



## Cansortium Reports Second Quarter 2024 Results

08/22/2024

- Q2 Revenue up 12% YoY to a record \$27.3 Million

- 11<sup>th</sup> Consecutive Quarter of Positive Cash Flow from Operations

TAMPA, Fla., Aug. 22, 2024 /CNW/ - [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 quarter ended June 30, 2024. Unless otherwise indicated, all financial results are presented in U.S. dollars.



**CANSORTIUM**

"We delivered another quarter of year-over-year revenue growth and positive cash flow generation during the second quarter as we continued to execute on our growth objectives," said CEO Robert Beasley. "We continue to lay the foundation for growth and scalability while remaining excited about the opportunities ahead."

"In Florida, we have focused on enhancing manufacturing efficiencies and cultivation yields, which has resulted in both an improvement of product quality and cost of goods sold. This has allowed us to retain high profit margins while price competition continues to heat up."

"Looking ahead, we are excited about our upcoming [business combination](#) with RIV Capital and have already begun key integration steps. Our shared focus remains on driving growth and profitability by leveraging our core strengths in cultivation, operating expertise and inventory optimization to drive results for shareholders. 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."

### **Q2 2024 Financial Highlights (vs. Q2 2023)**

- Revenue increased 12% to \$27.3 million compared to \$24.4 million.
- Florida revenue increased 15% to \$23.1 million compared to \$20.1 million.
- Adjusted gross profit<sup>1</sup> was \$12.3 million or 48.6% of revenue, compared to \$10.2 million or 46.4% of revenue.
- Adjusted EBITDA was \$7.7 million compared to \$6.8 million, with the increase primarily driven by higher revenues due to additional production and stores.
- Cash flow from operations for the three months ended June 30, 2024 was \$2.8 million compared to \$4.8 million in the prior year primarily due to settlement of tax payments that had been carried over from previous periods.
- On June 30, 2024, the Company had approximately \$8.5 million of cash and cash equivalents and \$67.5 million of total debt, with approximately 300 million shares outstanding.

### **Recent Operational Highlights**

- In Florida, Cansortium currently operates 35 stores and anticipates opening 4 new stores by Q2 2025.
- In Pennsylvania, Cansortium completed renovations and expanded its Hanover store, refreshing its look and doubling its size. The store remained operational for the entirety of renovations.
- The company has begun integration activities with RIV Capital sharing best operational practices and driving efficiencies in advance of the business combination expected to close in Q4 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](http://www.getFLUENT.com).

<sup>1</sup> 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.

#### **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](http://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](http://www.getFLUENT.com).

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#### **Cansortium Inc.**

#### **Consolidated Statements of Financial Position**

**As of June 30, 2024, and December 31, 2023**

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

	<b>June 30,</b>		<b>December 31,</b>
	<b>2024</b>		<b>2023</b>
<b>Assets</b>			
Current assets			
Cash	\$ 8,483	\$	10,521
Trade receivable	83		215
Inventory, net	Note 3 13,400		9,244
Biological assets	Note 4 4,279		331
Prepaid expenses and other current assets	Note 5 2,705		1,882

Total current assets		28,950		22,193
Property and equipment, net	<i>Note 6</i>	26,138		27,642
Intangible assets, net	<i>Note 7</i>	94,845		93,593
Right-of-use assets, net	<i>Note 12</i>	32,187		31,943
Goodwill	<i>Note 8</i>	1,525		1,525
Other assets		997		907
<b>Total assets</b>		<b>\$ 184,642</b>		<b>\$ 177,803</b>

### Liabilities

#### Current liabilities

Trade payable		\$ 5,676		\$ 5,525
Accrued liabilities		10,445		9,779
Income taxes payable		28,666		22,009
Derivative liabilities	<i>Note 10</i>	1,715		9,109
Current portion of notes payable, net	<i>Note 11</i>	62,063		213
Current portion of lease liabilities	<i>Note 12</i>	3,081		2,872
Total current liabilities		111,646		49,507
Notes payable, net	<i>Note 11</i>	5,489		61,189
Lease liabilities	<i>Note 12</i>	37,944		37,242
Deferred tax liability		20,365		17,398
Other long-term liabilities	<i>Note 20</i>	3,447		3,882
Total liabilities		<b>178,891</b>		<b>169,218</b>

### Shareholders' equity

Share capital	<i>Note 13</i>	183,690		183,690
Share-based compensation reserve		6,931		6,739
Equity conversion feature		6,867		6,677

Warrants	Notes 13	29,634	29,634
Accumulated deficit		(221,037)	(217,821)
Foreign currency translation reserve		(334)	(334)
Total shareholders' equity		5,751	8,585
<b>Total liabilities and shareholders' equity</b>		<b>\$ 184,642</b>	<b>\$ 177,803</b>

**Cansortium Inc.**

**Statement of Operations**

**For the three- and six-months ending June 30, 2024 and 2023**

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

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue, net of discounts	\$ 27,269	\$ 24,430	\$ 52,496	\$ 46,486
Cost of goods sold	13,490	11,448	26,456	23,275
Gross profit before fair value adjustments	13,779	12,982	26,040	23,211
Fair value adjustments on inventory sold	(1,788)	2,211	(160)	4,552
Unrealized gain (loss) on changes in fair value of biological assets	Note 4 8,268	(3,035)	9,315	(8,092)
Gross profit	20,259	12,158	35,195	19,671
Expenses				
General and administrative	Note 14 4,607	2,571	8,570	4,883
Sales and marketing	Note 14 6,018	5,576	11,452	9,574
Depreciation and amortization	Notes 6,7 1,780	1,929	3,510	3,777
Share-based compensation	142	177	191	415
Total expenses	12,547	10,253	23,723	18,649
Income from operations	7,712	1,905	11,472	1,022
Other expense (income)				
Finance costs, net	Note 19 4,835	4,324	9,546	8,573

Gain on change in fair value of derivative liability	Notes 10	(5,707)	(442)	(7,394)	(164)
Loss on disposal of assets		-	-	212	70
Loss from termination of a contract		3	82	3	3
Other miscellaneous income		(2)	-	-	67
Total other (income) expense		(871)	3,964	2,367	8,549
Income (loss) before income taxes		8,583	(2,059)	9,105	(7,527)
Income tax expense	Note 9	7,636	3,291	12,321	5,205
Net comprehensive income (loss)		\$ 947	\$ (5,350)	\$ (3,216)	\$ (12,732)
Net loss per share					
Basic and diluted - continuing operations		\$ 0.00	\$ (0.02)	\$ (0.01)	\$ (0.05)
Weighted average number of shares					
Basic number of shares		299,573,039	296,938,910	299,551,203	286,804,241
Diluted number of shares		341,443,706	352,230,174	341,763,315	339,972,379

**Cansortium Inc.**

**Consolidated Statements of Cash Flow**

**For the six months ended June 30, 2024 and 2023**

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

**For the six months ended**

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
<b>Operating activities</b>		
Net loss from continuing operations	\$ (3,216)	\$ (12,732)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Unrealized loss (gain) on changes in fair value of biological assets	(9,315)	8,092
Realized loss (gain) on changes in fair value of biological assets	160	(4,552)
Share-based compensation	191	415
Depreciation and amortization	7,473	8,042

Accretion and interest of convertible debentures	284	266
Accretion and interest of term loan	6,802	6,262
Interest of equipment loan	-	13
Interest on insurance financing	30	-
Interest on convertible promissory note	49	-
Loss on disposal of assets	212	70
Change in fair market value of derivative	(7,394)	(164)
Interest on lease liabilities	2,405	2,037
Deferred tax expense	2,898	(1,517)
Changes in operating assets and liabilities:		
Trade receivable	132	1
Inventory	8,132	7,402
Biological assets	(7,081)	(8,886)
Prepaid expenses and other current assets	687	11
Right of Use Assets/Liabilities	(2,525)	67
Other assets	(90)	(40)
Trade payable	152	(135)
Accrued liabilities	666	(623)
Other long-term liabilities	(435)	(791)
Income taxes payable	6,657	6,722
Net cash provided by operating activities	6,874	9,960
<b>Investing activities</b>		
Purchases of property and equipment	(3,902)	(4,339)
Purchase of intangible assets	(1,332)	-
Net cash used in investing activities	(5,234)	(4,339)
<b>Financing activities</b>		

Net proceeds from issuance of shares and warrants	-	2,993	
Net proceeds from convertible note	3,000	-	
Payment of lease obligations	(1,412)	(3,188)	
Net proceeds from auto and equipment loan	48	-	
Principal repayments of notes payable	(5,314)	(4,988)	
Net cash used in financing activities	(3,678)	(5,183)	
Net increase (decrease) in cash	(2,038)	438	
Cash, beginning of period	10,521	8,359	
Cash, end of period	\$	8,483 \$	8,797

**Cansortium Inc.**

**Adjusted EBITDA Calculation**

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

	Three months ended			
	June 30,	June 30,		
	2024	2023	Variance	
Net loss	\$ 947	\$ (5,350)	\$ 6,297	
Finance costs, net	4,835	4,324	511	
Income taxes	7,636	3,291	4,345	
Depreciation and amortization	3,771	3,887	(116)	
EBITDA	\$ 17,189	\$ 6,152	\$ 11,037	

	Three months ended			
	June 30,	June 30,		
	2024	2023	Variance	
EBITDA	\$ 17,189	\$ 6,152	\$ 11,037	
Change in fair value of biological assets (6,480)		824	(7,304)	
Change in fair market value of derivative (5,707)		(442)	(5,265)	
Professional Fees	1,852	-	1,852	
One-time employee costs	454	-	454	

Loss on termination of contract	-	82	(82)
Share-based compensation	142	177	(35)
Other non-recurring expense/(income)	240	-	240
Adjusted EBITDA	\$ 7,690	\$ 6,793	\$ 897

**Six months ended**

	<b>June 30,</b>	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>Variance</b>
Net loss	\$ (3,216)	\$ (12,732)	\$ 9,516
Finance costs, net	9,546	8,573	973
Income taxes	12,321	5,205	7,116
Depreciation and amortization	7,473	7,662	(189)
EBITDA	\$ 26,124	\$ 8,708	\$ 17,416

**Six months ended**

	<b>June 30,</b>	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>Variance</b>
EBITDA	\$ 26,124	\$ 8,708	\$ 17,416
Change in fair value of biological assets	(9,155)	3,540	(12,695)
Change in fair market value of derivative	(7,394)	(164)	(7,230)
Professional Fees	3,641	-	3,641
One-time employee costs	614	-	614
Loss on termination of contract	-	3	(3)
Share-based compensation	191	415	(224)
Loss on disposal of assets	212	-	212
Other non-recurring expense/(income)	241	137	104
Adjusted EBITDA	\$ 14,474	\$ 12,639	\$ 1,835



