

May 29, 2020



# MariMed Reports First Quarter 2020 Results

**Total Revenues Up 112% Year-Over-Year**

**Gross Profit Up 115 % Year-Over- Year**

NORWOOD, Mass., May 29, 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 months ended March 31, 2020.

## **First Quarter 2020 Financial Highlights:**

- Company first quarter 2020 revenues of \$7.5 million, a 112% increase compared with \$3.5 million in 2019
- Gross profit for first quarter 2020 of \$4.9 million, a 115 % increase compared with \$2.3 million in Q1 2019
- EBITDA of \$1.9 million for first quarter 2020
- Company consolidated business units contributing to revenue and ramping more in 2020
- Company managed business units performing and contributing to revenue growth

Bob Fireman, CEO of MariMed, commented, "Our first quarter revenues increase is the start of positive results from our consolidation strategy that has now begun with our business units in Massachusetts and Illinois. Our Massachusetts cultivation and production facility is finally open and selling our popular flowers and branded products into this robust wholesale marketplace as well to our Panacea Wellness Dispensary that opened in Middleborough. Additionally, revenues from our dispensaries in Illinois have increased by a multiple since the state's adult use cannabis program began in January 2020."

"Increased revenue from cannabis businesses we manage in other states also contributed to the growth in our results. Our licensing revenue from our brands should also improve significantly this year as they have been top sellers in Illinois and Maryland and are now gaining market share in Massachusetts, Rhode Island, Nevada and soon to be launched in Puerto Rico. Our core cannabis business is poised for significant revenue growth in 2020. We will continue to implement our consolidation strategy and enhance our image as a fully integrated seed to sale MSO," added Mr. Fireman.

## **Massachusetts Highlights:**

Q1 2020 was the first full quarter that MariMed's licensed subsidiary, ARL Healthcare (ARL),

was fully operational, having received approval in the fourth quarter of 2019 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.

During the first quarter, MariMed completed its first harvest of its proprietary cannabis genetics at its cultivation and production facility, and commenced full scale selling operations in this state's robust cannabis market. Our wholesale business has increased each month as has the revenue from Panacea Wellness™ Dispensary which opened on December 19, 2019.

Since opening, the Company has introduced its proprietary genetics and strains to the Massachusetts medical market under its flower brand Nature's Heritage™, as well as its infused product brands Betty's Eddies™, Kalm Fusion™ and "Bourne Baked Goods". The Company recently launched Tropizen Pique™, a popular Caribbean cannabis infused hot sauce, and plans to roll out other exclusive brands such as Binske and Tikun Olam, across Massachusetts in 2020.

Massachusetts operations are expected to contribute significant revenue growth throughout the remainder of 2020, reflecting the statewide product shortage and continued growth in consumer demand. Massachusetts has deemed dispensaries operating under the medical program essential, allowing MariMed to continue to ensure its medical cannabis patients continue to have access to the medicine they need at this time, unimpeded by COVID-19.

Furthermore, the Company was recently granted three provisional adult-use licenses by the CCC for cultivation, production, and a dispensary. The cultivation and production licenses will be utilized at its New Bedford manufacturing facility and the dispensary license at its Panacea Wellness™ and at two new Massachusetts dispensaries planned for development in 2020. The Company expects to begin selling cannabis products for adult-use in the coming months, pending final inspections by the agency.

### **Illinois Highlights:**

This was the first quarter that 100% of the financial results from the two Illinois dispensaries were consolidated into MariMed's financial reporting. As a result of the completion of the consolidation of its two previously managed client licensed medical companies, KPG Anna and KPG Harrisburg in late 2019, the first quarter of 2020 experienced significant revenue growth. Since their acquisition, the KPGs in Illinois have generated approximately \$1.5 million of pretax income for the Company, which continues to exceed forecasts.

On January 1, 2020, adult-use cannabis sales were legalized in Illinois, which was added to the Company's two existing cannabis licenses and resulted in an immediate sales ramp-up 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:**

Under MariMed's management, First State Compassion Center (FSCC) our Delaware cannabis licensed client experienced continued revenue growth during the first quarter of 2020. MariMed 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 additional 100,000 square foot cultivation and processing capacity in Milford, which will be leased to FSCC. FSCC holds 2 of the 5 licenses in Delaware and its revenue continues to increase significantly year to year which is reflected in the management, rent, and licensing fees received by MariMed.

## **Maryland Highlights:**

Under MariMed's management, its Maryland cannabis licensed client Kind Therapeutics USA (Kind) 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. MariMed continues to expand the 180,000 square foot cultivation and production facility it owns in Hagerstown, MD which is leased to Kind.

MariMed has purchased a 9000 square foot building in Anne Arundel County which it is developing as a Kind Dispensary.

## **Nevada Highlights:**

MariMed continues to expect state approval for the transfer of its client The Harvest Foundation medical and adult-use cannabis cultivation license. The Company has recently upgraded the cultivation site located in Clark County and serves the wholesale market. Revenue from cultivation is expected to increase significantly in 2020 and when transfer is approved will be included in MariMed's income reporting.

The Company has contracted with a licensed processor for the production and distribution of its Betty's Eddies fruit chews and Kalm Fusion products. MariMed recently launched its award-winning Betty's Eddies edibles into Nevada's adult-use cannabis market and expects to launch Kalm Fusion into Nevada's cannabis market in the near future.

## **Financial Summary**

For the three months ended March 31, 2020, total revenues increased 112.4% to \$7.47 million, compared with \$3.52 million for the same period in 2019. The significant increase is the result of additional cannabis revenues of \$4.0 million from the consolidation of MariMed's licensed client businesses in Illinois and Massachusetts. In addition, revenues from licensing of MariMed's Betty's Eddies and Kalm Fusion cannabis infused branded products have increased and are expected to increase significantly in 2020.

Gross profit increased to approximately \$4.9 million for the quarter ended March 31, 2020 from approximately \$2.3 million for the same period a year ago, a year-over-year increase of 115.3%. EBITDA for the quarter ended March 31, 2020 was \$1.9 million.

Operating expenses were \$3.9 million, compared with \$2.5 million in 2019 as a result of: i) increased Personnel costs as it transitions into a direct owner and operator of seed-to-sale cannabis operations and continues to develop the hemp operations, ii) increased General

and Administrative expenses due to the additional facility costs and depreciation expense on the investments in property and equipment in Massachusetts and Maryland, and iii) partially offset by a reduction in marketing and promotion expenses.

Net non-operating expenses were approximately \$3.3 million for the quarter ended March 31, 2020 compared to net non-operating income of approximately \$300,000 for the same period in 2019. The year-over-year change is primarily due to (i) an approximate \$751,000 increase in interest expense in 2020 due to higher levels of debt related to hemp-seed sales, (ii) an approximate \$687,000 charge in 2020 resulting from the decrease in the fair value of the Company's investment in Terrace, and (iii) the 2019 equity in earnings of the Company's investment in GenCanna of approximately \$2.0 million compared to Nil in 2020 as the GenCanna investment was written down to zero in December 2019.

The Company incurred a net loss of approximately \$2.3 million for the quarter ended March 31, 2020 compared to net income of approximately \$78,000 in for the same period in 2019.

"I am delighted with our first quarter results," said Jon Levine, MariMed's CFO. "Going forward, we are focused on maximizing the cannabis businesses we developed and continue to operate in multiple states. We believe the consolidation of these businesses into our public company will show MariMed as one of the leading and most profitable MSO's in our industry."

For further information, please refer to the Company's Form 10-Q, 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", "Betty's Eddies" and Bourne Baked Goods. 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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Source: MariMed Inc.