

August 12, 2019



MariMed Inc. Reports Record Q2 2019 Results; Revenue Up 774% to \$25.7 Million, Net Income of \$4.7 Million

NORWOOD, Mass., Aug. 12, 2019 (GLOBE NEWSWIRE) -- [MariMed Inc. \(MRMD\)](#), a leading multi-state cannabis and hemp operator focused on health and wellness, reported record results for both the three and six month periods ended June 30, 2019. Results reflect consistent, dynamic growth in the company's cannabis businesses as well as momentum in its MariMed Hemp subsidiary, which posted significant initial transactions during the second quarter. Financial comparisons are to the same year-ago periods unless otherwise noted.

Q2 2019 Financial Highlights

- Revenues increased 774.0% to \$25.7 million.
- Revenue from cannabis business increased 24.5% to \$3.7 million.
- Gross profit up 341.1% to \$8.9 million.
- Net income increased to \$4.7 million.
- Adjusted EBITDA totaled \$6.0 million (see definition of this non-GAAP measure and the reconciliation to GAAP, below).

Q2 2019 Operational Highlights

- MariMed's core cannabis businesses continued to demonstrate organic growth fueled by expansion of facilities and branded product lines, both in-house and licensed brands. Subsequent to the close of the quarter, MariMed announced a licensing agreement with Denver-based Binske to distribute its popular and diverse cannabis products in several important markets east of the Mississippi.
- MariMed Hemp, the company's CBD-focused subsidiary, delivered its first services revenues, the first in a series of sales of hemp seeds to [GenCanna Global](#) valued at a total of \$25.2 million, with \$22.0 million recognized in the second quarter. Subsequent to the end of the quarter, the Company completed a second round of hemp seed sales to GenCanna totaling \$8.0 million. (MariMed holds a 33.5% stake in GenCanna Global, a Kentucky-based national leader in seed-to-sale of GMP-quality, hemp-derived CBD).
- MariMed Hemp began building out its branded product line by acquiring 70% of MediTaurus, a leading international hemp-derived CBD products company. MediTaurus' [Florance](#)[™] brand of CBD health and wellness products are sold in the U.S. and Europe through online distributors, wholesalers, pharmacies and physicians. The terms include the acquisition by MariMed Hemp of the remaining 30% of MediTaurus in June 2020
- MariMed acquired a minority interest in Terrace Inc., a Canadian-based operator

focused on the acquisition and development of international cannabis assets in both Europe and South America. Terrace is in [the process](#) of becoming a public company traded on the Toronto Venture Exchange.

- Dr. Jokūbas Žiburkus, MediTaurus co-founder and CEO, was [appointed](#) chief innovation officer. An award-winning professor of neuroscience with more than 25 years of biomedical training and experience, Dr. Žiburkus is an internationally recognized expert on the health effects of cannabis.
- MariMed appointed David Allen as a new independent member of the company's board of directors and chairman of the audit committee. He brings to MariMed more than 22 years of experience as a director, CEO and CFO of public and private companies.
- The company relaunched its website at www.marimedinc.com, highlighting MariMed's product line expansion and broader scope of operations.

Management Commentary

"The second quarter of this year marks a milestone," said company president and CEO, Bob Fireman. "Both of our business divisions—cannabis and hemp—delivered this quarter to drive record results.

"Our core cannabis businesses continued to execute well, delivering organic growth and profitability as they have for several quarters, with our second largest grow facility yet to come on line (Massachusetts, projected to receive final approvals this month). The ongoing consolidation of our operations in six states will significantly expand revenues beyond simple organic growth in the second half of this year and in 2020 as this process completes, with acquisitions and transfers of licenses subject to state approvals.

"MariMed Hemp, launched in January of this year, benefited from past investments, notably in GenCanna Global, first announced in October of last year. Our sales of hemp seed could become a seasonal opportunity in coming years while demand remains high. MariMed Hemp is developing and marketing its new Florance™ brand and has others new brands in development. These products will be marketed to multiple channels of retailers and direct to consumers. MariMed Hemp recently announced the launch of the Hemp Engine™, its "store within a store" marketing platform for retailers.

"We now operate in two dynamic industries. The relationships we have built by being a reputable, dependable business partner give us unique access to business opportunities where our ability to move quickly delivers significant shareholder value. We will continue to invest in people, technology, and brands to dramatically grow shareholder value over time."

Second Quarter 2019 Financial Summary

Revenues for the second quarter of 2019 were \$25.7 million, up 774% compared to \$2.9 million in the same year-ago quarter. The increase in revenue was primarily the result of hemp seeds sales totaling \$25.2 million dollars, of which \$22.0 million was recognized in the quarter. The remaining revenue is expected to be recognized in the third and fourth quarters of 2019 upon payment from the buyer. Revenues excluding the hemp seed sales increased 24% to \$3.7 million versus the year-ago quarter.

Gross profit for the second quarter of 2019 was \$8.9 million or 34.8% of revenues, up 341.1% from \$2.0 million or 68.9% of revenues in the same quarter from a year ago. Gross

profit in MariMed's core businesses as a percentage of revenues increased to 72.4% in the second quarter of 2019 from 68.9% in the year-ago quarter. Net income for the second quarter of 2019 was \$4.7 million or \$0.02 per fully diluted share, improving from a net loss of \$393,000 or \$(0.00) per basic share in the year-ago quarter.

Adjusted EBITDA increased 491.7% to \$6.0 million from \$1.0 million in the year-ago quarter.

First Half 2019 Financial Summary

Revenues for the first half of 2019 were \$29.2 million, an increase of 481.4% from \$5.0 million in the first half of 2018. The increase included the large sales of hemp seeds during the second quarter, as discussed above. Gross profit for the first half of 2019 was up 247.7% to \$11.2 million or 38.3% of revenue, compared to \$3.2 million or 64.1% of revenues in the first half of 2018. Gross profit as a percentage of revenue was affected primarily as the result of the contracted margin and required accounting treatment of the hemp seed sales. Gross profit as a percentage of revenues from MariMed's core businesses increased in the first half of 2019 to 68.4% versus 64.1% in the same year-ago period. Net income for the first half of 2019 was \$4.8 million or \$0.02 per fully diluted share, improving from a net loss of a \$2.2 million or \$(0.01) per basic share in the first half of 2018. Adjusted EBITDA increased 365.4% to \$6.3 million from \$1.4 million in the same year-ago period.

About MariMed

MariMed Inc. is dedicated to improving health and wellness with the highest quality hemp and cannabis products. The company offers a full range of cannabis products and operates state-of-the-art cannabis dispensaries in six states. The MariMed Hemp division is focused on the development of industrial hemp-derived CBD products.

MariMed owns a significant stake in Kentucky-based GenCanna, a recognized genetic innovator in industrial hemp. MariMed recently acquired controlling interest in MediTaurus, a purveyor of high-quality CBD wellness products in the U.S. and Europe under the Florance™ brand.

Across its branded products, MariMed remains at the forefront of precision dosed products for the treatment of specific medical symptoms. It currently distributes its branded hemp and CBD products in select states and is expanding licensing and distribution to additional markets that includes thousands of dispensaries, pharmacies and wholesalers.

For more information, visit marimedinc.com.

Facebook: [MariMedInc](https://www.facebook.com/MariMedInc)™

Important Caution Regarding Forward Looking Statements

This release contains certain forward-looking statements and information relating to MariMed Inc. that is based on the beliefs of MariMed Inc.'s management, as well as assumptions made by and information currently available to the Company. Such statements reflect the current views of the Company with respect to future events including estimates and projections about its business based on certain assumptions of its management, including those described in this Release. These statements are not guarantees of future performance and involve risk and uncertainties that are difficult to predict, including, among other factors, changes in demand for the Company's services and products, changes in the

law and its enforcement and changes in the economic environment. Additional risk factors are included in the Company's public filings with the SEC. Should one or more of these underlying assumptions prove incorrect, actual results may vary materially from those described herein as "hoped," "anticipated," "believed," "planned," "estimated," "preparing," "potential," "expected," "looks" or words of a similar nature. The Company does not intend to update these forward-looking statements. None of the content of any of the websites referred to herein (even if a link is provided for your convenience) is incorporated into this release and the Company assumes no responsibility for any of such content.

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Company Contact

Jon Levine, CFO
MariMed Inc.
Tel (781) 559-8713

Media & Investor Contact

Ronald Both or Jonathan Leuchs
CMA
Tel (949) 432-7566
MRMD@cma.team

About Non-GAAP Financial Measures

This earnings release includes a presentation of adjusted EBITDA, a non-GAAP financial measure. The company defines adjusted EBITDA as income (loss) attributable to common stockholders before interest, taxes, depreciation, amortization, acquisition expenses, financing costs, stock-based compensation expense, and extinguishment of debt via the issuance of stock.

Adjusted EBITDA is not a measurement of financial performance under generally accepted accounting principles in the United States, or GAAP. Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's non-cash operating expenses, MariMed management believes that providing a non-GAAP financial measure that excludes non-cash and non-recurring expenses allows for meaningful comparisons between the company's core business operating results and those of other companies, as well as providing its management with an important tool for financial and operational decision making and for evaluating the company's own core business operating results over different periods of time.

The company's adjusted EBITDA measure may not provide information that is directly comparable to that provided by other companies in the company's industry, as other companies in its industry may calculate non-GAAP financial results differently, particularly related to non-recurring or unusual items. The company's adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to operating income or as an indication of operating performance or any other measure of performance derived in accordance with GAAP. MariMed management does not consider adjusted EBITDA to be a substitute for or superior to the information provided by GAAP financial results.

The following table reconciles GAAP net (loss) income attributable to common stockholders

and adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Operating Income	5,349,479	441,036	5,137,210	131,990
Depreciation	229,525	171,902	171,125	253,713
Amortization of intangibles	47,464	1,020	107,917	-
Amortization of stock option grants	402,434	405,002	929,597	977,808
Adjusted EBITDA	<u>6,028,902</u>	<u>1,018,959</u>	<u>6,345,849</u>	<u>1,363,511</u>

MariMed Inc.
Condensed Consolidated Balance Sheets

	June 30, 2019 <i>(Unaudited)</i>	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,530,213	\$ 4,104,315
Accounts receivable, net	8,662,045	5,376,966
Accounts receivable from related party, net	25,177,845	-
Due from third parties	2,862,681	3,860,377
Deferred rents receivable	2,047,914	2,096,384
Notes receivable, current portion	821,524	51,462
Inventory	4,783,596	90,460
Other current assets	170,189	128,552
Total current assets	<u>48,056,007</u>	<u>15,708,516</u>
Property and equipment, net	37,603,881	34,099,864
Intangibles	3,423,751	185,000
Investments	35,662,106	1,672,163
Notes receivable, less current portion	2,470,867	1,092,376
Debentures receivable	-	30,000,000
Right-of-use assets under operating leases	6,042,970	-
Right-of-use assets under finance leases	70,989	-
Due from related parties	-	119,781
Other assets	345,905	82,924
Total assets	<u>\$ 133,676,476</u>	<u>\$ 82,960,624</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,169,363	\$ 3,915,430
Accrued expenses	3,920,742	1,588,368
Deferred rents payable	-	105,901
Notes payable	20,844,176	3,877,701
Mortgages payable, current portion	238,386	188,231
Operating lease liabilities, current portion	647,379	-
Finance lease liabilities, current portion	23,112	-
Due to related parties	77,157	276,311
Unearned revenue	3,162,967	-
Total current liabilities	<u>31,083,282</u>	<u>9,951,942</u>
Mortgages payable, less current portion	7,219,413	7,348,581

Debentures payable	6,736,429	3,557,440
Operating lease liabilities, less current portion	5,662,845	-
Finance lease liabilities, less current portion	48,874	-
Other liabilities	100,200	338,200
Total liabilities	<u>50,851,043</u>	<u>21,196,163</u>
Stockholders' equity:		
Series A convertible preferred stock, \$0.001 par value; 50,000,000 shares authorized at June 30, 2019 and December 31, 2018; no shares issued or outstanding at June 30, 2019 and December 31, 2018	-	-
Common stock, \$0.001 par value; 500,000,000 shares authorized at June 30, 2019 and December 31, 2018; 215,591,103 and 211,013,043 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	215,591	211,013
Common stock subscribed but not issued; 752,260 and 97,136 shares at June 30, 2019 and December 31, 2018, respectively	2,080,000	169,123
Additional paid-in capital	100,621,830	87,180,165
Accumulated deficit	(20,921,933)	(25,575,808)
Noncontrolling interests	829,945	(220,032)
Total stockholders' equity	<u>82,825,433</u>	<u>61,764,461</u>
Total liabilities and stockholders' equity	<u>\$ 133,676,476</u>	<u>\$ 82,960,624</u>

MariMed Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues	\$ 25,672,676	\$ 2,937,325	\$ 29,188,492	\$ 5,020,275
Cost of revenues	<u>16,745,553</u>	<u>913,357</u>	<u>18,000,343</u>	<u>1,802,226</u>
Gross profit	8,927,123	2,023,968	11,188,149	3,218,049
Operating expenses:				
Personnel	825,130	284,886	1,498,504	469,557
Marketing and promotion	76,060	77,943	194,959	129,704
General and administrative	<u>2,676,454</u>	<u>1,220,103</u>	<u>4,357,475</u>	<u>2,486,798</u>
Total operating expenses	<u>3,577,644</u>	<u>1,582,932</u>	<u>6,050,939</u>	<u>3,086,059</u>
Operating income (loss)	5,349,479	441,036	5,137,210	131,990
Non-operating income (expenses):				
Interest expense	(2,619,460)	(286,258)	(4,560,007)	(602,519)
Interest income	64,345	19,072	346,754	38,906
Loss on debt settlements	-	(563,119)	-	(1,776,960)
Equity in earnings of investments	(45,465)	-	1,912,942	-
Other	<u>2,948,917</u>	<u>(3,600)</u>	<u>2,948,917</u>	<u>(3,600)</u>
Total non-operating income (expenses)	<u>348,337</u>	<u>(833,905)</u>	<u>648,606</u>	<u>(2,344,173)</u>
Income (loss) before income taxes	5,697,816	(392,869)	5,785,816	(2,212,183)
Provision for income taxes	974,584	(189)	984,595	12,407
Net income (loss)	<u>\$ 4,723,232</u>	<u>\$ (392,680)</u>	<u>\$ 4,801,221</u>	<u>\$ (2,224,590)</u>
Net income (loss) attributable to noncontrolling interests	<u>46,147</u>	<u>69,287</u>	<u>147,346</u>	<u>132,520</u>
Net income (loss) attributable to MariMed Inc.	<u>\$ 4,677,085</u>	<u>\$ (461,967)</u>	<u>\$ 4,653,875</u>	<u>\$ (2,357,110)</u>

Net income (loss) per share				
Basic	\$ 0.022	\$ (0.002)	\$ 0.022	\$ (0.013)
Diluted	\$ 0.020	\$ (0.002)	\$ 0.020	\$ (0.013)
Weighted average common shares outstanding				
Basic	213,319,149	186,645,833	211,510,986	182,746,858
Diluted	232,828,964	186,645,833	231,020,801	182,746,858



Source: MariMed Inc.