

**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 15, 2021**

**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**

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(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.

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Title of each class  
Not Applicable.

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Ticker symbol(s)  
Not Applicable.

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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.

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**Item 2.02. Results of Operations and Financial Condition.**

On November 15, 2021, 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, 2021.

**Item 7.01. Regulation FD Disclosure.**

On November 16, 2021, the Company hosted a conference call for investors to discuss its financial condition and operating results for the three and nine month periods ended September 30, 2021, 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 15, 2021, announcing financial results for the three and nine month periods ended September 30, 2021.](#)

99.2 [Transcript of investor conference call held on November 16, 2021.](#)

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.

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#### 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 18, 2021

By: /s/ Jon R. Levine

Jon R. Levine, Chief Financial Officer

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## MariMed Reports Third Quarter 2021 Earnings

*Revenue of \$33.2 million, a 147% Increase Year Over Year  
Adjusted EBITDA of \$12.9 million, a 213% Increase Year Over Year*

NORWOOD, MA, November 15, 2021 - MariMed, Inc. (OTCQX: MRMD) ("MariMed" or the "Company"), a leading multi-state cannabis operator focused on improving lives every day, today announced its financial and operating results for the quarter ended September 30, 2021.

### Q3 2021 FINANCIAL HIGHLIGHTS

- Revenue of \$33.2 million, an increase of 147% from the third quarter of 2020.
- Gross profit of \$18.2 million, an increase of 109% from the third quarter of 2020.
- Adjusted EBITDA\* of \$12.9 million, a 213% increase from the third quarter of 2020.
- Net income of \$2.1 million, a 25% increase from the third quarter of 2020.
- Working capital at the end of the quarter of \$27.3 million compared to a working capital deficit of \$2.2 million at the end of 2020.
- \$10.7 million of cash flow from operations for the quarter and a total of \$28.2 million of cash flow from operations year to date.
- The Company is maintaining full year 2021 financial guidance of \$118 million in revenue and \$42 million in Adjusted EBITDA.

"We are extremely pleased with our continued improving financial performance during the third quarter despite an industry-wide slowdown," said Bob Fireman, President and Chief Executive Officer of MariMed. "We continue to report some of the strongest revenue and EBITDA growth in the industry. This is a result of our financial discipline and our operational excellence at cultivation, production, and at retail. With a strong balance sheet, another quarter of robust operating cash flow, and a strong cash balance, MariMed is poised for continued success. Our strategic growth plan is working, and I am confident we will continue to generate long term value for our shareholders."

\* Adjusted EBITDA is a non-GAAP measure explained in the section below entitled *Non-GAAP Financial Measures*, which includes a table showing the adjustments to the Company's net income that results in Adjusted EBITDA.

### Q3 2021 OPERATIONAL HIGHLIGHTS

The continued strong financial performance in the third quarter of 2021 was driven by:

- Revenue from Company owned retail dispensary operations in Illinois and Massachusetts grew 207% year over year. Marketed under the retail brands of "Panacea Wellness" in Massachusetts and "Thrive" in Illinois, these dispensaries experienced higher customer counts and revenue throughout the quarter.

- Revenue from Company wholesale sales of cannabis flower, concentrates, and infused products grew 91% year over year. This was a result of both the increased production of MariMed's manufacturing facility in Massachusetts and the increased number of licensed dispensaries in the state, which now has about 176 open dispensaries.
- Revenue from licensing, management fees, and real estate income increased 33% year over year. This was a result of the continued success of our award winning brands and our managed businesses.

#### **STRATEGIC GROWTH PLAN**

Going forward, the Company expects continued strong financial performance through the execution of the four key components of its strategic growth plan: (1) Completing the consolidation of the Company's state cannabis licensed operations it developed and currently manages; (2) Increasing revenues in current cannabis state businesses, by spending capital to increase the capacity at its cultivation and production facilities as well as adding more retail stores within those states; (3) Expanding the Company's footprint in additional legal cannabis states through new license applications and M&A; and (4) Expanding the Company's brand portfolio and licensing revenue, by continuing to build its portfolio of leading brands and licensing its brands in other states where cannabis is legal.

#### **FULL YEAR 2021 GUIDANCE UPDATE**

Given MariMed's continued organic growth of its retail and wholesale sales in its owned cannabis businesses in Illinois and Massachusetts and its managed business units in other states, the Company will maintain full year 2021 guidance for revenue of \$118 million and Adjusted EBITDA of \$42 million.

"At a time when nearly all of the cannabis companies in the U.S. and Canada are lowering guidance due to the industry-wide slowdown that began during the third quarter and has continued into the fourth quarter, I am very pleased MariMed is maintaining its financial guidance," said Jon Levine, Chief Financial Officer of MariMed. "Our strict financial discipline combined with our outstanding operations give us confidence we will meet or beat our full year financial guidance."

#### **CONFERENCE CALL**

MariMed management will host a conference call on Tuesday, November 16, 2021, to discuss these results at 8:00 a.m. Eastern time. The conference call may be accessed through MariMed's Investor Relations website by clicking the following link: [MRMD Q321 Earnings Call](#).

**Financial Summary: Q321 vs Q320**

(\$US thousands)	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>Y/Y Change (%)</u>
<i>(Unaudited)</i>			
Revenues	\$33,208	\$13,462	147%
Gross Profit	\$18,181	\$8,680	109%
Operating Expenses	\$11,561	\$5,282	119%
EBITDA	\$7,115	\$4,157	71%
Adj. EBITDA	\$12,923	\$4,131	213%
Adj. EBITDA Margin	38.9%	30.7%	
Cash Provided By Operations	\$10,656	\$1,066	900%
Working Capital	\$27,324	(\$9,090)	-

**Financial Summary: Q321 vs Q221**

(\$US thousands)	<u>Q3 2021</u>	<u>Q2 2021</u>	<u>Q/Q Change (%)</u>
<i>(Unaudited)</i>			
Revenues	\$33,208	\$32,570	2%
Gross Profit	\$18,181	\$19,406	-6%
Operating Expenses	\$11,561	\$7,404	56%
EBITDA	\$7,115	\$12,299	-42%
Adj. EBITDA	\$12,923	\$13,915	-7%
Adj. EBITDA Margin	38.9%	42.7%	
Cash Provided By Operations	\$10,656	\$10,833	-2%
Working Capital	\$27,324	\$20,875	31%

**NON-GAAP FINANCIAL MEASURES**

The Company has provided in this release the non-GAAP financial measures of EBITDA and Adjusted EBITDA as a supplement to Revenues, Gross Profit, and other financial measures prepared in accordance with GAAP.

Management defines EBITDA as net income (loss), determined in accordance with GAAP, excluding interest income and interest expense, income taxes, depreciation of fixed assets, and amortization of intangibles.

Management defines Adjusted EBITDA in the same manner as EBITDA, with the following additional exclusions: non-cash expenses on debt and equity issuances; impairment or write-downs of intangible assets; unrealized gains and losses on investments and currency translations; legal settlements; gains or losses from the extinguishment of debt via the issuance of equity; discontinued operations; and merger- and acquisition-related transaction expenses.

Management believes EBITDA and Adjusted EBITDA are useful measures to assess the performance and liquidity of the Company as they provide meaningful operating results by excluding the effects of expenses that are not reflective of its operating business performance. In addition, the Company's management uses EBITDA and Adjusted EBITDA to understand and compare operating results across accounting periods, and for financial and operational decision making. The presentation of EBITDA and Adjusted EBITDA is not intended to be considered in isolation or as a substitute for the financial information prepared in accordance with GAAP.

Management believes that investors and analysts benefit from considering EBITDA and Adjusted EBITDA in assessing the Company's financial results and its ongoing business as it allows for meaningful

comparisons and analysis of trends in the business. EBITDA and Adjusted EBITDA are used by many investors and analysts themselves, along with other metrics, to compare financial results across accounting periods and to those of peer companies.

As there are no standardized methods of calculating non-GAAP measurements, the Company's calculations may differ from those used by analysts, investors, and other companies, even those within the cannabis industry, and therefore may not be directly comparable to similarly titled measures used by others.

The table below reconciles Net Income (Loss) to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(SUS thousands)	2021	2020	2021	2020
<i>(Unaudited)</i>				
<b>Net income (loss)</b>	\$ 2,123	\$ 1,696	\$ 14,022	\$ (1,783)
Interest expense, net	\$ 274	\$ 1,886	\$ 1,981	\$ 7,460
Income taxes	\$ 4,009	\$ -	\$ 9,026	\$ -
Depreciation and amortization	\$ 709	\$ 574	\$ 2,018	\$ 1,649
<b>EBITDA</b>	\$ 7,115	\$ 4,157	\$ 27,046	\$ 7,325
Amortization of stock grants	\$ 228	\$ 5	\$ 233	\$ 16
Amortization of option grants	\$ 5,324	\$ 151	\$ 6,208	\$ 707
Amortization of stand-alone warrant issuances	\$ -	\$ 2	\$ 56	\$ 2
Legal settlement	\$ (267)	\$ -	\$ (267)	\$ -
Amortization of warrants issued with stock	\$ -	\$ -	\$ 655	\$ -
Loss on equity issued to settle obligations	\$ -	\$ -	\$ 3	\$ 45
Write-down of intangible assets	\$ -	\$ 85	\$ -	\$ 85
Equity in earnings of investments	\$ -	\$ (52)	\$ -	\$ (19)
Change in fair value of investments	\$ 522	\$ (217)	\$ 937	\$ 704
<b>Adjusted EBITDA</b>	\$ 12,923	\$ 4,131	\$ 34,872	\$ 8,866

For further information, please refer to the Company's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2021 available on MariMed's Investor Relations website at [www.ir.marimedinc.com](http://www.ir.marimedinc.com) or on Edgar's website at [www.SEC.gov](http://www.SEC.gov).

#### ABOUT MARIMED

MariMed Inc., a multi-state cannabis operator, is dedicated to improving lives every day, through its high-quality products, its actions, and its values. 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. Proprietary formulations created by the Company's technicians are embedded in its top-selling and award-winning products and brands, including Betty's Eddies®, Nature's Heritage™, Kalm Fusion®, and others. For additional information, visit [www.marimedinc.com](http://www.marimedinc.com).

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**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 of revenue, EBITDA and Adjusted EBITDA and about its business based on certain assumptions of its management, including those described in this release. These statements are not guaranteeing 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.

**For More Information, Contact:**

**Investor Relations:**

Steve West, Vice President, Investor Relations  
Email: [ir@marimedinc.com](mailto:ir@marimedinc.com)

**Media Contact:**

Trailblaze PR  
Email: [marimed@trailblaze.co](mailto:marimed@trailblaze.co)

**Company Contact:**

Howard Schacter, Chief Communications Officer  
Email: [hschacter@marimedinc.com](mailto:hschacter@marimedinc.com)



FINAL TRANSCRIPT

**MariMed Inc.**

**Third Quarter Conference Call**

Event Date/Time: November 16, 2021 — 8:00 a.m. E.T.

Length: 26 minutes

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#### **CORPORATE PARTICIPANTS**

**Steve West**

*MariMed Inc. — Vice President, Investor Relations*

**Bob Fireman**

*MariMed Inc. — Chief Executive Officer*

**Jon Levine**

*MariMed Inc. — Chief Financial Officer*

#### **CONFERENCE CALL PARTICIPANTS**

**Kyle Bauser**

*Colliers Securities — Analyst*

**Aaron Grey**

*Alliance Global Partners — Analyst*

## PRESENTATION

### Operator

Good morning, everyone, and welcome to the MariMed Third Quarter Conference Call.

I would now like to turn the conference over to Steve West, Vice President of Investor Relations.

Please go ahead, Mr. West.

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

Good morning, everyone, and welcome to the MariMed Third Quarter Conference Call. Joining me today are Bob Fireman, our Chief Executive Officer, and Jon Levine, our Chief Financial Officer.

This call is being recorded and will be archived on our Investor Relations website at [ir.marimedinc.com](http://ir.marimedinc.com).

Today's call contains forward-looking statements subject to various risks, uncertainties, and other factors that could cause actual results to differ materially from those forward-looking statements. Any such information and statements should be taken in conjunction with cautionary statements in our press releases, and risk factor discussions in our public filings found on EDGAR, as well as our investor website. Any forward-looking statements reflect management's expectations as of today's date, and we assume no obligation to update them other than as may be required by applicable securities laws.

Now for your future scheduling purposes, our fourth quarter 2021 earnings release is tentatively scheduled to be issued after the market close on March 31, 2022. And subsequent analyst call will be held the morning of April 1, 2022.

I will now turn the call over to Bob.

**Bob Fireman** — Chief Executive Officer, MariMed Inc.

Thank you, Steve, and good morning, everyone. I am delighted to report on another quarter of positive financial results at MariMed. We are extremely pleased with our continuing improving financial performance during the third quarter despite an industry-wide slowdown.

We continue to report some of the strongest revenue and EBITDA growth in the industry. This is the result of our financial discipline and our operational excellence at cultivation, production, and retail.

With an already strong balance sheet, another quarter of robust operating cash flow, and a significantly increased cash position, we are poised for continued success. Our strategic growth plan is working, and I am confident we will continue to generate long-term value for our shareholders.

Our third quarter revenue was \$33.2 million, up 147 percent year over year. And our adjusted EBITDA was \$12.9 million, a 213 percent increase year over year. Revenue from company-owned retail dispensary operations in Illinois and Massachusetts grew 207 percent year over year.

In Massachusetts, our retail sales increased 584 percent year over year, driven by the addition of adult-use sales and our Panacea Wellness dispensary.

In Illinois, our Thrive dispensary sales increased 169 percent year over year, which was driven by higher traffic count. Our Metropolis store continues to exceed our expectations and has become a strong destination store for both Illinois residents and out-of-state customers from Indiana, Kentucky, and Missouri.

Revenue from the Company wholesale sales of cannabis flower, concentrates, and infused products grew 91 percent year over year. This was the result of both the increased production from MariMed's manufacturing facility and the increased number of licensed dispensaries in Massachusetts, which now has 176 stores and open dispensaries.

In addition to our distribution gains, we added new SKUs to our product line and automated equipment that significantly increases our capacity and efficiency.

On the branding front, our award-winning Nature's Heritage flower and Betty's Eddies edibles are among the top-selling brands in every state in which they are offered. We attribute this to our commitment to manufacturing quality products that meet the specific consumer needs.

In fact, during the quarter, these two brands won even more awards and accolades. Nature's Heritage flower won a second place in the Massachusetts Cultivators Cup, and third place for the best flower by High Times. Betty's Eddies was named the number-one hottest ingestible brand in Massachusetts by Respect My Region, a top cannabis culture platform.

The accolades keep coming. Just yesterday, LeafLink announced Nature's Heritage Colorado Chem Wax is one of the fastest-selling concentrates in the country and Bedtime Betty's among the best medical products in the US.

Our brands have also achieved several sales milestones. In Massachusetts, Betty's Bedtime has sold over 1.8 million chews, year to date, making it the number-one edibles SKU by volume. Our infused chocolate chip cookie is the number-one ranked product within the culinary infused foods category in Massachusetts.

I will now turn the call over to Jon to further highlight our third quarter financials.

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

Thank you, Bob, and good morning, everyone. Last night, we reported third quarter 2021 results. Our reported revenue was \$33.2 million, which was an increase of 147 percent compared to the third quarter of 2020. This is primarily driven by 207 percent growth in our retail business, which reflected

overall transaction growth of 285 percent on the year-over-year basis. This transaction growth was primarily the result of the introduction of adult-use cannabis programs in Illinois and Massachusetts.

Our total revenue growth was also driven by a 91 percent year-over-year increase in our wholesale business. We also achieved 33 percent year-over-year increase in other revenue, mainly from licensing fees, managed services, and our real estate income.

Gross profit was \$18.2 million, which increased 109 percent compared to the third quarter of 2020.

G&A was \$9.5 million, a 223 percent increase from the third quarter of 2020. This was a result of non-cash increases to the stock-based compensation of \$5.1 million. Excluding the non-cash expense, our G&A would have grown significantly slower than our revenue.

Net income, after deducting net income attributable to noncontrolling interests, was \$2 million, a 20 percent increase from the third quarter of 2020.

EBITDA was \$7.1 million, a 71 percent increase compared to the third quarter of 2020. Our adjusted EBITDA was \$12.9 million, a 213 percent increase compared to the third quarter of 2020.

I am happy to report the continued strengthening of our balance sheet. We ended the quarter with \$25.6 million in cash on hand, compared to our year-end cash balance of \$3 million. This was a 47 percent increase versus our second quarter ending cash balance of \$17.4 million. Our cash position continues to strengthen for the Company.

In fact, year to date, we have generated \$28.2 million in operating cash flow. At the end of the third quarter, MariMed reported \$27.3 million in net working capital, a significant improvement from our deficit of \$2.2 million at the end of 2020.

Before returning the call over to Bob to conclude our remarks, I'd like to discuss our financial guidance. We are maintaining our full year 2021 guidance of \$118 million in revenue and \$42 million in adjusted EBITDA. With our continued growth, we are comfortable that we will meet or exceed our guidance for the year.

That concludes my prepared remarks. Now I'll turn the call back over to Bob. Bob?

**Bob Fireman**

Thank you, Jon. In the span of just a few years, MariMed has delivered some of the strongest financial metrics in the industry. Our disciplined approach to spending and our deep operational experience has resulted in a consistent track record of delivering revenues and profits for our shareholders.

We've also worked very hard to achieve a clean balance sheet that has put us in a great position to support the strategic growth plan that I've shared in the past, which is focused on consolidation and expansion. We have found our rhythm at MariMed, and we're looking forward to a very bright future for the Company.

But there is still much to do. Our experienced leadership team has been together for nearly a decade. We have strengthened our senior management team and bench over the past few months, and we continue to round out our C-suite.

In terms of our assets, we continue to work towards consolidating our managed businesses and grow our footprint deeper in states where we operate. In Massachusetts, we plan to open two new dispensaries and expand our production capabilities. In Illinois, we intend to become fully vertical by adding additional licences. We intend to apply for new licences in states where the application processes

are open, and to acquire strategically aligned SSOs and single-state operators who share our commitment to quality.

I have said many times before, the ultimate winners in cannabis will be the companies that focus on branding and distribution. MariMed has created a portfolio of proprietary award-winning brands and products. These products continue to be the top sellers in all the markets in which they are available. We intend to expand the depth of our product line to meet the needs and improve the health and wellness of our patients and consumers. We intend to introduce these brands and products into additional legal cannabis states through licensing to qualified partners, or by acquiring licences to produce and distribute ourselves.

I'm excited about several new and innovative products you'll be hearing about over the coming months. Our new cannabis-infused ice cream line that we're creating in partnership with legendary ice cream company Emack & Bolio's; Bubbie's Baked, a new line of soft chewy cannabis-infused baked goods; and Vibrations, a new line of cannabis-infused energy drink mixes that can be added to water or your favourite beverage.

I've never been more optimistic about MariMed's future than I am today. We have a validated management team, award-winning brands, and a clean balance sheet with cash on hand to execute our strategic growth plan. We are poised for success and to deliver shareholder value.

In closing, I would like to thank all our amazing employees, who work so hard to make MariMed the best cannabis company in the industry and improve people's lives every day through our products, our actions, and our values.

Operator, may you now open the line for questions.

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## Q&A

### Operator

Thank you. Ladies and gentlemen, we'll now begin the question-and-answer session. Should you have a question, please press the \*, followed by the 1 on your touch-tone phone. You'll then hear a three-tone prompt acknowledging your request, and your questions will be polled in the order that they are received. Should you wish to decline from the polling process, please press \*, followed by the 2. And if you are using a speakerphone, please lift the handset before pressing any keys. One moment, please, for your first question.

Your first question comes from Kyle Bauser from Colliers Securities. Please go ahead.

### Kyle Bauser — Colliers Securities

Great. Good morning and thanks for the all the updates and congrats on the phenomenal results here. Maybe first off, as you continue to execute on your strategic growth plan and with a growing cash balance, have any of the four kind of goals become more or less important to you? Or how are you prioritizing these? I guess I'm thinking in terms of new licence applications and M&A. Has this bucket become more front and centre? Or is completing the consolidation of your operations that you currently manage still kind of front and centre? Thanks so much.

### Bob Fireman

Thank you, Kyle. They're all four very important. I mean, obviously, we attack them all every day. We work hard to finish the consolidation of our managed business units. I mean, the focus seems more today on potential M&A, with new applications being opened in states like Ohio, New Jersey, and New York. We're focused on new applications. And we're in constant talks with SSOs, single operators in other

states, that we're not, that understand the competition is coming, that want to be part of our umbrella of best brands, best practices, and the capital to expand.

So I think, strategically, as I said, our long-term plan is in branding and distribution. So we continue to upgrade our marketing department and look forward to taking our brands into multiple states.

**Kyle Bauser**

Got it. No. Makes sense. And regarding the maintained sale guidance of \$118 million for the year, I think it applies about \$28 million for Q4, about 36 percent growth. So it's still nice growth, and it sounds like you feel comfortable in meeting or exceeding that. Can you talk, maybe, a little bit more about what you're seeing in the industry? And kind of reasons for the slowdown? And kind of expectations going forward?

**Jon Levine**

Yes. Kyle, thank you for the question. This is Jon Levine. Yeah. We only need \$28 million to achieve our \$118 million guidance. But as you've likely heard from other MSOs, the industry is still going through a slowdown of consumers, as they don't have the government stimulus and unemployment support as they did last year. And the slowing of the industry, when so many MSOs lowered their guidance, we're comfortable that we're still going to meet or exceed our guidance.

**Kyle Bauser**

No. That's great. Appreciate that. And then just lastly, if I may—maybe, perhaps most importantly—can you talk a little bit more about how your plans have evolved around growing out new products? And in particular, your ice cream?

**Bob Fireman**

Thank you, Kyle. This is Bob. Yeah. I mean we believe that brands and distribution is the ultimate winners as the Company gets more mainstream, as we get closer to legalization. So we continue to go deeper into the SKUs and brands that we have, with Betty's K Fusion and bringing new brands and new innovative products to the industry.

But we're trying to increase market share, go deeper with more SKUs. And all our products are really focused on meeting the needs of the patients and giving them the best opportunity to get the relief or whatever they're looking for in cannabis. So we're expanding our marketing branding division, we're looking at doing more licensing in other states, and we're looking at possibly winning production and distribution licences to do it ourselves.

**Kyle Bauser**

That's great. Thank you so much for the update. Jump back in queue here.

**Bob Fireman**

And thank you, Kyle.

**Jon Levine**

Thank you, Kyle.

**Operator**

Thank you. Ladies and gentlemen, as a reminder, should you have a question, please press the \*, followed by the 1.

Your next question comes from Aaron Grey from Alliance Global Partners. Please go ahead.

**Aaron Grey — Alliance Global Partners**

Hi. Good morning and thanks for the questions. So first question for me, just want to piggyback off of the last one in terms of organic licences. So I just want to clarify. You mentioned New Jersey and

New York. If you're not grandfathered in there on the medical side, then vertical integration doesn't seem that it'll be allowed. So just wanted to make sure I have it correct in terms of which vertical you'd be looking to apply for those licences. I imagine it'd be more wholesale cultivation versus retail? But just if you could clarify there, that'd be helpful. Thank you.

**Bob Fireman**

Okay. Thank you, Aaron. Aaron, as you know, every state is different. The rules and regs are changed. Obviously, there's going to be—full verticals won't be available in New Jersey. So I think our application team is looking at that. We're also looking at possible M&A for some of the people that have verticals. Our goal is to get our brands and distribution in the long-term strategy. But as you know, our revenue from retail dispensaries is driving revenue at all of the MSOs. So we're looking for new dispensaries but, ultimately, we're looking to be at least in producing, distributing, and retail in all of these states.

**Aaron Grey**

All right. Great. Thank you very much for that detail. And then more specifically on Illinois, where you talked about potential M&A targets on the retail side. So first off, can you just talk about maybe some of the pricing out there? It seems there's a good amount of the large MSOs who are—have more of a full max-out 10 on the retail side. So just wanted to get a sense in terms of what you're seeing on pricing.

And then number two, just what you might have available in terms of potentially partnering with social equity licence applicants as those additional licences come online there in the state? Thank you.

**Bob Fireman**

Yes. Well, since the initial awards, there are two rounds of lottery ball winners in Illinois. We're in communication with several kinds of winners, social equity people that are looking for partners that

can provide the capital and the wherewithal to take their dreams and turn them into cannabis businesses. And that's a point of ours, to mentor and bring more inclusion into our industry. But some of the attributes of the program have run into questions. There's a lot of MSOs looking to acquire these licences, as we are.

As far as the pricing, it's amazing how somehow this industry, people are trying to sell licences for millions of dollars, that don't have a location, don't have local authority, and think that they're providing the opportunity. So we've seen prices grow from \$1 million to \$2 million, \$3 million, and in some of the regions that are specific, \$4 million, \$5 million, \$6 million.

But there's a difference between buying and asking in conversation and actually what's closing. The ultimate value of these licences are what people can do with them. So whether it's us or someone else, someone needs to know that they can take these licences and turn them into real businesses.

So at MariMed, we believe Illinois is a very robust state. Our four dispensaries under our Thrive label are killing it for us. So we can own up to 10, so we're in the market to own another up to six more dispensaries. And we want to do the craft licences. We can own up to three of those. And we want to give us the opportunity to go vertical, to provide our own oils and products, so we can distribute to our 10 stores and put our best brands like Betty's and others into the wholesale market in Illinois.

**Aaron Grey**

All right. Thanks very much for the colour, then. I'll go ahead and jump back into the queue.

**Bob Fireman**

Thank you, Aaron.

**Operator**

As a reminder, should you have a question, please press \*, followed by the 1.

And there are no further questions at this time. You may please proceed.

**Bob Fireman**

Thanks. Okay.

**Operator**

Ladies and gentlemen, this concludes your conference call for today. We thank you very much for participating and ask that you please disconnect your lines.