



Cansortium Reports Third Quarter 2024 Results

11/29/2024

- Q3 Revenue improves 3.5% Year-over-Year to \$26.1 million
- Delivers \$7.5 million in Adjusted EBITDA, representing 29% margin
- Generates \$9.6 million in Positive Cash Flow from Operations

TAMPA, FLA., Nov. 29, 2024 /PRNewswire/ - [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 its financial and operating results for the quarter ended September 30, 2024. Unless otherwise indicated, all financial results are presented in U.S. dollars.

"We completed the third quarter by delivering our 12th consecutive quarter of positive cash flow from operations as well as steady year over year revenue growth," said CEO Robert Beasley. "Our focus on continuous improvement and gaining efficiencies has continued to be a positive contributor to our solid performance."

Mr. Beasley added, "In Florida, we have increased our cultivation canopy to remain in balance with strong medical market demand and anticipate adding four new stores in 2025 while expanding our brand and product portfolio. Fortunately, our growth strategy did not depend on the outcome of Amendment 3 passing in Florida and we have made no financial commitments which depended on the adult use measure. FLUENT remains committed to the mission of serving the medical cannabis patients of Florida."

Mr. Beasley concluded, "Looking ahead, with our primary loan refinancing completed and our business combination with RIV Capital set to close by year end, our business is exceptionally well positioned heading into 2025. We have already commenced integration activities and are looking forward to leveraging the combined talent of both teams to scale our market share in the state of New York. Additionally, we also continue to seek out opportunities to drive revenue growth in both Pennsylvania and Texas."

Q3 2024 Financial Highlights (vs. Q3 2023)

- Revenue increased 3.5% to \$26.1 million compared to \$25.3 million.
- Florida revenue increased 3.6% to \$22.0 million compared to \$21.3 million.
- Gross profit before fair value adjustments¹ was \$14.3 million or 54.6% of revenue, compared to \$13.7 million or 54.0% of revenue.
- Adjusted EBITDA was \$7.5 million compared to \$7.7 million, with the decrease primarily driven by higher general and administrative expenses.
- Cash flow from operations for the three months ending September 30, 2024, was \$9.6 million compared to \$7.1 million in the prior year primarily.
- On September 30, 2024, the Company had approximately \$8.9 million of cash and cash equivalents and \$74.1 million of total debt outstanding, with approximately 303 million shares outstanding.

Recent Operational Highlights

- In Florida, Cansortium currently operates 35 stores and anticipates opening 4 new stores by the end of 2025.
- The Ruskin, FL Facility is now operational and Cansortium completed its first harvest in June 2024, adding approximately 14,000 sq ft of cultivation canopy.
- The Rosa, FL Facility is under construction, and the Company anticipates it will complete its first harvest by Q2 2025, adding another 7,000 sq ft of canopy to Cansortium's Florida footprint.
- There was no major damage to the Company's facilities or retail locations as a result of the hurricane's which impacted Florida in 2024.
- Subsequent to quarter end, the Company completed a new senior secured credit agreement of up to \$96,500,000 with Chicago Atlantic Admin, LLC, refinancing its existing \$71,000,000 senior secured term loan that was set to mature May 29, 2025.

RIV Transaction Update and Conference call

The Company has continued its integration activities with RIV Capital Inc. ("RIV Capital") and, with all required regulatory approval obtained, expects to complete the business combination in early December 2024. In connection with the closing, the Company expects to host a conference call to discuss the proforma business as well as its financial and operating results for the third quarter ended September 30, 2024. Details will be announced upon completion of the RIV Capital transaction.

¹ Gross profit before fair value adjustments 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 gross profit before fair value adjustments from gross profit plus (minus) the changes in fair value of biological assets, as presented in the consolidated statement of operations.

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.

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Cansortium Inc.

Consolidated Statements of Financial Position (unaudited)

As of September 30, 2024, and December 31, 2023

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

		September 30, 2024	December 31, 2023
Assets			
Current assets			
Cash	\$	8,932	\$ 10,521
Trade receivable		51	215
Inventory, net	Note 3	13,419	9,244
Biological assets	Note 4	2,951	331
Prepaid expenses and other current assets	Note 5	2,794	1,882
Total current assets		28,147	22,193
Property and equipment, net	Note 6	31,476	27,642
Intangible assets, net	Note 7	94,714	93,593
Right-of-use assets, net	Note 12	32,692	31,943
Goodwill	Note 8	1,525	1,525
Other assets		1,373	907
Total assets	\$	189,927	\$ 177,803
Liabilities			
Current liabilities			
Trade payable	\$	8,035	\$ 5,525
Accrued liabilities		5,425	9,779
Income taxes payable		3,337	22,009
Derivative liabilities	Note 10	817	9,109
Current portion of notes payable, net	Note 11	63,989	213
Current portion of lease liabilities	Note 12	3,178	2,872
Total current liabilities		84,781	49,507
Notes payable, net	Note 11	7,414	61,189
Lease liabilities	Note 12	38,924	37,242
Deferred tax liability		22,303	17,398
Uncertain tax position		38,816	-
Other long-term liabilities	Note 21	3,447	3,882
Total liabilities		195,685	169,218
Shareholders' equity			
Share capital	Note 13	183,690	183,690
Share-based compensation reserve		7,158	6,739
Equity conversion feature		6,914	6,677
Warrants	Notes 13	29,634	29,634
Accumulated deficit		(232,820)	(217,821)
Foreign currency translation reserve		(334)	(334)
Total shareholders' equity		(5,758)	8,585
Total liabilities and shareholders' equity	\$	189,927	\$ 177,803

Cansortium Inc.

Statement of Operations (unaudited)

For the three- and nine-months ending September 30, 2024 and 2023

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

	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenue, net of discounts	\$ 26,147	\$ 25,260	\$ 78,643	\$ 71,746
Cost of goods sold	11,859	11,607	38,315	34,882
Gross profit before fair value adjustments	14,288	13,653	40,328	36,864

Fair value adjustments on inventory sold		(2,099)	4,492	(2,259)	9,044
Unrealized gain (loss) on changes cccccin fair value of biological assets	<i>Note 4</i>	(611)	(3,627)	8,704	(11,719)
Gross profit		11,578	14,518	46,773	34,189
Expenses					
General and administrative	<i>Note 14</i>	3,913	2,705	12,483	7,588
Sales and marketing	<i>Note 14</i>	5,846	5,354	17,298	14,928
Depreciation and amortization		1,737	2,003	5,247	5,780
Share-based compensation		228	228	419	643
Total expenses		11,724	10,290	35,447	28,939
Income from operations		(146)	4,228	11,326	5,250
Other expense (income)					
Finance costs, net	<i>Note 19</i>	5,154	4,562	14,700	13,135
Loss (gain) on change in fair value of ccccderivative liability	<i>Notes 10</i>	(898)	426	(8,292)	262
Gain on debt settlement		-	(116)	-	(116)
Loss on disposal of assets		-	-	212	70
Loss from termination of a contract		-	2	5	6
Other miscellaneous income		-	-	-	67
Total other (income) expense		4,256	4,874	6,625	13,424
Income (loss) before income taxes		(4,402)	(646)	4,701	(8,174)
Income tax expense	<i>Note 9</i>	7,379	4,662	19,700	9,867
Net comprehensive loss		\$ (11,781)	\$ (5,308)	\$ (14,999)	\$ (18,041)
Net loss per share					
Basic and diluted - continuing operations		\$ (0.04)	\$ (0.02)	\$ (0.05)	\$ (0.06)
Weighted average number of shares					
Basic number of shares		300,522,916	298,963,366	299,617,665	290,693,488
Diluted number of shares		341,807,051	358,650,277	341,616,139	345,906,048

Cansortium Inc.

Consolidated Statements of Cash Flow (unaudited)

For the nine months ended September 30, 2024 and 2023

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

	For the nine months ended	
	September 30, 2024	September 30, 2023
Operating activities		
Net loss from continuing operations	\$ (14,999)	\$ (18,041)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Unrealized loss (gain) on changes in fair value of biological assets	(8,704)	11,719
Realized loss (gain) on changes in fair value of biological assets	2,259	(9,044)
Share-based compensation	419	644
Depreciation and amortization	11,366	10,961
Accretion and interest of convertible debentures	426	400
Accretion and interest of term loan	10,372	9,534
Interest of equipment loan	-	37
Interest on cultivation facility loan	61	-
Interest on insurance financing	9	-
Interest on convertible promissory note	224	-
Loss on disposal of assets	212	70
Change in fair market value of derivative	(8,292)	262
Interest on lease liabilities	3,588	3,041
Deferred tax expense	4,835	(1,003)
Uncertain tax position	38,816	-
Changes in operating assets and liabilities:		
Trade receivable	164	(20)
Inventory	10,944	11,339
Biological assets	(11,294)	(12,609)
Prepaid expenses and other current assets	960	(497)
Right of Use Assets/Liabilities	(3,520)	455
Other assets	(466)	(66)
Trade payable	2,510	(3,275)
Accrued liabilities	(4,354)	(205)
Other long-term liabilities	(435)	2,531
Income taxes payable	(18,672)	10,872

Net cash provided by operating activities	16,429	17,105
Investing activities		
Purchases of property and equipment	(10,543)	(4,500)
Purchase of intangible assets	(1,332)	-
Net cash used in investing activities	(11,875)	(4,500)
Financing activities		
Net proceeds from issuance of shares and warrants	-	2,993
Net proceeds from insurance financing	-	800
Net proceeds from convertible note	3,983	-
Payment of lease obligations	(2,126)	(4,800)
Net proceeds from auto and equipment loan	48	-
Principal repayments of notes payable	(8,048)	(7,852)
Net cash used in financing activities	(6,143)	(8,859)
Net increase (decrease) in cash	(1,589)	3,746
Cash, beginning of period	10,521	8,359
Cash, end of period	\$ 8,932	\$ 12,105

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Adjusted EBITDA Calculation (unaudited)

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

	Three months ended		
	September 30, 2024	September 30, 2023	Variance
Net loss	\$ (11,781)	\$ (5,308)	\$ (6,473)
Finance costs, net	5,154	4,562	592
Income taxes	7,379	4,662	2,717
Depreciation and amortization	3,801	3,829	(28)
EBITDA	\$ 4,553	\$ 7,745	\$ (3,192)

	Three months ended		
	September 30, 2024	September 30, 2023	Variance
EBITDA	\$ 4,553	\$ 7,745	\$ (3,192)
Change in fair value of biological assets	2,710	(865)	3,575
Change in fair market value of derivative	(898)	426	(1,324)
Professional fees ⁽¹⁾	529	-	529
One-time employee costs ⁽²⁾	162	-	162
Loss on debt settlement	-	(116)	116
Share-based compensation	228	228	-
Other non-recurring expense ⁽³⁾	243	263	(20)
Adjusted EBITDA	\$ 7,527	\$ 7,681	\$ (154)

	Nine months ended		
	September 30, 2024	September 30, 2023	Variance
Net loss	\$ (14,999)	\$ (18,041)	\$ 3,042
Finance costs, net	14,700	13,135	1,565
Income taxes	19,700	9,867	9,833
Depreciation and amortization	11,274	11,490	(216)
EBITDA	\$ 30,675	\$ 16,451	\$ 14,224

	Nine months ended		
	September 30, 2024	September 30, 2023	Variance
EBITDA	\$ 30,675	\$ 16,451	\$ 14,224
Change in fair value of biological assets	(6,445)	2,675	(9,120)
Change in fair market value of derivative	(8,292)	262	(8,554)
Loss on termination of contract	-	6	(6)
Loss on debt settlement	-	(116)	116
Professional fees ⁽¹⁾	4,170	-	4,170
One-time employee costs ⁽²⁾	776	-	776
Share-based compensation	419	643	(224)
Loss on disposal of assets	212	70	142
Other non-recurring expense ⁽³⁾	486	327	159
Adjusted EBITDA	\$ 22,001	\$ 20,318	\$ 1,683

⁽¹⁾ Legal and professional fees associated with potential transactions and professional fees associated with prior periods.

(2) Severance and relocation costs.

(3) One-time costs incurred during the period related.

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