead arranger for the Credit Agreement and Chicago Atlantic Admin, LLC serves as Administrative Agent for the Credit Agreement.

Smith Transaction

Cansortium and certain of its affiliates and William Smith, a director and the Executive Chair of Cansortium, and certain companies controlled by Mr. Smith (together with Mr. Smith, collectively, the "Smith Group"), have entered into an amended and restated termination agreement (the "Amended Smith Transaction Termination Agreement") to replace in its entirety the existing termination agreement dated May 30, 2024 (the "Smith Transaction Termination Agreement"), which provided for, among other things, the termination of that certain agreement among Cansortium, certain of its affiliates and the Smith Group (the "Initial Smith Transaction Agreement"). Pursuant to the terms of the Amended Smith Transaction Termination Agreement, Cansortium paid to the Smith Group a $500,000 cash fee and issued to the Smith Group a 15% secured subordinated convertible note in an initial aggregate principal amount of $6,500,000 due May 26, 2029 (the "Smith Convertible Note"). The Smith Convertible Note is subordinated in right of payment to prior payment in full of the Credit Agreement and the principal and accrued interest thereunder is convertible, at the discretion of the Smith Group, into Cansortium Shares at a price of $0.21 per Cansortium Share. For more information on the Smith Transaction Termination Agreement and the Initial Smith Transaction Agreement, see Cansortium's news release dated May 30, 2024 filed under Cansortium's profile on SEDAR+ at www.sedarplus.ca.

The transactions contemplated by the Amended Smith Transaction Termination Agreement (the "Smith Transaction") constitutes a "related party transaction" as such term is defined in Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions* ("MI 61-101"). Cansortium has relied on the exemptions from obtaining a formal valuation and minority shareholder approval of the Cansortium Shareholders with respect to the Smith Transaction in accordance with sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the aggregate fair market value of the cash consideration and the Smith Convertible Note issuable in connection with the Smith Transaction does not exceed 25% of Cansortium's market capitalization as determined in accordance with the provisions of MI 61-101. In addition, the Smith Transaction was approved by the Cansortium Board, with Mr. Smith having disclosed his interest in the Smith Transaction and abstaining from voting thereon. Cansortium did not file a material change report 21 days prior to the closing of the Smith Transaction as the details of the Smith Transaction had not been finalized at that time.

The foregoing description of the Amended Smith Transaction Termination Agreement is not complete and is qualified in its entirety by reference to the full text of the Amended Smith Transaction Termination Agreement, a copy of which will be filed on the Company's profile on SEDAR+ at www.sedarplus.ca.

For more information, please visit: 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.

About Chicago Atlantic

Chicago Atlantic is a private markets alternative investment manager focused on industries and companies where demand for capital exceeds traditional supply. The firm's investment strategies include opportunistic private credit and equity with focuses on loans to esoteric industries, specialty asset-based loans, liquidity solutions and growth and technology finance. Chicago Atlantic has closed over $2.3 billion in credit facilities since inception. Chicago Atlantic's team of over 80 professionals has offices in Chicago, Miami, New York and London. For more information on Chicago Atlantic's investment opportunities and financing products, visit chicagoatlantic.com.

Forward-Looking Information

Certain information in this news release may constitute forward-looking information. 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 management's expectations, estimates, and projections regarding future events.

Forward-looking information is necessarily based on a number of 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 on the Company's profile on SEDAR+ at www.sedarplus.ca. 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.

The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

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