FINAL TRANSCRIPT

MariMed Inc.

Second Quarter 2023 Financial Results Conference Call

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PRESENTATION

Operator

Good morning. My name is Michelle and I will be your conference operator today.

At this time, I would like to welcome everyone to the MariMed Inc. Second Quarter 2023 Financial Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions)

I will now turn the conference over to Mr. Steve West, Vice President of Investor Relations to begin the conference. Please go ahead.

Steve West — Vice President, Investor Relations, MariMed Inc.

Good morning everyone and welcome to MariMed's Second Quarter 2023 Earnings Call.

Joining me today are Jon Levine, our Chief Executive Officer; Tim Shaw, our Chief Operating Officer; and Susan Villare, our Chief Financial Officer. This call will be archived on our Investor Relations website and contains forward-looking statements. Actual events or results may differ materially from these forward-looking statements and are subject to various risks and uncertainties. A discussion of some of these risks is contained in the Risk Factors section of our 10-K and our earnings release, which are available on our website. Any forward-looking statements reflect Management's expectations as of today and we assume no obligation to update them unless required by law.

Additionally, we will refer to certain non-GAAP financial measures on this call, which are reconcile in our earnings release and our supplemental slides located on the Investor's page of our website.

Finally, our third quarter 2023 earnings release is tentatively scheduled to be issued after markets close on November 1, 2023, and our analyst call is schedule to be held the morning of November 2, 2023 at 8 a.m.

I will now turn the call over to Jon.

Jon Levine — Chief Executive Officer, MariMed Inc.

Thank you Steve, and good morning everyone. I'm pleased to report that MariMed had another strong quarter, which was the result of continued expansion in our core states of Massachusetts, Illinois and Maryland, and into a new state which was Ohio. For the 14th consecutive quarter we reported positive Adjusted EBITDA and we remain on track to generate our fourth consecutive year of positive operating cash flow.

We had a very busy second quarter and I would like to briefly highlight four of our key achievements. First we received GMP certification of our production kitchen Maryland, as well as approval to produce and sell high-dose edibles once again, which we are selling extremely well. In fact, Betty's Eddies in Maryland are selling at record levels and that was before adults use begin on July 1st.

Second, we finally received the long-awaited regulatory approval to open our adult use dispensary in Beverly, Massachusetts, marking our third operating dispensary in this state.

Third, we launched a limited edition Betty's Eddies fruit chew called Beachtime Betty's. This fruit chew was introduced into select dispensaries throughout Massachusetts, Maryland and Delaware, and has been a hot seller all summer.

And fourth, I'm excited to report we opened our first medical dispensary in Tiffin, Ohio, marking the 11th dispensary MariMed owns or manages across its footprints.

Subsequent to the end of the second quarter, we began adult use sales in Maryland on July 1st. As expected sales have been very strong with our Annapolis dispensary trending more than two times what it was before adult use. Additionally, our wholesale business is setting new monthly records, both high-dose edibles and now adult use sales are growing virtually every day, and we are working feverishly to meet the increased demand. We could not be more excited for Maryland's long-term adult use potential which we have always believed could be bigger than Massachusetts.

With that, I will now turn the call over to Tim for his operational update.

Tim Shaw — Chief Operating Officer, MariMed Inc.

Thank you, Jon, and good morning everyone. Let me start our operational review with our retail business where revenue increased 5 percent year-over-year and increased 5 percent sequentially compared to the first quarter of 2023. This acceleration of sales versus the first quarter was in line with our expectations.

According to BDSA data, we continued to outperform industry throughout most of the footprint during the second quarter. For instance, Massachusetts grew 5 percent sequentially, while we grew our retail business 36 percent driven by the opening of our two dispensaries in Beverly and Quincy.

In Maryland, which grew 5 percent sequentially, MariMed's retail sales grew 80 percent sequentially as our Annapolis dispensary continued its strong ramp from its November 22 opening, and that was before adult use commenced.

Finally, as we discussed last quarter, we have now implemented delivery in all three of our Massachusetts dispensaries. We have also implemented delivery into both of our managed dispensaries in Delaware. Delivery is a small part of our overall online business, but we are pleased with the initial results and we believe it will be a nice contribution over time within our high-margin digital business.

We are committed to providing the highest quality cannabis products to our patients and customers in the most convenient way for them. Our omnichannel approach to retail is a proven strategy among the largest retails in the world, including Domino's and Walmart.

Now, I would like to discuss our wholesale business.

Wholesale revenue increased 39 percent year-over-year and 6 percent sequentially driven primarily by strong organic growth in Maryland. Our wholesale growth continues to outperform competition, which is a testament to the strength and quality of existing and new product offerings across our brand portfolio, as well as the continued momentum of our talented sales force. In fact, this was the sixth consecutive quarter of sequentially higher wholesale revenue and the fourth consecutive quarter of record sales within our wholesale business. At this rate, we believe it is just a matter of time before Maryland overtakes our Massachusetts wholesale business.

We are pleased with the overall momentum we are experiencing in both of our retail and wholesale businesses. Now, let me quickly update you on the progress of our 2023 growth initiatives.

During the quarter we completed two of our eight planned expansion projects, which was the opening of our adult use dispensary in Beverly, Massachusetts and our medical dispensary in Tiffin, Ohio. We remain on track to complete our adult use dispensary in Casey, Illinois, which we expect to open in the third quarter. Our craft processing and cultivation facility in Illinois and our processing kitchen in Missouri are expected to open in 2023, but on a slower timetable than initially planned due to circumstances outside of our control.

Last, we continue to make progress on the expansion of our Maryland and Massachusetts cultivation and processing facilities, which we believe will be operational in early 2024.

On the marketing front, as Jon mentioned, we launched our seasonal Beachtime Betty's this past quarter, which is delicious and the perfect way to relax on these hot summer days. Looking ahead, we plan to launch several new products in the second half of 2023 to include Bubby's Baked Blueberry Muffin, Vibations Advanced Hydrations, which repositions the brand as a go-to hydration option for any occasion throughout the day. All of our Vibations now have been reformulated to improve efficacy and onset to within 15 minutes. Additionally, we are expanding Vibations from four to seven flavours.

Let me wrap up my marketing discussion with an update on the Nature's Heritage Keep It Fresh campaign. We have successfully launched the new Sherb Cake strain in mid-July in Massachusetts, and our Double Krush strain on the 4th of July and Maryland to celebrate our nation's independence and Maryland's commencement of adult use sales. I'd like to add that our Nature's Heritage flower remains one of the top-selling flower brands in Massachusetts and Maryland and still commands a significant premium due to its superior quality.

Last week I visited our Maryland operation and also did a secret shopping tour of several adult use dispensaries. I asked a bud tenderer at a Baltimore dispensary about Nature's Heritage flower. Without hesitation, she said it was her favourite flower because of its premium quality and superior smoke but that she could not afford it all the time. Instead, she buys it for special occasions like birthday parties and holidays.

As the father of Nature's Heritage, that was music to my ears. Her story reminded me of myself and my relationship with my favourite wine, Silver Oak Cabernet. I can't afford to drink Silver Oak every day due to its high price, but I do drink it on special occasions with family and friends. If Nature's Heritage can be considered as the Silver Oak of cannabis, I will die a happy man.

I am a 100 percent certain, the love and attention we put into Nature's Heritage, including barrel aging and hand trimming, is what makes it stand out as the best. We will never cut corners when it comes to the quality of Nature's Heritage, or our other premium products for that matter.

That said, we just processed our first flower harvest from our new Quincy cultivation facility. Bringing this facility online allows us to harvest our in-house branded flower at a much lower cost, which will in turn lead to higher quality with an added benefit of increased margins.

Our MariMed continuous process improvement and cost discipline are in our DNA. We always explore ways to lower costs and increase shareholder value while maintaining the high quality products our customers have grown to expect.

That concludes my operational review. I will now turn the call over to Susan.

Susan Villare — Chief Financial Officer, MariMed Inc.

Thank you, Tim, and good morning everyone.

I'd like to start with a brief overview of our second quarter 2023 financial results. Total revenue was $36.5 million, which increased 11 percent year-over-year and increased 6 percent sequentially. Both of these growth metrics were an acceleration versus our first quarter sales results.

Our year-over-year and sequential growth were driven by our retail and wholesale operations, partially offset by lower revenues from other sources.

Moving to gross margin, our non-GAAP gross margin was 46 percent, which was a slight improvement both sequentially and year-over-year. We expect our quarterly gross margin will continue to improve over the remainder of 2023 as our new generating revenue assets ramp. Our long-term non-

GAAP gross margin goal remains at 50 percent. As we have said before, bringing new facilities online has a short-term negative impact on our growth margin.

Our non-GAAP operating expenses were $11.7 million in the second quarter compared to $7 million in the comparable period in 2022. The $4.1 million increase was due to planned increases in personnel, marketing, and G&A to support our strategic growth initiatives. Looking ahead, we expect OpEx to decrease as a percentage of sales as our revenue growth begins leveraging our fixed costs.

Our Adjusted EBITDA was $6.3 million compared to $8.9 million in the comparable period in 2022 due to the previously mentioned growth investment.

Now, turning to our balance sheet, we ended the second quarter with $14.6 million of cash and equivalents, which decreased versus our first quarter 2023 ending cash balance of $21.6 million. The decrease in cash was primarily attributed to $5.7 million for planned capital expenditures related to our expansion projects.

Our net working capital was $28.7 million in the second quarter compared to $34.9 million at the end of the first quarter.

Cash flow from operations for the quarter was a positive of $1.3 million, and we remain on track to be cash flow positive for the full year of 2023, which would mark our fourth consecutive year of being cash flow positive.

Moving on to our 2023 financial outlook, while Maryland adult use sales are doing well and we have increased our revenue outlook for both the retail and the wholesale business within the state by almost $10 million, this was offset by construction and regulatory delays for our two new wholesale locations in Illinois and Missouri, as well as some of our newly minted dispensaries not ramping as fast as originally anticipated. As a result, our 2023 financial targets are as follows: At least $150 million in revenue for the year; non-GAAP growth margin consistent with fully year 2022, which was 48 percent: non-GAAP Adjusted EBITDA of $32 million to $35 million, which is a slight change from our previous guidance; and $30 million in CapEx.

That concludes my review of our second quarter financial results and our full year 2023 outlook. I would now like to turn the call back to Jon for his concluding remarks.

Jon Levine — Chief Executive Officer, MariMed Inc.

Thank you, Susan.

As you can tell from our results, we continue to execute on our strategic plan and maintain our financial discipline. MariMed still has one of the most conservative balance sheets in the industry, which has opened doors to allow us to accelerate growth at a faster rate than the overall industry. We believe this trend will continue for the foreseeable future.

We utilized the past couple years to transform our business through accretive acquisitions and we intend to pursue additional opportunities.

I'm truly pleased with the progress the Company has made against our strategic plan this year, despite continued industry challenges. One ongoing challenge is the classification of cannabis as a Schedule 1 controlled substance, resulting in the unfair 280E federal tax that the industry pays. While

MariMed can shoulder this tax burden, it’s the smaller independent cannabis businesses that are most negatively impacted and continually shuttering their businesses as a result. And, of course, consumers are ultimately punished the most with the higher prices at the register.

As an industry leader, we have a corporate responsibility to bring more awareness to the issue. Last month, we did that by re-enacting one of the most famous tax protests in our nation's history, the Boston Tea Party, which was conducted 250 years ago. Our Boston 280E THC Party was well received by the industry and the media, and we are hopeful it increased awareness that will lead to real change in Washington, DC. In fact, it better. It was hotter than Hell in those colonial outfits. But seriously, given the 200 million media impressions, I would classify this event as a big success in raising awareness. Message delivered.

As our recognition grows, because of our financial performance, great brands and operational excellence, our platform to communicate important issues also increases. We will continue to seek ways to use it responsibly to support the entire industry, as well as bring more awareness to MariMed.

Lastly, as a die-hard sports fan, I've enjoyed drawing comparison between MariMed and sports these past few earnings calls. With the upcoming of the football season, I find myself an awe of NFL training camps. These incredibly talented players come together and work very hard in extremely hot conditions, singly focused on a common goal of winning as a team. I can't help but think of MariMed the same way.

I would like to thank all of our employees for their hard work and dedication to winning. In the NFL, winning means a championship. For MariMed, winning means achieving our mission to improve the lives of people every day. We can only do that with our amazing family of talented employees. I'm proud that MariMed has put all the ingredients together. We have the necessary capital, financial discipline, operating expertise, award-winning brands, and the team to take MariMed to the next level and beyond.

Before I close, I'd like to thank our investors for their long-term support. It would be presumptuous to call them our fans, but many of them tune in to these calls and follow MariMed's news as closely as they do their favourite sports teams. We appreciate you and thank you for your support.

Operator, you may open the line for questions.

Q & A

Operator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions)

Your first question will come from Andrew Semple at Echelon Capital. Please go ahead.

Andrew Semple — Analyst, Echelon Capital

Good morning, team, and thank you for taking my questions. First one here is I just want to ask on the guidance for 2023. I was crunching some numbers on what was implied by that for the second half of the year and found that it would imply EBITDA margins to somewhere between 23.5 percent to 27 percent in the second half compared to about 19 percent in the first half, or roughly over 400 to 700 basis points of EBITDA margin improvement. I'm just wondering where you expect to see some of that margin pick-up and what are the big drivers there? I presume Maryland adult use is a big contributor, but are you seeing any opportunities for margin pick-up in some of your other states and markets where you operate?

Susan Villare — Chief Financial Officer, MariMed Inc.

Thanks, Aaron. This is Susan.

Male Speaker

That's Andrew.

Susan Villare — Chief Financial Officer, MariMed Inc.

Andrew, sorry. I understand your question. Essentially, we have reiterated our guidance of the $150 million for the year. This past quarter, you saw we increased sequentially from $34 million to $36 million, and so we do have that we are ramping revenue would be a big driver of our profitability to get to the $150 million That's really fuelled by the two new dispensaries where you had opening in Massachusetts in the first half, as well as Ohio. Our biggest quarter we're projecting is Q4, where we're predicting that we'll have our Illinois and Missouri starting to generate revenue. We do believe with the higher revenue we can leverage our infrastructure to drive margins above the 46 percent that we've been consistently this quarter, last quarter and a quarter of ago.

Essentially on the OpEx, we are kind of holding firm of where we're at. We have enhanced our infrastructure for this growth and so we expect the OpEx to remain relatively flat.

Andrew Semple — Analyst, Echelon Capital

Great. That's helpful. Going on to the second question, I'd love to hear maybe some more colour of what you're seeing in Maryland. I know it's early days there, but how are supply conditions in the state? How is the Annapolis store doing? What are you seeing in terms of consumer purchasing behavior? For example, have most of the medical patients now switched to the adult use channel, or are you still seen the medical sales hold up? Love to hear your thoughts on what you're seeing on the early days of the Maryland adult use market?

Tim Shaw — Chief Operating Officer, MariMed Inc.

Hey Andrew, this is Tim Shaw. Appreciate the question.

Yes, we're very excited and bullish on the Maryland market. We've seen our Annapolis store double its revenue from previous months since adult use started. It's interesting to see that no, we have not seen the medical—I mean, it's only one month in but we haven't seen the patients convert to adult use. We believe there will be, similar to Massachusetts, a dual market that will participate in both.

The trends are going in the right direction. Our supply is doing real well. The market is looking for more and more flower. Anything we can grow, we can sell right now, and our brands are still staying above the fray as premier products in the market.

Andrew Semple — Analyst, Echelon Capital

Great. That's very helpful. Maybe a last one for me, just on the CapEx guidance of $30 million for the year. In the first half, MeriMed's invested kind of well below that pace. Should we be expecting a catch-up in the second half? How should we be thinking of that from a from a cash flow perspective? Or do you think some of that bleeds into 2024 with some of the regulatory delays that you mentioned?

Jon Levine — Chief Executive Officer, MariMed Inc.

Good morning, Andrew. Jon Levine. Thank you for joining the call and thank you for the question.

CapEx, we have been paying the bills as the come in, but with supply chain issues and some other delays, yes, that does delay things, but we are planning on spending the balance of our money in the third and fourth quarter to get these facilities open. We're very, very close, and as Susan said, that's still in our guidance for the final third and fourth quarter to increase our revenue.

Andrew Semple — Analyst, Echelon Capital

Great. Appreciate the colour and I'll get back in queue. Thanks for taking my questions.

Jon Levine — Chief Executive Officer, MariMed Inc.

Thank you.

Operator

Your next question will come from Aaron Grey at Alliance Global Partners. Please go ahead.

Aaron Grey — Analyst, Alliance Global Partners

Good morning and thank you for the question. First one for me, just in terms of the storage of ramping slower than you had expected, maybe some incremental colour in terms of what you believe might be contributing to that. Whether or not it might be some of the initiatives from the legacy nearby stores that they're taking to kind of, keep that store traffic? Because it seems like especially for some markets like Illinois you're not seeing some of the new stores give the market lift that you might have expected. What are some things you think are contributing to that and what do you think are some things that are in your control to help start to increase the ramping of those stores? Thanks.

Jon Levine — Chief Executive Officer, MariMed Inc.

Good morning, Aaron. Congratulations on your new baby. Thank you for joining the call. This is Jon Levine.

Yes, the slower ramp up is really the fact that we had several delays on getting our approvals versus what we had projected. It's not that the sales are not there, it's just that we started later. Massachusetts is a perfect example where it took us an extra four months to get that license before we were able to open. Now that we're open, we're putting the dollars in to market it and bring those revenues up; we do see the increases every month and we're going to hopefully see them continue on that same platform. But we've also got, as Susan said, the addition of the other facilities opening which have also been delayed. Those are driving our lateness to the revenue. It's not that they're not ramping, it's just that we missed the starting time.

Aaron Grey — Analyst, Alliance Global Partners

Okay. Got it. Thanks for that colour. Then, second question for me would be on Maryland. Just in terms of what do you see in terms of the wholesale market overall inventory levels. Do you feel like it's sufficient right now? Is it pretty timely inventory? Then how are you guys positioned for that as well? Thank you.

Tim Shaw — Chief Operating Officer, MariMed Inc.

Thanks, Aaron. This is Tim again.

Yes, the wholesale program is going really well. Our production, where we can really control inventory levels out of the kitchen and lab, our inventory levels are doing great. We're meeting the need and continuously growing. We've hit our record wholesale sales last month, which was exciting because there was a large ramp in June. July, you know, was kind of a tell to see if the reorders come in and they did. So we're excited to see what's going to finish this year out.

We can't grow enough flower, right? We're still expanding the grow and going to be looking to get as much flower on that market.

Jon Levine — Chief Executive Officer, MariMed Inc.

I'll add in, Aaron, that we're also pushing the contractors there to expand that grow as fast as possible. But again, those supply issues are what sometimes caused delays. But we are doing everything we can to get more flower to Tim and the sales group.

Aaron Grey — Analyst, Alliance Global Partners

Great. Thank you very much for that colour and I'll jump back in the queue.

Operator

Your next question will come from Mike Regan at Excelsior Equities. Please go ahead.

Mike Regan — Analyst, Excelsior Equities

Hello everyone. Thanks for the questions.

Just two quick questions. Just to sort of better understand, I guess—correct me if I understand it correctly—in terms of the potential reduction in the guidance for EBITDA, is that basically Missouri and Illinois seem to been delayed in the wholesale business and that is offset by some slightly better results in Maryland? Or am I misunderstanding that? Are there sort of other moving parts there in terms of the delay? It certainly sounds like a delay versus a permanent reduction, but just sort of help understand those moving parts to make sure I'm understanding that correctly.

Susan Villare — Chief Financial Officer, MariMed Inc.

Sure, Mike. This is Susan.

I think we kind of looked at how the first half went with the opening of our stores and operations, and as Jon had said previously, Beverly we had a full staff on the ready for almost two to three months before the store opened. So with these bigger wholesale facilities, we thought it prudent to put in, in case, you know, it delays a month or two, we're going to get the facilities after the staff hired. So we gave ourselves a little bit of buffer, but we have kept the high end of the range. But if we see delays, which we're not anticipating, we just wanted to have that in the range of our guidance.

Mike Regan — Analyst, Excelsior Equities

Thanks. That makes sense, especially paying people to do nothing until you get the approval, so that's always frustrating.

Susan Villare — Chief Financial Officer, MariMed Inc.

Yes. Yes.

Mike Regan — Analyst, Excelsior Equities

Then real quickly, I guess, if you have any comments on sort of what you're seeing in Massachusetts pricing more broadly, at least the state data seems to have the pricing seems to have sort of flattened out a bit. I was wondering if what you're sort of seeing in terms of price and volumes in that state as the pricing has come down, obviously, as everyone knows for the past year, but now it seems to sort of flattening out.

Tim Shaw — Chief Operating Officer, MariMed Inc.

Hi, Mike. This is Tim again. I appreciate the question.

Yes, pricing in Massachusetts, we have seen somewhat stabilized. We still stay well above the fray. Almost double the average price per pound is our average for our premium flower. And to compete and make sure that we're capturing all ranges of customers, we also continue to produce and sell our in-house flower to capture both in the premium and the value brands. But we feel still bullish and we're going to push through this storm in Massachusetts and keep producing high-quality product and stay above the fray. We've been able to do that and we don't see any change for the future.

Mike Regan — Analyst, Excelsior Equities

Great. Thanks a lot.

Tim Shaw — Chief Operating Officer, MariMed Inc.

Thanks, Mike.

Operator

Your next question will come from Pablo Zuanic at Zuanic & Associates. Please go ahead.

Pablo Zuanic — Analyst, Zuanic & Associates

Good morning everyone. Just a first couple of questions on the expansion side of things.

In the case of Maryland, is the priority on the cultivation side that, or are you also in to prioritize trying to acquire licenses there and open more stores, if that's possible? And if you can quantify the size of the cultivation expansion in Maryland, or is it just a kitchen on the edibles side?

Then a similar question from Massachusetts; if you can talk about the Quincy expansion, are we talking about doubling capacity? Just if you can put some numbers around that. Thank you.

Jon Levine — Chief Executive Officer, MariMed Inc.

Good morning, Pablo. Thank you very much for joining us. This is Jon Levine.

I'll first start with the first question on the Maryland.

Pablo Zuanic — Analyst, Zuanic & Associates

Hi. Sorry, can you hear me?

Jon Levine — Chief Executive Officer, MariMed Inc.

Yes, we can Pablo. Are you able to hear me?

Pablo Zuanic — Analyst, Zuanic & Associates

Yes, sorry. Did you hear my question? I'm sorry, I don't know what happened there.

Jon Levine — Chief Executive Officer, MariMed Inc.

Yes. I heard your questions. I was going to start with your first question on Maryland.

Pablo Zuanic — Analyst, Zuanic & Associates

Sorry. Go ahead.

Jon Levine — Chief Executive Officer, MariMed Inc.

… about the expansion of our growth and the question about the retail.

In Maryland, we're concentrating on building additional grow rooms that we have started already and we hope to get those into production as soon as possible, so that we can put more flower, our top flower on the market. As well as we have been looking at some other dispensary opportunities in Maryland and we're still pursuing them. We hopefully will be able to have some announcements in the next couple months, so hopefully.

Moving to Massachusetts, our expansion in Quincy when we bought that, the largest piece of expansion there is on the retail side. I was adding the adult use, which we have applied for, but in the state of Massachusetts we always have the unknown with the state processing timeline. We could be looking at three months to six months or even more knowing how we've already done with the state of Mass.

In addition, we've taken the grow rooms that they have there, we've repurposed them, cleaned them and had our first harvest, which I'll let Tim add on about that. So, we're expanding here in Massachusetts in Quincy, but we'll also have some additional expansion going down in New Bedford, but I'll leave some other stuff to Tim.

Tim Shaw — Chief Operating Officer, MariMed Inc.

Hi, Pablo. This is Tim. Great question.

Back to Maryland, in cultivation we're going to more than double the size of the footprint that we have in the cultivation facility. As far as the kitchen goes, we completed the build-out and expansion of our beautiful kitchen. We've got certified GMP production going on there and there's no need to expand at this moment. We're able to meet the need and even add some more products to our lineup.

In Quincy, we're looking at another 8,000-plus square feet in that facility and we have the ability to do up to thirty more thousand in New Bedford. We have to kind of pay attention to the market and see what the need is, but we're going to focus first on getting Quincy continued to up and run. We just had our first harvest there, our first successful harvest, no issues, so we're excited. The team is really excited about the opportunity.

Thanks for the question, Pablo.

Pablo Zuanic — Analyst, Zuanic & Associates

Thank you. Congratulations on that. Just to follow up, maybe stepping back, there are those that would say that Massachusetts is somewhat saturated in terms of stores, that there's just too much capacity. You talked that the price is stabilizing. Can you give maybe more colour and counter argue that point that at the end of the day the economics are not bad in Massachusetts and here you are opening the Beverly store and doing quite well there? Just give some context to those that maybe argue that the state is saturated.

Tim Shaw — Chief Operating Officer, MariMed Inc.

Thanks. This is Tim again, Pablo. If you look at the numbers, I think Massachusetts just hit a record high in revenue in June at $156 million in one month. So, although there is a lot of competition today, the market is booming.

We have a great customer loyalty program. Our products are highly sought after and we're just going to keep pushing the best products in the state and meet the needs for our consumers. We've been able to do so. We don't have any stock sitting, collecting dust. We're able to sell through. And yes, we're very proud of the team and the products we put out there.

Pablo Zuanic — Analyst, Zuanic & Associates

Thank you. I want to add just one last one. Regarding the 280E—I guess a two-part question. There are states that have begun to remove 280E, right? Illinois I think was one of them and that's been helpful to the industry. Do you see potential for Massachusetts to do that?

Then, at the federal level, I could argue that the industry has been lobbying a lot for safe and maybe, hoping for a re-scheduling, but maybe not enough has been done in the industry lobby in terms of just eliminating 280E for the industry, right? There's a lot of debate about the implications of re-scheduling, and re-scheduling, I don't want to get into that, but again, is the industry doing enough in terms of lobbying to get to 280E out? It seems that there's just too much focus on safe and (inaudible). Thanks.

Tim Shaw — Chief Operating Officer, MariMed Inc.

Pablo, that’s a very good question. It's a tough political question, which is always an exciting thing to have to not talk about.

280E, you say removed in states. It wasn't removed. They changed their tax laws in several states; Massachusetts, Illinois and Maryland are three that we're in that have changed the law that you don't have to follow the Federal 280E for filing your taxes, which is a great savings to all the industry. The fact is, is you're correct. The government should be looking at re-scheduling as more than half the country now has legalized some type of cannabis in their states. The re-scheduling would be much stronger than the Banking Act and would bring a lot more stability to the industry overall. Not just MariMed that found the way to run their operations correctly, but to the smaller and the mid-sized companies that have to deal with this horrible tax that takes away from your cash flow and causes us to charge the customers more for the product that they're buying. It would be great to see the government concentrate on that. But unfortunately, as our government has shown, they've got crazier things that they want to concentrate on, and this is something—you're right. We probably need to have more lobbyists pushing to get this looked at.

Pablo Zuanic — Analyst, Zuanic & Associates

Thank you.

Operator

(Operator Instructions)

There are no further questions from the phone lines, so this will conclude this morning's conference call. We would like to thank everybody for participating and ask everyone to please disconnect their lines.