

April 1, 2020



# MariMed Reports Year End 2019 Results

## Core Cannabis Sales Up 40.0% for the Full Year

NORWOOD, Mass., April 01, 2020 (GLOBE NEWSWIRE) -- [MariMed Inc.](#) (MRMD:OTCQX) (the "Company" or MariMed), a leading multi-state cannabis and hemp operator focused on health and wellness, today reported financial and operating results for the three and twelve months ended December 31, 2019.

### FY 2019 Financial Highlights:

- Total Company fiscal year 2019 revenues of \$45.6 million
- Core cannabis sales of \$16.6 million for fiscal year 2019, a 40.0% increase compared with \$11.9 million in 2018
- Gross profit for fiscal 2019 up 139.4% to \$18.7 million

### Massachusetts Highlights:

In Q4 2019, MariMed's licensed subsidiary, ARL Healthcare (ARL) received approval from the Massachusetts Cannabis Control Commission (CCC) to open its 70,000 square foot cannabis cultivation and production facility in New Bedford, and its medical cannabis dispensary Panacea Wellness™ in Middleborough. The Panacea Wellness Dispensary opened on December 19, 2019 and has experienced sales growth each month since opening.

The cultivation and production facility also opened in December 2019 and commenced cultivation and the production of its branded cannabis infused products. It has recently completed its first harvest of its proprietary cannabis genetics.

Since opening, the Company has introduced its proprietary genetics and strains to the Massachusetts market under its flower brand Nature's Heritage™, as well as its infused product brands Betty's Eddies™, Kalm Fusion™ and "Bourne Baking Company". The Company is planning to roll out other exclusive brands such as Tropizen Hot Sauces, Binske and Tikun Olam in 2020.

The Massachusetts operations are expected to contribute to significant revenue growth in 2020 reflecting the shortage of product across the state and the growing demand by consumers. Furthermore, the Company expects to receive approval from the CCC over the next few months to commence adult-use sales at its Middleborough dispensary, pending a final inspection by the agency.

### Illinois Highlights:

In Q4 2019, MariMed received Illinois state approval and rolled up the ownership of its two previously managed client licensed medical companies, KPG Anna and KPG Harrisburg. These companies owned and operated medical dispensaries under the Company's management in Anna and Harrisburg, Illinois. As a result, effective October 1, 2019, 100% of the financial results from the Illinois dispensaries are consolidated into MariMed's financials, which is expected to drive significant revenue growth in 2020 and beyond.

On January 1, 2020, adult-use cannabis sales were legalized in Illinois, which has generated an immediate ramp-up in sales to MariMed in the first quarter of 2020. Under the new law, the Company is entitled to co-locate medical and adult use cannabis offerings at its two current dispensaries and receive rights to open two additional adult-use dispensaries. Leveraging its first-hand knowledge of the Illinois cannabis market and brand recognition among customers and patients, the Company commenced development of a third dispensary in Mount Vernon, Illinois in March 2020 and has subsequently applied for a medical and adult-use cannabis license for this location. The Company also intends to open an additional fourth dispensary in the state later in 2020.

### **Delaware Highlights:**

MariMed currently manages and owns the real estate in Delaware on behalf of its client, First State. Under MariMed's management, First State Compassion Center (FSCC), experienced continued revenue growth in monthly revenue to over \$1 million during 2019. The Company has developed and leased to FSCC its 46,000 square foot seed-to-sale cultivation, production, and dispensary in Wilmington and a second dispensary in Lewis. In addition, the Company is developing an additional 100,000 square foot cultivation and processing capacity in Milford which will be leased to FSCC.

### **Maryland Highlights:**

MariMed has begun the expansion of its cultivation and production facility in Hagerstown which it developed and leased to its licensed medical cannabis client, Kind Therapeutics USA.

The Company purchased a 9,000 square foot building in Anne Arundel County which is being developed for a medical cannabis dispensary.

Under the Company's management, Kind's revenue continues to grow on a sustained basis. MariMed's Betty Eddies fruit chews brand continues to be a top selling product in the Maryland medical cannabis marketplace state.

### **Nevada Highlights:**

MariMed continues to wait for the state approval of transfer of a medical and adult-use cannabis grow license. The Company has upgraded the cultivation site located in Clark County and serves the wholesale market.

The Company has contracted with a licensed processor for the production and distribution of its Betty's Eddies fruit chews and Kalm Fusion products which will shortly commence into the robust Nevada marketplace.

Bob Fireman, CEO of MariMed, commented, “In 2019 we achieved several milestones which have expanded our geographic presence and created a strong foundation to drive revenue growth in 2020, most notably, the rollup of our client businesses in Massachusetts and Illinois. We made great strides in Massachusetts, with the opening of our cultivation production and dispensary facilities in 2019 and our first harvest and production of our branded products in early 2020. We will continue to advance our rollup strategy with plans to acquire other managed cannabis businesses which, once completed, would allow MariMed to include the revenues from these and other acquired operations in our reported consolidated financial results. Revenue from Illinois and Massachusetts will be reflected in our financial reporting for the remainder of 2020. This rollup strategy will be a core driver of our future financial performance and increase in stockholder value.”

Mr. Tim Shaw, MariMed’s COO commented, “Brand recognition of our flower and cannabis-infused products continues to grow as we reach new patients and customers, with Betty’s Eddies™ being named among the top-selling sublingual and edible products in a national survey conducted by LeafLink, the leading wholesale platform for cannabis products in the United States. We are proud to produce proprietary products that are at the forefront of science and innovation, based on research developed by our lab technicians and medical advisors. Bringing these products to new patients and customers, as well as launching new SKUs under our best-selling brands, will remain one of our key objectives throughout 2020. We intend to continue licensing and distributing top brands across the country where cannabis product sale is legal.”

## **Financial Summary**

For the three months ended December 31, 2019, total revenues increased 50.9% to approximately \$5.19 million, compared with \$3.44 million for the same period of 2018. Contributing to this significant increase in revenues was the roll up of MariMed’s licensed client businesses in Illinois in the fourth quarter of 2019. Fourth quarter 2019 revenues were also bolstered from new distribution channels secured for MariMed’s Betty’s Eddies and Kalm Fusion brands.

For the year ended December 31, 2019, total revenues grew to approximately \$45.6 million. Core cannabis sales for the fiscal year 2019 were \$16.6 million, a 40.0% increase compared with \$11.9 million for the fiscal year 2018.

As previously announced, GenCanna Global, Inc., despite having successfully completed the largest recorded hemp harvest in Kentucky in excess of 6,000 acres, filed for voluntary protection under Chapter 11 in order to reorganize and restructure its debt and business operations. As a result, MariMed’s fourth quarter 2019 financial results included a one-time charge of \$30.2 million as a result of a write-off of its investment in GenCanna. GenCanna management expects that its Chapter 11 restructuring will facilitate it emerging as a stronger company with the ability to complete the processing of in excess of 15 million pounds of biomass on hand. This will permit GenCanna to commence marketing of one of the largest inventories of CBD oils and isolates in the industry in the foreseeable future.

In addition to the write-off of its GenCanna investment, MariMed recorded a full reserve against the Company’s outstanding accounts receivable balance from GenCanna of approximately \$29.0 million, along with a write-off of associated unearned revenue of approximately \$4.2 million. This receivable relates to the Company’s sale of seeds to

GenCanna during 2019. In the event that GenCanna's reorganization re-establishes it as the industry leader in the production and sale of GMP quality CBD oils and isolates, MariMed may realize on both the accounts receivable and reset the carrying value in its equity in this asset.

As a result of these one-time adjustments, the Company incurred a pretax loss for the fiscal year ended December 31, 2019 of approximately \$81.9 million, which includes both the GenCanna receivable reserve and GenCanna investment write-off, compared to a pretax loss of \$13.3 million for the prior year.

Operating loss for the full year 2019, including the GenCanna receivable reserve, was \$41.6 million, compared with an operating loss of \$5.4 million for the full year 2018. Net loss for the full year 2019 was \$81.2 million or \$0.39 per share, compared with a net loss of \$13.6 million or \$0.07 per share for the full year 2018.

Jon Levine, MariMed's CFO, commented, "Due to GenCanna's recent challenges, we believed it prudent to make these accounting adjustments now to resolve any uncertainty for our stockholders as no further accounting adjustments are expected as a result of GenCanna's Chapter 11 proceeding. These financial adjustments did not impact our core cannabis business, which continued to grow revenues substantially during the fourth quarter. Despite GenCanna's Chapter 11 filing, we believe that it will emerge with a restructured capital and operational structure that will allow GenCanna to restore its position as a leader in the hemp industry. If this occurs, we believe there will be an opportunity for the value of the assets to be recaptured at a later date. We expect to continue our strong relationship with GenCanna and jointly pursue opportunities in the evolving hemp industry."

For further information, please refer to the Company's Form 10-K, available at [www.SEC.gov](http://www.SEC.gov).

To be added to the email distribution list, please email [MRMD@kcsa.com](mailto:MRMD@kcsa.com) with "MRMD" in the subject.

#### **About MariMed:**

MariMed Inc., a multi-state cannabis operator, is dedicated to improving the health and wellness of people through the use of cannabinoids and cannabis products. The Company develops, owns, and manages seed to sale state-licensed cannabis facilities, which are models of excellence in horticultural principles, cannabis cultivation, cannabis-infused products, and dispensary operations. MariMed has an experienced management team that has produced consistent growth and success for the Company and its managed business units.

The Company is at the forefront of science and innovation through research developed by its lab technicians and medical advisors resulting in industry-leading products and brands, including "Kalm Fusion" and "Betty's Eddies." These precision dosed products are focused on specific medical symptoms and are licensed and distributed across the country.

In 2019, with the enactment of the 2018 US Farm Bill, MariMed formed MariMed Hemp, a wholly owned subsidiary, to leverage its seed to sale cannabis platform and experience into the emerging hemp-based CBD industry. MariMed Hemp has developed and is marketing a portfolio of CBD brands and products to multiple retailers and direct to consumers both

domestically and internationally.

**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 and developments in, and the outcome of, GenCanna's Chapter 11 proceeding. 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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