
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **November 9, 2020**

MARIMED INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-54433
(Commission
File Number)

27-4672745
(IRS Employer
Identification No.)

10 Oceana Way, Norwood, Massachusetts
(Address of principal executive offices)

02062
(Zip Code)

Registrant's telephone number, including area code: **(617) 795-5140**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None.

Title of each class
Not Applicable.

Ticker symbol(s)
Not Applicable.

Name of each exchange on which registered
Not Applicable.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 9, 2020, MariMed Inc. (the "Company") issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference, announcing its financial results for the three and nine month periods ended September 30, 2020.

Item 7.01. Regulation FD Disclosure.

On November 10, 2020, the Company hosted a conference call for investors to discuss its financial condition and operating results for the three and nine months ended September 30, 2020 as well as other relevant matters. A transcript of the call is attached hereto as Exhibit 99.2.

The information furnished pursuant to this Item 7.01 shall not be deemed to constitute an admission that such information is required to be furnished pursuant to Regulation FD or that such information or exhibits contain material information that is not otherwise publicly available. In addition, the Company does not assume any obligation to update such information in the future.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press release, dated November 9, 2020, announcing financial results for the three and nine months ended September 30, 2020.
99.2	Transcript of investor conference call held on November 10, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, furnished pursuant to Items 2.02 and 7.01, including Exhibits 99.1 and 99.2, respectively, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MARIMED INC.

Dated: November 16, 2020

By: /s/ Jon R. Levine

Jon R. Levine, Chief Financial Officer

MariMed Reports Third Quarter 2020 Results

Core Cannabis Revenues Increase 220%

Management to Host Conference Call on November 10, 2020 at 10:00 am ET

NORWOOD, Mass., November 9, 2020 – [MariMed Inc.](#) (MRMD:OTCQX) (the “Company” or “MariMed”), a leading multi-state cannabis operator focused on health and wellness, today reported financial and operating results for the three and nine months ended September 30, 2020.

Third Quarter 2020 and YTD Financial Highlights:

- Core cannabis revenues of \$13.5 million in Q3 represent a 220% increase compared with \$4.2 million in Q3 2019. For the nine months ended September 30, 2020, core cannabis revenues totaled \$30.5 million, a 168% increase compared with \$11.4 million for the first nine months of 2019;
- Gross profit from the core cannabis business increased 221% to \$8.7 million for Q3 compared with \$2.7 million for the same period in 2019. For the nine months ended September 30, 2020, gross profit from the core cannabis business totaled \$19.7 million, a 159% increase from \$7.6 million for the first nine months of 2019;
- EBITDA for Q3 was \$4.4 million compared to an EBITDA loss of \$733,000 for the same period in 2019. For the nine months ended September 30, 2020, EBITDA totaled \$8.6 million compared to an EBITDA loss of \$1.3 million for the first nine months of 2019;
- The foregoing 2019 revenues, gross profit and EBITDA information have been adjusted, for comparative purposes, to remove the impact from the one-time sales of hemp seeds during the same periods in 2019; and
- The Company continues to take steps to improve financial flexibility and improve liquidity through debt restructuring activities.

“These strong quarterly results reflect the tremendous growth of our cannabis business units coupled with the consolidation of our Massachusetts and Illinois business units into our company,” said Bob Fireman, CEO of MariMed. “Our reported financial results now include the revenue from these two states where we generate revenue from both adult-use and medical cannabis programs. We continue to see strong consumer demand for our Betty’s Eddie’s™ edibles and Nature’s Heritage™ flower brands, which are top sellers across most of our markets. We look forward to continued revenue growth throughout the remainder of 2020.”

Jon Levine, CFO of MariMed, added “During the quarter, we improved our balance sheet and financial flexibility by converting short-term, high interest rate debt to longer-term debt on much more attractive terms. We appreciate our lenders’ and investors’ continued support and believe this result reflects both the recognition of our progress to date, and shared confidence in our business strategy.”

Operational Highlights:

In Massachusetts, the Company will continue to capitalize on the Commonwealth’s robust wholesale market. During the third quarter, MariMed received Massachusetts Cannabis Control Commission (CCC) approval for three adult-use licenses (cultivation, production, and retail), and commenced adult-use sales in September following the agency’s final inspection. The Company’s entry into Massachusetts’ adult-use market is expected to drive revenue growth for the balance

of 2020 and into 2021. The Company is actively seeking two additional dispensary locations for its other provisional licenses.

In Illinois, the Mt. Vernon dispensary has experienced strong sales since opening in the third quarter. The Company will continue to evaluate locations for its fourth Illinois dispensary, which is projected to be operational by mid-2021. The Anna and Harrisburg dispensaries are now generating revenue of approximately \$1 million each per month, which the Company expects to continue for the balance of 2020 and beyond given the robust market demand in the state.

In Delaware, First State Compassion Center (FSCC), the Company's cannabis licensed client, had strong cannabis sales in the quarter. The development of the 100,000 square foot manufacturing facility in Milford is continuing.

In Maryland, the Company's cannabis licensed client, Kind Therapeutics USA, continues to experience steady revenue growth. The Company's Nature's Heritage brand of flower and concentrates and Betty's Eddies fruit chews remain among the top-selling consumer products in the Maryland Medical Cannabis Program, which has now expanded to more than 80 dispensaries state-wide.

In Nevada, MariMed continues to await state approval for the transfer of the medical and adult-use cannabis cultivation license of its client, The Harvest Foundation. The Company has contracted with a licensed processor who has been producing and distributing the Company's Betty's Eddies fruit chews in this state since April 2020.

Financial Summary

Revenue, gross profit, and EBITDA results for the three and nine months ended September 30, 2020, have been adjusted to eliminate the impact from the one-time sales of hemp seeds in order to present meaningful comparative results of operations period over period.

For the three months ended September 30, 2020, core cannabis revenue increased 220% to \$13.5 million, compared with \$4.2 million for the same period in 2019. The significant increase is the result of revenue reflected in MariMed's consolidation of the Company's licensed client businesses in Illinois and Massachusetts. In Q3 2019, these businesses had not yet commenced operations for the company.

Gross profit for the three months ended September 30, 2020 increased 221% to \$8.7 million compared with \$2.7 million for the same period in 2019. The consistent percentage increases of revenues and gross profits reflects our ability to keep costs of revenues steady as we grow the operations.

Operating expenses for the three months ended September 30, 2020 were \$5.3 million, compared with \$3.7 million in 2019, as a result of increased personnel costs from the consolidation of the Massachusetts and Illinois operations. However, as a percentage of revenue, these costs decreased significantly from 89% to 39%, and we expect this efficiency to continue to improve going forward.

As a result, EBITDA for the three months ended September 30, 2020 was \$4.4 million compared with an EBITDA loss of \$733,000 for Q3 2019. The significant improvement reflects the impact from consolidating revenue and gross profit from the Massachusetts and Illinois operations.

For the nine months ended September 30, 2020, core cannabis revenue increased 168% to \$30.5 million, compared with \$11.4 million for the same period in 2019. The significant increase is primarily the result of revenue growth due to MariMed's acquisition of the Company's previously licensed client businesses in Illinois and Massachusetts.

Gross profit for the nine months ended September 30, 2020 was \$19.7 million compared with \$7.6 million for the same period in 2019. As a percentage of revenue, gross profit was relatively steady at 65% and 67%, respectively.

Operating expenses for the nine months were \$13.2 million compared to \$9.8 million for the same period in 2019. The increase is primarily due to increases in personnel, insurance and taxes from our becoming an operator of the cannabis businesses. Despite this increase, these costs as a percentage of revenue decreased substantially from 86% to 43%.

Based on the foregoing, EBITDA for the nine months ended September 30, 2020 was \$8.6 million compared with an EBITDA loss of \$1.3 million.

The Company continues to make progress improving liquidity and capital resources. During the quarter, the Company successfully paid down and restructured the terms of certain of its short-term promissory notes, reducing the balance to \$8.5 million at September 30, 2020 from \$23.1 million at December 31, 2019. As part of the renegotiation of these notes payable, the Company was able to lower the cost of funds, which will benefit cash flow going forward.

Further, during the nine months ended September 30, 2020, the Company's operating activities provided positive cash flow of approximately \$1.6 million, compared to approximately \$24.2 million of negative cash flow attributable to such activities during the same period of 2019. Additionally, at September 30, 2020, the Company's negative working capital was \$9.1 million, a significant improvement from \$29.3 million at December 31, 2019.

For further information, please refer to the Company's Form 10-Q, available at www.SEC.gov.

Conference Call

Management will host a conference call tomorrow, November 10, 2020 at 10:00 am ET, to discuss these results as well as recent corporate developments. After management's opening remarks, there will be a question and answer period. (800) 430-8332 (U.S.) or (323) 289-6581 (International) and provide conference ID 6710666. A live webcast of the conference call can be accessed through the 'Investors' page of the MariMed website (www.marimedinc.com).

For those unable to attend the live call, a telephonic replay will be available until November 24, 2020. To access the replay of the call dial (844) 512-2921 (U.S.) or (412) 317-6671 (International) and provide conference ID 6710666. A replay of the webcast will also be available on the 'Investors' page of the MariMed website.

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To be added to the email distribution list, please email 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 Betty's Eddies™, Nature's Heritage™, Bourne Baking Co., and Kalm Fusion™, which are licensed and distributed in legal markets across the U.S. and Puerto Rico.

For additional information, visit marimedinc.com.

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.

All trademarks and service marks are the property of their respective owners.

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MariMed, Inc. – Third Quarter 2020 Earnings Call, November 10, 2020

CORPORATE PARTICIPANTS

Phil Carlson, *Managing Director, KCSA*

Robert Fireman, *Chief Executive Officer, MariMed, Inc.*

Jon Levine, *Chief Financial Officer, MariMed, Inc.*

PRESENTATION

Operator

Good day, and welcome to the MariMed, Inc. Third Quarter 2020 Earnings Call.

Today's conference is being recorded.

At this time, I would like to turn the conference over to Mr. Phil Carlson, Managing Director from KCSA. Please go ahead, sir.

Phil Carlson

Thank you, Operator, and good morning, everyone.

Welcome to MariMed's third quarter 2020 conference call. For copies of our press releases and supporting documents filed yesterday, or to retrieve a recording of this call, please visit the Investors page of our website, at marimedinc.com.

With us on today's call are Bob Fireman, CEO of MariMed, and Jon Levine, MariMed's Chief Financial Officer. Today, we'll review the highlights and financial results for the third quarter, as well as recent developments and provide a business and operational update. Following these formal remarks, we're prepared to answer your questions. During the Q&A portion of today's call, we ask that you kindly limit yourself to one question and one follow-up.

I would also like to remind everyone that during today's call, we will discuss our business outlook and make forward-looking statements. Actual events or results could differ materially due to a number of risks and uncertainties including those mentioned in our filings with the SEC. These comments are made based on predictions and expectations as of today, and other than as required by applicable securities laws, the Company does not assume any obligation to update or revise them to reflect new events or circumstances.

Now at this time, it is my pleasure to introduce Bob Fireman, MariMed's CEO. Bob, the floor is yours.

Robert Fireman

Thanks, Phil, and thank you to everyone for joining us on our third quarter 2020 earnings and business update conference call.

This is our first quarterly earnings call as a Public Company, which we intend to continue as we as a Company work to improve our communication to our Shareholders and the public, in general. I'm very excited for this opportunity to discuss our Company, MariMed, with all of you and to recap what we have

1

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achieved to date. We are now at an inflection point with sustainable revenues and earnings with a foundation of businesses and products on which to build a profitable seed-to-sale multi-state operator with a very bright future in the cannabis business.

Before I give an update on our business operations, I'll briefly give a general overview of who we are and talk about some of the history for those of you who are new to the MariMed story. We are a Public Company trading under the symbol, MRMD, on the OTCQX, headquartered in Norwood, Massachusetts. Our Company believes that cannabis has the power to transform human health and wellness. We are dedicated to this purpose through innovation with cannabis genetics formulation and new products.

The MariMed team has been together for over 10 years. This team has won 17 cannabis licenses in six states for its clients: Delaware, Illinois, Massachusetts, Nevada, Maryland, and Rhode Island. We've developed over 300,000 square feet of state-of-the-art regulatory compliance, cultivation, production, and dispensing facilities. We organically develop and manage these licensed cannabis businesses. We've created their job work force, done the training, set the standard operating procedures, and apply best practices every day to these business units.

In addition, MariMed has developed a portfolio of proprietary brands and products. Our Betty's Eddie's brand of all-natural fruit chews is the top selling cannabis-infused product in multiple states, and has been consistently named to the LeafLink List of top selling and innovative cannabis brands in the United States. Our Kalm Fusion and Boume Baking Co. brands are selling off the shelves in these markets as well. Nature's Heritage, our cannabis flower and concentrate brand, is increasing market share with every sale cycle.

MariMed has forged multiple strategic manufacturing and distribution partnerships with brands that share our quality and our consistency, such as Tropizen Pique, a Caribbean hot sauce that we developed with our partners in Puerto Rico; Tikun Olam, a legendary Israeli cannabis plant; the Healer, developed by Dustin Sulak with his 9,000 cannabis patients with essential medical cannabis formulation; and others in multiple states. We are developing revenue through licensing and distribution of these popular brands in other states where we do not operate ourselves.

We began as an advisory business for the cannabis industry back when these licenses were being issued only to medical-only, not-for-profit entities. In 2018, we began to execute on our strategy to consolidate these licensed cannabis businesses under our Public Company umbrella to become a fully vertically integrated seed-to-sale multi-state operator or as they say in the trade, an "MSO." To-date, we successfully acquired and consolidated our operations in Massachusetts and Illinois and are now able to report these revenues from these operations in our financial statements we publicly provide.

As you can see from the third quarter results, our revenues are growing rapidly as we continue to consolidate our licensed cannabis assets, as well as generate increased revenue from our branded products. For the nine months ended September 30, 2020, we reported cannabis revenues of \$30.5 million, which is nearly double the \$16.6 million we reported for all the Calendar Year 2019. Jon will talk to you more about our financial performance in just a few minutes.

What is important here are the drivers of this growth. In addition to our consolidation strategy, our branded products continue to gain greater consumer recognition in the markets, driving up our share of adult-use consumer market share throughout the United States. To meet this growing demand, we continue to expand our production capacity of cannabis space to grow more flower and we're working diligently to automate some of the equipment to produce better and faster infused products to launch new and innovative products across a growing number of retail locations.

2

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Now, let me provide you some basic data on the Company's operation state-by-state. In Massachusetts, our client, ARL Healthcare was awarded a registered marijuana dispensary, medical provisional license in 2016. Under this MariMed purchased a 135,000 square foot industrial building in New Bedford, 70,000 feet of which we developed into state-of-the-art cultivation production cannabis operation. MariMed also purchased a 21,000 square foot building in Middleborough, Massachusetts and has developed and opened a 10,000 square foot dispensary under the Panacea Wellness brand. This building houses a secure cannabis warehouse and distribution center.

We were approved to open these facilities in December of 2019 and had our first harvest of cannabis flower in February of 2020. In the second quarter, MariMed began selling its products in the Massachusetts wholesale market, which now includes approximately 65 open dispensaries. In September of 2020, the CCC, the Cannabis Control Commission of Massachusetts, approved these licenses under the adult-use program, which has been a boon to MariMed's revenue. At this time, we're also actively seeking additional dispensary locations in Massachusetts for our two other provisional licenses and hopefully making announcements soon.

The entry into the Massachusetts adult-use market, or "recreational" depending on how you call it, should continue to drive MariMed's revenue growth through 2020 and well into 2021. Infused products of our Betty's Eddie's, Kalm Fusion, Bourne Baking Co. brands are among the top-selling brands in Massachusetts.

Also, Nature's Heritage has become the top selling flower and concentrate brand and just recently launched a new line of solventless concentrates, "live rosin". These concentrates will be available in rotating varieties of sativa and current hybrid strains, and we're having great success with our Tropizen Pique hot sauce from our Puerto Rico partners, and plans to roll out other exclusive brands, such as The Healer, Binske and Tikun Olam from Israel across Massachusetts in the near future.

In New Bedford, our cultivation operations are now fully ramped up to 16 large grow rooms producing more than 1,000 pounds of cannabis flower per month. Just last week, Massachusetts adult-use retail market reached \$1 billion in record sales with the wholesale flower prices still holding at approximately \$4,000 per plant. Our friends in Oregon would be very happy with that number. As such we are expected to generate between \$3 million to \$5 million of revenue per month in the near future.

In December of 2018, we received our state approval to acquire these business units, allowing us now to include the revenue from the cannabis licensed company and the results of their operations in our consolidated financial statements. We are very excited about our progress in Massachusetts, which is one of the most robust cannabis markets in the country.

Let's talk now about Illinois. MariMed won two medical cannabis licenses for its clients KPG Anna and KPG Harrisburg in 2017. We purchased the land in Illinois and developed two 3,500 square foot freestanding units for these dispensaries. We received the state approval to acquire and consolidate these companies in October of 2019, allowing us to now include their revenue and results of operations in our consolidated financial statements.

In January of 2020, the Illinois legislature approved the adult-use recreational cannabis program paving the way for our right to operate four adult-use dispensaries. We immediately co-located our two adult-use and our two medical cannabis programs at the Anna and Harrisburg facilities. In September, we received state authority to open our third dispensary in Mount Vernon in a property we acquired and developed.

The Illinois adult-use program has been a huge success for MariMed. Revenues at our two co-located dispensaries has increased fivefold. With a population of 12 million in a state that still is undersupplied, we have strong expectations for this market in the foreseeable future. We plan to open a fourth dispensary in 2021. Our revenue rate now is currently \$1 million-plus per month per location. So, when we open our

3

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fourth Illinois location, we could be projecting revenue of \$4 million or \$5 million per month. As I stated, the results of these licensed businesses are included in our consolidated financial statements.

Now let's talk about Delaware. In 2014, MariMed assisted our clients, First State Compassion Center, to win and be awarded the first Delaware medical cannabis license in a two-year exclusive program. MariMed purchased and developed approximately 46,000 square foot property and we built it into a seed-to-sale facility in Wilmington, Delaware that opened in 2015.

MariMed manages this business and secured this revenue from rent, management and licensing fees. Delaware remains a not-for-profit medical state only to this day. In 2017, under our Management, First State opened its second dispensary in Lewis, Delaware, a municipality on the Delaware shore. We supply both locations from an expanded cultivation and production facility in Wilmington. The State's pilot medical cannabis program, we started with 250 patients. The program now includes more than 10,000 patients and is thriving.

Holding two of the four licenses in the adult-use and reciprocity with other states under consideration, MariMed is developing 110,000 square foot cultivation and production facility in Milford, Delaware. Under our guidance, First State has just applied for its third dispensary license in Dover, Delaware. MariMed's strategy is to acquire these business units when the Delaware law changes, which is most probably when adult-use is allowed in the next two years. This will permit us to include their results also in our consolidated financial statements.

In Maryland, our cannabis licensee Kind Therapeutics USA, under our direction, continues to demonstrate steady revenue growth. MariMed purchased a 180,000 square foot property, old industrial building in Hagerstown, Maryland, in which we've developed to date a 100,000 square foot state-of-the-art cultivation and production cannabis facility. MariMed has purchased a 9,000 square foot facility in Annapolis, which we are developing into a dispensary which we will try to get opened in 2021.

MariMed's top flower brand, Nature's Heritage and our top product brand, Betty's Eddie's fruit chews continue to be the most desired consumer products in the Maryland medical cannabis program, which has now expanded to over 80 dispensaries statewide. Our licensed client business under MariMed Management has already doubled in 2020 from 2019. MariMed expects to consolidate its licensed cannabis business subject to state approval in 2021.

Looking at Nevada, we applied for a transfer of the medical and adult-use cultivation license of our clients. It's pending before the State Cannabis Commission. The Harvest Foundation is the name of the client and we did that in 2019, and we continue to wait for its approval. We recently upgraded our cultivation site, which is in Clark County outside of Las Vegas, which currently sells flower into the wholesale dispensary market. Our cultivation revenue is expected to increase significantly throughout the balance of 2020 and once the license transfer is approved by the state, this operation will be consolidated into the MariMed reported financial results.

In the terms of brand presence, MariMed recently launched our award-winning Betty's Eddie's edibles into the Nevada adult-use cannabis market. Betty's Eddie's has received a strong reception in this market similar to what it has in other states, and we are expecting to launch Kalm Fusion into Nevada cannabis market in the near future.

As I mentioned earlier, MariMed began its business when most programs were medical-only not-for-profit, probably seven or eight years ago. Accordingly, we built our revenue streams and structures from developing the facilities and deriving revenue from consulting and management fees, rental income, and licensing fees without touching the plant, which was being done by the licensed entity. Real estate,

4

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equipment, and assets of the licensed businesses were owned by MariMed and leased to the licensed cannabis businesses.

Now we are reporting the total cannabis revenue from the businesses formed and grew organically in Massachusetts and Illinois. Once that consolidation plan is fully completed, we will have successfully rolled these licensed cannabis businesses into our Public Company, which we will take our place as one of the most successful and profitable MSOs in the industry.

As many of you know, the cannabis industry is continuing to thrive due to the increased consumer demand even through the current COVID pandemic. This is being driven by growing mainstream adoption and acceptance of the health benefits of cannabis. As I mentioned earlier, MariMed's brands such as Betty's Eddie's and Nature's Heritage are already top-selling in multiple states. To meet the growing demand, we continue to develop and launch new and innovative products across a growing number of retail locations.

Just recently released: ElderBetty Chews, a brand-new product under Betty's Eddie's brand. MariMed is the first-to-market in multiple states with an elderberry cannabis edible that is rich in antioxidants, vitamins and minerals. We are excited about this new product, which is now available in Massachusetts, Maryland, Nevada, Rhode Island, and Puerto Rico.

Looking ahead, we plan to launch additional infused and innovative cannabis products, both in the fourth quarter of this year and early 2021 to satisfy the particular tastes and needs of a discerning cannabis consumer, while expanding MariMed in new SKU's. These include offerings of RSO capsules and oral syringe for medical use, pre-rolls, which can help derive wholesale and retail sales, as well as vape pens and new concentrates that are focused on different types of recreational users.

In addition to what I've already discussed, our Company also strengthened its balance sheet during this quarter. We reduced our short-term promissory notes from \$23 million at December 31, 2019 to \$8.5 million at September 30, 2020, to the end of the quarter. We did this by refinancing our Massachusetts mortgage and using the proceeds to pay down short-term debt by extending the maturity date of certain notes agreements that would have come through in 2020 to September of 2022. I'll let John discuss this in some more detail during his remarks, including how we negotiated more favorable payment terms and reduced the interest costs.

To summarize, we are committed to maximizing our core cannabis businesses that we originally developed and we continue to manage. We will continue to expand the products and SKU's of our successful branded products. We plan to license them in spaces we do not have operating businesses. We intend to expand into new cannabis business opportunities, such as home delivery. We will continue to improve our technology. We will continue to support new formulations of cannabinoids to provide relief to patients with particular symptoms and conditions.

We want to be at the forefront of research and patient trials, and look for the day when cannabis treatment is more mainstream. We will continue to execute on consolidating our licensed cannabis assets, while also expanding our vertically integrated operations.

During Q3, we saw the benefits of our successful consolidation strategy and increased brand penetration reflected in our quarterly results, which substantially increased revenues that in the nine-month period already exceeded our performance for all of Calendar year 2019.

Looking ahead, we are well positioned for continued revenue growth and improved profitability during the remainder of this year and into 2021. The drivers of this include our expanded revenue run rate from our consolidated licensed businesses and the growth of our branded product lines, along with the continued cost efficiency and leveraging of our infrastructure.

5

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We have a great team here and are bringing on quality additions all the time. We are committed to our mission, and keep executing on our growth strategy. If we continue to do this, we believe we will continue to drive revenues, which we believe will create Shareholder value.

This concludes my opening remarks. Now, I'll pass the call on to Jon Levine, who will review the financial results.

Jon, take it away.

Jon Levine

Thank you, Bob, and good morning, everyone.

Today I'll provide you a brief overview of our third quarter 2020 financial results. I'd like to remind everyone that for comparative purposes in the following remarks, the results for the three months and nine months ended September 30, 2019 have been adjusted to eliminate the impact from the one-time sale of hemp seeds during those periods in order to present meaningful comparative results of the operation period-over-period.

During the third quarter of 2020, core cannabis business increased 220% to \$13.4 million compared with \$4.2 million for the same period in 2019. The significant increase is the result of revenue growth in MariMed's consolidation of the Company's licensed client businesses in Illinois and Massachusetts, and the expansion of our adult-use revenue in those states.

Gross profits also increased 220% to \$8.7 million from the third quarter compared to \$2.7 million in third quarter of 2019. The continuous percentage increase of revenue and gross profit shows that we've been able to keep our cost of revenue steady with the growth of operations.

Operating expenses for the third quarter of 2020 were \$5.3 million compared to \$3.7 in the same quarter of 2019. The increase was primarily due to higher personnel costs as the Company continued its transition to direct owner and operator seed-to-build cannabis operations. However, as a percentage of revenue, these costs decrease significantly from 89% to 39% and we expect these efficiencies to continue to improve going forward.

As a result, EBITDA for the third quarter of 2020 was \$4.4 million compared to an EBITDA loss of \$733,000 for the same period in 2019.

For the nine months ended September 30, 2020, core cannabis revenue increased 168% to \$30.5 million compared to \$11.4 million for the same period in 2019. This significant increase in the results of revenue growth is MariMed's acquisition of the Company's previously licensed clients in Illinois and the startup of the Massachusetts operations.

Gross profit for the nine months ended September 30, 2020 was \$19.7 million compared to \$7.6 million for the same period in 2019, as the percentage of gross profit was relatively steady at 65% and 67%, respectively.

Operating expenses for the nine months were \$13.2 million compared with \$9.8 million for the same period in 2019. The increase was primarily due to the increase in personnel, insurance, taxes, and others involved in becoming an operator of a cannabis business. Despite the increase, these costs as a percentage of revenue decreased substantially, again, from 86% to 43%.

6

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EBITDA for the first nine months of 2020 was \$8.6 million compared with an EBITDA of \$1.3 million in 2019.

Now, turning to our balance sheet, we continued to take steps to bolster our short-term liquidity, including disciplined management of both working capital and expenses. We also made considerable progress both during the quarter and in subsequent weeks in restructuring our short-term debt. As Bob has mentioned earlier, we successfully reduced short-term promissory notes from \$23 million on December 31, 2019 to \$8.5 million as of September 30, 2020.

First, we closed a \$13 million refinancing of a mortgage secured by our Massachusetts real estate, replacing a \$4.8 million initial mortgage. The new mortgage has a term of five years and amortization over 20 years at an annual interest rate of 6.5%. These proceeds were used to retire \$7.3 million in outstanding short-term debt at 15%.

Second, we entered into two note extension agreements, repaying \$1 million of principal amounts on one promissory note that replaced an amendment and restated senior note in the principal amount of \$5.845 million. The new note bears an interest of 12% annually and matures now in September of 2022.

The second note in the principal amount of \$3 million has the same terms and maturity date as the \$5.845 million note. We essentially converted \$28 million of short-term debt that would be near maturity to approximately \$9 million in long-term debt on more favorable terms to MariMed. We appreciate our lenders' continued support and believe our success in restructuring of this debt reflects the recognition of our progress to date as well as shared confidence in the business strategies.

For further information on our financial and operating performance, I encourage you to view the Company's 10-Q which has been filed and is available at www.sec.gov.

In summary, I'm very pleased with the revenue growth generated by both our consolidated and managed licensed cannabis businesses during the third quarter and the first nine months of 2020. Despite the challenges created by COVID-19, we are incredibly proud of how our teams executed and focused on positioning our cannabis businesses for long-term success during this challenging period. At the same time, we took several actions during the third quarter and in recent weeks to restructure our short-term debt, which has significantly strengthened our financial position.

We will continue to execute on our strategy, plans, and are confident that the market will recognize the continued positive momentum of MariMed's revenue and earnings.

With that, I'd like to turn the call back over to Bob Fireman for his closing remarks. Bob?

Robert Fireman

Thank you very much, Jon, and we can all be proud of our great results that we're reporting.

In closing, during the third quarter, we continued to execute our consolidation strategy to create a vertically integrated six-state multi-state operator. Year to date, we have successfully rolled up our license operations in Massachusetts and Illinois, which is reflected in our strong revenue performance for the quarter. We continue to move ahead with our plans to consolidate our operations in other states.

Additionally, our unique product formulations and increasing brand recognition have continued to drive both increased medical and adult-use sales at both the wholesale and retail level throughout each of these markets and others.

7

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Complementing this, our balance sheet is substantially stronger now than it was earlier in the year, giving us financial flexibility to support our continued growth.

All these factors position MariMed for stronger performance for the balance of 2020 and during the coming year. We are excited about our prospects and we look forward to updating you on our continued progress.

This concludes our prepared remarks. Now, I'd like to open the call for questions. Operator, please go ahead.

Operator

Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speaker phone please make sure your mute function is turned off to allow your signal to reach our equipment. Again, please press star one to ask a question. We will pause for just a moment to allow everyone an opportunity to signal for questions.

It appears there are no questions at this time. I'd like to turn the conference back to the speakers for any additional or closing remarks.

Robert Fireman

Thank you. If anyone has questions, they can access contact information at our corporate site. I'd like to thank everyone again for joining us on today's call and for your continued interest in MariMed. We look forward to having follow-up conversations with many of you and to updating you on our continued progress.

Thank you all and have a great day. Everyone, remain safe.

Operator

This concludes our call. Thank you for your participation. You may now disconnect.