FLUENT Reports First Quarter 2025 Results

05/29/2025

- Q1 Revenue Grew 5.91% YoY to $26.7 million
- Ended quarter with $30.7 million of cash and cash equivalents
- New York operations continuing to progress as Buffalo cultivation facility nears completion

TAMPA, Fla., May 29, 2025 (GLOBE NEWSWIRE) -- FLUENT Corp. (CSE: FNT.U) (OTCQB: CNTMF) ("FLUENT" or the "Company"), a vertically-integrated, multi-state cannabis company, today announced its financial and operating results for the first quarter ended March 31, 2025. Unless otherwise indicated, all financial results are presented in U.S. dollars.

Management Commentary

"In Q1 2025, we generated $26.7 million in revenue, a 5.9% increase year-over-year, despite continued price compression and increased market saturation in Florida," said Robert Beasley, Chief Executive Officer of FLUENT. "While adjusted EBITDA declined to $3.5 million, largely due to softness in Florida, our core fundamentals remain strong. We continue to invest in infrastructure and brand development to support long-term growth. Despite industry-wide challenges this quarter, we remained focused on disciplined execution."

Beasley added, "In New York, integration of the RIV Capital assets is progressing well, with the Buffalo cultivation facility nearing completion and the FLUENT retail rebrand underway. In Florida, we launched new products and completed construction of the Roza facility, expanding production capacity ahead of our next planned harvest. Our cash position of $30.7 million, up from $8.5 million a year ago, gives us the flexibility to support near-term priorities and long-term growth."

He concluded, "While macro and regulatory uncertainties remain, we are focused on strengthening our core markets, managing costs, and positioning the company to adapt and grow as market conditions evolve."

Q1 2025 Financial Highlights (vs. Q1 2024)

- Revenue was $26.7 million compared to $25.2 million.
- Florida revenue was $19.2 million compared to $21.1 million.
- Gross profit before fair value adjustments[1] was $12.5 million or 46.8% of revenue, compared to $12.3 million or 48.6% of revenue.
- Adjusted EBITDA was $3.5 million compared to $6.8 million, reflecting the ongoing startup and ramp-up in the New York market following the RIV acquisition, as well as continued softness in the Florida market.
- Cash flow used in operations for the three months ending March 31, 2025, was $1.5 million compared to cash flow provided by operations of $4.1 million in the prior year. The decline is primarily attributable to the settlement of payments that had been carried over from previous periods.
- On March 31, 2025, the Company had approximately $30.7 million of cash and cash equivalents and $79.1 million of total debt outstanding, with approximately 700 million shares outstanding on an as-converted basis, compared to $8.5 million of cash and cash equivalents and $62.9 million of total debt, with approximately 300 million shares outstanding on March 31, 2024.

Recent Operational Highlights

Company Footprint:

- As of the end of the reporting period, FLUENT operates a total of 42 retail locations and 8 production facilities across its key markets of Florida, New York, Pennsylvania, and Texas.

Florida:

- Currently operating thirty-five retail locations and five production facilities.
- On track to opening three additional stores in Florida by the end of 2025.
- Successfully relocated the North Miami Beach dispensary to Aventura, offering more points of sale, larger vault storage, and a refreshed store design.
- Completed construction of the new Rosa cultivation facility in Tampa; cultivation commenced in early May with the first harvest expected in August 2025.
- Launched two differentiated whole flower brands:
  - KNACK – a high-quality, affordable offering.
  - Bag-O – a value-driven line available in larger formats.
- Introduced 10mg THC chocolate bites, FLUENT's first single-serve edible product.

New York:

- Currently operating four retail locations and one production facility.
- Construction of Buffalo, our second cultivation facility in New York, is nearing completion. The first planting is expected in Q2 2025, with the inaugural harvest projected for Q4 2025.
- Initiated rebranding of New York retail locations to FLUENT following the successful acquisition of RIV Capital assets.
- Expanded the KNACK brand portfolio in New York to include pre-rolls, alongside a rotating selection of whole flower strains.

Texas:

- Currently operating one production facility and a delivery program.
- Commenced construction of the Houston Education and Pick-Up Center, with an expected opening in Q3 2025.

Pennsylvania:

- Currently operating three retail locations in the state.

The company is actively monitoring legislative developments and is encouraged by the accelerating momentum toward adult-use legalization in Pennsylvania and the potential expansion of the medical program in Texas, both of which represent promising future growth catalysts.

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[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.

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.

Date: Thursday, May 29, 2025
Time: 4:30 p.m. Eastern time
Toll-free dial-in number: 1-844-763-8274 (toll -free)
International dial-in number: 1-412-717-9224 (international)

Join Instructions: Participants to ask to be joined into the FLUENT Corp. call.

Link: FLUENT Corp 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 for up to two weeks via the News & Events section of the Company's investor relations website at https://investors.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 on its SEDAR+ profile 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.

For further information visit: https://getfluent.com/ and https://investors.getFLUENT.com/

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Fluent Corp.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2025 and December 31, 2024
(USD '000)

	March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 30,744	$ 40,106
Accounts receivable	235	422
Biological assets	3,298	3,162
Inventory, net	20,051	15,155
Prepaid expenses and other current assets	1,824	2,587
Total current assets	**$ 56,152**	**$ 61,432**
Property and equipment, net	53,757	52,200
Intangible assets, net	37,315	37,590
Right-of-use assets, net	45,523	46,731
Goodwill	1,525	1,525
Deferred tax assets	1,248	1,039
Other assets	6,534	6,476
Total assets	**$ 202,053**	**$ 206,992**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 4,439	$ 6,331
Accrued expenses	8,923	8,423
Income taxes payable	1,003	1,003
Derivative liabilities	1,691	2,148
Short term provision liability	5,000	4,957
Current portion of notes payable	458	755
Lease obligations - current portion	4,943	4,751
Total current liabilities	**$ 26,457**	**$ 28,368**
Long-term liabilities		
Notes payable, net of current portion and financing costs	69,261	68,775
Lease obligations, net of current portion	51,168	51,727
Deferred tax liability	5,542	4,817
Uncertain tax position	48,176	43,314
Long term provision liability	8,980	9,044
Convertible notes, net	6,729	6,482
Other long-term liabilities	3,447	3,447
Total long-term liabilities	**$ 193,303**	**$ 187,606**
Total liabilities	**$ 219,760**	**$ 215,974**
Shareholders' equity		
Share capital	206,419	206,419
Share-based compensation reserve	7,300	7,275
Equity conversion feature	7,097	7,097
Warrants	29,634	29,634
Accumulated deficit	(266,961)	(258,211)
Accumulated other comprehensive income (loss)	(1,196)	(1,196)
Total shareholders' equity	**(17,707)**	**(8,982)**
Total liabilities and shareholders' equity	**$ 202,053**	**$ 206,992**

Fluent Corp.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
For the three months ended March 31, 2025 and March 31, 2024
(USD '000)

	For the three months ended	
	March 31, 2025	**March 31, 2024**
Revenue, net	$ 26,717	$ 25,227
Cost of goods sold	14,195	12,966
Gross profit before fair value adjustments	**12,522**	**12,261**
Fair value adjustments on inventory sold	(301)	1,628
Unrealized gain (loss) on changes in fair value of biological assets	3,025	1,047
Gross profit	**15,246**	**14,936**
Operating expenses:		
General and administrative	4,894	3,963
Sales and marketing	6,319	5,434
Depreciation and amortization	2,025	1,730
Share-based compensation	25	49
Total operating expenses	**13,263**	**11,176**
Income from operations	**1,982**	**3,760**
Other expense (income):		
Finance costs, net	4,423	4,711
Gain on change in fair value of derivative liability	(457)	(1,687)
Loss on disposal of assets	-	212
Other expense, net	12	2
Total other expense	3,978	3,238
Net income (loss) before income taxes	(1,996)	522
Income tax expense	6,754	4,685
Comprehensive income (loss)	**$ (8,750)**	**$ (4,163)**
Net loss per share - basic and diluted	**$ (0.02)**	**$ (0.01)**

Fluent Corp.
CONSOLIDATED STATEMENTS OF CASH FLOW
For the three months ended March 31, 2025 and March 31, 2024
(USD '000)

	For the three months ended	
	March 31, 2025	**March 31, 2024**
Cash flows used in operating activities		
Net loss	$ (8,750)	$ (4,163)
Adjustments for non-cash items:		
Bargain purchase gain on business combination		
Loss on issuance and extinguishment of debt instruments, net		
Intangible assets impairment		
Unrealized (gain) loss on changes in fair value of biological assets	(3,025)	(1,047)
Realized (gain) loss on fair value amounts included in inventory sold	301	(1,628)

Share-based compensation expense		25		49
Depreciation and amortization		4,553		3,703
Accretion and interest expense		4,332		4,686
Net change in fair value of derivative		(457)		(1,687)
Loss on dispositions of fixed assets		-		212
Uncertain tax position		4,862		-
Deferred tax expense		516		1,216
Changes in non-cash working capital				
Accounts receivable		187		(17)
Inventory		3,279		3,939
Biological assets		(5,587)		(3,551)
Prepaid expenses and other current assets		763		747
Right of use assets / liabilities		(1,000)		(1,317)
Other assets		(58)		(90)
Accounts payable		(1,892)		630
Accrued expenses		500		(4,192)
Income taxes		-		6,938
Other long-term liabilities		-		(375)
Net cash provided by operating activities	**$**	**(1,451)**	**$**	**4,053**
Cash flows used in investing activities				
Purchase of property and equipment	$	(4,179)	$	(2,948)
Net cash provided by used in investing activities	**$**	**(4,179)**	**$**	**(2,948)**
Cash flows provided by used in financing activities				
Principal repayments of notes payable		(2,681)		(2,340)
Payment of lease obligations		(1,051)		(765)
Net cash used in financing activities	**$**	**(3,732)**	**$**	**(3,105)**
Net decrease in cash and cash equivalents	$	(9,362)	$	(2,000)
Cash, beginning of period		40,106		10,521
Cash, end of period	**$**	**30,744**	**$**	**8,521**

Fluent Corp.
EBITDA AND ADJUSTED EBITDA CALCULATION
For the three months ended March 31, 2025 and March 31, 2024
(USD '000)

		For the three months ended		
		March 31, 2025		**March 31, 2024**
Net loss	$	(8,750)	$	(4,163)
Finance costs, net		4,423		4,711
Income taxes		6,754		4,685
Depreciation and amortization		4,014		3,702
EBITDA	$	6,441	$	8,935

		For the three months ended		
		March 31, 2025		**March 31, 2024**
EBITDA	$	6,441	$	8,935
Change in fair value of biological assets		(2,724)		(2,675)
Change in fair market value of derivative		(457)		(1,687)
Professional fees[(1)]		74		1,789
One-time employee costs[(2)]		133		160

Share-based compensation		25		49
Loss on disposal of assets		-		212
Other non-recurring expense		12		2
Adjusted EBITDA	$	3,504	$	6,785

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

(2) Severance and relocation costs.