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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended September 30, 2021

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________________ to _________________

Commission File number 0-54433

MARIMED INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**27-4672745**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

10 Oceana Way
Norwood, MA 02062
(Address of Principal Executive Offices)

617-795-5140
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
Not Applicable.	Not Applicable.	Not Applicable.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐No ☒

As of November 15, 2021,333,144,567 shares of the registrant's common stock were outstanding.

MariMed Inc.
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MariMed Inc.
Condensed Consolidated Balance Sheets

	September 30, 2021 *(Unaudited)*	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 25,580,508	$ 2,999,053
Accounts receivable, net	8,706,467	6,675,512
Deferred rents receivable	1,747,803	1,940,181
Notes receivable, current portion	124,426	658,122
Inventory	10,993,963	6,830,571
Investments	419,803	1,357,193
Other current assets	2,213,348	582,589
Total current assets	49,786,318	21,043,221
Property and equipment, net	59,516,169	45,636,529
Intangibles, net	2,348,948	2,228,560
Investments	-	1,165,788
Notes receivable, less current portion	1,188,478	965,008
Right-of-use assets under operating leases	5,245,577	5,247,152
Right-of-use assets under finance leases	53,908	78,420
Other assets	97,951	80,493
Total assets	$ 118,237,349	$ 76,445,171
Liabilities, mezzanine equity, and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,092,073	$ 5,044,918
Accrued expenses	11,094,752	3,621,269
Sales and excise taxes payable	1,725,618	1,053,693
Debentures payable	-	1,032,448
Notes payable, current portion	9,705	8,859,175
Mortgages payable, current portion	1,412,545	1,387,014
Operating lease liabilities, current portion	1,097,008	1,008,227
Finance lease liabilities, current portion	30,288	38,412
Due to related parties	-	1,157,815
Other current liabilities	-	23,640
Total current liabilities	22,461,989	23,226,611
Notes payable, less current portion	925,871	10,682,234
Mortgages payable, less current portion	16,974,749	14,744,136
Operating lease liabilities, less current portion	4,717,933	4,822,064
Finance lease liabilities, less current portion	27,856	44,490
Other liabilities	100,200	100,200
Total liabilities	45,208,598	53,619,735
Mezzanine equity:		
Series B convertible preferred stock, $0.001 par value; 4,908,333 shares authorized, issued and outstanding at September 30, 2021 and December 31, 2020	14,725,000	14,725,000
Series C convertible preferred stock, $0.001 par value; 6,216,216 and zero shares authorized, issued and outstanding at September 30, 2021 and December 31, 2020, respectively	23,000,000	-
Total mezzanine equity	37,725,000	14,725,000

Stockholders' equity:		
Undesignated preferred stock, $0.001 par value; 38,875,451 and 45,091,667 shares authorized at September 30, 2021 and December 31, 2020, respectively; zero shares issued and outstanding at September 30, 2021 and December 31, 2020	-	-
Common stock, $0.001 par value; 700,000,000 and 500,000,000 shares authorized at September 30, 2021 and December 31, 2020, respectively; 331,545,220 and 314,418,812 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	331,545	314,419
Common stock subscribed but not issued; 202,204 and 11,413 shares at September 30, 2021 and December 31, 2020, respectively	189,184	5,365
Additional paid-in capital	127,231,090	112,974,329
Accumulated deficit	(90,883,748)	(104,616,538)
Noncontrolling interests	(1,564,320)	(577,139)
Total stockholders' equity	35,303,751	8,100,436
Total liabilities, mezzanine equity, and stockholders' equity	$ 118,237,349	$ 76,445,171

See accompanying notes to condensed consolidated financial statements.

MariMed Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenues	$ 33,208,060	$ 13,461,504	$ 90,420,280	$ 30,537,829
Cost of revenues	15,027,521	4,781,677	39,647,473	10,831,763
Gross profit	18,180,539	8,679,827	50,772,807	19,706,066
Operating expenses:				
Personnel	1,481,350	1,354,644	5,266,745	4,075,168
Marketing and promotion	563,193	103,327	1,057,892	281,329
General and administrative	9,481,030	2,931,684	16,933,758	7,515,721
Bad debts	35,583	892,029	1,854,869	1,342,029
Total operating expenses	11,561,156	5,281,684	25,113,264	13,214,247
Operating income	6,619,383	3,398,143	25,659,543	6,491,819
Non-operating income (expenses):				
Interest expense	(299,969)	(1,921,312)	(2,076,587)	(7,581,648)
Interest income	25,739	34,818	95,534	121,712
Loss on obligations settled with equity	-	-	(2,546)	(44,678)
Equity in earnings of investments	-	51,511	-	18,553
Change in fair value of investments	(522,106)	217,374	(937,390)	(704,172)
Other	309,212	(84,708)	309,212	(84,708)
Total non-operating income (expenses), net	(487,124)	(1,702,317)	(2,611,777)	(8,274,941)
Income (loss) before income taxes	6,132,259	1,695,826	23,047,766	(1,783,122)
Provision for income taxes	4,009,111	-	9,026,016	-
Net income (loss)	$ 2,123,148	$ 1,695,826	$ 14,021,750	$ (1,783,122)
Net income (loss) attributable to noncontrolling interests	$ 103,113	$ 36,959	$ 288,960	$ 193,492
Net income (loss) attributable to MariMed Inc.	$ 2,020,035	$ 1,658,867	$ 13,732,790	$ (1,976,614)
Net income (loss) per share				
Basic	$ 0.01	$ 0.01	$ 0.04	$ (0.01)
Diluted	$ 0.01	$ 0.00	$ 0.04	$ (0.01)
Weighted average common shares outstanding				
Basic	329,454,104	281,535,212	324,340,006	254,387,761
Diluted	378,934,045	346,091,840	370,203,937	254,387,761

See accompanying notes to condensed consolidated financial statements.

MariMed Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

	Common Stock	Common Stock Subscribed But Not Issued	Additional Paid-In	Accumulated	Non-Controlling	Total Stockholders'

	Shares	Par Value	Shares	Amount	Capital	Deficit	Interests	Equity
Balances at December 31, 2019	228,408,024	$ 228,408	3,236,857	$ 1,168,074	$ 112,245,730	$ (106,760,527)	$ (553,465)	6,328,220
Issuance of subscribed shares	3,236,857	3,237	(3,236,857)	(1,168,074)	1,164,837	-	-	-
Stock grants	64,478	64	33,319	5,365	10,665	-	-	16,094
Stock forfeiture	(40,000)	(40)	-	-	40	-	-	-
Amortization of option grants	-	-	-	-	707,003	-	-	707,003
Issuance of stand-alone warrants	-	-	-	-	2,179	-	-	2,179
Issuance of warrants attached to debt	-	-	-	-	638,927	-	-	638,927
Discount on debentures payable	-	-	-	-	28,021	-	-	28,021
Beneficial conversion feature on debentures payable	-	-	-	-	379,183	-	-	379,183
Conversion of debentures payable	54,143,232	54,144	-	-	7,111,897	-	-	7,166,041
Conversion of common stock to preferred stock	(4,908,333)	(4,908)	-	-	(14,720,092)	-	-	(14,725,000)
Conversion of promissory note	2,525,596	2,525	-	-	457,525	-	-	460,050
Extinguishment of promissory note	1,900,000	1,900	-	-	350,100	-	-	352,000
Common stock issued to settle obligations	4,400,000	4,400	-	-	739,200	-	-	743,600
Distributions	-	-	-	-	-	-	(229,329)	(229,329)
Net income (loss)	-	-	-	-	-	(1,976,614)	193,492	(1,783,122)
Balances at September 30, 2020	289,729,854	$ 289,730	33,319	$ 5,365	$ 109,115,215	$ (108,737,141)	$ (589,302)	$ 83,867

	Common Stock		Common Stock Subscribed But Not Issued		Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interests	Total Stockholders' Equity
	Shares	Par Value	Shares	Amount				
Balances at December 31, 2020	314,418,812	$ 314,419	11,413	$ 5,365	$ 112,974,329	$ (104,616,538)	$ (577,139)	8,100,436
Issuance of subscribed shares	11,413	11	(11,413)	(5,365)	5,354	-	-	-
Stock grants	152,094	152	102,204	95,284	137,932	-	-	233,368
Exercise of options	178,885	179	-	-	31,321	-	-	31,500
Exercise of warrants	980,062	980	-	-	91,795	-	-	92,775
Amortization of option grants	-	-	-	-	6,208,376	-	-	6,208,376
Issuance of stand-alone warrants	-	-	-	-	832,105	-	-	832,105
Issuance of warrants with stock	-	-	-	-	654,681	-	-	654,681
Conversion of debentures payable	4,610,645	4,611	-	-	1,351,841	-	-	1,356,452
Conversion of promissory notes	10,042,125	10,042	-	-	3,336,403	-	-	3,346,445
Common stock issued to settle obligations	71,691	72	-	-	53,473	-	-	53,545
Purchase of property and equipment with stock	750,000	750	-	-	704,250	-	-	705,000
Fees paid with stock	409,308	409	-	-	374,610	-	-	375,019
Return of stock	(79,815)	(80)	-	-	(9,857)	-	-	(9,937)
Equity issuance costs	-	-	-	-	(386,983)	-	-	(386,983)
Acquisition of 30% interest in subsidiary	-	-	100,000	93,900	871,460	-	(975,360)	(10,000)
Distributions	-	-	-	-	-	-	(300,781)	(300,781)
Net income	-	-	-	-	-	13,732,790	288,960	14,021,750
Balances at September 30, 2021	331,545,220	$ 331,545	202,204	$ 189,184	$ 127,231,090	$ (90,883,748)	$ (1,564,320)	$ 35,303,751

The above statements do not show columns for undesignated preferred stock
as the balances were zero and there was no activity in the reported periods.
See accompanying notes to condensed consolidated financial statements.

MariMed Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss) attributable to MariMed Inc.	$ 13,732,790	$ (1,976,614)
Net income (loss) attributable to noncontrolling interests	288,960	193,492
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,499,318	1,340,649
Asset writeoff	-	84,708
Amortization of intangibles	518,182	307,861
Amortization of stock grants	233,368	16,094
Amortization of option grants	6,208,376	707,003
Amortization of stand-alone warrant issuances	832,105	2,179
Amortization of warrants attached to debt	539,272	631,895
Amortization of warrants issued with stock	654,681	-
Amortization of beneficial conversion feature	176,522	2,552,933
Amortization of original issue discount	51,753	286,353
Bad debt expense	1,854,869	1,342,029
Fees paid with stock	375,019	-
Loss on obligations settled with equity	2,546	44,678
Equity in earnings of investments	-	(18,553)
Change in fair value of investments	937,390	704,172
Gain on sale of investment	(309,212)	=
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,885,824)	(3,750,792)
Deferred rents receivable	192,378	(171,675)
Inventory	(4,163,392)	(5,582,862)
Other current assets	(1,640,696)	(57,677)
Other assets	(17,458)	95,412
Accounts payable	2,098,155	2,272,810
Accrued expenses	7,432,580	1,263,976

Sales and excise taxes payable	671,925	608,716
Operating lease payments, net	(13,775)	58,559
Finance lease interest payments	1,504	4,033
Other current liabilities	(23,640)	646,832
Net cash provided by operating activities	28,247,696	1,606,211
Cash flows from investing activities:		
Purchase of property and equipment	(14,649,446)	(4,116,053)
Purchase of cannabis licenses	(638,570)	(255,000)
Return on investment	1,475,000	-
Interest on notes receivable	407,374	443,150
Net cash used in investing activities	(13,405,642)	(3,927,903)
Cash flows from financing activities:		
Proceeds from issuance of preferred stock	23,000,000	-
Equity issuance costs	(386,983)	-
Proceeds from issuance of promissory notes	35,096	5,249,763
Repayments of promissory notes	(15,804,273)	(10,770,011)
Proceeds from issuance of debentures	-	935,000
Proceeds from mortgages	2,700,000	13,897,282
Payments on mortgages	(443,856)	(4,989,661)
Proceeds from exercise of options	31,500	-
Proceeds from exercise of warrants	92,775	-
Due to related parties	(1,157,815)	(221,705)
Finance lease principal payments	(26,262)	(27,008)
Distributions	(300,781)	(229,329)
Net cash provided by financing activities	7,739,401	3,844,331
Net change to cash and cash equivalents	22,581,455	1,522,639
Cash and cash equivalents at beginning of period	2,999,053	738,688
Cash and cash equivalents at end of period	$ 25,580,508	$ 2,261,327
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,705,029	$ 1,236,464
Cash paid for income taxes	$ 419,070	$ 488,772
Non-cash activities:		
Conversion of promissory notes	$ 3,346,445	$ 460,050
Conversions of debentures payable	$ 1,356,452	$ 7,166,041
Acquisition of 30% interest in subsidiary	$ 975,360	$ -
Purchase of property and equipment with stock	$ 705,000	$ -
Operating lease right-of-use assets and liabilities	$ 466,105	$ -
Common stock issued to settle obligations	$ 51,000	$ 698,922
Return of stock	$ 9,937	$ -
Issuance of common stock associated with subscriptions	$ 5,365	$ 1,168,074
Cashless exercise of warrants	$ 180	$ -
Cashless exercise of stock options	$ 53	$ -
Exchange of common stock to preferred stock	$ -	$ 14,725,000
Conversion of accrued interest to promissory notes	$ -	$ 3,908,654
Discount on promissory notes	$ -	$ 638,927
Beneficial conversion feature on debentures payable	$ -	$ 379,183
Extinguishment of promissory note	$ -	$ 352,000
Discount on debentures payable	$ -	$ 28,021

See accompanying notes to condensed consolidated financial statements.

MariMed Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

MariMed Inc. (the "Company") is a multi-state operator in the United States cannabis industry. The Company develops, operates, manages, and optimizes over300,000 square feet of state-of-the-art, regulatory-compliant facilities for the cultivation, production and dispensing of medicinal and recreational cannabis. The Company also licenses its proprietary brands of cannabis and hemp-infused products, along with other top brands, in several domestic markets and overseas.

Upon its entry into the cannabis industry in 2014, the Company was an advisory firm that procured state-issued cannabis licenses on behalf of its clients, developed cannabis facilities which it leased to these newly-licensed companies, and provided industry-leading expertise and oversight in all aspects of their cannabis operations. The Company also provided its clients with ongoing regulatory, accounting, real estate, human resources, and administrative services.

More recently, the Company made the strategic decision to transition from a consulting business to a direct owner and operator of cannabis licenses in high-growth states. Core to this transition is the acquisition and consolidation of the Company's clients (the "Consolidation Plan"). Among several benefits, the Consolidation Plan would present a simpler, more transparent financial picture of the full breadth of the Company's efforts, with a clearer representation of the revenues, earnings, and other financial metrics the Company has generated for its clients. The Company has played a key role in the successes of these entities, from the securing of their cannabis licenses, to the development of facilities that are models of excellence, to funding their operations, and to providing operational and corporate guidance. Accordingly, the Company believes it is well suited to own these facilities and manage the continuing growth of their operations.

To date, acquisitions of its client businesses in Massachusetts and Illinois have been completed and establish the Company as a fully integrated seed-to-sale multi-state operator ("MSO"). The acquisitions of the remaining entities located in Maryland, Nevada, and Delaware are at various stages of completion and subject to each state's laws governing the ownership transfer of cannabis licenses, which in the case of Delaware requires a modification of current cannabis ownership laws to permit for-profit ownership. Meanwhile, the Company continues to expand these businesses and maximize the Company's revenue from rental income, management fees, and licensing royalties.

The transition to a fully integrated MSO is part of a strategic growth plan (the "Strategic Growth Plan") the Company is implementing to drive its revenues and profitability. The Strategic Growth Plan has four components: (i) complete the Consolidation Plan, (ii) increase revenues in existing states, by spending capital to increase the Company's cultivation and production capacity, and develop additional assets within those states, (iii) expand the Company's footprint in additional legal cannabis states through new applications and acquisitions of existing cannabis businesses, and (iv) optimize the Company's brand portfolio and licensing revenue, by creating products that meet specific customer needs, and distributing these products in states where cannabis has been legalized.

As to its products, the Company has created its own brands of cannabis flower, concentrates, and precision-dosed products utilizing proprietary strains and formulations. These products are developed by the Company in cooperation with state-licensed operators who meet the Company's strict standards, including all natural—not artificial or synthetic —ingredients. The Company licenses its brands and product formulations only to certified manufacturing professionals who follow state cannabis laws and adhere to the Company's precise scientific formulations and trademarked product recipes.

The Company utilizes proprietary cannabis genetics to produce high-quality flowers and concentrates under the award-winning[3] Nature's Heritage™ brand, and cannabis-infused products under the brand names Kalm Fusion®, in the form of chewable tablets and drink powder mixes, and the award-winning[1] Betty's Eddies® brand of all natural fruit chews. Both cannabis-infused brands are top-selling products in Maryland and Massachusetts[2] and the Company intends to continue to introduce additional product lines under these brands in the foreseeable future.

The Company also has exclusive alliances with prominent brands. The Company has partnered with renown ice cream maker Emack & Bolio's® to create a line-up of cannabis-infused vegan and dairy ice cream. Additionally, the Company has secured distribution rights for the Binske® line of cannabis products crafted from premium artisan ingredients, the Healer™ line of medical full-spectrum cannabis tinctures, and the clinically-tested medicinal cannabis strains developed in Israel by global medical cannabis research pioneer Tikun Olam™.

The Company's stock is quoted on the OTCQX market under the ticker symbol MRMD.

The Company was incorporated in Delaware in January 2011 under the name Worlds Online Inc. Initially, the Company developed and managed online virtual worlds. By early 2014, this line of business effectively ceased operating, and the Company pivoted into the legal cannabis industry.

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1 LeafLink 2021 Best Selling Medical Product, LeafLink 2020 Industry Innovator, Explore Maryland Cannabis 2020 Edible of the Year, LeafLink 2019 Best Selling Medical Product.

2 Sources: BDSA 2021 and LeafLink Insights 2020.

3 LeafLink 2021 Fastest-Selling Concentrate.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

In accordance with GAAP, interim financial statements are not required to contain all of the disclosures normally required in annual financial statements. In addition, the results of operations of interim periods may not necessarily be indicative of the results of operations to be expected for the full year. Accordingly, these interim financial statements should be read in conjunction with the Company's most recent audited annual financial statements and accompanying notes for the year ended December 31, 2020.

Certain reclassifications have been made to prior periods' data to conform to the current period presentation. These reclassifications had no effect on reported income (losses) or cash flows.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of MariMed Inc. and the following majority-owned subsidiaries at September 30, 2021:

Subsidiary:	Percentage Owned
MariMed Advisors Inc.	100.0%
Mia Development LLC	89.5%
Mari Holdings IL LLC	100.0%
Mari Holdings MD LLC	97.4%
Mari Holdings NV LLC	100.0%
Mari Holdings Metropolis LLC	70.0%
Mari Holdings Mt. Vernon LLC	100.0%
Hartwell Realty Holdings LLC	100.0%
iRollie LLC	100.0%
ARL Healthcare Inc.	100.0%
KPG of Anna LLC	100.0%
KPG of Harrisburg LLC	100.0%
MariMed Hemp Inc.	100.0%
MediTaurus LLC	100.0%

Intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts within the financial statements and disclosures thereof. Actual results could differ from these estimates or assumptions.

Cash Equivalents

The Company considers all highly liquid investments with a maturity date of three months or less to be cash equivalents. The fair values of these investments approximate their carrying values.

The Company's cash and cash equivalents are maintained with recognized financial institutions located in the United States. In the normal course of business, the Company may carry balances with certain financial institutions that exceed federally insured limits. The Company has not experienced losses on balances in excess of such limits and management believes the Company is not exposed to significant risks in that regard.

Accounts Receivable

Accounts receivable consist of trade receivables and are carried at their estimated collectible amounts.

The Company provides credit to its clients in the form of payment terms. The Company limits its credit risk by performing credit evaluations of its clients and maintaining a reserve, if deemed necessary, for potential credit losses. Such evaluations include the review of a client's outstanding balances with consideration towards such client's historical collection experience, as well as prevailing economic and market conditions and other factors. Based on such evaluations, the Company maintained a reserve of approximately $41.4 million and $40.0 million at September 30, 2021 and December 31, 2020, respectively. For further discussion on receivable reserves, please refer to Note 18 – *Bad Debts* and the *Bankruptcy Claim* section of Note 20 – *Commitments and Contingencies.*

Inventory

Inventory is carried at the lower of cost or net realizable value, with the cost being determined on a first-in, first-out (FIFO) basis. The Company allocates a certain percentage of overhead cost to its manufactured inventory; such allocation is based on square footage and other industry-standard criteria. The Company reviews physical inventory for obsolescence and/or excess and will record a write-down if necessary.

Investments

Investments are comprised of equity holdings in public and private companies. These investments are recorded at fair value on the Company's consolidated balance sheet, with changes to fair value included in income. Investments are evaluated for permanent impairment and are written down if such impairments are deemed to have occurred.

Revenue Recognition

The Company recognizes revenue in accordance with the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 606, *Revenue from Contract with Customers,* as amended by subsequently issued Accounting Standards Updates. This revenue standard requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The recognition of revenue is determined by performing the following consecutive steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognize revenue as the performance obligation is satisfied.

Additionally, when another party is involved in providing goods or services to the Company's clients, a determination is made as to who—the Company or the other party—is acting in the capacity as the principal in the sale transaction, and who is merely the agent arranging for goods or services to be provided by the other party.

The Company is typically considered the principal if it controls the specified good or service before such good or service is transferred to its client. The Company may also be deemed to be the principal even if it engages another party (an agent) to satisfy some of the performance obligations on its behalf, provided the Company (i) takes on certain responsibilities, obligations, and risks, (ii) possesses certain abilities and discretion, or (iii) other relevant indicators of the sale. If deemed an agent, the Company would not recognize revenue for the performance obligations it does not satisfy.

The Company's main sources of revenue are comprised of the following:

- Product Sales – direct sales of cannabis and cannabis-infused products by the Company's retail dispensaries and wholesale operations in Massachusetts and Illinois, and sales of hemp and hemp-infused products. An increase in product sales is expected from the Company's planned cannabis-licensee acquisitions in Maryland, Nevada, and Delaware (upon this state's amendment to permit for-profit ownership of cannabis entities). This revenue is recognized when products are delivered or at retail points-of-sale.

- Real Estate – rental income and additional rental fees generated from leasing of the Company's state-of-the-art, regulatory-compliant cannabis facilities to its cannabis-licensed clients. Rental income is generally a fixed amount per month that escalates over the respective lease terms, while additional rental fees are based on a percentage of tenant revenues that exceed specified amounts.

- Management – fees for providing the Company's cannabis clients with comprehensive oversight of their cannabis cultivation, production, and dispensary operations. These fees are based on a percentage of such clients' revenue and are recognized after services have been performed.

- Supply Procurement – the Company maintains volume discounts with top national vendors of cultivation and production resources, supplies, and equipment, which the Company acquires and resells to its clients or third parties within the cannabis industry. The Company recognizes this revenue after the delivery and acceptance of goods by the purchaser.

- Licensing – royalties from the licensed distribution of the Company's branded products including Kalm Fusion® and Betty's Eddies®, and from sublicensing of contracted brands including Healer and Tikun Olam, to regulated dispensaries throughout the United States and Puerto Rico. The recognition of this revenue occurs when the products are delivered.

Research and Development Costs

Research and development costs are charged to operations as incurred.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, with depreciation recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term, if applicable. When assets are retired or disposed, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income. Repairs and maintenance are charged to expense in the period incurred.

The estimated useful lives of property and equipment are generally as follows: buildings and building improvements, forty years; tenant improvements, the remaining duration of the related lease; furniture and fixtures, seven to ten years; machinery and equipment, ten years. Land is not depreciated.

The Company's property and equipment are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the undiscounted future cash flows of such asset over the anticipated holding period. An impairment loss is measured by the excess of the asset's carrying amount over its estimated fair value.

Impairment analyses are based on management's current plans, asset holding periods, and currently available market information. If these criteria change, the Company's evaluation of impairment losses may be different and could have a material impact to the consolidated financial statements.

For the nine months ended September 30, 2021 and 2020, based on the results of management's impairment analyses, there were no impairment losses.

Leases

The consolidated financial statements reflect the Company's adoption of ASC 842, *Leases*, as amended by subsequent accounting standards updates, utilizing the modified retrospective transition approach.

ASC 842 is intended to improve financial reporting of leasing transactions. The most prominent change from previous accounting guidance is the requirement to recognize right-of-use assets and lease liabilities on the consolidated balance sheet representing the rights and obligations created by operating leases that extend more than twelve months in which the Company is the lessee. The Company elected the package of practical expedients permitted under ASC 842. Accordingly, the Company accounted for its existing operating leases that commenced before the effective date as operating leases under the new guidance without reassessing (i) whether the contracts contain a lease, (ii) the classification of the leases, and (iii) the accounting for indirect costs as defined in ASC 842.

The Company determines if an arrangement is a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Non-lease components within lease agreements are accounted for separately. Right-of-use assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term, utilizing the Company's incremental borrowing rate. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of its fixed assets and other assets in accordance with ASC 360-10-15, *Impairment or Disposal of Long-Lived Assets.* Impairment of long-lived assets is recognized when the net book value of such assets exceeds their expected cash flows, in which case the assets are written down to fair value, which is determined based on discounted future cash flows or appraised values.

Fair Value of Financial Instruments

The Company follows the provisions of ASC 820, *Fair Value Measurement*, to measure the fair value of its financial instruments, and ASC 825, *Financial Instruments,* for disclosures on the fair value of its financial instruments. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by ASC 820 are:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company's financial assets and liabilities, such as cash and accounts payable, approximate their fair values due to the short maturity of these instruments.

The fair value of option and warrant issuances are determined using the Black-Scholes pricing model and employing several inputs such as the expected life of instrument, the exercise price, the expected risk-free interest rate, the expected dividend yield, the value of the Company's common stock on issuance date, and the expected volatility of such common stock. The following table summarizes the range of inputs used by the Company during the nine months ended September 30, 2021 and 2020:

	Nine Months Ended September 30,	
	2021	2020
Life of instrument	3.0 to 5.0 years	2.7 to 4.3 years
Volatility factors	1.230 to 1.266	1.059 to 1.180
Risk-free interest rates	0.36% to 0.90%	0.26% to 1.30%
Dividend yield	0%	0%

The expected life of an instrument is calculated using the simplified method pursuant to Staff Accounting Bulletin Topic 14, *Share-Based Payment*, which allows for using the mid-point between the vesting date and expiration date. The volatility factors are based on the historical two-year movement of the Company's common stock prior to an instrument's issuance date. The risk-free interest rate is based on U.S. Treasury rates with maturity periods similar to the expected instruments life on the issuance date.

The Company amortizes the fair value of option and warrant issuances on a straight-line basis over the requisite service period of each instrument.

Extinguishment of Liabilities

The Company accounts for extinguishment of liabilities in accordance with ASC 405-20, *Extinguishments of Liabilities.* When the conditions for extinguishment are met, the liabilities are written down to zero and a gain or loss is recognized.

Stock-Based Compensation

The Company accounts for stock-based compensation using the fair value method as set forth in ASC 718,*Compensation—Stock Compensation,* which requires a public entity to measure the cost of employee services received in exchange for an equity award based on the fair value of the award on the grant date, with limited exceptions. Such value will be incurred as compensation expense over the period an employee is required to provide service in exchange for the award, usually the vesting period. No compensation cost is recognized for equity awards for which employees do not render the requisite service.

Income Taxes

The Company uses the asset and liability method to account for income taxes in accordance with ASC 740,*Income Taxes.* Under this method, deferred income tax assets and liabilities are recorded for the future tax consequences of differences between the tax basis and financial reporting basis of assets and liabilities, measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of operations in the period that includes the enactment date.

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. The Company did not take any uncertain tax positions and had no adjustments to unrecognized income tax liabilities or benefits for the nine months ended September 30, 2021 or 2020.

Related Party Transactions

The Company follows ASC 850, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions.

In accordance with ASC 850, the Company's financial statements include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business, as well as transactions that are eliminated in the preparation of financial statements.

Comprehensive Income

The Company reports comprehensive income and its components following guidance set forth by ASC 220,*Comprehensive Income*, which establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements. There were no items of comprehensive income applicable to the Company during the period covered in the financial statements.

Earnings Per Share

Earnings per common share is computed pursuant to ASC 260,*Earnings Per Share*. Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per share is computed by dividing net income by the sum of the weighted average number of shares of common stock outstanding plus the weighted average number of potentially dilutive securities during the period.

As of September 30, 2021 and 2020, there were potentially dilutive securities convertible into shares of common stock comprised of (i) stock options – convertible into 26,054,171 and 7,125,750 shares, respectively, (ii) warrants – convertible into 27,802,734 and 17,735,107 shares, respectively, (iii) Series B preferred stock – convertible into 4,908,333 shares in both periods, (iv) Series C preferred stock – convertible into31,081,080 and zero shares, respectively, (v) debentures payable – convertible intozero and 28,233,972 shares, respectively, and (vi) promissory notes – convertible into2,500,268 and 17,503,282 shares, respectively.

For the three and nine months ended September 30, 2021, the aforementioned potentially dilutive securities increased the number of weighted average common shares outstanding on a diluted basis by 49,479,941 shares and 45,863,932 shares, respectively. For the three months ended September 30, 2020, the aforementioned potentially dilutive securities increased the number of weighted average common shares outstanding on a diluted basis by 64,556,628 shares. Such shares were reflected in the calculation of diluted net income per share for such periods. For the nine months ended September 30, 2020, the potentially dilutive securities had an anti-dilutive effect on earnings per share, and pursuant to ASC 260, were excluded from the diluted net income per share calculations, resulting in identical basic and fully diluted net income per share for that period.

Commitments and Contingencies

The Company follows ASC 450, *Contingencies*, which requires the Company to assess the likelihood that a loss will be incurred from the occurrence or non-occurrence of one or more future events. Such assessment inherently involves an exercise of judgment. In assessing possible loss contingencies from legal proceedings or unasserted claims, the Company evaluates the perceived merits of such proceedings or claims, and of the relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss will be incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

While not assured, management does not believe, based upon information available at this time, that a loss contingency will have material adverse effect on the Company's financial position, results of operations or cash flows.

Beneficial Conversion Features on Convertible Debt

Convertible instruments that are not bifurcated as a derivative pursuant to ASC 815, *Derivatives and Hedging*, and not accounted for as a separate equity component under the cash conversion guidance are evaluated to determine whether their conversion prices create an embedded beneficial conversion feature at inception, or may become beneficial in the future due to potential adjustments.

A beneficial conversion feature is a nondetachable conversion feature that is "in-the-money" at the commitment date. The in-the-money portion, also known as the intrinsic value, is recorded in equity, with an offsetting discount to the carrying amount of convertible debt to which it is attached. The discount is amortized to interest expense over the life of the debt with adjustments to amortization upon full or partial conversions of the debt.

Risk and Uncertainties

The Company is subject to risks common to companies operating within the legal and medical marijuana industries, including, but not limited to, federal laws, government

regulations and jurisdictional laws.

Noncontrolling Interests

Noncontrolling interests represent third-party minority ownership of the Company's consolidated subsidiaries. Net income attributable to noncontrolling interests is shown in the consolidated statements of operations; and the value of net assets owned by noncontrolling interests are presented as a component of equity within the balance sheets.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

NOTE 3 – ACQUISITIONS

The Harvest Foundation LLC

In 2019, the Company entered into a purchase agreement to acquire100% of the ownership interests of The Harvest Foundation LLC ("Harvest"), the Company's cannabis-licensed client in the state of Nevada. The acquisition is conditioned upon legislative approval of the transaction. During 2019, the state paused the processing of cannabis license transfers, without indicating when it will resume. Upon the resumption of these activities and the ensuing approval by the state, the Company expects to consummate this transaction whereby the operations of Harvest will be consolidated into the Company's financial statements.

The purchase price is comprised of the issuance of (i)1,000,000 shares of the Company's common stock, in the aggregate, to two owners of Harvest, which as a good faith deposit, were issued upon execution of the purchase agreement, (ii) $1.2 million of the Company's common stock at closing, based on the closing price of the common stock on the day prior to legislative approval of the transaction, and (iii) warrants to purchase 400,000 shares of the Company's common stock at an exercise price equal to the closing price of the Company's common stock on the day prior to legislative approval of the transaction. The issued shares were recorded at par value. Such shares are restricted and will be returned to the Company in the event the transaction does not close.

Kind Therapeutics USA Inc.

In the fall of 2016, the members of Kind Therapeutics USA Inc., the Company's cannabis-licensed client in Maryland that holds licenses for the cultivation, production, and dispensing of medical cannabis ("Kind"), and the Company agreed to a partnership/joint venture whereby Kind would be owned 70% by the Company and 30% by the members of Kind, subject to approval by the Maryland Medical Cannabis Commission ("MMCC"). Prior to finalizing the documents confirming the partnership/joint venture, in December 2018, the Company and the members of Kind negotiated and entered into a memorandum of understanding ("MOU") for the Company to acquire 100% of the membership interests of Kind. The MOU provides for a total purchase price of $6.3 million in cash, 2,500,000 shares of the Company's common stock, and other consideration. The acquisition is subject to approval by the MMCC, which will be applied for following the resolution of the litigation with Kind discussed below.

Also in December 2018, (i) MariMed Advisors Inc., the Company's wholly owned subsidiary, and Kind entered into a management services agreement to provide Kind with comprehensive management services in connection with the business and operations of Kind ("the MSA"), and (ii) Mari Holdings MD LLC, the Company's majority-owned subsidiary, entered into a 20-year lease with Kind for Kind's utilization of the Company's 180,000 square foot cultivation and production facility in Hagerstown, MD ("the Lease"), which the Company purchased, designed, and developed for occupancy and use by Kind commencing in late 2017. Additionally, in October 2019, Mari Holdings MD LLC purchased a 9,000 square foot building in Anne Arundel County, MD, which is currently under construction, for the development of a dispensary which would be leased to Kind.

In 2019, the members of Kind sought to renegotiate the terms of the MOU and have subsequently sought to renege on both the original partnership/joint venture and the MOU. The Company engaged with Kind in good faith in an attempt to reach updated terms acceptable to both parties, however Kind failed to reciprocate in good faith, resulting in an impasse. Incrementally, both parties through counsel further sought to resolve the impasse, however such initiative resulted in both parties commencing legal proceedings. As a result, the consummation of this acquisition has been delayed and may not ultimately be completed. The litigation is further discussed in Note 20 – *Commitments and Contingencies*.

MediTaurus LLC

In 2019, the Company acquired a 70% ownership interest in MediTaurus LLC ("MediTaurus"), a company formed by Jokubas Ziburkas PhD, a neuroscientist and leading authority on cannabidiol ("CBD") and the endocannabinoid system, in exchange for $2.8 million of cash and stock. The Company currently sells CBD products developed by MediTaurus under its Florance™ brand.

In September 2021, the Company acquired the remaining 30% ownership interest of MediTaurus in exchange for 100,000 shares of the Company's common stock, valued at approximately $94,000, and $10,000 in cash. The carrying value of the noncontrolling interest of approximately $975,000 was eliminated, and since there was no change in control of MediTaurus from this transaction, the resulting gain on bargain purchase was recognized in *Additional Paid-In Capital* on the September 30, 2021 balance sheet. The shares and cash were issued and paid in November 2021, and were included in *Common Stock Subscribed But Not Issued* and *Accrued Expenses*, respectively, on the September 30, 2021 balance sheet. As part of this transaction, the initial purchase agreement was amended whereby any and all future license fees and payments to MediTaurus were eliminated.

NOTE 4 – INVESTMENTS

At September 30, 2021 and December 31, 2020, the Company's investments were comprised of the following:

	September 30, 2021	December 31, 2020
Current investments:		
Flowr Corp. (formerly Terrace Inc.)	$ 419,803	$ 1,357,193
Non-current investments:		
MembersRSVP LLC	-	1,165,788
Total investments	$ 419,803	$ 2,522,981

Flowr Corp. (formerly Terrace Inc.)

In December 2020, Terrace Inc., a Canadian cannabis entity in which the Company had an ownership interest of 8.95% ("Terrace"), was acquired by Flowr Corp. (TSX.V: FLWR; OTC: FLWPF), a Toronto-headquartered cannabis company with operations in Canada, Europe, and Australia ("Flowr"). Under the terms of the transaction, each shareholder of Terrace received 0.4973 of a share in Flowr for each Terrace share held.

This investment is carried at fair value. During the nine months ended September 30, 2021 and 2020, the decrease in fair value of this investment of approximately $37,000 and $446,000, respectively, was reflected in *Change In Fair Value Of Investments* on the statement of operations.

MembersRSVP LLC

In August 2018, the Company invested $300,000 and issued 378,259 shares of its common stock, valued at approximately $915,000, in exchange for a 23% ownership in MembersRSVP LLC ("MRSVP"), an entity that has developed cannabis-specific customer relationship management software, branded under the name Sprout.

During the nine months ended September 30, 2020, the investment was accounted for under the equity method. Based on the Company's equity in MRSVP's net loss during such period, the Company recorded earnings for the three months and nine month ended September 30, 2020 of approximately $52,000 and $19,000, respectively. Such earnings comprised the balance of *Equity in Earnings of Investments* on the statement of operations for such periods.

In January 2021, the Company and MRSVP entered into an agreement whereby the Company assigned and transferred membership interests comprising an 11% ownership in MRSVP in exchange for a release from all further obligation by the Company to make future investments or payments and certain other non-monetary consideration. Following the interest transfer, the Company's ownership interest in MRSVP was reduced to 12% on a fully diluted basis.

As part of the agreement, the Company relinquished its right to appoint a member to the board of MRSVP. In light of the Company no longer having the ability to exercise significant influence over MRSVP, the Company discontinued accounting for this investment under the equity method as of January 1, 2021. The Company's share of MRSVP's net losses recorded under the equity method prior to January 1, 2020 of approximately $50,000 remained part of the carrying amount of the investment.

In September 2021, MRSVP sold substantially all of its assets pursuant to an asset purchase agreement dated as of August 31, 2021, and entered into several related agreements. In furtherance of the transaction, the Company received cash proceeds of $1,475,000, representing the Company's pro rata share of the cash consideration received by MRSVP upon the closing of the transaction. As an ongoing member of MRSVP, the Company will receive its pro rata share of any additional consideration received by MRSVP pursuant to the asset purchase agreement, which may include securities or other forms of non-cash or in-kind consideration and holdback amounts, if and when it is received and distributed by MRSVP.

As of September 30, 2021, the Company had received the cash consideration, and accordingly, reduced the investment balance to zero and recorded a gain of approximately $309,000 which was reflected in *Other* non-operating expenses on the statement of operations. The Company had not received any of the non-cash consideration as of the report date.

NOTE 5 – DEFERRED RENTS RECEIVABLE

The Company is the lessor under operating leases which contain rent holidays, escalating rents over time, options to renew, requirements to pay property taxes, insurance and/or maintenance costs, and contingent rental payments based on a percentage of monthly tenant revenues. The Company is not the lessor under any finance leases.

The Company recognizes fixed rental receipts from such lease agreements on a straight-line basis over the expected lease term. Differences between amounts received and amounts recognized are recorded under *Deferred Rents Receivable* on the balance sheet. Contingent rentals are recognized only after tenants' revenues are finalized and if such revenues exceed certain minimum levels.

The Company leases the following owned properties:

- Delaware – a 45,000 square foot facility purchased in September 2016 and developed into a cannabis cultivation, processing, and dispensary facility which is leased to a cannabis-licensed client under a triple net lease that commenced in 2017 and expires in 2035.
- Maryland – a 180,000 square foot former manufacturing facility purchased in January 2017 and developed by the Company into a cultivation and processing facility which is leased to a licensed cannabis client under a triple net lease that commenced 2018 and expires in 2037.
- Massachusetts – a 138,000 square foot industrial property of which approximately half of the available square footage is leased to a non-cannabis manufacturing company under a lease that commenced in 2017 and expires in 2022.

The Company subleases the following properties:

- Delaware – 4,000 square feet of retail space in a multi-use building space which the Company developed into a cannabis dispensary and is subleased to its cannabis-licensed client under a under a triple net lease expiring in December 2021 with a five-year option to extend.
- Delaware – a 100,000 square foot warehouse which the Company is developing into a cultivation and processing facility to be subleased to its cannabis-licensed client. The lease expires in March 2030, with an option to extend the term for three additional five-year periods.
- Delaware – a 12,000 square foot premises which the Company developed into a cannabis production facility with offices, and is subleased to its cannabis-licensed client. The lease expires in January 2026 and contains an option to negotiate an extension at the end of the lease term.

As of September 30, 2021 and December 31, 2020, cumulative fixed rental receipts under such leases approximated $17.5 million and $13.9 million, respectively, compared to revenue recognized on a straight-line basis of approximately $19.2 million and $15.8 million, respectively. Accordingly, the deferred rents receivable balance approximated $1.7 million and $1.9 million at September 30, 2021 and December 31, 2020, respectively.

Future minimum rental receipts for non-cancelable leases and subleases as of September 30, 2021 were:

2021	$	1,207,136
2022		4,740,130
2023		4,446,410
2024		4,506,585
2025		4,574,023
Thereafter		39,591,553
Total	$	59,065,837

NOTE 6 – NOTES RECEIVABLE

At September 30, 2021 and December 31, 2020, notes receivable, including accrued interest, consisted of the following:

	September 30, 2021	December 31, 2020
First State Compassion Center	$ 420,267	$ 468,985
Healer LLC	892,637	899,226
High Fidelity Inc.	-	254,919
Total notes receivable	1,312,904	1,623,130
Notes receivable, current portion	124,426	658,122
Notes receivable, less current portion	$ 1,188,478	$ 965,008

First State Compassion Center

The Company's cannabis-licensed client in Delaware, First State Compassion Center, issued a 10-year promissory note to the Company in May 2016 in the amount of $700,000 bearing interest at a rate of 12.5% per annum, as amended. The monthly payments of approximately $10,000 will continue through April 2026, at which time the note will be fully paid down. At September 30, 2021 and December 31, 2020, the current portion of this note approximated $72,000 and $64,000, respectively, and was included in *Notes Receivable, Current Portion* on the respective balance sheets.

Healer LLC

In 2018 and 2019, the Company loaned an aggregate of $800,000 to Healer LLC, an entity that provides cannabis education, dosage programs, and products developed by Dr. Dustin Sulak, an integrative medicine physician and nationally renowned cannabis practitioner ("Healer"). Healer issued promissory notes to the Company for the aggregate amount loaned that bear interest at a rate of 6% per annum, with principal and interest payable on maturity dates three years from the respective loan dates.

In March 2021, the Company was issued a revised promissory note from Healer in the principal amount of approximately $894,000 representing the previous loans extended to Healer by the Company plus accrued interest through the revised promissory note issuance date. The revised promissory note bears interest at a rate of 6% per annum and requires quarterly payments of interest from April 2021 through the maturity date in April 2026

Additionally, the Company has the right to offset any licensing fees owed to Healer by the Company in the event Healer fails to make any payment when due. In March 2021, the Company offset approximately $28,000 of licensing fees payable to Healer against the principal balance of the revised promissory note, reducing the principal amount to approximately $866,000.

At September 30, 2021 and December 31, 2020, the total amount of principal and accrued interest due under the aforementioned promissory notes approximated $893,000 and $899,000, respectively, of which approximately $52,000 and $337,000, respectively, was current.

High Fidelity

In August 2019, the Company loaned $250,000 to High Fidelity Inc., an entity that owns and operates two seed-to sale medical marijuana facilities in the state of Vermont and produces its own line of CBD products. The loan bore interest at a rate of 10.0% per annum, and was repaid in full in August 2021.

NOTE 7 – INVENTORY

At September 30, 2021 and December 31, 2020, inventory was comprised of the following:

	September 30, 2021	December 31, 2020
Plants	$ 1,490,314	$ 3,352,425
Ingredients and other raw materials	256,331	176,338
Work-in-process	3,434,208	468,377
Finished goods	5,813,110	2,833,431
Total inventory	$ 10,993,963	$ 6,830,571

NOTE 8 – PROPERTY AND EQUIPMENT

At September 30, 2021 and December 31, 2020, property and equipment consisted of the following:

	September 30, 2021	December 31, 2020
Land	$ 4,449,810	$ 3,988,810
Buildings and building improvements	34,343,369	29,309,856
Tenant improvements	9,295,691	8,844,974
Furniture and fixtures	1,868,571	619,880
Machinery and equipment	6,983,256	4,620,924
Construction in progress	8,938,997	3,140,807
	65,879,694	50,525,251
Less: accumulated depreciation	(6,363,525)	(4,888,722)
Property and equipment, net	$ 59,516,169	$ 45,636,529

During the nine months ended September 30, 2021 and December 31, 2020, additions to property and equipment approximated $15,354,000 and $1,876,000, respectively.

The 2021 additions were primarily comprised of (i) the development of the facility in Metropolis, IL, and (ii) purchases of building improvements, machinery, and equipment at the facilities in Hagerstown, MD and New Bedford, MA. The 2020 additions consisted primarily of (i) the commencement of construction in Mt. Vernon, IL, and (ii) machinery and equipment purchases for facilities in Massachusetts, Maryland, Illinois, and Delaware.

The construction in progress balances of approximately $8.9 million and $3.1 million at September 30, 2021 and December 31, 2020, respectively, consisted of the commencement of construction of properties in Milford, DE and Annapolis, MD.

Depreciation expense for the nine months ended September 30, 2021 and 2020 approximated $1,499,000 and $1,341,000, respectively.

NOTE 9 – INTANGIBLES

At September 30, 2021 and December 31, 2020, intangible assets were comprised of (i) the carrying value of cannabis license fees, and (ii) goodwill arising from the Company's acquisitions.

The Company's cannabis licenses are issued from the states of Illinois and Massachusetts and require the payment of annual fees. These fees, comprised of a fixed component and a variable component based on the level of operations, are capitalized and amortized over the respective twelve-month periods. At September 30, 2021 and December 31, 2020, the carrying value of these cannabis licenses approximated $281,000 and $161,000, respectively.

The goodwill associated with acquisitions is reviewed on a quarterly basis for impairment. Based on this review and other factors, the goodwill of approximately $2.1 million at September 30, 2021 and December 31, 2020 was deemed to be unimpaired.

NOTE 10 – MORTGAGES

At September 30, 2021 and December 31, 2020, mortgage balances, including accrued interest, were comprised of the following:

		September 30, 2021		December 31, 2020
Bank of New England – New Bedford, MA and Middleboro, MA properties	$	12,583,053	$	12,834,090
Bank of New England – Wilmington, DE property		1,491,525		1,575,658
DuQuoin State Bank – Anna, IL and Harrisburg, IL properties		786,046		814,749
DuQuoin State Bank – Metropolis, IL property		2,688,230		-
South Porte Bank – Mt. Vernon, IL property		838,440		906,653
Total mortgages payable		18,387,294		16,131,150
Mortgages payable, current portion		(1,412,545)		(1,387,014)
Mortgages payable, less current portion	$	16,974,749	$	14,744,136

In November 2017, the Company entered into a 10-year mortgage agreement with Bank of New England in the amount of $4,895,000 (the "Initial Mortgage") for the purchase of a 138,000 square foot industrial property in New Bedford, MA, within which the Company has built a 70,000 square foot cannabis cultivation and processing facility. Pursuant to the Initial Mortgage, the Company made monthly payments of (i) interest-only from the mortgage date through May 2019 at a rate equal to the prime rate plus 2%, with a floor of 6.25% per annum, and (ii) principal and interest payments from May 2019 to July 2020 at a rate equal to the prime rate on May 2, 2019 plus 2%, with a floor of 6.25% per annum. In July 2020, at which time the Initial Mortgage had a remaining principal balance of approximately $4.8 million, the parties consummated an amended and restated mortgage agreement, secured by the Company's properties in New Bedford and Middleboro in the amount of $13.0 million bearing interest at a rate of 6.5% per annum that matures in August 2025 (the "Refinanced Mortgage"). Proceeds from the Refinanced Mortgage were used to pay down the Initial Mortgage and approximately $7.2 million of promissory notes as further described below. At September 30, 2021 and December 31, 2020, the outstanding principal balance of the Refinanced Mortgage approximated $12.6 million and $12.8 million, respectively, of which approximately $352,000 and $335,000, respectively, was current.

The Company maintains another mortgage with Bank of New England for the 2016 purchase of a 45,070 square foot building in Wilmington, DE which was developed into a cannabis seed-to-sale facility and is currently leased to the Company's cannabis-licensed client in that state. The mortgage matures in 2031 with monthly principal and interest payments at a rate of 5.25% per annum through September 2021, and thereafter the rate adjusting every five years to the then prime rate plus 1.5% with a floor of 5.25% per annum. At September 30, 2021 and December 31, 2020, the outstanding principal balance on this mortgage approximated $1.5 million and $1.6 million, respectively, of which approximately $118,000 and $114,000, respectively, was current.

In May 2016, the Company entered into a mortgage agreement with DuQuoin State Bank ("DSB") for the purchase of properties in Anna, IL and Harrisburg, IL which the Company developed into two 3,400 square foot free-standing retail dispensaries. On May 5th of each year, this mortgage is due to be repaid unless it is renewed for another year at a rate determined by DSB's executive committee. The mortgage was renewed in May 2021 at a rate of 6.75% per annum. At September 30, 2021 and December 31, 2020, the outstanding principal balance on this mortgage approximated $793,000 and $815,000 respectively, of which approximately $32,000 and $31,000, respectively, was current.

In July 2021, the Company purchased the land and building in which it operates its cannabis dispensary in Metropolis, IL. The purchase price consisted of 750,000 shares of the Company's common stock, which was valued at $705,000 on the date of the transaction, and payoff of the seller's remaining mortgage of approximately $1.6 million. In connection with this purchase, the Company entered into another mortgage agreement with DSB in the amount of $2.7 million that matures in July 2041 and initially bears interest at a rate of 6.25% per annum which is adjusted each year based on a certain interest rate index plus a margin. As part of this transaction, the seller was provided with a 30% ownership interest in Mari Holdings Metropolis LLC ("Metro"), the Company's subsidiary that owns the property and related mortgage obligation, reducing the Company's ownership interest in Metro to 70%. At September 30, 2021, the outstanding principal balance on this mortgage approximated $2.7 million, of which approximately $71,000 was current.

In February 2020, the Company entered into a mortgage agreement with South Porte Bank for the purchase and development of a property in Mt. Vernon, IL. Pursuant to the amended mortgage agreement, the mortgage shall be repaid in monthly installments of principal and interest of approximately $6,000 which began in August 2021 and continues through its maturity in June 2022, at which time all remaining principal, interest and fees shall be due.

NOTE 11 – PROMISSORY NOTES

<u>*Promissory Notes Issued by the Company and its MariMed Hemp Inc. Subsidiary*</u>

In June 2019, the Company and MariMed Hemp Inc., its wholly-owned subsidiary ("MMH"), issued a secured promissory note in the principal amount of $10.0 million (the

"$10M Note") to an unaffiliated party (the "Noteholder"). The $10M Note provided for the repayment of principal plus a payment of $1.5 million (the "$1.5M Payment") on the maturity date of January 31, 2020. Such payment was charged to interest expense over the life of the $10M Note.

As part of the $10M Note transaction, the Company issued three-year warrants to purchase up to 375,000 shares of common stock at an exercise price of $4.50 per share to the Noteholder. The fair value of these warrants on the issuance date of approximately $601,000 was recorded as a discount to the $10M Note. Approximately $523,000 of the warrant discount was amortized to interest expense in 2019, with the remainder in January 2020.

The Company entered into an amendment agreement with the Noteholder in February 2020, whereby the Company and MMH issued an amended and restated promissory note maturing in June 2020 in the principal amount of $11,500,000 (the "$11.5M Note"), comprised of the principal amount of the $10M Note and the $1.5M Payment. The $11.5M Note bore interest at a rate of 15% per annum, requiring periodic interest payments and minimum amortization payments of $3,000,000 in the aggregate, which the Company made in the first half of 2020.

The Company entered into a second amendment agreement with the Noteholder in June 2020, whereby (i) $352,000 of outstanding principal of the $11.5M Note was converted into 1,900,000 shares of the Company's common stock (which did not result in a material extinguishment gain or loss as the conversion price approximated the price of the Company's common stock on the agreement date), and (ii) the Company and MMH issued a second amended and restated promissory note in the principal amount of approximately $8.8 million, comprised of the outstanding principal and unpaid interest balances of the $11.5M Note, plus an extension fee of approximately $330,000, bearing interest at a rate of 15% per annum and maturing in June 2022 (the "$8.8M Note"). In addition, the Company issued three-year warrants to the Noteholder to purchase up to 750,000 shares of common stock at an exercise price of $0.50 per share. The fair value of these warrants on the issuance date of approximately $66,000 was recorded as a discount to the $8.8M Note, and amortized to interest expense over the life of the $8.8M Note.

The Company made a required principal payment of $4,000,000 in July 2020 with a portion of proceeds of the Refinanced Mortgage discussed earlier in this footnote, and additional principal payments of $600,000 in the aggregate in calendar 2020. Accordingly, the carrying value of the $8.8M Note was approximately $4.2 million at December 31, 2020.

The Noteholder had the option to convert the $8.8M Note, in whole or in part, into shares of the Company's common stock at a conversion price of $0.30 per share, subject to certain conversion limitations. This non-detachable conversion feature of the $8.8M Note had no intrinsic value on the agreement date, and therefore no beneficial conversion feature arose. In March 2021, the Noteholder converted $1,000,000 of principal and approximately $10,000 of accrued interest into 3,365,972 shares of the Company's common stock, reducing the carrying value of the $8.8M Note to approximately $3.2 million.

The Company entered into a third amendment agreement with the Noteholder in April 2021 whereby the Company and MMH issued a third amended and restated promissory note in the principal amount of approximately $3.2 million (the "$3.2M Note") which bears interest at a rate of 0.12% per annum and matures in April 2023. The Noteholder has the option to convert, subject to certain conversion limitations, all or a portion of the $3.2M Note into shares of the Company's common stock at a conversion price of $0.35 per share, such conversion price subject to adjustment in the event of certain transactions by the Company. The third amended agreement resulted in a decrease in the fair value of the embedded conversion feature of the $3.2M Note and therefore no accounting was required for such conversion feature.

On or after the one-year anniversary of the $3.2M Note, upon twenty days prior written notice to the Noteholder, the Company can prepay all of the outstanding principal and unpaid interest of the $3.2M Note, along with a prepayment premium equal to 10% of the principal amount being prepaid. The Noteholder shall remain entitled to convert the $3.2M Note during such notice period. On or after the one-year anniversary of the $3.2M Note, the Noteholder has the right to require the redemption in cash of up to $125,000 of principal and unpaid interest thereon per calendar month.

In 2021, the Noteholder converted approximately $2.3 million of principal on the $3.2M Note into 6,676,153 shares of the Company's common stock, reducing the carrying value of the $3.2M Note to approximately $875,000 at September 30, 2021. All note conversions were effected in accordance with the terms of their respective note agreements, and therefore the Company was not required to record a gain or loss on such conversions.

Promissory Notes Issued Pursuant to an Exchange Agreement

In February 2020, pursuant to an exchange agreement as further described in Note 13 – *Mezzanine Equity*, the Company issued two promissory notes in the aggregate principal amount of approximately $4.4 million, bearing interest at 16.5% per annum and maturing in August 2021 (the "$4.4M Notes"), in exchange for a loan in the same amount. At December 31, 2020, the principal and accrued interest balance of the $4.4M Notes approximated $4.6 million. In March 2021, utilizing a portion of the proceeds from the Hadron transaction discussed in Note 13 – *Mezzanine Equity,* the $4.4M Notes were fully paid down, along with accrued interest through the repayment date.

Promissory Note Issued by MMH

In April 2019, MMH issued a secured promissory note in the principal amount of $1,000,000 (the "$1M Note") to an unaffiliated party. The principal balance plus a payment of $180,000, initially due in December 2019, was continued on a month-to-month basis. In September 2020, the Company paid down $500,000 of principal on the $1M Note, reducing the carrying value of the $1M Note to $500,000 at December 31, 2020. In March 2021, the Company paid interest on the $1M Note of $200,000. Also in March 2021, utilizing a portion of the proceeds from the Hadron transaction discussed in Note 12 – *Mezzanine Equity,* the remaining principal of $500,000 was paid down. At September 30, 2021, the Company is carrying an accrued interest balance of approximately $200,000 to cover the payment of any additional interest on the $1M Note, which the Company does not believe is required to be paid.

Promissory Notes Issued for Operating Liquidity

In March 2019, the Company raised $6.0 million through the issuance of a secured promissory note (the "$6M Note") to an unaffiliated party (the "Holding Party") bearing interest at a rate of 13% per annum and a service fee of $900,000 (the "Service Fee"). The $6M Note's initial maturity date in December 2019 was extended to April 2020 in accordance with its terms.

The Company and the Holding Party entered into a note extension agreement in April 2020 (the "Initial Extension Agreement") pursuant to which (i) the $6M Note's due date was extended to September 2020, and the $6M Note was modified to include unpaid accrued interest of $845,000 through the modification date and interest at a rate of 10% per annum (the "$6.8M Note"), and (iii) a new convertible note in the amount of $900,000 (the "$900k Note") was issued evidencing the Service Fee, bearing interest at a rate of 12% per annum. The Company satisfied the $900k Note and accrued interest of $20,100 in full as of the June 2020 maturity date by the payment in July 2020 of $460,050 in cash, representing one-half of the principal and accrued interest, and the issuance in June 2020 of 2,525,596 shares of the Company's common stock, in payment of the other half of the principal and accrued interest.

Previous to the $6M Note, the Company raised $3.0 million from the issuance of a secured promissory note to the Holding Party in September 2018, bearing interest at a rate of 10% per annum (the "$3M Note"). The maturity date of the $3M Note, initially in March 2020, was extended for an additional six months in accordance with its terms, with the interest rate increasing to 12% per annum during the extension period. Pursuant to the Initial Extension Agreement, the maturity date of the $3M Note was extended to December 2020.

The Company and the Holding Party entered into a second note extension agreement in October 2020 (the "Second Extension Agreement") whereby the Company (i) paid $1 million of principal and all outstanding accrued interest of approximately $333,000 on the $6.8M Note; (ii) issued an amended and restated senior secured promissory note in the principal amount of $5,845,000 (the "$5.8M Note") to replace the $6.8M Note; and (iii) amended and restated the $3M Note (the "New $3M Note", and together with the $5.8M Note, the "Amended Notes"). The Amended Notes bore interest at a rate of 12% per annum with initial maturity dates in September 2022.

In consideration of the Second Extension Agreement, the Company (i) issued four-year warrants to the Holding Party's designees to purchase up to 5,000,000 shares of the Company's common stock at an exercise price of $0.25 per share; (ii) paid the Holding Party a fee of $100,000; and (iii) extended the security interest in certain Company properties and the pledge of certain equity interests to secure the Amended Notes. The Company recorded a discount on the Amended Notes of approximately $573,000 based on the fair value of such warrants on the issuance date, of which approximately $75,000 was amortized as of the end of 2020, and the remainder to be amortized over the life of the Amended Notes. Accordingly, the carrying value of the Amended Notes approximated $8.3 million at December 31, 2020, of which $1.9 million was current.

The Company made a required principal payment of $400,000 on the $5.8M Note in February 2021. In March 2021, utilizing a portion of the proceeds from the Hadron transaction discussed in Note 13 – *Mezzanine Equity,* the Amended Notes were fully paid down, along with accrued interest through the repayment date. In addition, the remaining discount of approximately $450,000 on this note was fully amortized on the payment date.

Promissory Notes Issued to Purchase Commercial Vehicles

In August 2020, the Company entered into a note agreement with First Citizens' Federal Credit Union for the purchase of a commercial vehicle. The note bears interest at a rate of 5.74% per annum and matures in July 2026. At September 30, 2021 and December 31, 2020, the balance of this note approximated $27,000 and $30,000, respectively, of which approximately $5,000 was current in both periods.

In June 2021, the Company entered into a note agreement with Ally Financial for the purchase of a second commercial vehicle. The note bears interest at the rate of 0% per annum and matures in May 2027. At September 30, 2021, the balance of this note approximated $33,000, of which approximately $5,000 was current.

Other Promissory Note Issuances

In addition to the above transactions, at the start of 2020, the Company was carrying $3,190,000 of principal on promissory notes issued to accredited investors bearing interest at rates ranging from 6.5% to 18% per annum (the "Existing Notes"). During 2020, the Company (i) raised approximately $2,147,000 from the issuance of new promissory notes to accredited investors bearing interest at 12% and 15% per annum (the "New 2020 Notes"), (ii) repaid $2,100,000 of the Existing Notes, (iii) retired $500,000 of the Existing Notes through the issuance of common stock at a conversion price equal to the market price of the Company's common stock on the conversion date of $0.32 per share, and (iv) repaid $700,000 of the New 2020 Notes. Accordingly, the remaining balance on the Existing Notes and New 2020 Notes approximated $2,037,000 in the aggregate at December 31, 2020. This balance along with accrued interest through the repayment date of approximately $200,000 were fully paid down in March 2021 utilizing a portion of the proceeds from the Hadron transaction discussed in Note 13 – *Mezzanine Equity*.

Debt Maturities

As of September 30, 2021, the aggregate scheduled maturities of the Company's total debt outstanding were:

2021	$	1,253,995
2022		593,112
2023		1,231,622
2024		669,650
2025		716,186
Thereafter		14,859,046
Total		19,323,611
Less discounts		(741)
	$	19,322,870

NOTE 12 – DEBENTURES PAYABLE

In a series of transactions from the period October 2018 through February 2020, the Company sold an aggregate of $21.0 million of convertible debentures (the "$21M Debentures") to an accredited investor pursuant to an amended securities purchase agreement (the "SPA"). The following table as of September 30, 2021 summarizes the purchase dates and selected terms of each debenture agreement that comprised the $21M Debentures:

Issue Date	Maturity Date	Initial Principal	Interest Rate	Issue Discount	Warrant Discount	Beneficial Conversion Feature	Converted To Common Stock
10/17/18	10/16/20	$5,000,000	6.0%	1.0%	$ 457,966	$1,554,389	$ 5,000,000
11/07/18	11/06/20	5,000,000	6.0%	1.0%	599,867	4,015,515	5,000,000
05/08/19	05/07/21	5,000,000	6.0%	1.0%	783,701	2,537,235	5,000,000
06/28/19	06/27/21	2,500,000	0.0%	7.0%	145,022	847,745	2,500,000
08/20/19	08/19/21	2,500,000	0.0%	7.0%	219,333	850,489	2,500,000
02/21/20	02/20/21	1,000,000	6.5%	6.5%	28,021	379,183	1,000,000

As of September 30, 2021, the holder of the $21M Debentures (the "Holder") had converted all of the $21M Debentures, along with accrued interest, into the Company's common stock at conversion prices equal to 80% of a calculated average, pursuant to the terms of the debenture agreements, of the daily volume-weighted price during the ten consecutive trading days preceding the date of conversion. Specifically, over the life of the $21M Debentures, the Holder converted, in several transactions, an aggregate of $21.0 million of principal and approximately $836,000 of accrued interest into 92,704,035 shares of common stock at conversion prices ranging from $0.11 to $3.06 per share. Of these conversions, (i) during 2020, an aggregate of $9.7 million of principal and approximately $365,000 of accrued interest was converted into 77,766,559 shares of common stock at conversion prices ranging from $0.11 and $0.34 per share, and (ii) during 2021, an aggregate of $1.3 million of principal and approximately $56,000 of accrued interest was converted into 4,610,645 shares of common stock at a conversion price of $0.29 per share.

All of the aforementioned conversions were effected in accordance with the terms of the debenture agreements, and therefore the Company was not required to record a gain or loss on such conversions. The conversions were limited in any given month to certain agreed-upon amounts based on the conversion price, and the Holder was also limited from beneficially owning more than 4.99% of the Company's outstanding common stock.

In conjunction with the issuance of the $21M Debentures, the Company issued the Holder three-year warrants to purchase an aggregate of 1,354,675 shares of the Company's common stock at exercise prices ranging from $0.75 to $5.50 per share, of which warrants to purchase 180,000 shares of common stock at an exercise price of $0.75 were

issued in 2020. The fair value of the warrants of approximately $2.2 million was recorded as a discount to the carrying amount of the $21M Debentures and are amortized to interest expense over the respective term of the individual debentures comprising the $21M Debentures.

Based on the conversion prices of the $21M Debentures in relation to the market value of the Company's common stock, the $21M Debentures provided the Holder with a beneficial conversion feature, as the embedded conversion option was in-the-money on the commitment date. The aggregate intrinsic value of the beneficial conversion feature of approximately $10.2 million was recorded as a discount to the carrying amount of the $21M Debentures, and amortized to interest expense over the respective term of the individual debentures comprising the $21M Debentures.

Pursuant to the terms of a registration rights agreement with the Holder, entered into concurrently with the SPA, the Company agreed to provide the Holder with certain registration rights with respect to shares issued pursuant to the terms of the SPA and the $21M Debentures.

During the year ended December 31, 2020, amortization of the beneficial conversion features, after adjustment for the aforementioned conversions, approximated $3.2 million; amortization of the warrant discounts approximated $805,000; amortization of original issue discounts approximated $321,000; and interest expense approximated $224,000. At December 31, 2020, the aggregate outstanding principal balance of the $21M Debentures was $1.3 million. Also on such date, the unamortized balances of the beneficial conversion features, the warrant discounts, and original issue discounts were approximately $177,000, $39,000, and $52,000, respectively. Accordingly, at December 31, 2020, the carrying value of the $21M Debentures approximated $1,032,000, all of which was current.

During the nine months ended September 30, 2021, amortization of the beneficial conversion features, after adjustment for the aforementioned conversions, approximated $177,000; amortization of the warrant discounts approximated $39,000; amortization of original issue discounts approximated $52,000; and interest expense approximated $1,000.

NOTE 13 – MEZZANINE EQUITY

Series B Convertible Preferred Stock

In February 2020, the Company entered into an exchange agreement with two institutional shareholders (the "TIS Exchange Agreement") whereby the Company (i) exchanged 4,908,333 shares of the Company's common stock previously acquired by the two institutional shareholders for an equal number of shares of newly designated Series B convertible preferred stock, and (ii) issued the $4.4M Notes previously discussed in Note 11 – *Promissory Notes*.

In connection with the TIS Exchange Agreement, the Company filed (i) a certificate of designation with respect to the rights and preferences of the Series B convertible preferred stock, and (ii) a certificate of elimination to return all shares of the Series A convertible preferred stock, of which no shares were issued or outstanding at the time of filing, to the status of authorized and unissued shares of undesignated preferred stock.

The holders of Series B convertible preferred stock (the "Series B Holders") are entitled to cast the number of votes equal to the number of shares of common stock into which the shares of Series B convertible preferred stock are convertible, together with the holders of common stock as a single class, on most matters. However, the affirmative vote or consent of the Series B Holders voting separately as a class is required for certain acts taken by the Company, including the amendment or repeal of certain charter provisions, liquidation or winding up of the Company, creation of stock senior to the Series B convertible preferred stock, and/or other acts defined in the certificate of designation.

The Series B convertible preferred stock shall, with respect to dividend rights and rights on liquidation, winding up and dissolution, rank senior to the Company's common stock. The Company shall not declare, pay, or set aside any dividends on shares of any other class or series of capital stock of the Company unless the Series B Holders then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series B convertible preferred stock in an amount calculated pursuant to the certificate of designation.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the Series B Holders then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders before any payment shall be made to the holders of common stock by reason of their ownership thereof, an amount per share equal to $3.00, plus any dividends declared but unpaid thereon, with any remaining assets distributed pro-rata among the holders of the shares of Series B convertible preferred stock and common stock, based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to common stock.

At any time on or prior to the six-year anniversary of the issuance date of the Series B convertible preferred stock, (i) the Series B Holders have the option to convert their shares of Series B convertible preferred stock into common stock at a conversion price of $3.00 per share, without the payment of additional consideration, and (ii) the Company has the option to convert all, but not less than all, shares of Series B convertible preferred stock into common stock at a conversion price of $3.00 if the daily volume weighted average price of common stock (the "VWAP") exceeds $4.00 per share for at least twenty consecutive trading days prior to the date on which the Company gives notice of such conversion to the Series B Holders.

On the day following the six-year anniversary of the issuance of the Series B convertible preferred stock, all outstanding shares of Series B convertible preferred stock shall automatically convert into common stock as follows:

If the sixty-day VWAP is less than or equal to $0.50 per share, the Company shall have the option to (i) convert all shares of Series B convertible preferred stock into common stock at a conversion price of $1.00 per share, and pay cash to the Series B Holders equal to the difference between the 60-day VWAP and $3.00 per share, or (ii) pay cash to the Series B Holders equal to $3.00 per share.

If the sixty-day VWAP is greater than $0.50 per share, the Company shall have the option to (i) convert all shares of Series B convertible preferred stock into common stock at a conversion price per share equal to the quotient of $3.00 per share divided by the sixty-day VWAP, or (ii) pay cash to the Series B Holders equal to $3.00 per share, or (iii) convert all shares of Series B convertible preferred stock into common stock at a conversion price per share equal to the sixty-day VWAP per share and pay cash to the Series B Holders at the difference between $3.00 per share and the sixty-day VWAP per share.

The Company shall at all times when the Series B convertible preferred stock is outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Series B convertible preferred stock, such number of its duly authorized shares of common stock as shall from time to time be sufficient to effect the conversion of all outstanding Series B convertible preferred stock.

Series C Convertible Preferred Stock

In March 2021, the Company entered into a securities purchase agreement with Hadron Healthcare Master Fund ("Hadron") with respect to a financing facility of up to $46.0 million in exchange for newly-designated Series C convertible preferred stock of the Company and warrants to purchase the Company's common stock.

At the closing of the transaction in March 2021, Hadron purchased $23.0 million of Units at a price of $3.70 per Unit. Each Unit is comprised of one share of Series C preferred stock and a four-year warrant to purchase two and one-half shares of common stock. Accordingly, the Company issued to Hadron6,216,216 shares of Series C preferred stock and warrants to purchase up to an aggregate of 15,540,540 shares of common stock. Each share of Series C preferred stock is convertible, at Hadron's option, into five shares of common stock, and each warrant is exercisable at an exercise price of $1.087 per share. The warrants shall be subject to early termination if certain milestones are attained, and the market value of the Company's common stock reaches certain predetermined levels. The fair value of the warrants of approximately $9.5 million on the issuance date was allocated to the proceeds and recorded as additional paid-in capital. The Company incurred costs of approximately $387,000 relative to the issuance of the aforementioned shares to Hadron which was recorded as a reduction to additional paid-in capital in March 2021.

In connection with the closing of the transaction, the Company filed a certificate of designation with respect to the rights and preferences of the Series C convertible preferred stock. Such stock is zero coupon, non-voting. and has a liquidation preference equal to its investment amount plus declared but unpaid dividends. Holders of Series C convertible preferred stock are entitled to receive dividends on an as-converted basis.

Of the $23.0 million of proceeds received by the Company in March 2021, approximately (i) $7.8 million is designated to fund construction and upgrades of certain of the Company's owned and managed facilities, which was expended during the nine months ended September 30, 2021, and (ii) $15.2 million was used to pay down debt and obligations, comprised of principal and interest on the $4.4M Notes, the $1M Note, the New $3M Note, the $5.8M Note, the Existing Notes, the New 2020 Notes (all referred to in Note 11 – *Promissory Notes*), and a portion of the *Due To Related Parties* balance discussed in Note 19 – *Related Party Transactions*.

The balance of the committed facility of up to an additional $23.0 million is intended to fund the Company's specific targeted acquisitions provided such acquisitions are contracted in 2021 and consummated, including obtaining the necessary regulatory approvals, no later than the end of 2022. Such funds shall be provided by Hadron on the same aforementioned terms as the initial proceeds.

Provided that as at least 50% of the shares of Series C convertible preferred stock remain outstanding, the holders shall have the right to appoint one observer to the Company's board and to each of its board committees, and appoint a member to the Company's board if and when a seat becomes available, at which time the observer roles shall terminate.

The transaction imposes certain covenants on the Company with respect to the incurrence of new indebtedness, the issuance of additional shares of any designation of preferred stock, and the payment of distributions.

NOTE 14 – STOCKHOLDERS' EQUITY

Stockholder Resolutions

At the Company's 2021 annual meeting of stockholders in September 2021 (the "Annual Meeting"), stockholders approved an amendment to the Company's certificate of incorporation increasing the number of authorized shares of common stock from 500,000,000 to 700,000,000.

Also at the Annual Meeting, stockholders approved an amendment to the Company's Amended and Restated 2018 Stock Award and Incentive Plan (the "Plan") increasing the aggregate number shares reserved for issuance under the Plan from 40,000,000 to 70,000,000.

Undesignated Preferred Stock

In February 2020, the Company filed a certificate of elimination to return all shares of formerly designated Series A convertible preferred stock to the status of authorized and unissued shares of undesignated preferred stock.

Common Stock

In February 2020, pursuant to the TIS Exchange Agreement discussed in Note 13 –*Mezzanine Equity*, the 4,908,333 shares of common stock exchanged for shares of Series B convertible preferred stock were treated as an increase to treasury stock of $14,725,000 ($3.00 per share), and then immediately cancelled, thereby reducing treasury stock to zero, with corresponding reductions to common stock of approximately $5,000 (the par value of the exchanged common shares) and additional paid-in capital of approximately $14,720,000.

In the nine months ended September 30, 2021 and 2020, the Company granted9,081 and 97,797 shares of common stock, respectively, to an employee. The fair value of these shares of approximately $7,000 in 2021 and $11,000 in 2020 was charged to compensation expense. Of these shares granted,2,204 shares and 33,319 shares, with fair values of approximately $2,000 and $5,000, respectively, were yet to be issued at September 30, 2021 and 2020, respectively, and were included in*Common Stock Subscribed But Not Issued* on the balance sheets at those dates.

In the nine months ended September 30, 2021, the Company granted245,217 shares of restricted common stock to three employees. The fair value of these restricted shares of approximately $226,000 was charged to compensation expense. Of these restricted shares granted,100,000 shares, with a fair value of approximately $93,000, were yet to be issued at September 30, 2021, and were included in *Common Stock Subscribed But Not Issued* on the balance sheet at such date. No shares of restricted common stock were issued in 2020.

In the nine months ended September 30, 2021 and 2020, the Company issued71,691 and 4,400,000 shares of common stock, respectively, to settleobligations of $51,000 and approximately $699,000, respectively. Based on the price of the Company's common stock on the settlement dates, the Company incurred non-cash losses of approximately $2,500 in 2021 and $45,000 in 2020, which were reflected under*Loss On Obligations Settled with Equity*on the statement of operations for each period.

In the nine months ended September 30, 2021, the Company issued (i)300,000 shares of common stock valued at $283,200 to pay for consulting fees, and (ii) 109,308 shares valued at approximately $92,000 to pay for licensing fees. No such fees were paid with common stock in 2020.

In July 2021, 79,815 shares of common stock were returned to the Company from the adjustment of a previously converted debentureNo common stock was returned in 2020.

During the nine months ended September 30, 2021 and 2020, the Company issued11,413 and 3,236,857 shares of common stock, respectively, associated with previously issued subscriptions on common stock with a value of approximately $5,000 and $1,168,000, respectively.

As previously disclosed in Note 11 –*Promissory Notes*, the Company issued (i) an aggregate of10,042,125 shares of common stock in 2021 upon the conversion of approximately $3,346,000 of principal and interest on promissory notes, (ii)1,900,000 shares of common stock in June 2020 to extinguish $352,000 of principal on promissory notes, and (iii) 2,525,596 shares common stock in June 2020 upon the conversion of $460,050 of principal and interest on promissory notes.

As previously disclosed in Note 12 –*Debentures Payable*, the holder of the $21M Debentures converted (i) approximately $1.4 million of principal and interest in 2021 into 4,610,645 shares of common stock, and (ii) approximately $10.1 million of principal and interest in 2020 into 77,766,559 shares of common stock.

As further disclosed in Note 15 –*Options*, the Company issued 178,885 shares of common stock during the nine months ended September 30, 2021 from the exercise of stock options. No options were exercised during the same period in 2020.

As further disclosed in Note 16 –*Warrants*, the Company issued 980,062 shares of common stock during the nine months ended September 30, 2021 from the exercise of warrants. No warrants were exercised during the same period in 2020.

Common Stock Issuance Obligations

At September 30, 2021, the Company was obligated to issue (i) 102,204 shares of common stock valued at approximately $95,000 in connection with a stock grant and restricted stock grants to current employees, and (ii) 100,000 shares of common stock valued at approximately $94,000 in connection with the purchase of the remaining 30% interest of MediTaurus as discussed in Note 3 – *Acquisitions*. These shares were issued in November 2021. At September 30, 2020, the Company was obligated to issue 33,319 shares of common stock valued at approximately $5,000 in connection with a stock grant to a current employee. These shares were issued in October 2020.

NOTE 15 – STOCK OPTIONS

During the nine months ended September 30, 2021, the Company granted three- and five-year options to purchase up to 16,651,421 shares of common stock at exercise prices ranging from $0.30 to $1.00 per share. The fair value of these options of approximately $10,142,000 in the aggregate is being amortized to compensation expense over the respective option vesting periods, of which approximately $5,993,000 was amortized during the nine months ended September 30, 2021. Additionally, compensation expense in the first half of 2021 for options issued in previous years, and continuing to be amortized over their respective vesting periods, approximated $638,000.

During the nine months ended September 30, 2020, five-year options to purchase up to 1,064,500 shares of common stock were issued to employees at exercise prices of $0.15 and $0.30 per share. The fair value of these options of approximately $117,000 in the aggregate is being amortized to compensation expense over their respective vesting periods, of which approximately $100,000 was amortized during the nine months ended September 30, 2020. Additionally, compensation expense in the first half of 2020 for options issued in previous years, and continuing to be amortized over their respective vesting periods, approximated $746,000.

During the nine months ended September 30, 2021, options to purchase 251,000 shares of common stock were exercised at prices ranging from $0.21 to $0.45 per share. Of these exercised options, 125,000 were exercised on a cashless basis with the exercise prices paid via the surrender of 72,115 shares of common stock. No options were exercised during the nine months ended September 30, 2020.

During the nine months ended September 30, 2021 and 2020, options to purchase 152,000 and 210,000 shares of common stock, respectively, were forfeited or expired, resulting in an aggregate reduction of amortized compensation expense of zero in 2021 and approximately $208,000 in 2020.

Stock options outstanding and exercisable as of September 30, 2021 were:

Exercise Price per Share	Shares Under Option		Remaining Life in Years
	Outstanding	Exercisable	
$0.140	160,000	80,000	3.78
$0.149	500,000	500,000	4.25
$0.169	200,000	200,000	4.12
$0.225	2,000,000	1,250,000	4.11
$0.250	20,000	20,000	3.67
$0.250	50,000	12,500	4.07
$0.250	800,000	600,000	4.12
$0.250	80,000	60,000	4.15
$0.250	50,000	50,000	3.42
$0.300	403,000	403,000	3.50
$0.417	900,000	900,000	3.24
$0.505	100,000	50,000	4.26
$0.505	800,000	200,000	4.28
$0.590	15,000	15,000	3.19
$0.630	300,000	300,000	0.25
$0.740	590,000	356,250	4.58
$0.770	200,000	200,000	1.25
$0.830	287,000	143,500	4.48
$0.830	600,000	-	4.66
$0.840	878,921	600,000	4.79
$0.840	99,000	19,800	4.84
$0.850	90,000	33,125	4.71
$0.880	11,550,000	5,925,000	4.78
$0.880	15,000	-	4.87
$0.890	10,000	2,500	4.31
$0.892	40,000	20,000	4.31
$0.895	25,000	12,500	4.32
$0.900	50,000	50,000	1.61
$0.910	50,000	50,000	1.06
$0.920	300,000	-	4.76
$0.928	500,000	100,000	4.86
$0.950	50,000	50,000	1.25
$0.970	100,000	50,000	4.71
$0.983	145,000	-	4.74
$0.990	500,000	-	4.97
$0.992	300,000	300,000	2.99
$1.000	15,000	15,000	2.71
$1.000	125,000	125,000	3.09
$1.350	100,000	100,000	1.83
$1.950	375,000	375,000	1.75
$2.320	100,000	100,000	1.95
$2.450	2,000,000	2,000,000	1.23
$2.500	100,000	100,000	1.91

$2.650	200,000	200,000	1.98
$2.850	56,250	56,250	1.20
$2.850	100,000	100,000	2.20
$3.000	25,000	25,000	2.21
$3.725	100,000	100,000	2.19
	26,054,171	15,849,425	

NOTE 16 – WARRANTS

During the nine months ended September 30, 2021, the Company issued warrants to purchase up to 2,100,000 shares of common stock at exercise prices ranging from $0.50 to $0.83 per share, expiring three and five years from issuance. The fair value of these warrants on their issuance dates approximated $1,487,000 in the aggregate which was charged to compensation expense. Also during this period, the Company issued warrants to Hadron to purchase up to 15,540,540 shares of common stock at an exercise price of $1.087 per share, expiring four years from issuance, as part of the Hadron transaction previously discussed in Note 13 – *Mezzanine Equity*. The fair value of these warrants on the issuance date of approximately $9.5 million was allocated to the warrant of the $23.0 million of proceeds from the Hadron transaction and recorded in additional paid in capital.

During the nine months ended September 30, 2020, in conjunction with the $21M Debentures discussed in Note 12 – *Debentures Payable*, the Company issued three-year warrants to purchase up to 180,000 shares of common stock at an exercise price of $0.75 per share. Also during this period, (i) in conjunction with the $8.8M Note discussed in Note 11 – *Promissory Notes*, the Company issued three-year warrants to purchase up to 750,000 shares of common stock at an exercise price of $0.50 per share, and (ii) in consideration of the Second Extension Agreement, also discussed in Note 11 – *Promissory Notes*, the Company issued four-year warrants to purchase up to 5,000,000 shares of the Company's common stock at an exercise price of $0.25 per share. The fair value of these warrants on their issuance dates approximated $639,000 in the aggregate, of which approximately $10,000 was amortized to interest expense in the period and the remainder to be amortized over the terms of the respective debt instruments.

During the nine months ended September 30, 2021, warrants to purchase 1,237,500 shares of common stock were exercised at exercise prices ranging from $0.11 to $0.55 per share. Of these exercised warrants, 437,500 were exercised on a cashless basis with the exercise prices paid via the surrender of 257,438 shares of common stock. No warrants were exercised during the same period in 2020.

During the nine months ended September 30, 2021, warrants to purchase 5,517,474 shares of common stock with exercise prices ranging from $0.90 to $4.30 per share were forfeited. No warrants were forfeited during the same period in 2020.

At September 30, 2021 and 2020, warrants to purchase up to 27,802,734 and 17,735,107 shares of common stock, respectively, were outstanding with exercise prices ranging from $0.11 to $5.50 per share across both periods.

NOTE 17 – REVENUES

For the nine months ended September 30, 2021 and 2020, the Company's revenues were comprised of the following major categories:

	2021	2020
Product sales - retail	$ 59,230,023	$ 16,895,170
Product sales - wholesale	20,536,161	5,097,128
Real estate rentals	5,397,384	5,065,538
Management fees	2,562,002	1,081,562
Supply procurement	1,446,085	1,218,334
Licensing fees	1,248,625	1,180,097
Total revenues	$ 90,420,280	$ 30,537,829

For the nine months ended September 30, 2021 and 2020, revenues from two clients represented 11% and 24%, respectively, of total revenues.

NOTE 18 – BAD DEBTS

The Company maintains two types of reserves to address uncertain collections of amounts due—an allowance against trade accounts receivable (the "AR Allowance"), and a reserve against cash advanced by the Company to its cannabis-licensed clients for working capital purposes (the WC Reserve").

During the nine months ended September 30, 2021, the Company increased the AR Allowance by $1,400,000, and the WC Reserve by approximately $455,000. The aggregate of these two amounts of approximately $1,855,000 was charged to *Bad Debts* on the statement of operations during this period. During the nine months ended September 30, 2020, the Company increased the AR Allowance by $1,000,000 and the WC Reserve by approximately $342,000.

NOTE 19 – RELATED PARTY TRANSACTIONS

Effective July 1, 2021, the Company entered into employment agreements with its CEO, CFO, and COO, expiring in June 2024, that provide for an annual base salary of $350,000, $325,000, and $300,000, respectively, and the ability to receive annual bonuses of up to 75% of the executive's annual base salary for each year during the term, based on reaching certain performance goals established by the Company.

Pursuant to the agreements, the CEO, CFO, and COO were granted (i) on the effective date, options to purchase up to 5,000,000, 5,000,000, and 1,250,000 shares, respectively, of the Company's common stock, at an exercise price of $0.88 per share, that vest over one year and expire in July 2026, and (ii) in October 2021, options to purchase up to 5,000,000, 5,000,000, and 1,250,000 shares, respectively, of the Company's common stock, at an exercise price of $0.90 per share, that vest over one year and expire in September 2026.

Additionally, the agreements (i) provide these officers with additional grants on each anniversary of the effective date of the agreements in the sole discretion of the Company's Compensation Committee, and contain covenants not to compete, non-solicitation provisions, and termination obligations, among other terms and conditions.

In July 2021, the Company granted five-year options to purchase up to 100,000 shares of common stock to each of the Company's three independent board members at an

exercise price of $0.88 per share.

In April 2020, the Company issued options to purchase up to 50,000 shares of common stock to its COO, with an exercise price of $0.30 per share and expiring three years from grant date. The fair value of these options of approximately $6,000 was charged to compensation expense over the annual vesting period. No options were issued to related parties in 2021.

In 2020, options to purchase an aggregate of 550,000 shares of common stock were exercised by the Company's CEO, CFO, and an independent board member at exercise prices of $0.13 and $0.14 per share. No options were exercised by related parties in 2021.

The Company's corporate offices are leased from an entity in which the Company's CFO has an investment interest. This lease expires in October 2028 and contains a five-year extension option. In each of the nine-month periods ended September 30, 2021 and 2020, expenses incurred under this lease approximated $117,000.

The Company procures nutrients, lab equipment, cultivation supplies, furniture, and tools from an entity owned by the family of the Company's COO. The aggregate purchases from this entity in the nine months ended September 30, 2021 and 2020 approximated $3.8 million and $1.8 million, respectively.

The Company pays royalties on the revenue generated from its Betty's Eddies® product line to an entity owned by the Company's COO and its SVP of Sales under a royalty agreement. This agreement was amended effective January 1, 2021 whereby, among other modifications, the royalty percentage changed from 2.5% on all sales of Betty's Eddies® products to (i) 3.0% and 10.0% of wholesale sales of existing products within the product line if sold directly by the Company, or licensed by the Company for sale by third-parties, respectively, and (ii) 0.5% and 1.0% of wholesale sales of future developed products within the product line if sold directly by the Company, or licensed by the Company for sale by third-parties, respectively. The aggregate royalties due to this entity in the nine months ended September 30, 2021 and 2020 approximated $210,000 and $275,000, respectively.

In the nine months ended September 30, 2021 and 2020, one of the Company's majority owned subsidiaries paid aggregate distributions of approximately $34,000 and $40,000, respectively, to the Company's CEO and CFO, who own minority equity interests in such subsidiary. In the nine months ended September 30, 2021, another of the Company's majority owned subsidiaries paid distributions of approximately $4,000 to a current employee who owns a minority equity interest in such subsidiary.

In the nine months ended September 30, 2021 and 2020, the Company purchased fixed assets and consulting services of approximately $723,000 and $455,000, respectively, in the aggregate from two entities owned by two of the Company's general managers.

In the nine months ended September 30, 2021 and 2020, the Company purchased fixed assets of approximately $438,000 and $176,000 from an entity owned by an employee.

The balance of *Due To Related Parties* at December 31, 2020 of approximately $1.2 million was comprised of amounts owed of approximately (i) $460,000 to the Company's CEO, (ii) $653,000 to entities owned by the Company's CEO and CFO, and (iii) $45,000 to a stockholder of the Company. All amounts owed were repaid in March 2021.

The Company's mortgages with Bank of New England, DuQuoin State Bank, and South Porte Bank are personally guaranteed by the Company's CEO and CFO.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company is the lessee under six operating leases and four finance leases. These leases contain rent holidays and customary escalations of lease payments for the type of facilities being leased. The Company recognizes rent expense on a straight-line basis over the expected lease term, including cancelable option periods which the Company fully expects to exercise. Certain leases require the payment of property taxes, insurance and/or maintenance costs in addition to the rent payments.

The details of the Company's operating lease agreements are as follows:

- Delaware – 4,000 square feet of retail space in a multi-use building under a five-year lease that expires in December 2021 with a five-year option to extend. The Company developed the space into a cannabis dispensary which is subleased to its cannabis-licensed client.
- Delaware – a 100,000 square foot warehouse leased in March 2019 that the Company is developing into a cultivation and processing facility to be subleased to the same Delaware client. The lease term is 10 years, with an option to extend the term for three additional five-year periods.
- Delaware –a 12,000 square foot premises which the Company developed into a cannabis production facility with offices, and is subleases to its cannabis-licensed client. The lease expires in January 2026 and contains an option to negotiate an extension at the end of the lease term.
- Nevada – 10,000 square feet of an industrial building that the Company has built-out into a cannabis cultivation facility and plans to rent to its cannabis-licensed client under a sub-lease which will be coterminous with this lease expiring in 2024.
- Massachusetts – 10,000 square feet of office space which the Company utilizes as its corporate offices under a 10-year lease with a related party expiring in 2028, with an option to extend the term for an additional five-year period.
- Maryland – a 2,700 square foot two-unit apartment under a lease that expires in July 2022.

The Company leases machinery and office equipment under finance leases that expire in February 2022 through June 2024 with such terms being a major part of the economic useful life of the leased property.

The components of lease expense for the nine months ended September 30, 2021 were as follows:

Operating lease cost	$	820,607
Finance lease cost:		
Amortization of right-of-use assets	$	24,512
Interest on lease liabilities		4,051
Total finance lease cost	$	28,563

The weighted average remaining lease term for operating leases is 7.6 years, and for the finance leases is 2.2 years. The weighted average discount rate used to determine the right-of-use assets and lease liabilities was between 7.5% to 12% for all leases.

Future minimum lease payments as of September 30, 2021 under all non-cancelable leases having an initial or remaining term of more than one year were:

	Operating Leases	Finance Leases
2021	$ 282,673	$ 9,603
2022	1,071,079	27,123
2023	1,035,017	23,201
2024	963,589	3,229
2025	936,947	-
Thereafter	3,468,041	-
Total lease payments	7,757,344	$ 63,156
Less: imputed interest	(1,942,403)	(5,012)
	$ 5,814,941	$ 58,144

Terminated Employment Agreement

An employment agreement which commenced in 2012 with Thomas Kidrin, the former CEO of the Company, was terminated by the Company in 2017. Since the termination date, the Company had maintained an accrual of approximately $1,043,000 for any amounts that may be owed under this agreement.

In July 2019, Mr. Kidrin, also a former director of the Company, filed a complaint in the Massachusetts Superior Court, which alleged the Company failed to pay all wages owed to him and breached the employment agreement, and requested multiple damages, attorney fees, costs, and interest. The Company moved to dismiss certain counts of the complaint and asserted counterclaims against Mr. Kidrin alleging breach of contract, breach of fiduciary duty, money had and received, and unjust enrichment.

While the Company's motion to dismiss was pending, the parties entered into a settlement agreement and general release in August 2021 whereby, among other conditions, (i) Mr. Kidrin's complaint was dismissed with prejudice, (ii) the Company issued to Mr. Kidrin five-year warrants to purchase up to 1,000,000 shares of the Company's common stock at an exercise price of $0.50 per share, (iii) the Company irrevocably transferred intangible assets relating to the online virtual worlds business the Company had conducted in early 2014, prior to its pivot into the legal cannabis industry (such assets had zero carrying value on the Company's balance sheet), and (iv) each party released and discharged the other from all claims, losses, and liabilities.

In August 2021, the fair value of the warrants of approximately $776,000 was charged to compensation expense, and the Company reversed its accrual of approximately $1,043,000

Maryland Acquisition

As previously disclosed in Note 3 – *Acquisitions*, Kind has sought to renege on the parties' original agreement to a partnership/joint venture made in the fall of 2016 and subsequent MOU. The Company engaged with the members of Kind in good faith in an attempt to reach updated terms acceptable to both parties, however the members of Kind failed to reciprocate in good faith, resulting in an impasse. Incrementally, both parties through counsel further sought to resolve the impasse, however such initiative resulted in both parties commencing legal proceedings.

In November 2019, Kind commenced an action by filing a complaint against the Company in the Circuit Court for Washington County, MD captioned Kind Therapeutics USA, Inc. vs. MariMed, Inc., et al. (Case No. C-21-CV-19-000670) (the "Complaint"). The Complaint, as amended, alleges breach of contract, breach of fiduciary duty, unjust enrichment, intentional misrepresentation, rescission, civil conspiracy, and seeking an accounting and declaratory judgment and damages in excess of $75,000 (the court has subsequently dismissed Kind's claims for declaratory judgment on the lease, rescission of the lease, and civil conspiracy). On November 15, 2019, the Company filed counterclaims against Kind and a third-party complaint against the members of Kind (Jennifer DiPietro, Susan Zimmerman, and Sophia Leonard-Burns) and William Tham (the "Counterclaims"). The Counterclaims, as amended, allege breach of contract with respect to each of the partnership/joint venture agreement, the MOU, the MSA, the Lease, and the Licensing and Manufacturing Agreement ("LMA"), unjust enrichment, promissory estoppel/detrimental reliance, fraud in the inducement, breach of fiduciary duty, and seeks reformation of the MSA, a declaratory judgment regarding enforceability of the partnership/joint venture arrangement and/or the MOU, specific performance of the parties' various contracts, and the establishment of a constructive trust for the Company's benefit. The Counterclaims also seek damages.

At the time the Complaint and Counterclaims were filed, both parties, MariMed (including MariMed Holdings MD LLC and MariMed Advisors Inc.) and Kind, brought motions for a temporary restraining order and a preliminary injunction. By Opinion and Order entered on November 21, 2019, the Court denied both parties motions for a temporary restraining order. In its opinion, the Court specifically noted that, contrary to Kind's allegations, the MSA and the Lease "appear to be independent, valid and enforceable contracts."

A hearing on the parties' cross-motions for preliminary injunction was held in September 2020 and November 2020. Also in November 2020, the Court granted the Company's motion for summary judgment as to the Lease, determining that the Lease is valid and enforceable. Based on this ruling, the Company is seeking judgment at trial in the amount of approximately $5.4 million for past due rent and expenses owed by Kind under the Lease.

In December 2020, the Court entered a Preliminary Injunction Order, accompanied by a Memorandum Opinion, denying Kind's motion for a preliminary injunction (which Kind had withdrawn at the conclusion of the hearing) and granting the Company's request for preliminary injunction. The Court determined that the Company is likely to succeed with respect to the validity and enforceability of the MSA and the LMA, that the Company would suffer substantial and irreparable harm without the preliminary injunction, and that the balance of convenience and public interest both warranted the issuance of a preliminary injunction in the Company's favor. The Court ordered, inter alia, that the MSA and LMA are in effect pending judgment after trial on the merits, and that Kind and its members, and their attorneys, agents, employees, and representatives, are prohibited from (a) interfering with the Company's duties and responsibilities under the MSA and (b) withdrawing funds, making any distribution, paying any loans, returning any capital, or making any payment towards a debt from any Kind bank or other financial account(s) without written consent of the Company or Order of the Court, thereby preserving the Company's management of Kind's operations and finances at least through the jury trial currently scheduled to begin on March 28, 2022. Further, the Court ordered Kind to pay management and licensing fees to the Company beginning January 1, 2021. Kind has noted an appeal of the Order to the Maryland Court of Special Appeals, which is pending; however, the preliminary injunction order remains in effect.

In addition to the favorable rulings on the Lease, MSA, and LMA, the Company believes that its claims with respect to the 70%/30% partnership/joint venture agreement are meritorious. Further, the Company believes that Kind's claims against the Company are without merit. On March 18, 2021, the Court issued an opinion and order on Kind's motion for summary judgment finding that the MOU was not enforceable by the Company against Kind as a final binding agreement. The Company is evaluating an appeal of this ruling which under Maryland rules can only be pursued upon final judgment.

In March 2021, the Kind parties filed motions to modify the preliminary injunction order or, alternatively, for direction from the Court based on Kind's claim to have terminated the MSA. In September 2021, the court denied the motion to modify the preliminary injunction and granted, in part, the motion for direction, but only with respect to Kind's request to pay litigation costs. The preliminary injunction remains in full effect, and the Company has filed a petition for civil contempt against the Kind parties for interfering with the Company's management of Kind. The contempt petition is currently pending.

The Company intends to aggressively prosecute and defend the action. Trial has been scheduled from March 28, 2022 to April 11, 2022.

DiPietro Lawsuit

In August 2020, Jennifer DiPietro, directly and derivatively on behalf of Mari Holdings MD LLC ("Mari-MD") and Mia Development LLC ("Mia"), commenced a suit against the Company's CEO, CFO, and wholly-owned subsidiary MariMed Advisors Inc. ("MMA"), in Suffolk Superior Court, Massachusetts.

In this action, DiPietro, a party to prior ongoing litigation in Maryland involving the Company and Kind as discussed above, brings claims for breach of fiduciary duty, breach of contract, fraud in the inducement, aiding and abetting the alleged breach of fiduciary duty, and also seeks access to books and records and an accounting related to her investments in Mari-MD and Mia. DiPietro seeks unspecified money damages and rescission of her interest in Mari-MD, but not of her investment in Mia, which has provided substantial returns to her as a member.

The Company has answered the complaint and MMA filed counterclaims against DiPietro on its own behalf and derivatively on behalf of Mari-MD for breach of her fiduciary duties to each of those entities, and for tortious interference with Mari-MD's lease and MMA's management services agreement with Kind.

The Company believes that the allegations of the complaint are without merit and intends to defend the case vigorously. The Company's counterclaim seeks monetary damages from DiPietro, including the Company's legal fees in the Kind action.

Bankruptcy Claim

During 2019, the Company's MMH subsidiary sold and delivered hemp seed inventory to GenCanna Global Inc., a Kentucky-based cultivator, producer, and distributor of hemp ("GenCanna"). At the time of sale, the Company owned a 33.5% ownership interest in GenCanna. The Company recorded a related party receivable of approximately $29.0 million from the sale, which was fully reserved on December 31, 2019.

In February 2020, GenCanna USA, GenCanna's wholly-owned operating subsidiary, under pressure from certain of its creditors including MGG Investment Group LP, GenCanna's senior lender ("MGG"), agreed to convert a previously-filed involuntary bankruptcy proceeding with the U.S. Bankruptcy Court in the Eastern District of Kentucky (the "Bankruptcy Court") into a voluntary Chapter 11 proceeding. In addition, GenCanna and GenCanna USA's subsidiary, Hemp Kentucky LLC (collectively with GenCanna and GenCanna USA, the "GenCanna Debtors"), filed voluntary petitions under Chapter 11 in the Bankruptcy Court.

In May 2020, after an abbreviated solicitation/bid/sale process, the Bankruptcy Court, over numerous objections by creditors and shareholders of the GenCanna Debtors which included the Company, entered an order authorizing the sale of all or substantially all of the assets of the GenCanna Debtors to MGG. After the consummation of the sale of all or substantially all of their assets and business, the GenCanna Debtors n/k/a OGGUSA, Inc. and OGG, Inc. (the "OGGUSA Debtors") filed their liquidating plan of reorganization (the "Liquidating Plan") to collect various prepetition payments and commercial claims against third parties, liquidate the remaining assets of the ODDUSA Debtors, and make payments to creditors. The Company and the unsecured creditors committee filed objections to such Liquidating Plan, including opposition to the release of litigation against the OGGUSA Debtors' senior lender, MGG, for lender liability, equitable subordination, and return of preference. As a part of such plan confirmation process, the OGGUSA Debtors filed various objections to proofs of claims filed by various creditors, including the proof of claim in the amount of approximately $33.6 million filed by the Company. Through intense and lengthy negotiations with the OGGUSA Debtors and the unsecured creditors committee regarding the objections to the Liquidating Plan, the Company reached an agreement with the OGGUSA Debtors to withdraw the objections to the Company's claim and to have it approved by the Bankruptcy Court as a general unsecured claim in the amount of $31.0 million.

Since the approval of the Liquidating Plan, the OGGUSA Debtors have been in the process of liquidating the remaining assets, negotiating and prosecuting objections to other creditors' claims, and pursuing the collection of accounts receivable and Chapter 5 bankruptcy avoidance claims. As of the date of this filing, there is insufficient information as to what portion, if any, of the Company's allowed claim will be paid upon the completion of the liquidation of the remaining assets of the OGGUSA Debtors.

Contract Dispute

In September 2021, MD Global Partners LLC ("MDGP") filed an action in the Supreme Court of the State of New York alleging breach of contract. This matter was settled in October 2021 as disclosed in Note 21 – *Subsequent Events*.

NOTE 21 – SUBSEQUENT EVENTS

Legal Settlement

In October 2021, the Company entered into a settlement agreement with and obtained a general release from MDGP whereby the Company paid $150,000 to resolve the action filed by MDGP as previously disclosed in Note 20 – *Commitments and Contingencies.*

Promissory Note Conversions

In October and November 2021, the Noteholder of the $3.2M Note converted $475,000 of principal in the aggregate into 1,357,143 shares of the Company's common stock. Such conversions were effected in accordance with the terms of the note agreement, and therefore the Company was not required to record a gain or loss upon the conversions.

Equity Transactions

In October 2021, the Company granted its CEO, CFO, and COO options to purchase up to 5,000,000, 5,000,000, and 1,250,000 shares, respectively, of the Company's common stock, at an exercise price of $0.90 per share, that vest over one year and expire in September 2026.

Also during this period, (i) options to purchase 40,000 shares of common stock were exercised at an exercise price of $0.14 per share, (ii) options to purchase 110,000 shares of common stock were forfeited, (iii) warrants to purchase 1,201,163 shares of common stock were forfeited, and (iv) 202,204 shares of common stock that were classified under *Common Stock Subscribed But Not Issued* on the balance sheet at September 30, 2021, as discussed in Note 14 – *Stockholders' Equity*, were issued.

Item 2. Management's Discussions and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

When used in this form 10-Q and in future filings by the Company with the Commission, the words or phrases such as "anticipate," "believe," "could," "should," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private

Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company has no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different. These factors include, but are not limited to, changes that may occur to general economic and business conditions; changes in current pricing levels that we can charge for our services or which we pay to our suppliers and business partners; changes in political, social and economic conditions in the jurisdictions in which we operate; changes to laws and regulations that pertain to our products and operations; and increased competition.

The following discussion should be read in conjunction with the unaudited financial statements and related notes which are included under Item 1 of this report.

We do not undertake to update our forward-looking statements or risk factors to reflect future events or circumstances.

Overview

General

MariMed Inc. (the "Company") is a multi-state operator in the United States cannabis industry. The Company develops, operates, manages, and optimizes over 300,000 square feet of state-of-the-art, regulatory-compliant facilities for the cultivation, production and dispensing of medicinal and recreational cannabis. The Company also licenses its proprietary brands of cannabis and hemp-infused products, along with other top brands, in several domestic markets and overseas.

Upon its entry into the cannabis industry in 2014, the Company was an advisory firm that procured state-issued cannabis licenses on behalf of its clients, developed cannabis facilities which it leased to these newly-licensed companies, and provided industry-leading expertise and oversight in all aspects of their cannabis operations. The Company also provided its clients with ongoing regulatory, accounting, real estate, human resources, and administrative services.

More recently, the Company made the strategic decision to transition from a consulting business to a direct owner and operator of cannabis licenses in high-growth states. Core to this transition is the acquisition and consolidation of the Company's clients (the "Consolidation Plan"). Among several benefits, the Consolidation Plan would present a simpler, more transparent financial picture of the full breadth of the Company's efforts, with a clearer representation of the revenues, earnings, and other financial metrics the Company has generated for its clients. The Company has played a key role in the successes of these entities, from the securing of their cannabis licenses, to the development of facilities that are models of excellence, to funding their operations, and to providing operational and corporate guidance. Accordingly, the Company believes it is well suited to own these facilities and manage the continuing growth of their operations.

To date, acquisitions of its client businesses in Massachusetts and Illinois have been completed and establish the Company as a fully integrated seed-to-sale multi-state operator ("MSO"). The acquisitions of the remaining entities located in Maryland, Nevada, and Delaware are at various stages of completion and subject to each state's laws governing the ownership transfer of cannabis licenses, which in the case of Delaware requires a modification of current cannabis ownership laws to permit for-profit ownership. Meanwhile, the Company continues to expand these businesses and maximize the Company's revenue from rental income, management fees, and licensing royalties.

The transition to a fully integrated MSO is part of a strategic growth plan (the "Strategic Growth Plan") the Company is implementing to drive its revenues and profitability. The Strategic Growth Plan has four components: (i) complete the Consolidation Plan, (ii) increase revenues in existing states, by spending capital to increase the Company's cultivation and production capacity, and develop additional assets within those states, (iii) expand the Company's footprint in additional legal cannabis states through new applications and acquisitions of existing cannabis businesses, and (iv) optimize the Company's brand portfolio and licensing revenue, by creating products that meet specific customer needs, and distributing these products in states where cannabis has been legalized.

As to its products, the Company has created its own brands of cannabis flower, concentrates, and precision-dosed products utilizing proprietary strains and formulations. These products are developed by the Company in cooperation with state-licensed operators who meet the Company's strict standards, including all natural—not artificial or synthetic—ingredients. The Company licenses its brands and product formulations only to certified manufacturing professionals who follow state cannabis laws and adhere to the Company's precise scientific formulations and trademarked product recipes.

The Company utilizes proprietary cannabis genetics to produce high-quality flowers and concentrates under the award-winning[3] Nature's Heritage™ brand, and cannabis-infused products under the brand names Kalm Fusion®, in the form of chewable tablets and drink powder mixes, and the award-winning[1] Betty's Eddies® brand of all natural fruit chews. Both cannabis-infused brands are top-selling products in Maryland and Massachusetts[2] and the Company intends to continue to introduce additional product lines under these brands in the foreseeable future.

The Company also has exclusive alliances with prominent brands. The Company has partnered with renown ice cream maker Emack & Bolio's® to create a line-up of cannabis-infused vegan and dairy ice cream. Additionally, the Company has secured distribution rights for the Binske® line of cannabis products crafted from premium artisan ingredients, the Healer™ line of medical full-spectrum cannabis tinctures, and the clinically-tested medicinal cannabis strains developed in Israel by global medical cannabis research pioneer Tikun Olam™.

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1 LeafLink 2021 Best Selling Medical Product, LeafLink 2020 Industry Innovator, Explore Maryland Cannabis 2020 Edible of the Year, LeafLink 2019 Best Selling Medical Product.

2 Sources: BDSA 2021 and LeafLink Insights 2020.

3 LeafLink 2021 Fastest-Selling Concentrate.

Revenues

The Company's revenues are primarily comprised of the following categories:

- Product Sales – direct sales of cannabis and cannabis-infused products by the Company's retail dispensaries and wholesale operations in Massachusetts and Illinois, and sales of hemp and hemp-infused products. An increase in product sales is expected from the Company's planned cannabis-licensee acquisitions in Maryland, Nevada, and Delaware (upon this state's amendment to permit for-profit ownership of cannabis entities).

- Real Estate – rental income and additional rental fees generated from leasing of the Company's state-of-the-art, regulatory-compliant cannabis facilities to its cannabis-licensed clients.

- Management – fees for providing the Company's cannabis clients with comprehensive oversight of their cannabis cultivation, production, and dispensary operations. Along with this oversight, the Company provides human resources, regulatory, marketing, and other corporate services.

- Supply Procurement – the Company maintains volume discounts with top national vendors of cultivation and production resources, supplies, and equipment, which the Company acquires and resells to its clients or third parties within the cannabis industry.

- Licensing – royalties from the licensed distribution of the Company's branded products including Kalm Fusion® and Betty's Eddies®, and from sublicensing of contracted brands including Healer and Tikun Olam, to regulated dispensaries throughout the United States and Puerto Rico.

Expenses

The Company classifies its expenses into three general categories:

- Cost of Revenues – the direct costs associated with the generation of the Company's revenues.

- Operating Expenses – comprised of the sub-categories of personnel, marketing and promotion, general and administrative, and bad debts.

- Non-operating Income and Expenses – comprised of the sub-categories of interest expense, interest income, losses on obligations settled with equity, changes in the fair value of non-consolidated investments, and other non-operating gains and losses.

Liquidity and Capital Resources

The Company produced significant improvements to its liquidity in the reported periods:

- Cash and cash equivalents increased 753% to approximately $25.6 million at September 30, 2021, from approximately $3.0 million at December 31, 2020.

- Working capital increased to approximately $27.3 million at September 30, 2021 from a working capital deficit of approximately $2.2 million at December 31, 2020, a positive swing of approximately $29.5 million.

- I n the nine months ended September 30, 2021, the Company's operating activities provided positive cash flow of approximately $28.2 million, compared to approximately $1.6 million in the same period in 2020, an increase of approximately $26.6 million.

The aforementioned improvements were primarily the result of (i) increases in revenues and profitability generated by the Company's cannabis operations in the states of Illinois and Massachusetts, acquired as part of the Company's Consolidation Plan to transition from a consulting business to a direct owner of cannabis licenses and operator of seed-to-sale operations, and (ii) $23.0 million of gross proceeds raised by the Company under a financing facility of up to $46.0 million pursuant to a securities purchase agreement with Hadron Healthcare Master Fund ("Hadron") in exchange for newly-designated Series C convertible preferred stock and warrants.

Additionally, the section below entitled *Non-GAAP Measurement* discusses an additional financial measure not defined by GAAP which the Company's management uses to evaluate liquidity.

Operating Activities

Net cash provided by operating activities in the nine months ended September 30, 2021 approximated $28.2 million, compared to approximately $1.6 million in the same period in 2020. The year-over-year improvement was primarily attributable to the increase in cannabis-derived profits generated by the acquired operations in Illinois and Massachusetts.

Investing Activities

Net cash used in investing activities in the nine months ended September 30, 2021 approximated $13.7 million, compared to approximately $3.9 million in the same period in 2020. The increase was due to (i) development of the Company's facilities in Milford, DE, Mt. Vernon, IL, Metropolis, IL, (ii) improvements to existing facilities in Massachusetts, Maryland, Illinois, and Delaware, and (iii) amounts paid to renew cannabis licenses, offset by proceeds from (x) notes receivable and (y) the MRSVP asset sale transaction.

Financing Activities

Net cash provided by financing activities in the nine months ended September 30, 2021 approximated $7.7 million, compared to approximately $3.8 million in the same period in 2020. The 2021 activities primarily consisted of the net proceeds of approximately $22.6 million from the aforementioned Hadron transaction and an additional mortgage from DuQuoin State Bank of $2.7 million, offset by the paydown of debt and obligations of approximately $17.4 million and distributions of approximately $301,000. The 2020 activities primarily consisted of debt financings of approximately $20.1 million, offset by paydowns of debt and obligations of approximately $16.0 million and distributions of approximately $229,000.

The remaining proceeds from the Hadron transaction will fund construction and upgrades of certain of the Company's owned and managed facilities. The balance of the committed facility of up to an additional $23.0 million is intended to fund the Company's specific targeted acquisitions that are contracted in 2021 and consummated by the end of 2022.

Results of Operations

Three months ended September 30, 2021 compared to three months ended September 30, 2020

Revenues in the three months ended September 30, 2021 approximated $33.2 million compared to approximately $13.5 million in the same period in 2020, an increase of approximately $19.7 million or 146.7%. The year-over-year increase was primarily due to the nearly three-fold growth of cannabis sales to approximately $30.1 million in the current period, compared to approximately $10.8 million from the same period a year ago. This growth was attributable to sales increases of approximately (i) $11.7 million generated by the Company's retail operations in Illinois, where the Company opened an additional dispensary in late 2020 and another in May 2021, and (ii) $4.1 million generated by the Company's retail operations in Massachusetts, which saw a nearly ten-fold increase in customer visits year-over-year, and (iii) $3.5 million generated by the Company's wholesale operations in Massachusetts, which saw a three-fold increase in customers. The year-over-year increase in revenues was also the result of continued improvement in real estate rentals, management fees, and supply procurement revenue primarily from increased business with the Company's clients in Delaware and Maryland.

Cost of revenues in the three months ended September 30, 2021 approximated $15.0 million compared to approximately $4.8 million in the same period in 2020, an increase of approximately $10.2 million. The year-over-year variance was primarily attributable to the higher level of revenues as these costs are largely variable in nature and fluctuate in step with revenues. As a percentage of revenues, these costs increased to 45.3% in the three months ended September 30, 2021 from 35.5% in the same period in 2020,

primarily due to the change in the relative mix of revenue categories in each period. Specifically, in the three months ended September 30, 2021, (a) 90.6% of revenues were comprised of product sales, which historically have had corresponding cost of revenue of approximately 45.0% to 50.0%, and (b) 7.3% of revenues were comprised of real estate rentals and management fees, which have no corresponding cost of revenue. This compares to revenues in the same period in 2020 that were comprised of (x) 80.0% of product sales and (y) 14.2% of real estate rentals and management fees. While the cost rate is higher for product sales, the level of product sales the Company can potentially generate is several multiples higher than the level of real estate rentals and management fees the Company can generate, resulting in significantly higher potential gross profit dollars to be generated.

As a result of the foregoing, gross profit approximated $18.2 million, or 54.7% of revenues, in the three months ended September 30, 2021, from approximately $8.7 million, or 64.5% of revenues, in the same period in 2020.

Personnel expenses increased to approximately $1.5 million in the three months ended September 30, 2021 from approximately $1.4 million in the same period in 2020. The increase was primarily due to the hiring of additional staff to support (i) higher levels of revenue, and (ii) the Company's expansion into a direct owner and operator of seed-to-sale cannabis businesses, offset by the reversal of an approximate $1.0 million accrual related to the Kidrin complaint which was settled in August 2021. As a percentage of revenues, personnel expenses decreased to 4.5% (7.6% excluding the accrual reversal) in the three months ended September 30, 2021 from 10.1% in the same period in 2020.

Marketing and promotion costs increased to approximately $563,000 in the three months ended September 30, 2021 from approximately $103,000 in the same period in 2020. The increase is primarily the result of increased spending on branding and design consulting, customer loyalty programs, social media, and local outdoor advertising. As a percentage of revenues, these costs increased to 1.7% in the three months ended September 30, 2021 compared with 0.8% in the same period in 2020.

General and administrative costs increased to approximately $9.5 million in the three months ended September 30, 2021 from approximately $2.9 million in the same period in 2020. This change is primarily due to increases of approximately (i) $6.2 million of non-cash equity compensation expense associated with option grants and warrant issuances, (ii) $407,000 of facility costs from additional properties in service in 2021, and (iii) $269,000 of credit card processing fees due to increased credit card sales at the Company's cannabis dispensaries, offset by lower professional fees. As a percentage of revenues, these costs increased to 28.6% in the three months ended September 30, 2021 from 21.8% in the same period in 2020.

Bad debt expense approximated $36,000 in the three months ended September 30, 2021 compared to approximately $892,000 in the same period in 2020. The decrease is due to lower reserves required against trade accounts receivable. As a percentage of revenues, this expense decreased to 0.1% in the three months ended September 30, 2021 from 6.6% in the same period in 2020.

As a result of the foregoing, the Company generated operating income of approximately $6.6 million in the three months ended September 30, 2021 compared to approximately $3.4 million in the same period in 2020.

Net non-operating expenses decreased to approximately $487,000 in the three months ended September 30, 2021 from approximately $1.7 million in the same period in 2020. The decrease is primarily due to an approximate $1.6 million reduction of interest expense from lower levels of outstanding debt, offset by the gain on sale of the MRSVP investment of approximately $309,000.

As a result of the foregoing, the Company generated income before income taxes of approximately $6.1 million in the three months ended September 30, 2021, compared to approximately $1.7 million in the same period in 2020. After a tax provision of approximately $4.0 million in the three months ended September 30, 2021, net income approximated $2.1 million in the current period, compared to approximately $1.7 million in the prior period.

Nine months ended September 30, 2021 compared to nine months September 30, 2020

Revenues for the nine months ended September 30, 2021 approximated $90.4 million compared to approximately $30.5 million for the same period in 2020, an increase of approximately $59.9 million or 196.1%. The year-over-year increase was primarily attributable to the nearly four-fold growth of cannabis sales to approximately $79.8 million in the current period, compared to approximately $22.0 million from the same period a year ago. This growth was attributable to sales increases of approximately (i) $29.6 million generated by the Company's retail operations in Illinois, where the Company opened an additional dispensary in late 2020 and another in May 2021, and also saw significant increases in sales of existing dispensaries in this state, (ii) $11.9 million generated by the Company's retail operations in Massachusetts, which saw a 1,298.6% increase in customer visits, and (iii) $16.3 million generated by the Company's wholesale operations in Massachusetts, which saw a year-over-year increase in customers of 245.5%. The year-over-year increase in revenues was also the result of continued improvement across all revenue categories, primarily from increased business with the Company's clients in Delaware and Maryland.

Cost of revenues approximated $39.6 million for the nine months ended September 30, 2021 from approximately $10.8 million for the same period in 2020. The year-over-year variance was primarily attributable to the higher level of revenues as these costs are largely variable in nature and fluctuate in step with revenues. As a percentage of revenues, these costs increased to 43.8% in the nine months ended September 30, 2021 from 35.5% in the same period in 2020, primarily due to the change in the relative mix of revenue categories in each period. Specifically, in the nine months ended September 30, 2021, (a) 88.2% of revenues were comprised of product sales, which historically have had corresponding costs of revenue of approximately 45.0% to 50.0%, and (b) 8.8% of revenues were comprised of real estate rentals and management fees, which have no corresponding cost of revenue. This compares to revenues in the same period in 2020 that were comprised of (x) 72.0% of product sales and (y) 20.1% of real estate rentals and management fees. While the cost rate is higher for product sales, the level of product sales the Company can potentially generate is several multiples higher than the level of real estate rentals and management fees the Company can generate, resulting in significantly higher potential gross profit dollars to be generated.

As a result of the foregoing, gross profit approximated $50.8 million, or 56.2% of total revenues, for the nine months ended September 30, 2021 from approximately $19.7 million, or 64.5% of total revenues, for the same period a year ago.

Personnel expenses increased to approximately $5.3 million for the nine months ended September 30, 2021 from approximately $4.1 million for the same period a year ago. The increase was primarily due to the hiring of additional staff to support (i) higher levels of revenue, and (ii) the Company's expansion into a direct owner and operator of seed-to-sale cannabis businesses, offset by the reversal of an approximate $1.0 million accrual related to the Kidrin complaint which was settled in August 2021. As a percentage of revenues, personnel expenses decreased to 5.8% (7.0% excluding the accrual reversal) in 2021 compared to 13.3% in 2020.

Marketing and promotion costs increased to approximately $1.1 million for the nine months ended September 30, 2021 from approximately $281,000 for the same period a year ago. The change is primarily the result of increased spending on branding and design consulting, customer loyalty programs, social media, and local outdoor advertising. As a percentage of revenues, these costs increased to 1.2% in 2021 from 0.9% in 2020.

General and administrative costs increased to approximately $16.9 million for the nine months ended September 30, 2021 from approximately $7.5 million for the same period a year ago. This change is primarily due to increases of approximately (i) $7.2 million in non-cash equity compensation expense associated with option grants and warrant issuances, (ii) $1.0 million in facility costs on additional properties in service in 2021, (iii) $896,000 of credit card processing fees due to a significant increase in credit card sales at the Company's cannabis dispensaries, and (iv) $351,000 in depreciation and amortization expenses from higher property, equipment, and intangibles. As a percentage of revenues, general and administrative costs were 18.7% in 2021 compared with 24.6% in 2020, reflecting the more efficient utilization of the Company's fixed overhead costs.

Bad debt expense increased to approximately $1.9 million in the nine months ended September 30, 2021 compared to approximately $1.3 million in the same period in 2020. The change is due to the increase of reserves recorded against aging trade accounts receivable. As a percentage of revenues, this expense decreased to 2.1% in the nine months ended September 30, 2021 from 4.4% in the same period in 2020.

As a result of the foregoing, the Company generated operating income of approximately $25.7 million for the nine months ended September 30, 2021, compared to approximately $6.5 million for the same period in 2020.

Net non-operating expenses decreased to approximately $2.6 million for the nine months ended September 30, 2021 compared to approximately $8.3 million for the same period in 2020. The year-over-year change is primarily due to an approximate $5.5 million reduction of interest expense from lower levels of outstanding debt, coupled with an approximate $506,000 decrease in the fair value of investments, offset by the gain on sale of the MRSVP investment of approximately $309,000.

As a result of the foregoing, the Company generated income before income taxes of approximately $23.0 million for the nine months ended September 30, 2021. For the same period a year ago, the Company incurred a loss before income taxes of approximately $1.8 million. After a tax provision of approximately $9.0 million in 2021, the Company generated net income of approximately $14.0 million for the nine months ended September 30, 2021 compared to a net loss of approximately $1.8 million for the same period in 2020, a positive swing of approximately $15.8 million.

Non-GAAP Measurement

In addition to the financial information reflected in this report, which is prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), the Company is providing a non-GAAP financial measurement of profitability – *Adjusted EBITDA* – as a supplement to the preceding discussion of the Company's financial results.

Management defines Adjusted EBITDA as net income (loss), determined in accordance with GAAP, excluding the following:

- interest income and interest expense;
- income taxes;
- depreciation of fixed assets and amortization of intangibles;
- 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 Adjusted EBITDA is a useful measure to assess the performance and liquidity of the Company as it provides 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 Adjusted EBITDA to understand and compare operating results across accounting periods, and for financial and operational decision making. The presentation of 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 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. Adjusted EBITDA is 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.

Reconciliation of Net Income (Loss) to Adjusted EBITDA (a Non-GAAP Measurement)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
		(Unaudited)		
Net income (loss)	$ 2,123,148	$ 1,695,826	$ 14,021,750	$ (1,783,122)
Interest expense, net	274,230	1,886,494	1,981,053	7,459,936
Income taxes	4,009,111	-	9,026,016	-
Depreciation and amortization	708,893	574,317	2,017,500	1,648,510
EBITDA	7,115,382	4,156,637	27,046,319	7,325,324
Amortization of stock grants	228,003	5,364	233,368	16,094
Amortization of option grants	5,324,301	150,624	6,208,376	707,003
Amortization of stand-alone warrant issuances	-	2,179	55,786	2,179
Amortization of warrants issued with stock	-	-	654,681	-
Loss on equity issued to settle obligations	-	-	2,545	44,678
Equity in earnings of investments	-	(51,511)	-	(18,553)
Asset write-down	-	84,708	-	84,708
Legal settlement	(266,717)	-	(266,717)	-
Change in fair value of investments	522,106	(217,374)	937,390	704,172
Adjusted EBITDA	$ 12,923,075	$ 4,130,627	$ 34,871,748	$ 8,865,605

2021 and 2022 Plans

For the balance of 2021 and into 2022, the Company's focus will be to continue to execute its Strategic Growth Plan. The Company's priority activities will include the following:

1) Continue to consolidate the cannabis businesses that the Company has developed and manages.

2) Expand our revenue, assets, and footprint in the states in which the Company is operating.
   - In Massachusetts, the Company intends to open two additional dispensaries and significantly expand the capacity and capability of its manufacturing facility.
   - In Delaware, the Company is completing the development of an additional 60,000 square feet of cultivation and production in a new facility in Milford.
   - In Maryland, the Company intends to expand its manufacturing facility by 40,000 square feet and open a dispensary in Annapolis.
   -In Illinois, the Company intends to go vertical by acquiring one or more craft licenses and to potentially add up to six more dispensaries up to the statutory limit of ten.

3) Expand into other legal states through M&A and filing new applications in states where new licensing opportunities arise.

4) Expand revenues by producing and distributing our award-winning brands to qualified strategic partners or acquiring production and distribution licenses.

No assurances can be given that any of these plans will come to fruition or that if implemented will necessarily yield positive results.

Subsequent Events

Please refer to Note 21 – *Subsequent Events* of the Company's financial statements included in this report for a discussion of material events that occurred after the balance sheet date.

The issuance of the shares of common stock described in Note 21 –*Subsequent Events* of the Company's financial statements were deemed to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon Sections 4(a)(2) and/or 4(a)(5) of the Securities Act. A legend restricting the sale, transfer, or other disposition of these securities other than in compliance with the Securities Act was placed on the securities issued in the foregoing transactions.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Inflation

In the opinion of management, inflation has not had a material effect on the Company's financial condition or results of its operations.

Seasonality

In the opinion of management, the Company's financial condition and results of its operations are not materially impacted by seasonal sales.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company is a "smaller reporting company" as defined by Regulation S-K and, as such, is not required to provide the information contained in this item pursuant to Regulation S-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2021 (the "Evaluation Date"). Based upon that evaluation, the chief executive officer and the chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) are accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the past several fiscal years, we implemented significant measures to remediate the previously disclosed ineffectiveness of our internal control over financial reporting, which included an insufficient degree of segregation of duties amongst our accounting and financial reporting personnel, and the lack of a formalized and complete set of policy and procedure documentation evidencing our system of internal controls over financial reporting. The remediation measures consisted of the engagement of accounting consultants as needed to provide expertise on specific areas of the accounting guidance, the continued hiring of individuals with appropriate experience in internal controls over financial reporting, and the modification of our accounting processes and enhancement to our financial controls, including the testing of such controls.

Other than as described above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) that occurred during the three months ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

In July 2019, Mr. Kidrin, also a former director of the Company, filed a complaint in the Massachusetts Superior Court, which alleged the Company failed to pay all wages owed to him and breached his employment agreement. The Company moved to dismiss certain counts of the complaint and asserted counterclaims against Mr. Kidrin.

In August 2021, the parties entered into a settlement agreement and general release whereby, among other conditions, (i) Mr. Kidrin's complaint was dismissed with prejudice, (ii) the Company issued to Mr. Kidrin five-year warrants to purchase up to 1,000,000 shares of the Company's common stock at an exercise price of $0.50 per share, (iii) the Company irrevocably transferred intangible assets relating to the online virtual worlds business the Company had conducted in early 2014, prior to its pivot into the legal cannabis industry (such assets had zero carrying value on the Company's balance sheet), and (iv) each party released and discharged the other from all claims, losses, and liabilities.

In September 2021, MD Global Partners LLC ("MDGP") filed an action in the Supreme Court of the State of New York alleging that the Company had breached an executed contract. In October 2021, the Company entered into a settlement agreement with and obtained a general release from MDGP whereby the Company paid $150,000 to resolve

this matter.

Other than the above, there has been no material change to the status of the Company's legal proceedings.

Item 1A. Risk Factors

As a smaller reporting company, the Company is not required to provide the information contained in this item pursuant to Regulation S-K. However, information regarding the Company's risk factors appears in Part I, Item 1A. of its Annual Report on Form 10-K for the year ended December 31, 2020. These risk factors describe some of the assumptions, risks, uncertainties, and other factors that could adversely affect the Company's business or that could otherwise result in changes that differ materially from management's expectations. There have been no material changes to the risk factors contained in the Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended September 30, 2021, the Company issued (i) 3,104,725 shares of common stock upon the conversion of approximately $1,087,000 of principal of promissory notes, (iii) 145,217 shares of common stock, with a fair value on grant date of approximately $133,000 in the aggregate, in connection with the grants of restricted stock to employees, (iv) 750,000 shares of common stock valued at $705,000 to purchase property and equipment, and (v) 409,308 shares of common stock to pay fees of approximately $375,000.

The issuance of the shares of common stock described above were deemed to be exempt from registration under the Securities Act in reliance upon Sections 4(a)(2) and/or 4(a)(5) of the Securities Act. A legend restricting the sale, transfer, or other disposition of these securities other than in compliance with the Securities Act was placed on the securities issued in the foregoing transactions.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation of the Company (a)
3.1.1	Certificate of Amendment to the Certificate of Incorporation of the Company as filed with the Secretary of State of Delaware on March 9, 2017 (b)
3.1.2	Series B Convertible Preferred Stock Certificate of Designation as filed with the Secretary of State of Delaware on February 27, 2020 (h)
3.1.3	Certificate Eliminating the Series A Preferred Stock as filed with the Secretary of State of Delaware on February 27, 2020 (h)
3.1.4	Series C Convertible Preferred Stock Certificate of Designation as filed with the Secretary of State of Delaware on March 1, 2021 (p)
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*** This exhibit is a management contract or compensatory plan or arrangement.

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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 thereto duly authorized.

Date: November 15, 2021

MARIMED INC.

By: */s/ Robert Fireman*
Robert Fireman
President and Chief Executive Officer
(Principal Executive Officer)

By: */s/ Jon R. Levine*
Jon R. Levine
Chief Financial Officer
(Principal Financial Officer)

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Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "WORLDS ONLINE INC.", CHANGING ITS NAME FROM "WORLDS ONLINE INC." TO "MARIMED INC.", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF APRIL, A.D. 2017, AT 12:23 O`CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF AMENDMENT IS THE FIRST DAY OF MAY, A.D. 2017.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

Jeffrey W. Bullock, Secretary of State

4931664 8100
SR# 20172777836

Authentication: 202431980
Date: 04-25-17

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:23 PM 04/25/2017
FILED 12:23 PM 04/25/2017
SR 20172777836 - File Number 4931664

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
WORLDS ONLINE INC.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is Worlds Online Inc.

2. The certificate of incorporation of the corporation is hereby amended by striking out Article FIRST thereof and by substituting in lieu of said Article the following new Article:

"FIRST: The name of the corporation (hereinafter called the "Corporation") is MariMed Inc."

3. The amendment of the certificate of incorporation herein certified has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

4. The amendment shall be effective on May 1, 2017.

Signed on this 25th day of April, 2017.

/s/ THOM KIDRIN
Thom Kidrin, President and CEO

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "MARIMED INC.", FILED IN THIS OFFICE ON THE TWENTY-FOURTH DAY OF SEPTEMBER, A.D. 2021, AT 11:16 O`CLOCK A.M.

Jeffrey W. Bullock, Secretary of State

4931664 8100
SR# 20213336273

Authentication: 204268096
Date: 09-28-21

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:16 AM 09/24/2021
FILED 11:16 AM 09/24/2021
SR 20213336273 - File Number 4931664

CERTIFICATE OF AMENDMENT OF

THE CERTIFICATE OF INCORPORATION

OF

MARIMED INC.

(Pursuant to Section 242 of the Delaware General Corporation Law)

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is MariMed Inc.

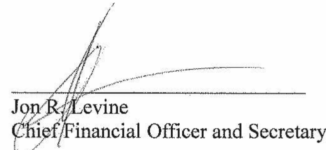
2. The certificate of incorporation of the corporation is hereby amended by striking out subparagraph (A) of Article FOURTH thereof and by substituting in lieu of said subparagraph the following new subparagraph (A) of Article FOURTH:

> "FOURTH: (A) The total authorized capital stock of the Corporation shall be 750,000,000 shares consisting of 700,000,000 shares of Common Stock, par value $0.001 per share and 50,000,000 shares of Preferred Stock, par value $0.001 per share.

3. The amendment of the certificate of incorporation herein certified has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

4. This Certificate of Amendment shall become effective upon the filing hereof in the Office of the Secretary of State of the State of Delaware.

Executed on this 23rd day of September 2021



Jon R. Levine
Chief Financial Officer and Secretary

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Exhibit 10.7.1

AMENDMENT TO THE MARIMED INC. 2018 STOCK AWARD AND INCENTIVE PLAN
(this "Amendment")
Effective Date: September 23, 2021

A. Article III, Section 3.1 of the MariMed Inc. 2018 Stock Award and Incentive Plan (the "Plan") is hereby amended as follows:

3.1 Common Stock Authorized. Subject to the provisions of this Article and Article XI, the total aggregate number of shares of Common Stock that may be delivered pursuant to Awards shall not exceed 70 million shares. Each share delivered in connection with a Full-Value Award, and each share delivered or deemed to be delivered in connection with Stock Options or other non-Full-Value Awards, shall be counted against this limit as one share in accordance with Section 3.2.

B. The foregoing amendment to the Plan has been approved and adopted by the Board and approved by the Company's stockholders in accordance with the Company's bylaws and applicable law.

C. Except as otherwise set forth in this Amendment, the terms and provisions of the Plan shall remain in full force and effect as when originally adopted or as previously amended.

D. Capitalized terms used in this amendment shall have the meaning ascribed to such terms in the Plan.

Exhibit 10.19

MariMed Inc.

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT
Effective Date: September 22, 2021

This First Amendment to the Employment Agreement (this "Agreement") is between MARIMED INC., a Delaware corporation (the "Company" or "MariMed"), and [*NAME OF EMPLOYEE*], an individual (the "Executive").

WHEREAS, the Company and the Executive entered into an Employment Agreement effective as of dated July 1, 2021, providing for the continued employment of the Executive as its Chief Financial Officer (the "Original Agreement");

WHEREAS, pursuant to Section 3(c) of the Original Agreement the Company has an obligation to grant non-qualified options to the Executive for the purchase of ________ shares of MariMed Common Stock under the Company's Amended and Restated 2018 Stock Award and Incentive Plan (the "Plan") on the date the Company's stockholders approve an amendment to the Plan to increase the aggregate number of shares reserved under the Plan to permit the foregoing option grant (the "Contingent Options"); and

WHEREAS, the Company and the Executive seeks to amend Section 3(c) of the Original Agreement in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 3(c) of the Original Agreement is hereby amended to change the grant date of the Contingent Options to October 1, 2021.

2. Except as otherwise amended by this Agreement, all other provisions of the Original Agreement shall remain in full force and effect.

The undersigned hereby execute this Agreement as of the Effective Date stated above.

MARIMED INC.

By: ______________________________
[Name and Title of Authorized Executive Officer]

____
[Name of Employee]

Exhibit 10.20

MARIMED INC.

Stock Option Agreement
(this "Agreement")

Dated: ____________
("**Grant Date**")

MariMed Inc., a Delaware corporation (the "**Company**"), in accordance with the Company's Amended and Restated 2018 Stock Award and Incentive Plan (the "**Plan**") hereby grants to ____________ (the "**Optionee**"), a stock option to purchase a total of __________ shares of the Company's Common Stock, par value $.001 per share (the "**Common Stock**"), at a price of $___ per share (the "**Exercise Price**"), on the terms and conditions set forth herein and in the Plan.

1. <u>Term.</u>

This option shall vest (the "**Vesting Date**"):

- With respect to _______ shares of Common Stock on the Grant Date; and
- For an additional ________ shares of Common Stock on the first anniversary of the Grant Date.

This option shall expire five (5) years from the date hereof (the "**Termination Date**").

Notwithstanding the foregoing, in the event of a "change in control" (as defined in the Plan), this option shall fully and automatically vest in its entirety and be immediately exercisable to purchase all the shares of Common Stock granted pursuant to this Agreement.

2. <u>Characterization of Options.</u>

The option granted pursuant to this Agreement is intended to constitute and qualify as an Incentive Stock Option, as defined by §422 of the Internal Revenue Code of 1986, as amended (the "**Code**"). To the extent this option does not meet the criteria of an Incentive Stock Option as defined in §422 of the Code it shall constitute a non-qualified stock option subject to §83 of the Code.

3. <u>Exercise of Options.</u>

(a) Subject to earlier termination or cancellation as provided in this Agreement, this option may be exercised at any time on or after the Vesting Date hereof, in whole or in part, as follows and on or prior the Termination Date:

for 100% of the vested shares on or after the date hereof.

(b) To the extent vested prior to the Termination Date, this option shall be exercisable by written notice of such exercise, in the form prescribed by the Board of Directors of the Company (the "**Board**"), to the Secretary or Treasurer of the Company at its principal office. The notice shall specify the number of shares of Common Stock for which the option is being exercised (which number, if less than all of the shares then subject to exercise, shall be 50 or a multiple thereof) and shall be accompanied by payment (i) in cash or by check in the amount equal to the Exercise Price multiplied by the number of shares to be purchased upon exercise, or (ii) in such other manner as the Board shall deem acceptable. No shares shall be delivered upon exercise of any option until all laws, rules and regulations which the Board may deem applicable have been complied with.

(c) The Optionee shall not be considered a record holder of the Common Stock issuable pursuant to this Agreement for any purpose until the date on which he or she is actually recorded as the holder of such Common Stock in the records of the Company.

(d) To the extent vested, prior to the Termination Date, this option shall be exercisable only so long as the Optionee shall continue to hold the same or similar position with the Company as is currently held by the Optionee, or such other position as may have been directed by the Board and within the ninety (90) day period after the date of termination of such relationship, to the extent vested on such date of termination; provided, however, such termination was without cause.

(e) Notwithstanding the provision of Section 3(d) above:

(i) In the event the Optionee is unable to continue to hold the same or similar position with the Company as is currently held by the Optionee, or such other position as may have been directed by the Board, due to his or her total and permanent disability (as defined in §105(d)(4) of the Code), this option may be exercised, to the extent vested on the date of such disability, but only within the ninety (90) day period from the date of such disability;

(ii) In the event of death of the Optionee, this option may be exercised, to the extent vested on the date of death, at any time within twelve (12) months following such date of death by the Optionee's estate or by a person who acquired the right to exercise this option by bequest or inheritance; provided that at the time of his or her death the Optionee held the same or similar position with the Company as is currently held by the Optionee, or such other position as may have been directed by the Board; and

(iii) In the event the Optionee is terminated from the Company for cause, this option may be exercised, to the extent vested on the date of such termination, within the thirty (30) day period after the date of such termination.

Notwithstanding the provisions of this Section (e), in no event shall this option be exercisable after the Termination Date.

4. <u>Anti-Dilution Provisions.</u>

(a) If there is any stock dividend, stock split, or combination of shares of Common Stock, the number and amount of shares then subject to this option shall be proportionately and appropriately adjusted; no change shall be made in the aggregate purchase price to be paid for all shares subject to this option, but the aggregate purchase price shall be allocated among all shares subject to this option after giving effect to the adjustment.

(b) If there is any other change in the Common Stock, including recapitalization, reorganization, sale or exchange of assets, exchange of shares, offering of subscription rights, or a merger or consolidation in which the Company is the surviving corporation, an adjustment, if any, shall be made in the shares then subject to this option as the Board may deem equitable. Failure of the Board to provide for an adjustment pursuant to this subparagraph prior to the effective date of any Company action referred to herein shall be conclusive evidence that no adjustment is required in consequence of such action.

(c) If the Company is merged into or consolidated with any other corporation, or if it sells all or substantially all of its assets to any other corporation, then either (i) the Company shall cause provisions to be made for the continuance of this option after such event, or for the substitution for this option of an option covering the number and class of securities which the Optionee would have been entitled to receive in such merger or consolidation by virtue of such sale if the Optionee had been the holder of record of a number of shares of Common Stock equal to the number of shares covered by the unexercised portion of this option, or (ii) the Company shall give to the Optionee written notice of its election not to cause such provision to be made and this option shall become exercisable in full (or, at the election of the Optionee, in part) at any time during a period of 20 days, to be designated by the Company, ending not more than 10 days prior to the effective date of the merger, consolidation or sale, in which case this option shall not be exercisable to any extent after the expiration of such 20-day period.

5. Investment Representation; Legend on Certificates; Special Restriction Resale.

The Optionee agrees that until such time as a registration statement under the Securities Act of 1933, as amended (the '**1933 Act**"), becomes effective with respect to the option and/or the stock, the Optionee is taking this option and will take the stock underlying this option, for his or her own account, for investment and not with a view to the resale or distribution thereof. The Company shall have the right to place upon the face of any stock certificate or certificates evidencing shares issuable upon the exercise of this option such legend as the Board may prescribe for the purpose of preventing disposition of such shares in violation of the 1933 Act, as now or hereafter provided.

6. Non-Transferability.

This option shall not be transferable by the Optionee other than by will or by the laws of descent or distribution and is exercisable during the lifetime of the Optionee only by the Optionee.

7. Certain Rights Not Conferred by Option.

The Optionee shall not, by virtue of holding this option, be entitled to any rights of a stockholder in the Company.

8. Expenses.

The Company shall pay all original issue and transfer taxes with respect to the issuance and transfer of shares of Common Stock pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith.

9. Miscellaneous.

In no event shall this option be exercisable after the Termination Date. Nothing herein shall be deemed to create any employment agreement or guaranty of the Optionee's position with the Company or limit in any way the Company's right to terminate Optionee's position at any time.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

MARIMED INC.

By: ______________________________
[NAME AND TITLE OF AUTHORIZED OFFICER]

OPTIONEE:

____
Name:

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release (the "Agreement") is made by and between THOMAS KIDRIN, his heirs, executors, administrators, assigns, attorneys, personal representatives, employees, and agents ("Kidrin"), on the one hand, and MARIMED, INC., *f/k/a* WORLDS ONLINE, INC., ROBERT FIREMAN, EDWARD GILDEA, and JON LEVINE, their members, managers, affiliates, directors, officers in their individual capacities, agents, attorneys, heirs, executors, administrators, personal representatives, employees, and assigns (collectively, the "MariMed Parties"), on the other. Kidrin and the MariMed Parties are referred to collectively as the "Parties." The Effective Date of this Agreement shall be seven calendar days after the date Kidrin's executed counterpart is received by counsel for the MariMed Parties.

WHEREAS, Kidrin filed an action in Suffolk Superior Court styled *Thomas Kidrin v. MariMed, Inc., Worlds Online, Inc., Robert Fireman, Edward Gildea, and Jon Levine*, Docket No. 19-2173D, alleging, *inter alia*, violations of certain wage and hour laws (the "Action"); and

WHEREAS, the MariMed Parties filed counterclaims against Kidrin based on, *inter alia*, his alleged actions as an employee, officer, and director of MariMed, Inc.; and

WHEREAS, each of the Parties denies that he or it has any liability to the other Party; and

WHEREAS, the Parties now desire to settle all claims and counterclaims that each has or might have against the other, through the Effective Date of this Agreement, including, but not limited to, those claims that were or could have been raised in the Action.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. **Informed and Voluntary Consent**. Each of the Parties acknowledges that he or it has (i) carefully reviewed the terms of the Agreement; (ii) conferred with advisors and counsel of his or its own choosing regarding the terms of the Agreement, and (iii) had the opportunity to consider their advice with respect to the Agreement.

The Parties represent and warrant that they have adequate information regarding the terms of this Agreement and all other matters encompassed by this Agreement to make an informed and knowledgeable decision with regard to entering into this Agreement, and that they independently and without reliance upon the other Party made their own analysis and decision to enter into this Agreement. The Parties enter into this Agreement voluntarily and with a full understanding of its terms and each acknowledges that he or it is fully competent to enter into this Agreement and not prevented from doing so in any manner, by any law, contractual obligation, or lack of physical or mental capacity.

2. **Dismissal of Action**. Upon the Effective Date, the Parties shall file s Stipulation of Dismissal with Prejudice of the Action, in the form attached hereto as Exhibit A.

3(a). **Issuance of Warrants**. Upon the Effective Date, MariMed, Inc. shall grant to Kidrin an immediately exerciseable five-year warrant to purchase 1,000,000 shares of MariMed, Inc. common stock at a price *per* share of fifty cents ($0.50).

3(b). **Assignment of Assets**. Upon the Effective Date, MariMed, Inc. shall irrevocably contribute and assign to Kidrin all of its rights, title, and interest, if any, in and to any assets owned or to which MariMed has rights relating to the 3D VR Business formerly operated by MariMed, Inc.s predecessor, including, without limitation, all patents, trademarks, copyrights, trade secrets, know-how and urls under that certain license agreement dated as of May 16, 2011 by and between Worlds Inc. and MariMed, Inc., f/k/a Worlds Online Inc., if any; such assets being contributed and assigned as/is, where is, without any representations whatsoever by MariMed, Inc. with respect to any such assets; provided, however, that MariMed, Inc. is not aware of any lien or encumbrance against any applicable assets, if any (it being understood and acknowledged that MariMed, Inc. has not undertaken any independent investigation with respect to the foregoing).

4. **Mutual Release of Claims.**

4.1. In consideration of the obligations set forth in this Agreement, Kidrin, on behalf of himself and his successors, past and present affiliates, parents, subsidiaries, divisions and assigns, together with their past and present principals, owners, shareholders, controlling persons, officers, directors, employees, successors, assigns, agents, insurers, and attorneys (collectively, the "Kidrin Releasors"), releases and forever discharges the MariMed Parties, and their officers, directors, employees, members, managers, heirs, executors, personal representatives, administrators, agents, attorneys, CPAs, consultants, parents, subsidiaries, successors, and assigns (collectively, the "MariMed Releasees"), from all loss, liability, claims, liens, demands, actions, causes of action, suits, debts, dues, liabilities, obligations, costs, expenses, sums of money, controversies, accounts, reckonings, bonds, bills, specialties, covenants, contracts, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, grievances, and demands of any kind or nature whatsoever, at law or in equity, direct or indirect, known or unknown, discovered or undiscovered, which the Kidrin Releasors have or ever had against the MariMed Releasees, from the beginning of the world to the date this Agreement is executed by all Parties, including, without limitation, all claims and counterclaims that were or could have been brought in the Action.

Without limiting the foregoing general discharge and release, Kidrin specifically discharges and releases the MariMed Parties from any claim arising from or related to his employment or other relationship with the MariMed Parties or the termination thereof, including, without limitation: (i) claims under federal, state or local laws, statutes, constitutions, regulations, rules, ordinances, or orders, including, but not limited to, the Age Discrimination in Employment Act; the Employee Retirement Income Security Act of 1974; Title VII of the Civil Rights Act of 1964; the Civil Rights Acts of 1866, 1964 and 1991; the Americans With Disabilities Act of 1990; the Rehabilitation Act of 1973; the National Labor Relations Act; the Occupational Safety and Health Act of 1970; the Consolidated Omnibus Budget Reconciliation

Act of 1985; the Fair Labor Standards Act of 1938 (29 U.S.C.A. § 201 et seq.); the Family and Medical Leave Act; the Massachusetts Fair Employment Practices Act, M.G.L. c. 15IB and other federal and state statutes prohibiting discrimination on the basis of sex, age, race, color, disability, national origin, sexual preference, and all other protected categories (and including retaliation and sexual harassment); the Massachusetts Civil Rights Act; the Massachusetts Equal Rights Law; the Massachusetts Minimum Fair Wages Statute (M.G.L. c. 151, §§ 1A and IB); the Massachusetts Payment of Wages Statute (M.G.L. c. 149, § 148, et seq.); the Massachusetts Independent Contractor Statute (M.G.L. c. 149, § 148B); and any other claim arising under Chapters 149 through 154 of the Massachusetts General Laws, all as amended, and (ii) any other common law or state law claims including, but not limited to, negligence, indemnification, breach of contract, defamation, invasion of privacy, fraud, misrepresentation, intentional or negligent infliction of emotional distress, intentional interference with contract, personal injury, breach of contract, unjust enrichment, *quantum meruit*, or other common law or tort causes of action, claims for costs, fees, or other expenses, including any attorneys' fees, arising prior to or on the Effective Date of this Agreement, whether known or unknown.

Kidrin understands and specifically acknowledges that by signing this Agreement the rights and claims he is forever giving up include, among others, all rights and claims that he may have against any of the MariMed Parties arising under:

- the Massachusetts Minimum Fair Wages Statute (M.G.L. c. 151, §§ 1A and IB);
- the Massachusetts Payment of Wages Statute (M.G.L. c. 149, § 148, *et seq.*);
- the Massachusetts Independent Contractor Statute (M.G.L. c. 149, § 148B); and
- any other claim arising under Chapters 149 through 154 of the Massachusetts General Laws, all as amended.

4.2 In consideration of the obligations set forth in this Agreement, the MariMed Parties, on behalf of themselves and their successors, past and present affiliates, parents, subsidiaries, divisions and assigns, together with their past and present principals, owners, shareholders, controlling persons, officers, directors, employees, successors, assigns, agents, insurers, and attorneys (collectively, the "MariMed Releasors"), release and forever discharge Kidrin, and his officers, directors, employees, members, managers, heirs, executors, personal representatives, administrators, agents, attorneys, CPAs, consultants, parents, subsidiaries, successors, and assigns (collectively, the "Kidrin Releasees"), from all loss, liability, claims, liens, demands, actions, causes of action, suits, debts, dues, liabilities, obligations, costs, expenses, sums of money, controversies, accounts, reckonings, bonds, bills, specialties, covenants, contracts, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, grievances, and demands of any kind or nature whatsoever, at law or in equity, direct or indirect, known or unknown, discovered or undiscovered, which the MariMed Releasors have or ever had against the Kidrin Releasees, from the beginning of the world to the date this Agreement is executed by all Parties,including, without limitation, all claims and counterclaims that were or could have been brought in the Action.

5. **Acknowledgment of General Release**. Kidrin and MariMed expressly acknowledge and agree that the releases of claims by each of them contained in this Agreement is a GENERAL RELEASE, and that any reference to specific claims arising out of or in connection with Kidrin's work relationship with the MariMed Parties or termination thereof is not intended to limit in any way either Party's release of his or its claims.

6. **Covenant Not to Sue**. In addition to waiving and releasing the claims described above in Section 4.1, Kidrin promises never to file or prosecute any legal claim of any kind against the MariMed Parties in any federal, state,or municipal court or administrative agency, in which he asserts any claims that are released by this Agreement. Kidrin is specifically not waiving any rights that he is legally prohibited from waiving and this covenant not to sue does not prohibit him from assisting or participating in an investigation conducted by any agency, such as the MCAD or EEOC to the extent he is required to do so by law. In addition to waiving his right to sue or file an administrative complaint or charge that he is releasing herein, Kidrin agrees not to solicit or attempt to persuade any agency, person, entity or group to file a lawsuit or administrative complaint or charge on his behalf against the MariMed Parties regarding such released claims. Kidrin understands and agrees that he is waiving any right to monetary recovery, including but not limited to compensatory or punitive damages, attorneys' fees or costs, or other damages or recovery, should such an agency, or any other person, entity or group, nonetheless pursue any such claim on his behalf.

8. **Acceptance of Agreement**. Kidrin and the MariMed Parties agree and understand that Kidrin is entitled to take up to twenty-one calendar days to consider the terms of this Agreement, although Kidrin is free to sign the Agreement at any time during the twenty-one day consideration period. To accept this Agreement, Kidrin must sign this Agreement and cause it to be returned within the 21-day consideration period to Joseph F. Shea, attorney for the MariMed Parties, by email (Joseph.Shea@FisherBroyles.com). If the attorney for the MariMed Parties does not receive the signed Agreement during the twenty-one day consideration period, this Agreement shall be entirely void and of no legal force or effect whatsoever.

9. **Revocation of Agreement.** Kidrin understands that he may revoke this agreement by notifying the MarMed Parties in writing of such revocation within seven days after he executes this Agreement and that this Agreement is not effective until the expiration of such seven day period. Any revocation notice must be sent to Joseph F. Shea, attorney for the MariMed Parties, by email (Joseph.Shea@FisherBroyles.com). Kidrin understands that upon the expiration of the seven day period, this Agreement will be binding upon Kidrin and hisheirs, administrators, representatives, executors, and successors and will be irrevocable. Kidrin acknowledges and agrees that, should Kidrin fail or refuse to execute this Agreement, or should Kidrin choose to revoke this Agreement, the MariMed Parties shall have no obligations of any sort under this Agreement, including no obligation to transfer assets as provided for in Section 3(a) above, or issue warrants as set forth in Section 3(b) above, and this Agreement shall be entirely void and of no legal force or effect whatsoever.

10. **Binding Effect**. The Parties agree that the mutual covenants and undertakings in this

Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors, assigns, employees, and agents to the extent permitted by law.

11. **No Additional Representations**. The Parties acknowledge that, except as expressly set forth herein, no representations of any kind or character have been made by either Party or their agents, representatives, or attorneys to induce the execution of this Agreement.

12. **No Admission of Liability**. Neither this Agreement, nor anything contained herein shall constitute or be construed as an admission of liability by any of the Parties and the Parties specifically acknowledge that it does not constitute such an admission.

13. **Governing Law and Exclusive Jurisdiction**. This Agreement shall in all respects be interpreted, enforced, governed and construed by and under the laws of the Commonwealth of Massachusetts. The Parties consent to the personal jurisdiction of the courts located in the Commonwealth of Massachusetts, which shall be the exclusive forum for the resolution of any disputes concerning this Agreement or its alleged breach.

14. **Entire Agreement**. This Agreement represents the sole and entire agreement between the Parties and supersedes all prior oral and written agreements, understandings, arrangements, negotiations and discussions between the Parties hereto with respect to the subject matters covered hereby.

15. **No Oral Modification or Waiver**. Any amendment to this Agreement must be in writing signed by duly authorized representatives of the Parties hereto and stating the intent of the Parties to amend the Agreement.

16. **Counterparts**. This Agreement may be executed by each Party in separate counterparts, each of which shall be deemed an original and constitute one document. The Parties agree that facsimile, including electronic signatures, shall be acceptable and have the same effect as originals.

17. **Interpretation of Agreement and Ambiguities**. The Parties agree that they and their respective attorneys have reviewed this Agreement. The Parties and their attorneys have had a full opportunity to negotiate the terms and conditions of this Agreement. Accordingly, the Parties expressly waive any common law or statutory rule of construction that ambiguities should be construed against the drafter of this Agreement and agree, covenant and represent that the language in all parts of this Agreement shall be in all cases construed as a whole, according to its fair meaning.

18. **Severability**. Should any provision or part of any provision of this Agreement be found to be legally unenforceable and/or against public policy, such that the material provisions of this Agreement are not affected thereby, such unenforceability and/or against public policy shall not prevent enforcement of the remaining provisions or parts of this Agreement. If any material provision of this Agreement is found to be unenforceable and/or against public policy, then this entire Agreement is voidable at the option of any party, in which case the obligations of all parties are canceled. Should any Party seek to retain any benefit that he or it has received under this Agreement, then that Party will be deemed to have agreed that this Agreement remains in full effect. This Agreement shall survive the performance of the specific arrangements contained

herein.

19. **Sealed Instrument**: This Agreement shall take effect as a sealed instrument.

[REMAINDER OF PAGE

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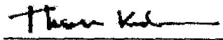
PLEASE READ CAREFULLY. THIS AGREEMENT HAS IMPORTANT LEGAL CONSEQUENCES, INCLUDING A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

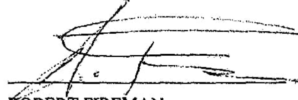
The undersigned have read the foregoing Agreement, accept and agree to the provisions contained therein and hereby execute it voluntarily, with full understanding of its consequences.

Witness my hand and seal on this 19th day of August 2021.



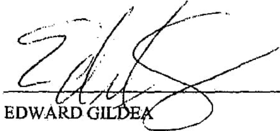
THOMAS KIDRIN

Witness my hand and seal on this 19th day of August 2021.



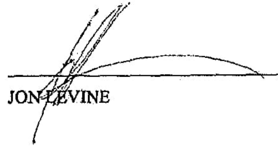
ROBERT FIREMAN

Witness my hand and seal on this 19th day of August 2021.



EDWARD GILDEA

Witness my hand and seal on this 19th day of August 2021.



JON LEVINE

Witness my hand and seal on this 19th day of August 2021.

MARIMED, INC.

By: R. W. Fireman

Its: CEO

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification

I, Robert Fireman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MariMed Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

/s/ Robert Fireman

Robert Fireman
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification

I, Jon R. Levine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MariMed Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 15, 2021

/s/ Jon R. Levine

Jon R. Levine
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MariMed Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert Fireman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 15, 2021

/s/ Robert Fireman
Robert Fireman
Chief Executive Officer
(Principal Executive Officer)

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MariMed Inc. (the "Company") on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon R. Levine, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 15, 2021

/s/ Jon R. Levine
Jon R. Levine
Chief Financial Officer
(Principal Financial Officer)

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.