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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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:

Title of Each Class	Trading Symbol(s)	Name Of Each Exchange On Which Registered
None	Not Applicable	Not Applicable

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.001 par value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting fi rm that prepared or issued its audit report. ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the closing price as of June 30, 2021 of $0.94 per share, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately $218.2 million.

At March 16, 2022, the issuer had outstanding 335,183,206 shares of Common Stock, par value $.001 per share.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements involve risks and uncertainties, and our actual results could differ significantly from those discussed herein. These include statements about our expectations, beliefs, intentions or strategies for the future, which the Company indicates by words or phrases such as "anticipate," "expect," "estimate," "could," "should," "would," "project," "predict," "intend," "plan," "will," "believe," and similar language, including those set forth in the discussion under "Description of Business," "Risk Factors" and "Management's Discussion and Analysis or Plan of Operation" as well as those discussed elsewhere in this Form 10-K. The Company bases its forward-looking statements on information currently available to it, and the Company believes that the assumption and expectations reflected in such forward-looking statements are reasonable, and it assumes no obligation to update them. Statements contained in this Form 10-K that are not historical facts are forward-looking statements that are subject to the "safe harbor" created by the Private Securities Litigation Reform Act of 1995.

PART I

ITEM 1. BUSINESS.

Overview

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.

Over the last few years, 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 businesses and manage the continuing growth of their operations.

To date, the acquisition and consolidation of the Company's client businesses in Massachusetts and Illinois have been completed. The acquisition of a client business in Maryland has been contracted, and the Company is awaiting approval by the Maryland Cannabis Control Commission, which is pending. Upon approval, this entity will be consolidated. The acquisitions of the remaining businesses located in Nevada and Delaware are at various stages of completion and subject to each state's laws governing the ownership transfer of cannabis licenses and other closing conditions. Delaware will require a modification of current cannabis ownership laws to permit for-profit ownership, which is expected to occur when the state legalizes recreational adult-use cannabis. Until the law changes and the acquisition is approved, the Company continues to generate revenue from rental income, management fees, and licensing royalties.

The transition to a fully integrated muti-state cannabis operator ("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 expanding into additional states with legal cannabis programs.

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 quality 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 product recipes.

The Company markets its high-quality cannabis flowers and concentrates under the award-winning[1] Nature's Heritage brand; cannabis-infused chewable tables and powder drink mixes under the brand names Kalm Fusion and K Fusion; all natural fruit chews under the award-winning[1] Betty's Eddies brand; and brownies, cookies, and other social sweets under the Bubby's Baked brand. The Company's cannabis-infused brands have been top-selling products in Maryland and Massachusetts.[2] The Company intends to introduce additional product lines under these brands in the foreseeable future.

The Company also has strategic alliances with prominent brands. The Company has partnered with renowned 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 operations have improved significantly over the past year as reflected in the following financial highlights:

- Revenues increased 139% to approximately $121.5 million in 2021 from $50.9 million in 2020;
- Adjusted EBITDA[3] increased 144% to approximately $43.1 million in 2021 compared to $17.7 million in 2020;
- Total assets increased to approximately $123.2 million in 2021 from $76.4 million in 2020; and
- Cash and cash equivalents increased to approximately $29.7 million in 2021 from $3.0 million in 2020.

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[1] Awards won by the Company's Betty's Eddies brand include LeafLink 2021 Best Selling Medical Product, Reddit Sparkie 2021 Best Edible, Respect My Region 2021 Hottest Edible, LeafLink 2020 Industry Innovator, and Explore Maryland Cannabis 2020 Edible of the Year. Awards won by the Company's Nature's Heritage brand include the Cultivators Cup 2021 Silver Medal and the High Times Cannabis Cup 2021 Bronze Medal.

[2] Source: LeafLink Insights 2020.

[3] Adjusted EBITDA is a non-GAAP financial measurement that is defined in Item 7. *Management's Discussion And Analysis Of Financial Condition And Results Of Operations.*

The Company's strengths can be summarized as follows:

Professional Management

The Company's management is one of the most experienced and long-tenured in the cannabis industry. It has had considerable success creating and growing business in the industry by successfully applying for cannabis licenses on behalf of its clients, overseeing the development of such clients' cannabis operations and security plans, sourcing real estate for cannabis facilities in receptive municipalities, raising capital to purchase and develop facilities, and adhering operations to regulations established by individual state governments, including all environmental and social governance requirements. The knowledge and experience of the Company's management provides a solid platform for the Company's direct ownership through consolidation of the organic businesses it developed and for expansion to other opportunities in other cannabis-legal states.

Development of State-of-the-Art Cannabis Facilities and Operations

The Company has developed state-of-the-art cannabis cultivation, production, and dispensary facilities in multiple states utilizing the Company's proprietary practices and implementing industry best practices. Its facilities are examples of operational excellence under the Company's proven management policies and processes.

Cannabis Brand Creation

The Company has developed unique brands of precision-dosed cannabis-infused products which are currently licensed and distributed in cannabis-legal states. The Company intends to continue expanding both its brand portfolio and the licensing of its branded products into additional cannabis-legal states and overseas.

Technological and Scientific Innovation

The Company is diligent in identifying and reviewing the latest sciences and processes applicable to the cultivation, distillation, production, packaging, securing, and distribution of cannabis and cannabis-infused products. The Company has obtained the highest quality cannabis strains and genetics. It is at the leading edge of patient education and physician outreach for cannabis, and it seeks strategic relationships with companies that are at the forefront of extraction and distillation.

Education and Knowledge Sharing

The rapid growth of the legal cannabis market presents a global paradigm shift and challenges to medical professionals and consumers who seek scientific knowledge and research regarding the medical benefits of cannabis. The Company provides educational research and studies on its brands and products to its growing community of healthcare professionals and consumers. As cannabis becomes more mainstream, medical providers will need to be educated on how to prescribe or make recommendations to their patients, and consumers will need to learn how to gain the most benefit from certain strains, genetics, or formulations.

As part of its education initiative, the Company intends to assemble a Scientific Advisory Board (the "SAB") that will include knowledgeable medical practitioners and researchers focused on the scientific application of cannabis for health and wellness. The SAB's goals will include the development of strategies to address the most widespread and debilitating medical and dietary conditions through the utilization of cannabis- and hemp-based therapies.

Consolidation Plan

The Company's Consolidation Plan consists of the strategic decision to acquire and consolidate client cannabis businesses it developed, and in some instances managed and advised, in Massachusetts, Illinois, Maryland, Nevada, and Delaware. When completed, the businesses that are acquired and consolidated will be reported in the Company's financial statements. The following is a summary of the Company's progress towards its Consolidation Plan.

Massachusetts

In December 2018, the Massachusetts Cannabis Control Commission (the "MCCC") approved the conversion of ARL Healthcare Inc. ("ARL"), the Company's cannabis-licensed client, from a non-profit entity to a for-profit corporation and the transfer of ownership to the Company. ARL holds cannabis licenses for cultivation, production and dispensing.

The Company operates (i) a 10,000 square foot dispensary, developed within its 22,700 square foot property in Middleboro that received approval from the MCCC to commence operations in December 2019, and (ii) a 70,000 square foot cultivation and production facility, developed within its 138,000 square foot property in New Bedford that received approval from the MCCC to commence operations in January 2020. The Company intends to expand the cultivation and production facility throughout the balance of the property in 2023.

The Company entered into an agreement to acquire a second dispensary in Beverly in early 2022, and expects to complete the buildout and commence operations, subject to approval by the MCCC, by the summer of 2022.

Illinois

In October 2019, the Illinois Department of Financial & Professional Regulation approved the Company's acquisition of KPG of Anna LLC and KPG of Harrisburg LLC, the Company's two cannabis-licensed clients that operate Company-built and -owned medical cannabis dispensaries in the state of Illinois (both entities collectively, the "KPGs"). As part of this transaction, the Company also acquired the selling parties' interests in Mari Holdings IL LLC ("Mari-IL"), the Company's subsidiary which owns the real estate in which the KPGs' dispensaries are located.

Effective October 1, 2019, 100% of the operations of these entities have been consolidated into the Company's financial statements. Additionally, on January 1, 2020, the state of Illinois legalized recreational adult-use cannabis, allowing the Company to operate both medical and recreational adult-use programs in the Anna and Harrisburg dispensaries. A third recreational dispensary was opened in this state in Mt. Vernon in September 2020, and a fourth recreational dispensary was opened in Metropolis in May 2021.

Maryland

In 2016, the Company and the members of Kind Therapeutics USA Inc., the Company's client in Maryland that holds licenses for the cultivation, production, and dispensing of medical cannabis ("Kind"), 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"). In reliance thereon, the Company purchased, designed, and developed a 180,000 square foot cultivation and production facility in Hagerstown, MD for occupancy and use by Kind, which became operational in late 2017, and the Company further agreed to manage and finance all aspects of Kind's cannabis business, as Kind had no background or experience in the industry.

In 2018, prior to finalizing the documents confirming the partnership/joint venture, 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. Also at that time, the parties entered into a management services agreement for the Company to provide Kind with comprehensive management services in connection with the business and operations of Kind, and a 20-year lease agreement for Kind's utilization of the Company's Hagerstown facility. Additionally, in 2019, the Company purchased a 9,000 square foot building in Anne Arundel County which is to be developed into a dispensary to be leased to Kind.

In 2019, the members of Kind sought to renegotiate the terms of the MOU and subsequently sought to renege on both the original partnership/joint venture and the 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 December 2021, the Company entered into a membership interest purchase agreement with the members of Kind to acquire 100% of the equity ownership of Kind in exchange for $13,500,000 payable in cash (subject to adjustment) and $6,500,000 payable by the issuance of four-year 6.0% promissory notes to the members of Kind. The notes shall be secured by a first priority lien on the Company's property in Hagerstown, MD. Upon execution of the membership interest purchase agreement, the Company deposited, in escrow, the sum of $5,000,000 as a contract down-payment.

Simultaneously, the Company entered into a membership interest purchase agreement with one of the members of Kind to acquire such member's entire equity ownership interest in (i) Mari Holdings MD LLC ("Mari-MD"), the Company's majority owned subsidiary that owns production and retail cannabis facilities in Hagerstown, MD and Annapolis, MD, and (ii) Mia Development LLC ("Mia"), the Company's majority owned subsidiary that owns production and retail cannabis facilities in Wilmington, DE. The purchase price for the interests in Mari-MD and Mia is $2,000,000 in the aggregate, payable in cash. Giving effect to the purchase of these interests, the Company will own approximately 99.7% and 94.3%, respectively, of Mari-MD and Mia.

The closings under the foregoing agreements are subject to the fulfilment of closing conditions including, but not limited to, approval by the MMCC, which is pending. There is no assurance that the approval of the MMCC will be obtained or that the further closing conditions will be met. Simultaneous with the closing of the transactions contemplated by the foregoing agreements, the aforementioned litigation between the parties will be dismissed. For further information, see Part I, Item 3. *Legal Proceedings* in this report.

Nevada

In 2019, the Company entered into a purchase agreement to acquire 100% of the ownership interests of The Harvest Foundation LLC ("Harvest"), its cannabis-licensed client. Harvest holds both medical and adult-use cannabis cultivation licenses, and operates in a 10,000 square foot cannabis cultivation facility developed with the Company. Upon the approval of the transaction by the state authority, and the fulfillment of other closing conditions, the ownership of Harvest will be transferred to the Company, and the operations of Harvest will begin to be consolidated into the Company's financial statements. There is no assurance that the closing conditions to the Company's acquisition of Harvest, including approval by the state authority, will be achieved or that the acquisition will be consummated

Delaware

Delaware's current cannabis program is for medical use only, and requires license holders to be not-for-profit entities. The Company provides comprehensive management and real estate services to First State Compassion Center ("FSCC"), its cannabis-licensed client in this state. The Company's validated cannabis experience was instrumental in FSCC being granted Delaware's first ever seed-to-sale medical cannabis license, and two of the four statewide licenses.

FSCC leases the Company-developed 47,000 square foot seed-to-sale facility in Wilmington and the Company's 4,000 square foot leased retail location in Lewes which the Company developed into a cannabis dispensary. In 2019, the Company signed a lease with an option to purchase a 100,000 square foot building in Milford, which it is currently developing into a second cultivation and production facility for FSCC.

The Delaware medical program has grown to over 10,000 licensed medical patients. FSCC, under the Company's management, is currently operating two of the six cannabis licenses in the state. The additional cultivation and production facility in Milford will bring a much-needed supply of product to a state where demand continues to outpace supply.

The state is expected to allow "for-profit" ownership of cannabis licenses when the state legalizes recreational adult-use cannabis, at which time the Company will seek to acquire FSCC and obtain ownership of the licenses and operations, subject to state approval.

Rhode Island

Rhode Island currently has a medical cannabis program where license holders must be not-for-profit entities. Previous discussions held by the Company to potentially acquire a licensed cannabis asset are currently suspended.

Corporate History

The Company was incorporated in the state of Delaware in January 2011 as a wholly-owned subsidiary of Worlds Inc. under the name Worlds Online Inc., which was later spun-off to its stockholders. At its inception, Worlds Online Inc. operated online virtual environments. In 2014, the Company transitioned its operational focus to the emerging cannabis industry and led the effort to win the cannabis license in Delaware on behalf of its client. To date, the Company has won a total of 17 cannabis licenses on behalf of itself and its cannabis clients.

The following is a summary of the Company's history over the past three calendar years:

In June 2019, the Company acquired a 70% ownership interest of MediTaurus LLC, a company established by Jokubas Ziburkas PhD, a neuroscientist and leading authority on hemp-based CBD and the endocannabinoid system. MediTaurus operates in the United States and Europe and has developed proprietary CBD formulations sold under its Florance™ brand. In September 2021, the Company acquired the remaining 30% ownership interest of MediTaurus.

In October 2019, the Company closed on the purchase of a 9,000 square foot building in Annapolis, MD which it is developing into a medical cannabis dispensary that the Company expects to be completed by June 2022.

In October 2019, the Illinois Department of Financial and Professional Regulation approved the Company's acquisition of the KPGs and Mari-IL, and as of such date, the KPGs and Mari-IL became wholly-owned subsidiaries of the Company.

In January 2020, the Illinois legalized adult-use cannabis, which was added to the Company's two existing cannabis licenses, thereby increasing the Company's operations in Illinois to service both medical and recreational cannabis consumers.

In February 2020, the Company purchased a 4,800 square foot stand-alone retail building in Mt Vernon, IL which it developed into a state-approved adult-use cannabis dispensary that opened in September 2020.

In July 2020, the Company refinanced a mortgage secured by its properties in Massachusetts generating proceeds of $13.0 million that were used to pay down the initial mortgage and short-term promissory notes.

In February 2021, the Company entered into a five-year lease agreement for a 12,000 square foot premises located in Wilmington, DE which the Company developed into a cannabis production facility with offices, and subleases to its cannabis-licensed client in this state.

In March 2021, the Company entered into a securities purchase agreement with Hadron Healthcare Master Fund 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. The initial proceeds of $23.0 million from the facility were used to pay down debt, and is being used to upgrade certain of the Company's owned and managed facilities. A portion of the balance of the facility is available to fund the Kind acquisition, provided such acquisition is consummated, including obtaining the necessary regulatory approvals, no later than the end of 2022.

In May 2021, the Company opened its fourth adult-use dispensary in Illinois in the city of Metropolis. The Company had been renting this 14,000 square foot premises since January 2021, which it developed into a state-approved cannabis dispensary in early 2021. In July 2021 the Company purchased the premises.

In August 2021, the Company entered into a manufacturing and royalty agreement with renown ice cream brand Emack & Bolio's® whereby the companies will collaborate to create a line-up of cannabis-infused vegan and dairy ice cream containing the Company's full spectrum of natural cannabinoids and terpenes. This new category of cannabis products is expected to debut in Massachusetts during 2022, followed by launches in other cannabis-legal markets.

In November 2021, in order to quality for applying to a cannabis dispensary license lottery in Ohio, the Company entered into short-term lease agreements for six retail properties in this state, each property between 4,000 and 6,000 square feet and with a lease term of eleven months. Should the Company be awarded one or more cannabis licenses, it can extend the term of one or more of the lease agreements to ten years (with options to further extend), and develop the premises of such extended leases into cannabis dispensaries. In early 2022, the Company was notified that it was awarded a license, and is awaiting the final verification process to be completed by the state.

In November 2021, the Company entered into an asset purchase agreement to acquire the cannabis license, property lease, and other assets and rights of, and to assume the liabilities and operating obligations associated with a cannabis dispensary that is currently operating in Beverly, MA. The purchase is contingent upon the approval of the Massachusetts Cannabis Control Commission, which is expected by the summer of 2022. Concurrent with the execution of this agreement, the parties entered into a consulting agreement pursuant to which the Company shall provide certain oversight services related to the development, staffing, and operation of the business in exchange for a monthly fee.

In December 2021, the Company entered into a membership interest purchase agreement to acquire 100% of the equity ownership of Kind, the Company's cannabis-licensed client that holds licenses for the cultivation, production and dispensing of medical cannabis in Maryland. The Company is currently waiting for approval of this acquisition from the MMCC, which is pending. Upon approval, the acquisition of Kind will be consummated, Kind's financial results will begin to be consolidated into the Company's financial statements, and the pending litigation between the parties will be dismissed.

Simultaneous with the Kind membership interest purchase agreement, the Company entered into an agreement to acquire a former owner of Kind's equity ownership interests in (i) Mari Holdings MD LLC ("Mari-MD"), the Company's majority owned subsidiary that owns production and retail cannabis facilities in Hagerstown, MD and Annapolis, MD, and (ii) Mia Development LLC ("Mia"), the Company's majority owned subsidiary that owns production and retail cannabis facilities in Wilmington, DE. The acquisition of these interests will be consummated simultaneous with the closing of the Kind acquisition. Giving effect to the purchase of these interests, the Company will own approximately 99.7% and 94.3%, respectively, of Mari-MD and Mia.

Recent Developments

In January 2022, the Company entered into a stock purchase agreement to acquire 100% of the ownership interests of Green Growth Group Inc., an entity that has been awarded a craft grow cannabis license issued by the Illinois Department of Agriculture ("IDA") for cultivation, production, and transporting of cannabis and cannabis-infused products in Illinois. The purchase price of $3,400,000 shall be comprised of $1,900,000 in cash and shares of the Company's common stock valued at $1,500,000. The acquisition is conditioned upon the approval by the IDA, among other closing conditions, which is expected to occur by July 2022.

Also in January 2022, the Company entered into an agreement to purchase a 30-acre parcel of land located in Mt. Vernon, IL containing a 33,000 square foot manufacturing facility and a 13,000 square foot storage warehouse, in exchange for $1,495,000 in cash. Upon execution of the agreement, the Company provided a deposit of $100,000 to the seller. The transaction is expected to close in the second quarter of 2022, after the Company has performed a complete inspection and feasibility review. If such review

determines that the premises will not satisfy the Company's requirements, the Company shall have the right to terminate the agreement with no other obligation other than the loss of the deposit.

In February 2022, the Company was notified that it was awarded a cannabis dispensary license from the state of Ohio, and is awaiting the final verification process to be completed by the state.

Competition

The Company's goal is to become a fully integrated MSO of seed-to-sale cannabis operations. The Company is different than some of the other MSOs in that it has organically developed its client businesses from the bottom up, built its own brands and branded products, and has retained its core management team from inception. Other MSOs have raised significantly more capital, including on the Canadian Securities Exchange, and acquired assets in more states than the Company has to date.

Additionally, while the Company has a comprehensive suite of products and services for the cannabis industry, it faces competition from companies of varying sizes and geographic reach, who produce and sell similar products. Some of these companies provide a subset of the Company's product and service offerings, while others are able to provide an equivalent level of the products and services offered by the Company. The Company, using its best practices and operational expertise, is able to produce cannabis products at one of the lowest cost structures in the industry which enables the Company to remain competitive in its markets. That said, the Company's sales could be reduced significantly if its competitors develop and market products that are more effective, more convenient, or are less expensive than its products.

Going forward, as cannabis products become more mainstream and have greater acceptance, it is likely that larger and more established companies, with greater available resources including name recognition and national distribution networks, will enter the field. However, the Company believes that there are many barriers to entry and that to duplicate its licenses, know how, and facilities would take years at a great expense. At the same time, the Company believes the emerging cannabis industry is growing at such a pace that there are more opportunities available than current cannabis businesses can support. The Company is upgrading its marketing efforts to expand branding and distribution, as well as database marketing, home delivery, and business tactics developed by more conventional industries that will be important to the cannabis industry as it becomes more mainstream.

Intellectual Property

The Company owns registered trademarks for Betty's Eddies, Kalm Fusion, and Nature's Heritage, and has filed to register the Bubby's Baked and Vibations trademarks.

The Company's proprietary processing, and manufacturing techniques and technologies, while not patented, are kept strictly confidential. The Company enters into and enforces confidentiality agreements with key employees and consultants to protect its IP and general know-how.

Employees

As of December 31, 2021, the Company had a total of 326 employees, of which 260 were full-time.

Website Access to Company Reports

The Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on the Company's website at www.marimedinc.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission.

In addition, copies of the Company's annual report will be made available, free of charge, on written request.

ITEM 1A. RISK FACTORS

The Company's business is subject to numerous risks, including but not limited to those set forth below. The Company's operations and performance could also be subject to risks that do not exist as of the date of this report but emerge thereafter as well as risks that the Company does not currently deem material.

Risks Related to the Company's Operations

The Company's business, operations, financial condition, and liquidity have been and may continue to be affected by the outbreak of COVID-19.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. The spread of COVID-19 in the United States and the measures to contain it—including business shutdowns, indoor capacity restrictions, social distancing, and diminished travel—have negatively impacted the economy and created significant volatility and disruption in financial markets. Business shutdowns in certain states in response to stay-at-home orders and related measures had temporarily eliminated access to the Company's dispensaries by certain customers, principally non-medical use customers, impacting sales during this restricted period. Further, the volatility in the financial markets and investor uncertainty has delayed the implementation of the Company's Consolidation Plan. As a result, the Company's business, operations, financial condition, and liquidity have been and may continue to be impacted. Further, the disruption to the global economy and to the Company's business, along with the decline in its stock price, may also negatively impact the future carrying values of certain assets, including inventories, accounts receivables, intangibles, and goodwill.

Cannabis remains illegal under federal law.

Cannabis remains illegal under federal law. It is a Schedule I controlled substance. Even in those jurisdictions in which the use of medical cannabis has been legalized at the state level, its prescription is a violation of federal law. The United States Supreme Court has ruled that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes. Therefore, federal law criminalizing the use of cannabis trumps state laws that legalize its use for even medicinal purposes. At present the states are standing tall against the federal government, maintaining existing laws and passing new ones in this area. States continue to exert this freedom, with more states considering legalization. However, the Company continually faces election cycles, and a new administration or the United States Congress could introduce a less favorable policy. A change in the federal attitude towards enforcement could cripple the industry. There is currently broad support for changes in the federal law for improved banking, investing, and the potential legalization of cannabis. However, there is no certainty what will get changed or when. The medical and recreational cannabis industries are the Company's primary markets, and if these industries were to be unable to operate, the Company would lose its potential clients and licenses, which would have a significantly negative impact on the Company's business, operations, and financial condition.

Future growth is dependent on additional states legalizing cannabis.

Continued development of the cannabis market is dependent upon continued legislative authorization of cannabis at the state level for medical and adult recreational use. Any number of factors could slow or halt the progress. Further, progress, while encouraging, is not assured and the process normally encounters set-backs before achieving success. While there may be ample public support for legislative proposal, key support must be created in the legislative committee, or a bill may never advance to a vote. Numerous factors impact the legislative process. Any one of these factors could slow or halt the progress and adoption of cannabis for medical and/or recreational purposes, which would limit the market for the Company's products and negatively impact its ability to grow into other states.

The Company's consolidation plan and growth strategy is subject to regulatory hurdles.

The Company's strategy to expand its footprint into additional legal cannabis states through new applications and acquisitions of existing cannabis businesses is subject, in each respective jurisdiction, to the approval of a new license application or license transfer application. Such approvals are subject to numerous delays and uncertainties based upon administrative and legislative changes in what are typically, in light of the recent cannabis legalization status in most jurisdictions, new and untested rules and regulations. There is little interpretative guidance on how states will apply their respective licensing regulations and limited control over when an application will be acted upon. As a result, there is no assurance that the Company's expansion plan will not be frustrated by regulatory delays, and no assurance that any license application or transfer application will be approved.

It will be difficult to evaluate the Company based on its past performance because it is transitioning its business into that of an owner of cannabis licenses and operator of cannabis operations.

The Company has been actively engaged in the cannabis industry as an MSO for a relatively short period of time and, accordingly, has only limited financial results on which it can be evaluated. In addition, the components of the Company's revenue and costs are changing as it continues to move away from a fee-based-only business to a multi-state seed-to-sale operation. The Company is subject to, and must be successful in addressing, the risks typically encountered by companies operating in the rapidly evolving cannabis marketplace, including those risks relating to:

- the failure to develop brand name recognition and reputation;
- the failure to achieve market acceptance of the Company's services;
- a slowdown in general consumer acceptance of legalized cannabis; and
- an inability to grow and adapt the Company's business to evolving consumer demand.

The medical cannabis industry faces strong opposition from traditional medicines.

It is believed by many that existing, entrenched, well-funded, businesses may have a strong economic opposition to the medical cannabis industry as currently formed. For example, the Company believes that the pharmaceutical industry does not want to cede control of any compound that could become a strong selling drug. Specifically, medical cannabis will likely adversely impact the existing market for Marinol, the current "cannabis pill" sold by mainstream pharmaceutical companies. Further, the medical cannabis industry could face a material threat from the pharmaceutical industry should cannabis displace other drugs or simply encroach upon the pharmaceutical industry's market share for compounds such as cannabis and its component parts. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical cannabis movement. Any inroads the pharmaceutical industry makes in halting or rolling back the medical cannabis movement could have a detrimental impact on the market for the Company's products and thus on its business, operations and financial condition.

The Company's clients may have difficulty accessing the service of banks, which may make it difficult for such clients to purchase the Company's products and services.

As discussed above, the use of cannabis is illegal under federal law. Therefore, there are banks that will not accept for deposit funds from sale of cannabis and may choose not to do business with the Company's clients. While there is pending legislation in the United States Senate that will allow banks to transact business with state-authorized medical cannabis businesses, there can be no assurance his legislation will be successful, that banks will decide to do business with medical cannabis retailers, or that in the absence of legislation state and federal banking regulators will not create issues on banks handling funds generated from an activity that is illegal under federal law. Notwithstanding, the Company has been able to secure state-chartered banks that are in compliance with federal law and provide certain banking services to companies in the cannabis industry. The inability of potential clients in the Company's target market to open accounts and otherwise use the service of banks may make it difficult for them to purchase the Company's products and services.

The Company may not be able to economically comply with any new government regulation that may be adopted with respect to the cannabis industry.

New legislation or regulation, or the application of existing laws and regulations to the medical and consumer cannabis industries could add additional costs and risks to doing business. the Company is subject to regulations applicable to businesses generally and laws or regulations directly applicable to communications over the Internet and access to e-commerce. Although there are currently few laws and regulations regulating the cannabis products, it is reasonable to assume that as cannabis use becomes more mainstream that the FDA and or other federal, state and local governmental agencies will impose regulations covering the cultivation, purity, privacy, quality control, security and many other aspects of the industry, all of which will likely raise the cost of compliance thereby reducing profits or even making it more difficult to continue operations, either of which scenarios, if they occur, could have a negative impact on the Company's business and operations.

The Company's relatively small size and limited resources may restrict its ability to manage any growth it may experience.

Growth of the Company's business may place a significant strain on its management systems and resources and may require the Company to implement new operating and financial systems, procedures and controls. the Company's failure to manage its growth and expansion could adversely affect its business, results of operations and financial condition. Failure to implement new systems effectively or within a reasonable period of time could adversely affect the Company's business, results of operations and financial condition. The Company is constantly looking to add additional qualified talent to the management team to support its growth, but there is no assurance it will be successful in identifying and/or hiring such people.

The market may not readily accept the Company's products.

Demand and market acceptance for the Company's licensed branded new cannabis-infused products are subject to a high level of uncertainty. The successful introduction of any new product requires a focused, efficient strategy to create awareness of and desire for the products. For example, in order to achieve market acceptance for the Company's cannabis products it will need to gain market and patient acceptance. Despite management's efforts to gather data before introducing new products as a means to minimize the risk of product non-acceptance, no assurance can be given that the Company's efforts will be successful.

The Company's marketing strategy may be unsuccessful and is subject to change as a result of a number of factors, including changes in market conditions (including the emergence of new market segments which in the Company's judgment can be readily exploited through the use of its technology), the nature of possible license and distribution arrangements and strategic alliances which may become available to us in the future and general economic, regulatory and competitive factors. There can be no assurance that the Company's strategy will result in successful product commercialization or that its efforts will result in initial or continued market acceptance for its proposed products.

If the Company is unable to protect its intellectual property rights, competitors may be able to use the Company's technology or trademarks, which could weaken its competitive position.

The Company relies on a combination of copyright, trademark, and trade secret laws and restrictions on disclosure to protect its intellectual property rights. The Company enters into confidentiality or license agreements with its employees, consultants and customers, and controls access to and distribution of its products, and other proprietary information. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use its products.

If the Company loses its key employees or fails to hire and retain other talented employees when necessary, its operations could be harmed.

The success of the Company's business is currently dependent, in large part, on the personal efforts of Messrs. Robert Fireman, Jon R. Levine, and Timothy Shaw, the Company's chief executive officer, chief financial officer, and chief operating officer, respectively. The loss of their services could have a material adverse effect on the Company's business. The success of the Company's business is currently dependent, in large part, upon its ability to hire and retain additional qualified management, marketing, technical, financial, and other personnel if and when its growth so requires. Competition for qualified personnel is intense and the Company may not be able to hire or retain such additional qualified personnel. Any inability to attract and retain qualified management and other personnel would have a material adverse effect on the Company's ability to grow its business and operations.

The Company faces competition from entities with greater resources.

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. The Company may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition, results of operations or prospects of the Company.

The introduction of a recreational model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for the Company, and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

A change in federal laws regarding the classification of cannabis as a controlled substance, interstate cannabis commerce, banking for entities in the cannabis industry, or other related regulations may have a significant impact on the Company's business.

Results of clinical research, if unfavorable, could have a negative impact on the industries in which the Company operates and consequently on its *business model.*

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company faces the prospect of claims of product liability if anyone is harmed by its products.

The Company's products will be produced for sale directly to end consumers, and therefore there is an inherent risk of exposure to product liability claims, regulatory action and litigation if the products are alleged to have caused loss or injury. In addition, the production and sale of the Company's products involves the risk of injury to end users due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human or animal consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. While the Company has product liability insurance coverage in place and works with third party providers to ensure they do as well, a product liability claim or regulatory action against the Company could exceed the Company's insurance coverage, and could adversely affect the Company's reputation and have a material adverse effect on its business and operational results.

The Company is subject to compliance with environmental regulations which can be onerous and costly.

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government environmental approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from implementing its proposed business activities or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations which could have a material adverse effect on its business and operational results.

The Company is subject to potential risks related to, and arising from, acquiring companies.

The Company is in the process of acquiring several companies and intends to acquire other companies in the future. There are risks inherent in any such acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from such acquisitions. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Company's securities. The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on the Company's management. There is no assurance that these acquisitions will be successfully integrated in a timely or cost-efficient manner, or at all.

In the event the Company is sued for any reason, it would face potential cost and interference with its business operations.

The Company is, and may from time to time become, party to litigation in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company is, or becomes, involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand.

Risks Related to the Company's Common Stock

Possible issuances of the Company's capital stock would cause dilution to its existing shareholders.

The Company currently has approximately 335.2 million shares of common stock outstanding and it is authorized to issue up to 700 million shares. Therefore, the Company will be able to issue a substantial number of additional shares without obtaining shareholder approval. In the event the Company elects to issue additional shares of common stock in connection with any financing, acquisition or otherwise, current shareholders could find their holdings substantially diluted, which means they will own a smaller percentage of the Company. In addition, the Company currently has outstanding approximately 4.9 million shares of Series B preferred stock (which convert on a one-for-one basis into shares of common stock) and approximately 6.2 million shares of Series C preferred stock (which convert on a five-for-one basis into shares of common stock). The Company's board of directors is authorized to issue up to a total of 50 million shares of preferred stock (including the previously issued shares) with terms it designates without any further shareholder approval.

The exercise or conversion of outstanding warrants and options into common stock will dilute the percentage ownership of the Company's other shareholders. The sale of such common stock or other common stock in the open market could adversely affect the market price of the Company's common stock.

As of December 31, 2021, there were potentially dilutive securities convertible into shares of common stock comprised of stock options, convertible into 39,821,671 shares, warrants, convertible into 26,351,571 shares, Series B preferred stock, convertible into 4,908,333 shares, Series C preferred stock, convertible into 31,081,080, and promissory notes, convertible into 1,142,857 shares. More convertible securities will likely be granted in the future to the Company's officers, directors, employees or consultants and as part of future financings. The exercise of outstanding stock options and warrants and conversion of notes and debentures will dilute the percentage ownership of the Company's other shareholders. Sales, or the expectation of sales, of a substantial number of shares of the Company's common stock in the private or public markets could adversely affect the prevailing market price of the Company's common stock.

Potential Volatility of Common Share Price

The market price of the Company's common stock could be subject to significant fluctuations. Some of the factors that may cause the market price of the common stock to fluctuate include:

(a) the public's reaction to the Company's press releases, announcements and filings with regulatory authorities and those of its competitors;

(b) fluctuations in broader stock market prices and volumes;

(c) changes in market valuations of similar companies;

(d) investor perception of the Company, its prospects or the industry in general;

(e) additions or departures of key personnel;

(f) commencement of or involvement in litigation;

(g) changes in the regulatory landscape applicable to the Company, the dietary supplement and/or the cannabis and hemp industries;

(h) media reports, publications or public statements relating to, or public perceptions of, the regulatory landscape applicable to the Company, the cannabis or the hemp industry, whether correct or not;

(i) announcements by the Company or its competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;

(j) variations in the Company's quarterly results of operations or cash flows or those of other comparable companies;

(k) revenues and operating results failing to meet the expectations of securities analysts or investors in a particular period;

(l) changes in the Company's pricing policies or the pricing policies of its competitors;

(m) future issuances and sales of the Company's common stock;

(n) sales of the Company's common stock by insiders of the Company;

(o) third party disclosure of significant short positions;

(p) demand for and trading volume of the Company's common stock;

(q) changes in securities analysts' recommendations and their estimates of the Company's financial performance;

(r) short-term fluctuation in stock price caused by changes in general conditions in the domestic and worldwide economies or financial markets; and

(s) the other risk factors described in this section or other sections of this 10-K.

The realization of any of these risks and other factors beyond the Company's control could cause the market price of the common stock to decline significantly.

In addition, broad market and industry factors may harm the market price of the Company's common stock. Hence, the price of the common stock could fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations could materially reduce the price of the common stock regardless of the Company's operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If the Company were involved in any similar litigation, it could incur substantial costs, Management's attention and resources could be diverted and it could harm the Company's business, operating results and financial condition.

In the event the Company requires additional financing and access to capital, covenants and restrictions in existing agreements may limit the Company's options.

Certain of the Company's existing financing agreements contain covenants that restrict its ability to incur additional debt, pay dividends or redeem shares of its stock. If the Company seeks to raise additional capital or financing, there can be no assurance that such capital or additional financing will be available on terms that comply with existing covenants and are satisfactory to the Company.

The Company has no plans to pay dividends on its common stock.

The Company does not expect to declare or pay dividends on the common stock in the foreseeable future. In addition, the payment of cash dividends is limited by the terms of the Company's financing agreements.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The Company currently owns and leases the following properties throughout the United States.

Wilmington, Delaware

The Company owns a 45,070 square foot facility on 2.25 acres within a fenced-in business park which it purchased in September 2016 and developed into a cannabis cultivation, processing, and dispensary facility. The property is secured under a mortgage with the Bank of New England that matures in 2031. The facility is leased to the Company's Delaware cannabis-licensed client under a 20-year lease expiring in 2035.

Lewes, Delaware

The Company leases 4,000 square feet of retail space in a multi-use building. This lease commenced in October 2016 and in 2021 the term was extended through April 2027. The Company built out the space into a cannabis dispensary which is subleased under a coterminous sublease to its Delaware cannabis-licensed client.

Milford, Delaware

The Company leases a 100,000 square foot warehouse which it developed into a 60,000 square foot cultivation facility, with plans to develop the remaining square footage into a processing facility. The lease term expires in March 2030, with an option to extend the term for three additional five-year periods. Construction of the processing facility was completed in February 2022. The entire premises is subleased under a coterminous sublease to the Company's Delaware cannabis-licensed client.

Anna, Illinois

The Company owns and operates a 3,400 square foot free-standing cannabis dispensary that is secured under a mortgage with DuQuoin State Bank maturing in 2020, provided it is not annually renewed by the bank, which the bank has done every year of this mortgage (the "DSQ Mortgage").

Harrisburg, Illinois

The Company owns and operates a 3,400 free-standing cannabis dispensary, also secured under the DSQ Mortgage.

Mt. Vernon, Illinois

The Company owns and operates a 4,800 square foot free-standing cannabis dispensary that is secured under a mortgage with South Porte Bank that matures in June 2022.

Metropolis, Illinois

In late 2020, the Company entered into a lease agreement for a 14,000 square foot free-standing retail building. The Company developed the premises into a state-approved adult-use cannabis dispensary in early 2021, and selling operations commenced in May 2021. The premises were purchased by the Company in July 2021, secured under a second mortgage with DuQuoin State Bank that matures in July 2041.

Hagerstown, Maryland

The Company owns a 180,000 square foot manufacturing facility that it developed into cannabis cultivation and production facility. The property secures a $3 million promissory note which was paid down in March 2021. This facility is leased to the company's cannabis licensed client under a 20-year triple net lease expiring in 2038.

Annapolis, Maryland

The Company owns a free-standing 9,000 square foot industrial building which it is developing into a medical cannabis dispensary that is expected to open in 2022.

Clark County, Nevada

The Company leases approximately 10,000 square feet of an industrial building that was built into a cannabis cultivation facility. This facility is subleased to the Company's licensed cannabis client under a sub-lease which is coterminous with the Company's lease for 10 years expiring in 2024.

New Bedford, Massachusetts

The Company owns 138,000 square foot industrial property located on 21.95 acres within the New Bedford Industrial Park. The property secures a mortgage with the Bank of New England that matures in 2027. The Company developed approximately half of the property into a cannabis cultivation and processing facility in which it conducts wholesale operations. The remaining portion of the property is leased to a non-cannabis manufacturing company who will be vacating the premises in 2022. Thereafter, the Company intends to expand its cannabis wholesale operations throughout the entire property.

Middleborough, Massachusetts

The Company owns and operates a 22,700 square foot retail and warehouse building located in a high-traffic area of this municipality. 10,000 square feet of the building has been developed into a retail dispensary, with the remaining square footage used as a warehouse.

Norwood Massachusetts

The Company's corporate offices are located in Norwood, Massachusetts. This 10,000 square foot space is under a 10-year lease with a related party that expires in 2028 and includes a 5-year extension option.

ITEM 3. LEGAL PROCEEDINGS.

Terminated Employment Agreement

In July 2019, Thomas Kidrin, the former chief executive officer and 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, 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 which alleged 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.

Maryland Litigation

As previously discussed in Part I, Item 1. *Business* in this report, in 2019, the members of Kind had sought to renege on the parties' original agreement to a partnership/joint venture made in 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, the Company (including its subsidiaries Mari 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 control 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 the Court denied in December 2021, leaving the preliminary injunction order in effect.

In addition to the favorable rulings on the Lease, MSA, and LMA, the Company believes that its claims for declaratory relief, specific performance, and/or breach of contract with respect to the partnership/joint venture agreement claims 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 filed a petition for civil contempt against the Kind parties for interfering with the Company's management of Kind. The contempt petition remains pending.

On December 31, 2021, the parties to the foregoing Maryland litigation entered into a global Confidential Settlement and Release Agreement, along with the parties to the DiPietro lawsuit (described below). Also on such date, as previously discussed in Part I, Item 1. *Business* in this report, the Company entered into (i) a membership interest purchase agreement with the members of Kind to acquire 100% of the equity ownership of Kind, and (ii) a membership interest purchase agreement with one of the members of Kind to acquire such member's entire equity ownership interest Mari-MD and Mia.

On January 4, 2022, the Maryland court entered an order staying the litigation and rescheduling the jury trial to October 24, 2022, to November 4, 2022, in the event the transactions contemplated by the Confidential Settlement and Release Agreement are not consummated. Otherwise, simultaneous with the closing of the transactions contemplated by the Confidential Settlement and Release Agreement, the foregoing Maryland litigation will be dismissed with prejudice, along with the DiPietro lawsuit.

In the event the transactions contemplated by the Confidential Settlement and Release Agreement are not consummated, the Company intends to aggressively prosecute and defend the action.

DiPietro Lawsuit

In August 2020, Jennifer DiPietro, directly and derivatively on behalf of Mari-MD and 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.

On December 31, 2021, the parties to the foregoing Massachusetts litigation entered into a global Confidential Settlement and Release Agreement, along with the parties to the Maryland lawsuit described above. Because the Massachusetts litigation involves derivative claims, the Massachusetts Superior Court must approve the parties' proposed dismissal of those claims. The parties to the Massachusetts litigation have filed a joint motion seeking to dismiss the derivative claims. Simultaneous with the closing of the transactions contemplated by the Confidential Settlement and Release Agreement, all direct claims in the foregoing Massachusetts litigation will be dismissed with prejudice, along with the Maryland lawsuit.

In the event the transactions contemplated by the Confidential Settlement and Release Agreement are not consummated, the Company believes that the allegations of the complaint in the foregoing Massachusetts litigation 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 Maryland lawsuit.

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.

In January 2022, the Company, at the request of the Liquidating Plan administrator for the OGGUSA Debtors, executed a written release of claims, if any, of the Company against Huron Consulting Group ("Huron"), a financial consulting and management company retained by the senior lender of the OGGUSA Debtors to perform loan management services for the lender and OGGUSA Debtors prior to and during their Chapter 11 bankruptcy cases. Such release was executed in connection with a comprehensive settlement agreement between the OGGUSA Debtors and Huron. In consideration for the Company's execution of the release, Huron paid an additional $40,000 to the bankruptcy estates of the OGGUSA Debtors to be included in the funds to be distributed to creditors, including the Company.

As of the date of this filing, there is still 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's common stock currently trades on the OTCQX market under the MRMD ticker symbol. Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Stockholders

As of March 16, 2022, the Company had 729 stockholders of record and 335,183,206 outstanding shares of common stock.

Dividends

The Company has never declared or paid a dividend on its common stock, and it does not anticipate paying cash or other dividends in the foreseeable future.

Recent Sales of Unregistered Securities

In November 2021, the Company issued 202,204 shares of common stock associated with previously issued subscriptions on common stock with a value of approximately $189,000.

During the period October 2021 to January 2022, the holder of Company-issued promissory notes converted $875,000 of principal into 2,500,001 shares of common stock at a conversion price of $0.35 per share.

During the period October 2021 to January 2022, options to purchase 55,000 shares of common stock were exercised by current and former employees at exercise prices of $0.14 and $0.30 per share. Additionally, in December 2021, the Company's CEO and CFO each exercised options on a cashless basis to purchase common stock at an exercise price of $0.63 per share, each receiving 26,744 net shares of common stock.

In December 2021, the Company granted 2,293 shares of common stock to an employee in exchange for services rendered during the fourth quarter of 2021 at a value of approximately $2,000.

In December 2021, the Company issued 825,000 shares of common stock in exchange for consulting services.

During the period October 2021 to December 2021, the Company granted five-year options to employees to purchase up to 2,972,500 shares of common stock at exercise prices ranging from $0.69 to $0.88 per share. Additionally, in October 2021, the Company granted five-year options to its CEO, CFO, and COO to purchase up to 11,250,000 shares of common stock in the aggregate at an exercise price of $0.90 per share.

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.

Company Equity Compensation Plans

The following table sets forth information as of December 31, 2021 with respect to compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by stockholders [(1)]	39,821,671	$ 0.91	28,618,664
Equity compensation plans not approved by stockholders	-	$ -	-
Total	39,821,671		28,618,664

(1) Consist of options exercisable for (i) 39,821,671 shares granted under the Incentive Plan (hereinafter defined) of which 3,456,250 shares continue to be subject to the terms of the Company's 2018 Stock Award and Incentive Plan.

The Company's Amended and Restated 2018 Stock Award and Incentive Plan (the "Incentive Plan") provides incentives for the achievement of important performance objectives and promotes the long-term success of the Company. In September 2019, the Company's stockholders approved the Incentive Plan. In September 2021, the stockholders approved an amendment to the Incentive Plan increasing the aggregate number shares reserved for issuance from 40,000,000 to 70,000,000.

The Incentive Plan is an omnibus plan, authorizing a variety of equity award types as well as cash and long-term incentive awards. Each award under the Incentive Plan is subject to the Company's claw back policy in effect at the time of grant of the award. Shares actually delivered in connection with an award will be counted against the aggregate number of reserved shares. Shares will remain available for new awards if an award under the Incentive Plan expires, is forfeited, canceled, or otherwise terminated without delivery of shares or is settled in cash.

The board of directors may amend, suspend, discontinue, or terminate the Incentive Plan or the authority to grant awards thereunder without stockholder approval, except as required by law or regulation or under rules of the stock exchange, if any, on which the Company's stock may then be listed. Unless earlier terminated, grants under the Incentive Plan will terminate ten years after stockholder approval of the Incentive Plan, and the Incentive Plan will terminate when no shares remain available, and the Company has no further obligation with respect to any outstanding award.

ITEM 6. SELECTED FINANCIAL DATA

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward Looking Statements

When used in this form 10-K and in future filings by the Company with the Commission, words or phrases such as "anticipate," "believe," "could," "would," "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 the Company can charge for its services and products or which it pays to its suppliers and business partners; changes in political, social and economic conditions in the jurisdictions in which the Company operates; changes to regulations that pertain to its operations; changes in technology that render the Company's technology relatively inferior, obsolete or more expensive compared to others; changes in the business prospects of the Company's business partners and customers; increased competition, including from the Company's business partners; and enforcement of federal cannabis related laws.

The following discussion should be read in conjunction with the financial statements and related notes which are included in this report under Item 8.

The Company does not undertake to update its forward-looking statements or risk factors to reflect future events or circumstances.

Overview

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.

Over the last few years, 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 businesses and manage the continuing growth of their operations.

To date, the acquisition and consolidation of the Company's client businesses in Massachusetts and Illinois have been completed. The acquisition of a client business in Maryland has been contracted, and the Company is awaiting approval by the Maryland Cannabis Control Commission, which is pending. Upon approval, this entity will be consolidated. The acquisitions of the remaining businesses located in Nevada and Delaware are at various stages of completion and subject to each state's laws governing the ownership transfer of cannabis licenses and other closing conditions. Delaware will require a modification of current cannabis ownership laws to permit for-profit ownership, which is expected to occur when the state legalizes recreational adult-use cannabis. Until the law changes and the acquisition is approved, the Company continues to generate revenue from rental income, management fees, and licensing royalties.

The transition to a fully integrated muti-state cannabis operator ("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 expanding into additional states with legal cannabis programs.

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 quality 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 product recipes.

The Company markets its high-quality cannabis flowers and concentrates under the award-winning[1] Nature's Heritage brand; cannabis-infused chewable tables and powder drink mixes under the brand names Kalm Fusion and K Fusion; all natural fruit chews under the award-winning[1] Betty's Eddies brand; and brownies, cookies, and other social sweets under the Bubby's Baked brand. The Company's cannabis-infused brands have been top-selling products in Maryland and Massachusetts.[2] The Company intends to introduce additional product lines under these brands in the foreseeable future.

The Company also has strategic alliances with prominent brands. The Company has partnered with renowned 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] Awards won by the Company's Betty's Eddies brand include LeafLink 2021 Best Selling Medical Product, Reddit Sparkie 2021 Best Edible, Respect My Region 2021 Hottest Edible, LeafLink 2020 Industry Innovator, and Explore Maryland Cannabis 2020 Edible of the Year. Awards won by the Company's Nature's Heritage brand include the Cultivators Cup 2021 Silver Medal and the High Times Cannabis Cup 2021 Bronze Medal.

[2] Source: LeafLink Insights 2020.

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 dispensary and wholesale operations in Massachusetts and Illinois, and sales of hemp and hemp-infused products. Future product sales are expected to include 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 – resale of cultivation and production resources, supplies, and equipment, acquired by the Company from top national vendors at volume discounted prices, to its clients and third-parties within the cannabis industry.

- Licensing – revenue from the sale of precision-dosed, cannabis-infused products—such as Betty's Eddies, Kalm Fusion, and Nature's Heritage—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, equity in earnings of investments, changes in the fair value of non-consolidated investments, and other non-recurring gains or losses.

Liquidity and Capital Resources

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

- Cash and cash equivalents increased nearly ten-fold to $29.7 million at December 31, 2021, from $3.0 million at December 31, 2020.

- In 2021, the Company's operating activities provided positive cash flow of $35.9 million, compared to $3.4 million in 2020.

- At December 31, 2021, working capital increased to $17.4 million from a working capital deficit of $2.2 million at December 31, 2020, a positive swing of $19.6 million.

- The Company generated net income of $7.6 million in 2021, an increase of 214% from net income of $2.4 million in 2020.

The aforementioned improvements to the Company's liquidity were primarily the result of increases in revenues and profitability generated by the Company's cannabis operations in the states of Illinois and Massachusetts. These operations launched as part of the Company's aforementioned Consolidation Plan to transition from a consulting business to a direct owner of cannabis licenses and operator of seed-to-sale operations. The liquidity improvements were also attributable to $23.0 million of equity capital raised from Hadron Healthcare Master Fund ("Hadron"), further discussed under the *Financing Activities* section below.

In addition to the above, the Company evaluates liquidity using the financial measurement of Adjusted EBITDA, a commonly used metric to assess liquidity that is not defined by generally accepted accounting principles. The section below entitled *Non-GAAP Measurement* discusses the components of this measurement in further detail.

Operating Activities

Net cash provided by operating activities was $35.9 million in 2021, compared to $3.4 million in 2020. The year-over-year improvement was primarily attributable to the increase in cannabis-derived profits in 2021 generated by the Company's four active dispensaries in Illinois, and its retail and wholesale operations in Massachusetts.

Investing Activities

Net cash used in investing activities was $16.6 million in 2021, compared to $4.5 million in 2020. The year-over-year increase was attributable to an increase in property and equipment expenditures in 2021 for the Company's facilities in Delaware, Illinois, Maryland, and Massachusetts, offset by $1.2 million of proceeds from the asset sale of a Company-owned investment.

Financing Activities

Net cash provided by financing activities was $7.5 million in 2021, compared to $3.3 million in 2020. In March 2021, the Company entered into a securities purchase agreement with Hadron Healthcare Master Fund ("Hadron") whereby Hadron will provide funding of up to $46.0 million to repay existing non-mortgage debt, to fund expansion plans of existing operations, and to finance planned acquisitions. In March 2021, Hadron funded $23.0 million under this facility. The Company also raised $2.7 million from a new mortgage. These proceeds were offset by the repayment of $17.0 million of debt in 2021.

In 2020, the Company raised $21.4 million from debt financings, offset by $17.4 million of promissory note and mortgage repayments during the year.

The proceeds from the aforementioned financings were used to execute on the Company's strategy to become a fully integrated multistate operator of seed-to-sale cannabis operations, to continue the development of its regulated facilities, to pay down its debt, to expand its branded licensing business, and for working capital purposes.

Results of Operations

Year ended December 31, 2021 compared to year ended December 31, 2020

Revenues grew to $121.5 million in 2021, an increase of $70.6 million or 139%, compared to $50.9 million in 2020. The year-over-year increase was primarily due to the nearly three-fold expansion of the Company's cannabis sales to $108.2 million in 2021, compared to $39.4 million in 2020. This growth was primarily attributable to sales increases of (i) $38.3 million generated by the Company's dispensaries in Illinois, where one new dispensary commenced operations in May 2021, and three ongoing dispensaries experienced an 80% year-over-year increase in customer visits, (ii) $14.0 million generated from the Company's dispensary in Massachusetts, which experienced a nearly six-fold year-over-year increase in customer visits, and (iii) $15.7 million generated by the Company's wholesale operations in Massachusetts, which experience a 151% increase in customers in 2021 compared to 2020.

The year-over-year increase in revenues was also the result of the continued growth of rental income, management fees, and supply procurement revenue, generated primarily from the Company's cannabis clients in Delaware and Maryland.

Cost of revenues were $55.2 million in 2021 compared to $19.6 million in 2020, an increase of $35.6 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 45.4% in 2021 from 38.5% in the same period in 2020, primarily due to the change in the relative mix of revenue categories in each period. Specifically, in 2021, (a) 88.2% of revenues were comprised of product sales, which historically have had corresponding costs of revenue of in the range of 45.0% to 50.0%, and (b) 8.6% of revenues were comprised of real estate and management revenue, which have no corresponding cost of revenue. This compares to revenues in 2020 that were comprised of (x) 77.4% of product sales and (y) 16.2% of real estate and management revenues. While the cost rate is higher for product sales, the level of product sales able to be generated by the Company is several multiples higher than the level of real estate and management revenues able to be generated, resulting in significantly higher gross profit dollars to be generated by the Company.

Accordingly, gross profit grew to $66.3 million in 2021 from $31.3 million in 2020.

Personnel expenses increased to $8.4 million in 2021 from $5.5 million 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 settlement in August 2021 of an employment-related complaint. As a percentage of revenues, personnel expenses decreased to 6.9% in 2021 from to 10.8% in 2020.

Marketing and promotion costs increased to $1.6 million in 2021 from $411,000 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 1.3% in 2021 from 0.8% in 2020.

General and administrative costs increased to $27.6 million in 2021 from approximately $9.9 million in 2020. This change is primarily due to increases of (i) $13.2 million in non-cash equity compensation expense associated with option grants and warrant issuances, (ii) $1.2 million in credit card processing fees from a significant increase in credit card sales at the Company's cannabis dispensaries, (iii) $1.1 million in facility costs on additional properties in service in 2021, (iv) $965,000 in net professional fees primarily due to the hiring of investment bankers, offset by a reduction in legal costs, and (v) $514,000 in depreciation and amortization expenses from higher levels of property, equipment, and intangibles.

Bad debt expense increased to $1.9 million in 2021 from $982,000 in 2020. The change is due to the increase of reserves recorded against aging trade accounts receivable and against the working capital balance of the Company's client in Nevada. As a percentage of revenues, this expense decreased to 1.5% in 2021 from 1.9% in 2020.

As a result of the foregoing, the Company generated operating income of $26.9 million in 2021 compared to $14.5 million in 2020.

Net non-operating expenses decreased to $3.0 million in 2021 from $10.0 million in 2020. The change is primarily due to a $7.5 million reduction of interest expense from lower levels of outstanding debt, coupled with a $309,000 gain on a nonconsolidated private company investment, offset by a $757,000 decrease in the fair value of nonconsolidated public company investment.

As a result of the foregoing, the Company generated income before income taxes of $23.8 million in 2021 and $4.5 million in 2020. After a tax provision of $16.2 million in 2021 and $2.1 million in 2020, net income was $7.6 million in 2020 and $2.4 million in 2020.

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 to Adjusted EBITDA (a Non-GAAP Measurement)

The table below reconciles Net Income to Adjusted EBITDA for the years ended December 31, 2021 and 2020:

	2021	2020
	(Unaudited)	
Net income	$ 7,623,551	$ 2,429,267
Interest expense, net	2,247,685	9,654,130
Income taxes	16,192,327	2,067,049
Depreciation and amortization	2,788,029	2,182,092
Earnings before interest, taxes, depreciation, and amortization	28,851,592	16,332,538
Amortization of stock grants	235,353	21,459
Amortization of option grants	12,494,209	969,136
Amortization of stand-alone warrant issuances	55,786	2,179
Amortization of warrants issued with stock	654,681	-
Loss on equity issued to settle obligations	2,546	44,678
Equity in earnings of investments	-	(98,813)
Asset write-down	-	84,708
Legal settlement	(266,717)	-
Change in fair value of investments	1,106,593	349,638
Adjusted EBITDA	$ 43,134,043	$ 17,705,523

2022 Plans

During 2022, the Company's focus will be on the following key areas:

1) Subject to the applicable state approvals, continue the execution of its Consolidation Plan.

2) Identify and open two new dispensary locations in Massachusetts that can service both the medical and adult-use marketplaces. Additionally, the Company plans to begin expansion of its New Bedford, MA cultivation and processing facility in the fourth quarter of 2022 and complete the project in 2023.

3) Build and open a cultivation and processing facility in Mt. Vernon, Illinois and begin the production and sale of MariMed's award-winning branded products in both their retail dispensaries and through wholesale channels.

4) Increase fees paid by its managed services client in Delaware by expanding cultivation and processing facilities.

5) Complete the acquisition in Maryland and proceed with a plan to expand the cultivation and processing facilities as well as adding a dispensary location.

6) Drive licensing fees through the expansion of the Company's Nature's Heritage branded flower and popular infused-product brands Betty's Eddies and Kalm Fusion into the Company's owned and managed facilities, and with strategic partners into additional markets. Expand the licensed Tropizen® and Binske® brands.

7) Identify acquisition opportunities in other states.

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

The following transactions occurred in early 2022:

In January 2022, the Company entered into a stock purchase agreement to acquire 100% of the ownership interests of Green Growth Group Inc., an entity that has been awarded a craft grow cannabis license issued by the Illinois Department of Agriculture (the "IDA") for cultivation, production, and transporting of cannabis and cannabis-infused products in Illinois. The purchase price of $3,400,000 shall be comprised of $1,900,000 in cash and shares of the Company's common stock valued at $1,500,000. The acquisition is conditioned upon the approval by the IDA, among other closing conditions, which is expected to occur by July 2022.

Also in January 2022, the Company entered into an agreement to purchase a 30-acre parcel of land located in Mt. Vernon, IL containing a 33,000 square foot manufacturing facility and a 13,000 square foot storage warehouse, in exchange for $1,495,000 in cash. Upon execution of the agreement, the Company provided a deposit of $100,000 to the seller. The transaction is expected to close in the second quarter of 2022, after the Company has performed a complete inspection and feasibility review. If such review determines that the premises will not satisfy the Company's requirements, the Company shall have the right to terminate the agreement with no other obligation other than the loss of the deposit.

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.

Recent Accounting Pronouncements

The Company has reviewed all other recently issued, but not yet effective, accounting pronouncements, and does not believe the future adoption of any such pronouncements will have a material impact on its financial condition or the results of its operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES 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 8. FINANCIAL STATEMENTS.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of MariMed Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of MariMed Inc. (the Company) as of December 31, 2021 and 2020, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition

As discussed in Note 2 to the financial statements, when another party is involved in providing goods or services to the Company’s clients, a determination is made as to who is acting in the capacity as the principal in the sales transaction.

Auditing management’s evaluation of agreements with customers involves significant judgment, given the fact that some agreements require management’s evaluation of principal versus agent.

To evaluate the appropriateness and accuracy of the assessment by management, we evaluated management’s assessment in relationship to the relevant agreements.

Inventory

As discussed in Notes 2 & 7, the Company allocates a certain percentage of overhead cost to its manufactured inventory.

Auditing management’s allocation of overhead involves significant judgements and estimates to determine the proper allocation.

To evaluate the appropriateness of the allocation of overhead to inventory, we evaluated management’s significant judgments and estimates in what parts of overhead should be included and the allocation of these costs.

Mezzanine Equity

As discussed in Notes 13, the Company has issued and outstanding Series B Convertible Preferred Shares that contain redemption rights, cumulative fixed rate interest, voting rights and conversion rights.

Auditing management’s evaluation of the preferred shares involves significant judgements and estimates in determining the proper classification of the preferred shares that include both debt and equity qualities.

To evaluate the appropriateness and accuracy of the classification of the preferred shares, we evaluated management’s assessment of the debt and equity like characteristics.

M&K CPAS, PLLC

We have served as the Company’s auditor since 2018.

Houston, TX
March 16, 2022

MariMed Inc.
Consolidated Balance Sheets

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 29,683,014	$ 2,999,053
Accounts receivable, net	1,666,248	6,675,512
Deferred rents receivable	1,677,715	1,940,181
Note receivable, current portion	126,713	658,122
Inventory	9,767,856	6,830,571
Investments	250,600	1,357,193
Other current assets	1,440,831	582,589
Total current assets	44,612,977	21,043,221
Property and equipment, net	62,150,146	45,636,529
Intangibles, net	2,230,303	2,228,560
Investments	-	1,165,788
Note receivable, less current portion	8,986,557	965,008
Right-of-use assets under operating leases	5,081,230	5,247,152
Right-of-use assets under finance leases	45,737	78,420
Other assets	97,951	80,493
Total assets	$ 123,204,901	$ 76,445,171
Liabilities, mezzanine equity, and stockholders' equity		
Current liabilities:		
Accounts payable	$ 5,098,533	$ 5,044,918
Accrued expenses	1,348,673	2,725,544
Income taxes payable	16,467,264	895,725
Sales and excise taxes payable	1,797,755	1,053,693
Debentures payable	-	1,032,448
Notes payable, current portion	9,891	8,859,175
Mortgages payable, current portion	1,400,331	1,387,014
Operating lease liabilities, current portion	1,071,079	1,008,227
Finance lease liabilities, current portion	27,123	38,412
Due to related parties	-	1,157,815
Other current liabilities	1,920	23,640
Total current liabilities	27,222,569	23,226,611
Notes payable, less current portion	448,341	10,682,234
Mortgages payable, less current portion	16,813,466	14,744,136
Operating lease liabilities, less current portion	4,573,857	4,822,064
Finance lease liabilities, less current portion	22,455	44,490
Other liabilities	100,200	100,200
Total liabilities	49,180,888	53,619,735
Mezzanine equity:		
Series B convertible preferred stock, $0.001 par value; 4,908,333 shares authorized, issued and outstanding at December 31, 2021 and 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 December 31, 2021 and 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 December 31, 2021 and 2020, respectively; zero shares issued and outstanding at December 31, 2021 and 2020	-	-
Common stock, $0.001 par value; 700,000,000 and 500,000,000 shares authorized at December 31, 2021 and 2020, respectively; 334,030,348 and 314,418,812 shares issued and outstanding at December 31, 2021 and 2020, respectively	334,030	314,419
Common stock subscribed but not issued; zero and 11,413 shares at December 31, 2021 and 2020, respectively	-	5,365
Additional paid-in capital	134,920,382	112,974,329
Accumulated deficit	(97,392,017)	(104,616,538)
Noncontrolling interests	(1,563,382)	(577,139)
Total stockholders' equity	36,299,013	8,100,436
Total liabilities, mezzanine equity, and stockholders' equity	$ 123,204,901	$ 76,445,171

See accompanying notes to consolidated financial statements.

MariMed Inc.
Consolidated Statements of Operations

	Year Ended December 31,	
	2021	2020
Revenues	$ 121,464,158	$ 50,895,151
Cost of revenues	55,201,078	19,570,257
Gross profit	66,263,080	31,324,894
Operating expenses:		
Personnel	8,351,397	5,501,756
Marketing and promotion	1,625,111	410,626
General and administrative	27,560,665	9,899,367
Bad debts	1,862,417	982,488
Total operating expenses	39,399,590	16,794,237
Operating income	26,863,490	14,530,657
Non-operating income (expenses):		
Interest expense	(2,355,904)	(9,810,475)
Interest income	108,219	156,345
Loss on obligations settled with equity	(2,546)	(44,678)
Equity in earnings of investments	-	98,813
Change in fair value of investments	(1,106,593)	(349,638)
Other	309,212	(84,708)
Total non-operating expenses, net	(3,047,612)	(10,034,341)
Income before income taxes	23,815,878	4,496,316
Provision for income taxes	16,192,327	2,067,049
Net income	$ 7,623,551	$ 2,429,267
Net income attributable to noncontrolling interests	$ 399,030	$ 285,278
Net income attributable to MariMed Inc.	$ 7,224,521	$ 2,143,989
Net income per share		
Basic	$ 0.02	$ 0.01
Diluted	$ 0.02	$ 0.01
Weighted average common shares outstanding		
Basic	326,466,794	266,980,197
Diluted	372,396,731	324,160,525

See accompanying notes to consolidated financial statements.

MariMed Inc.
Consolidated Statements of Stockholders' Equity

	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, 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	97,797	98	11,413	5,365	15,996	-	-	21,459
Stock forfeitures	(1,297,447)	(1,297)	-	-	1,297	-	-	-
Exercise of stock options	550,000	550	-	-	75,450	-	-	76,000
Amortization of option grants	-	-	-	-	969,136	-	-	969,136
Issuance of stand-alone warrants	-	-	-	-	2,179	-	-	2,179
Issuance of warrants attached to debt	-	-	-	-	708,043	-	-	708,043
Discount on debentures payable	-	-	-	-	28,021	-	-	28,021
Beneficial conversion feature on debentures payable	-	-	-	-	379,183	-	-	379,183
Conversion of debentures payable	77,766,559	77,766	-	-	9,997,522	-	-	10,075,288
Conversion of common stock to preferred stock	(4,908,333)	(4,908)	-	-	(14,720,092)	-	-	(14,725,000)
Conversion of promissory notes	2,525,596	2,525	-	-	457,525	-	-	460,050
Extinguishment of promissory notes	3,639,759	3,640	-	-	910,302	-	-	913,942
Common stock issued to settle obligations	4,400,000	4,400	-	-	739,200	-	-	743,600
Distributions	-	-	-	-	-	-	(308,952)	(308,952)
Net income	-	-	-	-	-	2,143,989	285,278	2,429,267
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	256,591	257	-	-	235,096	-	-	235,353
Exercise of stock options	277,373	277	-	-	38,323	-	-	38,600
Exercise of warrants	980,062	980	-	-	91,795	-	-	92,775
Amortization of option grants	-	-	-	-	12,494,209	-	-	12,494,209
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	11,399,268	11,399	-	-	3,810,046	-	-	3,821,445
Common stock issued to settle obligations	71,691	72	-	-	53,474	-	-	53,546
Purchase of property and equipment with stock	750,000	750	-	-	704,250	-	-	705,000
Fees paid with stock	1,234,308	1,234	-	-	1,106,459	-	-	1,107,693
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	100	-	-	965,260	-	(975,360)	(10,000)
Distributions	-	-	-	-	-	-	(409,913)	(409,913)
Net income	-	-	-	-	-	7,224,521	399,030	7,623,551
Balances at December 31, 2021	334,030,348	$ 334,030	-	$ -	$ 134,920,382	$ (97,392,017)	$ (1,563,382)	$ 36,299,013

The above statement does not show columns for shares and par value of undesignated preferred stock as the balances were zero and there was no activity in the reported periods.

See accompanying notes to consolidated financial statements.

MariMed Inc.
Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net income attributable to MariMed Inc.	$ 7,224,521	$ 2,143,989
Net income attributable to noncontrolling interests	399,030	285,278
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,097,702	1,791,610
Asset writeoff	-	84,708
Amortization of intangibles	690,327	390,481
Amortization of stock grants	235,353	21,459
Amortization of option grants	12,494,209	969,136
Amortization of stand-alone warrant issuances	832,105	2,179
Amortization of warrants attached to debt	539,272	1,090,754
Amortization of warrants issued with stock	654,681	-
Amortization of beneficial conversion feature	176,522	3,243,446
Amortization of original issue discount	51,753	339,791
Bad debt expense	1,862,417	982,488
Fees paid with stock	1,107,693	-
Loss on obligations settled with equity	2,546	44,678
Equity in earnings of investments	-	(98,813)
Gain on investment	(309,212)	-
Change in fair value of investments	1,106,593	349,638
Changes in operating assets and liabilities:		
Accounts receivable	(4,697,063)	(5,988,861)
Deferred rents receivable	262,466	(143,356)
Due from third parties	-	9,937
Inventory	(2,937,285)	(5,611,142)
Other current assets	(868,179)	(390,221)
Other assets	(17,458)	95,412
Accounts payable	104,615	1,071,660
Accrued expenses	(1,433,723)	472,237
Income taxes payable	15,571,539	895,725
Sales and excise taxes payable	744,062	1,051,193
Operating lease payments	(19,433)	53,706
Finance lease interest payments	1,504	4,034
Other current liabilities	(21,720)	219,157
Net cash provided by operating activities	35,854,837	3,380,303
Cash flows from investing activities:		
Purchase of property and equipment	(17,873,636)	(4,687,795)
Purchase of cannabis licenses	(692,070)	(255,000)
Return on investment	1,475,000	-
Acquisition of 30% interest in subsidiary	(10,000)	-
Proceeds from notes receivable	476,868	479,630
Net cash used in investing activities	(16,623,838)	(4,463,165)
Cash flows from financing activities:		
Issuance of preferred stock	23,000,000	-
Equity issuance costs	(386,983)	-
Issuance of promissory notes	35,096	6,549,763
Payments on promissory notes	(15,806,617)	(12,371,149)
Proceeds from issuance of debentures	-	935,000
Proceeds from mortgages	2,700,000	13,897,282
Payments on mortgages	(617,353)	(5,102,862)
Exercise of stock options	38,600	76,000
Exercise of warrants	92,775	-
Due to related parties	(1,157,815)	(296,898)
Finance lease principal payments	(34,828)	(34,957)
Distributions	(409,913)	(308,952)
Net cash provided by financing activities	7,452,962	3,343,227
Net change to cash and cash equivalents	26,683,961	2,260,365
Cash and cash equivalents at beginning of period	2,999,053	738,688
Cash and cash equivalents at end of period	$ 29,683,014	$ 2,999,053
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,975,193	$ 3,267,199
Cash paid for income taxes	$ 620,788	$ 1,171,324
Non-cash activities:		
Trade receivables converted to notes receivable	$ 7,843,910	$ -
Conversion of promissory notes		

	$	3,821,445	$	460,050
Conversion of debentures payable	$	1,356,452	$	10,075,288
Acquisition of 30% interest in subsidiary	$	975,360	$	-
Purchase of property 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	$	106	$	-
Exchange of common stock to preferred stock	$	-	$	14,725,000
Conversion of accrued interest to promissory notes	$	-	$	3,908,654
Common stock issued to settle debt	$	-	$	913,942
Discount on promissory notes	$	-	$	708,043
Beneficial conversion feature on debentures payable	$	-	$	379,183
Discount on debentures	$	-	$	28,021

See accompanying notes to consolidated financial statements.

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 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.

Over the last few years, 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 businesses and manage the continuing growth of their operations.

To date, the acquisition and consolidation of the Company’s client businesses in Massachusetts and Illinois have been completed. The acquisition of a client business in Maryland has been contracted, and the Company is awaiting approval by the Maryland Cannabis Control Commission, which is pending. Upon approval, this entity will be consolidated. The acquisitions of the remaining businesses located in Nevada and Delaware are at various stages of completion and subject to each state’s laws governing the ownership transfer of cannabis licenses and other closing conditions. Delaware will require a modification of current cannabis ownership laws to permit for-profit ownership, which is expected to occur when the state legalizes recreational adult-use cannabis. Until the law changes and the acquisition is approved, the Company continues to generate revenue from rental income, management fees, and licensing royalties.

The transition to a fully integrated muti-state cannabis operator (“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 expanding into additional states with legal cannabis programs.

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 quality 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 product recipes.

The Company markets its high-quality cannabis flowers and concentrates under the award-winning[1] Nature’s Heritage brand; cannabis-infused chewable tables and powder drink mixes under the brand names Kalm Fusion and K Fusion; all natural fruit chews under the award-winning[1] Betty’s Eddies brand; and brownies, cookies, and other social sweets under the Bubby’s Baked brand. The Company’s cannabis-infused brands have been top-selling products in Maryland and Massachusetts.[2] The Company intends to introduce additional product lines under these brands in the foreseeable future.

The Company also has strategic alliances with prominent brands. The Company has partnered with renowned 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] Awards won by the Company’s Betty’s Eddies brand include LeafLink 2021 Best Selling Medical Product, Reddit Sparkie 2021 Best Edible, Respect My Region 2021 Hottest Edible, LeafLink 2020 Industry Innovator, and Explore Maryland Cannabis 2020 Edible of the Year. Awards won by the Company’s Nature’s Heritage brand include the Cultivators Cup 2021 Silver Medal and the High Times Cannabis Cup 2021 Bronze Medal.

[2] Source: LeafLink Insights 2020.

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").

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 consolidated financial statements include the accounts of MariMed Inc. and the following majority-owned subsidiaries at December 31, 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 NJ LLC	100.0%
Mari Holdings NV LLC	100.0%
Mari Holdings Metropolis LLC	70.0%
Mari Holdings Mt. Vernon LLC	100.0%
Mari Mfg 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 OH 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.

At December 31, 2021 and 2020, cash of approximately $5,101,000 and $101,000, respectively, was held in escrow. The 2021 balance was primarily comprised of a $5,000,000 escrow deposit in connection with the acquisition of Kind Therapeutics USA Inc. as further discussed in Note 3 – *Acquisitions*.

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 December 31, 2021 and 2020, respectively. For further discussion on receivable reserves, please refer to Note 18 – *Bad Debts* and the *Bankruptcy Claim* section of Note 21 – *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 reserve if necessary. As of the date of this report, no reserve was deemed necessary.

Investments

Investments are comprised of equity holding of 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. 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 years ended December 31, 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. Under ASC 842, arrangements that are determined to be leases with a term greater than one year are accounted for by the recognition of right-of-use assets, that represent the Company's right to use an underlying asset for the lease term, and lease liabilities, that 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 prior two fiscal years:

	2021	2020
Life of instrument	1.5 to 5.0 years	0.8 to 4.3 years
Volatility factors	1.198 to 1.266	1.059 to 1.180
Risk-free interest rates	0.4% to 1.3%	0.3% to 1.3%
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 years ended December 31, 2021 and 2020.

Certain of the Company's subsidiaries are subject to the provisions of Section 280E of the Internal Revenue Code, as amended, which prohibits businesses from deducting certain expenses associated with the trafficking of controlled substances within the meaning of Schedule I and II of the Controlled Substances Act. Such non-deductibility of certain ordinary business expenses results in permanent differences and can cause the Company's effective tax rate to be highly variable and not necessarily correlated with pre-tax income.

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.

At December 31, 2021 and 2020, there were potentially dilutive securities convertible into shares of common stock comprised of (i) stock options – convertible into 39,821,671 and 9,805,750 shares, respectively, (ii) warrants – convertible into 26,351,571 and 16,917,168 shares, respectively, (iii) Series B preferred stock – convertible into 4,908,333 shares in both periods, (iv) Series C preferred stock – convertible into 31,081,080 and zero shares, respectively, (v) debentures payable – convertible into zero and 4,610,645 shares, respectively, and (vi) promissory notes – convertible into 1,142,857 and 15,503,282 shares, respectively.

For the years ended December 31, 2021 and 2020, the aforementioned potentially dilutive securities increased the number of weighted average common shares outstanding on a diluted basis by approximately 45.9 million and 57.2 million net shares of common stock, respectively. Such share amounts were reflected in the calculation of diluted net income per share for the years ended December 31, 2021 and 2020.

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 cannabis 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.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements, and does not believe the future adoption of any such pronouncements will have a material impact on its financial condition or the results of its operations.

NOTE 3 – ACQUISITIONS

The Harvest Foundation LLC

In 2019, the Company entered into a purchase agreement to acquire 100% 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 state regulatory approval of the transaction and other closing conditions. Upon approval, and the fulfillment of other closing conditions, the ownership of Harvest will be transferred to the Company, and the operations of Harvest will begin to be consolidated into the Company's financial statements. There is no assurance that the closing conditions to the Company's acquisition of Harvest, including regulatory approval, will be achieved or that the acquisition will be consummated.

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 2016, the Company and the members of Kind Therapeutics USA Inc., the Company's client in Maryland that holds licenses for the cultivation, production, and dispensing of medical cannabis ("Kind"), agreed to a partnership/joint venture whereby Kind would be owned 70.0% by the Company and 30.0% by the members of Kind, subject to approval by the Maryland Medical Cannabis Commission ("MMCC"). In reliance thereon, the Company purchased, designed, and developed a 180,000 square foot cultivation and production facility in Hagerstown, MD for occupancy and use by Kind, which became operational in late 2017, and the Company further agreed to manage and finance all aspects of Kind's cannabis business, as Kind had no background or experience in the industry.

In 2018, prior to finalizing the documents confirming the partnership/joint venture 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. Also at that time, the parties entered into a management services agreement for the Company to provide Kind with comprehensive management services in connection with the business and operations of Kind, and a 20-year lease agreement for Kind's utilization of the Company's 180,000 square foot cultivation and production facility in Hagerstown, MD. Additionally, in 2019, the Company 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 subsequently sought to renege on both the original partnership/joint venture and the MOU. The Company engaged with the member 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 December 2021, the Company entered into a membership interest purchase agreement with the members of Kind to acquire 100% of the equity ownership of Kind in exchange for $13,500,000 payable in cash (subject to adjustment) and $6,500,000 payable by the issuance of four-year 6.0% promissory notes to the members of Kind. The notes shall be secured by a first priority lien on the Company's property in Hagerstown, MD. Upon execution of the membership interest purchase agreement, the Company deposited, in escrow, the sum of $5,000,000 as a contract down-payment.

Simultaneously, the Company entered into a membership interest purchase agreement with one of the members of Kind to acquire such member's entire equity ownership interest in (i) Mari Holdings MD LLC ("Mari-MD"), the Company's majority owned subsidiary that owns production and retail cannabis facilities in Hagerstown, MD and Annapolis, MD, and (ii) Mia Development LLC ("Mia"), the Company's majority owned subsidiary that owns production and retail cannabis facilities in Wilmington, DE. The purchase price for the interests in Mari-MD and Mia is $2,000,000 in the aggregate, payable in cash. Giving effect to the purchase of these interests, the Company will own approximately 99.7% and 94.3%, respectively, of Mari-MD and Mia.

The closings under the foregoing agreements are subject to the fulfilment of closing conditions including, but not limited to, approval by the MMCC, which is pending. There is no assurance that the approval of the MMCC will be obtained or that the further closing conditions will be met. Simultaneous with the closing of the transactions contemplated by the foregoing agreements, the aforementioned litigation between the parties will be dismissed. For further information, see Note 21 – *Commitment and Contingencies*.

MediTaurus LLC

In 2019, the Company acquired a 70.0% 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 30.0% 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. As part of this transaction, the initial purchase agreement was amended whereby any and all future license fees and payments to MediTaurus were eliminated.

Beverly Asset Purchase

In November 2021, the Company entered into an asset purchase agreement to acquire the cannabis license, property lease, and other assets and rights of, and to assume the liabilities and operating obligations associated with, a cannabis dispensary that is currently operating in Beverly, MA. The purchase price is comprised of 2,000,000 shares of the Company's common stock and $5.1 million, with the cash amount to be paid over time on a monthly basis as a percentage of the business' monthly gross sales.

The purchase is contingent upon the approval of the Massachusetts Cannabis Control Commission, which is expected by the summer of 2022. Concurrent with the execution of this agreement, the parties entered into a consulting agreement pursuant whereby the Company shall provide certain oversight services related to the development, staffing, and operation of the business in exchange for a monthly fee.

NOTE 4 – INVESTMENTS

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

	2021	2020
Current investments:		
Flowr Corp. (formerly Terrace Inc.)	$ 250,600	$ 1,357,193
Non-current investments:		
MembersRSVP LLC	-	1,165,788
Total investments	$ 250,600	$ 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. The decrease in fair value of this investment during the years ended December 31, 2021 and 2020 of approximately $1,107,000 and $92,000, respectively, was reflected in the *Change In Fair Value Of Investments* on the statement of operations.

MembersRSVP LLC

During 2020, the Company owned a 23.0% member interest in MembersRSVP LLC ("MRSVP"), an entity that developed cannabis-specific customer relationship management software, which was accounted for under the equity method. Based on the Company's equity in MRSVP's net income during this period, the Company recorded earnings in 2020 of approximately $99,000, which comprised the balance of *Equity in Earnings of Investments* on the statement of operations.

In January 2021, the Company and MRSVP entered into an agreement whereby the Company assigned and transferred 11.0% of its member interests to 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. In addition to the reduction of the Company's ownership interest to 12.0%, 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.

In September 2021, MRSVP sold substantially all of its assets pursuant to an asset purchase agreement. 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.

Upon receipt of the cash consideration, the Company reduced the investment balance to zero and recorded a gain of approximately $309,000 which comprised *Other* non-operating expenses on the statement of operations.

In February 2022, the Company received its pro rata share of additional consideration received by MRSVP pursuant to the asset purchase agreement which is further discussed in Note 22 – *Subsequent Events*.

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 cannabis cultivation, processing, and dispensary facility which is leased to a cannabis-licensed client under a triple net lease that expires in 2035.

- Maryland – a 180,000 square foot cultivation and processing facility which is leased to a licensed cannabis client under a triple net lease that 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 expires in October 2022.

The Company subleases the following properties:

- Delaware – a 4,000 square foot cannabis dispensary which is subleased to its cannabis-licensed client under a under a sublease expiring in April 2027.

- Delaware – a 100,000 square foot warehouse, of which the Company developed 60,000 square feet into a cultivation facility, and is developing the remaining space into processing facility, subleased to its cannabis-licensed client. The sublease expires in March 2030, with an option to extend the term for three additional five-year periods.

- Delaware – a 12,000 square foot cannabis production facility with offices which is subleased to its cannabis-licensed client. The sublease expires in January 2026 and contains an option to negotiate an extension at the end of the lease term.

As of December 31, 2021 and 2020, cumulative fixed rental receipts under such leases approximated $18.7 million and $13.9 million, respectively, compared to revenue recognized on a straight-line basis of approximately $20.4 million and $15.8 million, respectively. Accordingly, the deferred rents receivable balance approximated $1.7 million and $1.9 million at December 31, 2021 and 2020, respectively.

Future minimum rental receipts for non-cancellable leases and subleases as of December 31, 2021 were:

2022	$	4,854,549
2023		4,563,372
2024		4,625,608
2025		4,695,107
2026		3,915,790
Thereafter		35,829,822
Total	$	58,484,248

NOTE 6 – NOTES RECEIVABLE

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

	2021	2020
First State Compassion Center (initial note)	$ 402,992	$ 468,985
First State Compassion Center (secondary note)	7,843,910	-
Healer LLC	866,368	899,226
High Fidelity Inc.	-	254,919
Total notes receivable	9,113,270	1,623,130
Notes receivable, current portion	126,713	658,122
Notes receivable, less current portion	$ 8,986,557	$ 965,008

First State Compassion Center

The Company's cannabis-licensed client in Delaware, First State Compassion Center ("FSCC"), 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 paid in full. At December 31, 2021 and 2020, the current portion of this note approximated $75,000 and $66,000, respectively, and was included in *Notes Receivable, Current Portion* on the respective balance sheets.

In December 2021, financed trade accounts receivable balances from FSCC of approximately $7.8 million in the aggregate were converted into notes receivable whereby FSCC issued promissory notes to the Company in the aggregate amount of approximately $7.8 million bearing interest at a rate of 6.0% per annum. The promissory notes call for the payment of principal and interest throughout the term of the note which matures in December 2025. At December 31, 2021, the entire balance of the note was long-term.

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 6.0% 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 6.0% per annum and requires quarterly payments of interest 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 December 31, 2021 and 2020, the total amount of principal and accrued interest due under the aforementioned promissory notes approximated $866,000 and $899,000, respectively, of which approximately $52,000 and $337,000, respectively, was current.

High Fidelity

In August 2021, the Company was fully repaid on a loan to High Fidelity Inc., an entity with cannabis operations in the state of Vermont. The loan had a principal balance of $250,000 and bore interest at a rate of 10.0% per annum,

NOTE 7 – INVENTORY

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

	2021	2020
Plants	$ 1,014,576	$ 3,352,425
Ingredients and other raw materials	261,609	176,338
Work-in-process	4,661,542	468,377
Finished goods	3,830,129	2,833,431
Total inventory	$ 9,767,856	$ 6,830,571

NOTE 8 – PROPERTY AND EQUIPMENT

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

	2021	2020
Land	$ 4,449,810	$ 3,988,810
Buildings and building improvements	35,231,277	29,309,856
Tenant improvements	9,744,860	8,844,974
Furniture and fixtures	1,887,796	619,880
Machinery and equipment	7,220,962	4,620,924
Construction in progress	10,569,182	3,140,807
	69,103,887	50,525,251
Less: accumulated depreciation	(6,953,741)	(4,888,722)
Property and equipment, net	$ 62,150,146	$ 45,636,529

During the year ended December 31, 2021 and 2020, additions to property and equipment approximated $18,579,000 and $4,688,000, respectively.

The 2021 additions were primarily comprised of (i) the development of facilities in Metropolis, IL and Milford, DE, 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 $10,569,000 million and $3,141,000 at December 31, 2021 and 2020, respectively, consisted of the commencement of construction of properties in Milford, DE and Annapolis, MD.

Depreciation expense for the year ended December 31, 2021 and 2020 approximated $2,098,000 and $1,792,000, respectively.

NOTE 9 – INTANGIBLES

At December 31, 2021 and 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 December 31, 2021 and 2020, the carrying value of these cannabis licenses approximated $163,000 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 $2,068,000 December 31, 2021 and 2020 was deemed to be unimpaired.

NOTE 10 – MORTGAGES

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

	2021	2020
Bank of New England – New Bedford, MA and Middleboro, MA properties	$ 12,498,900	$ 12,834,090
Bank of New England – Wilmington, DE property	1,462,949	1,575,658
DuQuoin State Bank – Anna, IL and Harrisburg, IL properties	778,084	814,749
DuQuoin State Bank – Metropolis, IL property	2,657,600	-
South Porte Bank – Mt. Vernon, IL property	816,264	906,653
Total mortgages payable	18,213,797	16,131,150
Mortgages payable, current portion	(1,400,331)	(1,387,014)
Mortgages payable, less current portion	$ 16,813,466	$ 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 2.0%, 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 2.0%, 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 in Note 11 – *Promissory Notes*. At December 31, 2021 and 2020, the outstanding principal balance of the Refinanced Mortgage approximated $12,499,000 and $12,834,000, respectively, of which approximately $358,000 and $335,000, respectively, was current.

The Company maintains another mortgage with Bank of New England from 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. For the remainder of 2021, the interest rate on this mortgage remained at 5.25%. At December 31, 2021 and 2020, the outstanding principal balance on this mortgage approximated $1,463,000 and $1,576,000, respectively, of which approximately $130,000 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 December 31, 2021 and 2020, the outstanding principal balance on this mortgage approximated $778,000 and $815,000 respectively, of which approximately $33,000 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 were 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 30.0% 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 70.0%. At December 31, 2021, the outstanding principal balance on this mortgage approximated $2,658,000, of which approximately $73,000 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

Promissory Notes Issued by the Company and its MariMed Hemp Inc. Subsidiary

In February 2020, the Company and MariMed Hemp Inc., its wholly-owned subsidiary ("MMH"), amended a secured $10.0 million promissory note (the $10.0M Note") issued to an unaffiliated party (the "Noteholder") in 2019. The $10.0M Note, which provided for the repayment of principal plus a payment of $1.5 million (the "$1.5M Payment"), was amended whereby the Company and MMH issued a restated promissory note maturing in June 2020 in the principal amount of $11.5 million (the "$11.5M Note"), comprised of the principal amount of the $10.0M Note and the $1.5M Payment. The $11.5M Note bore interest at a rate of 15.0% 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 15.0% 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 previously discussed in Note 10 – *Mortgages*, 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 10.0% 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 $2.8 million of principal on the $3.2M Note into 8,033,296 shares of the Company's common stock, reducing the carrying value of the $3.2M Note to approximately $400,000 at December 31, 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 Notes Issued for Operating Liquidity

In April 2020, the Company entered into a note extension agreement (the "Initial Extension Agreement") with the unaffiliated holder (the "Holding Party") of a secured $6.0 million promissory note (the "$6.0M Note") issued by the Company in 2019. The $6.0M Note bore interest at a rate of 13.0% per annum and required the payment of a service fee of $900,000 (the "Service Fee").

Pursuant to the Initial Extension Agreement, (i) the $6.0M Note's due date was extended to September 2020, and the $6.0M Note was modified to include unpaid accrued interest of $845,000 through the modification date and interest at a rate of 10.0% 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 12.0% 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.

Prior to the issuance of the $6.0M Note, the Company raised $3.0 million from the issuance of a secured promissory note to the Holding Party in 2018, bearing interest at a rate of 10.0% per annum (the "$3.0M Note"). The maturity date of the $3.0M Note, initially in March 2020, was extended for an additional six months in accordance with its terms, with the interest rate increasing to 12.0% per annum during the extension period. Pursuant to the Initial Extension Agreement, the maturity date of the $3.0M 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 $3.0M Note", and together with the $5.8M Note, the "Amended Notes"). The Amended Notes bore interest at a rate of 12.0% 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 December 31, 2021 and 2020, the balance of this note approximated $26,000 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 10.0% per annum and matures in May 2027. At December 31, 2021, the balance of this note approximated $33,000, of which approximately $5,000 was current.

Promissory Note Issued by MMH

In September 2020, the Company paid down $500,000 of principal on a $1,000,000 promissory note (the "$1.0M Note") issued by MMH in 2019 to an unaffiliated party. At December 31, 2020, $500,000 of principal on the $1.0M Note remained outstanding.

In March 2021, the Company paid interest on the $1.0M Note of $200,000, and utilizing a portion of the proceeds from the Hadron transaction discussed in Note 12 – *Mezzanine Equity,* paid off remaining principal of $500,000.

At December 31, 2021, the Company was carrying an accrued interest balance of approximately $125,000 to cover interest due on the $1.0M Note as of such date.

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 bearing interest at rates ranging from 6.5% to 18.0% per annum (the "Existing Notes"). During 2020, the Company (i) raised approximately $2,147,000 from the issuance of new promissory notes bearing interest at interest rates of 12.0% and 15.0% 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 December 31, 2021, the aggregate scheduled maturities of the Company's total debt outstanding were:

2022	$	1,410,222
2023		1,032,523
2024		670,613
2025		717,209
2026		760,988
Thereafter		14,080,474
Total	$	18,672,029

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 unaffiliated investor pursuant to an amended securities purchase agreement. The following table as of December 31, 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
10/17/18	10/16/20	$	5,000,000	6.0%	1.0%	$	457,966	$	1,554,389
11/07/18	11/06/20		5,000,000	6.0%	1.0%		599,867		4,015,515
05/08/19	05/07/21		5,000,000	6.0%	1.0%		783,701		2,537,235
06/28/19	06/27/21		2,500,000	0.0%	7.0%		145,022		847,745
08/20/19	08/19/21		2,500,000	0.0%	7.0%		219,333		850,489
02/21/20	02/20/21		1,000,000	6.5%	6.5%		28,021		379,183

As of December 31, 2021, the holder of the $21M Debentures (the "Holder") had converted all of the $21M Debentures into the Company's common stock at conversion prices equal to 80.0% of a calculated average of the daily volume-weighted price 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.

During 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 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 Hadron 6,216,216 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 was designated to fund construction and upgrades of certain of the Company's owned and managed facilities, which was expended in 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 $1.0M Note, the New $3.0M 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*.

A portion of the balance of the facility is available to fund the Kind acquisition previously discussed in Note 3 – *Acquisitions*, provided such acquisition is 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 50.0% 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 2021 and 2020, the Company granted 11,374 and 109,210 shares of common stock, respectively, to an employee for services in lieu of salary. The fair value of these shares of approximately $9,000 in 2021 and $21,000 in 2020 was charged to compensation expense. Of the shares granted in 2020, 11,413 shares, with a fair value of approximately $5,000, were yet to be issued at December 31, 2020, and were included in *Common Stock Subscribed But Not Issued* on the balance sheet at that date.

In 2021, the Company granted 245,217 shares of restricted common stock to three employees. The fair value of these restricted shares of approximately $226,000 was charged to compensation expense. No shares of restricted common stock were issued in 2020.

In 2021 and 2020, the Company issued 71,691 and 4,400,000 shares of common stock, respectively, to settle obligations 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 2021, the Company issued (i) 1,125,000 shares of common stock valued at approximately $1,016,000 in exchange for consulting services, and (ii) 109,308 shares valued at approximately $92,000 to pay for licensing fees. No such services or fees were paid with common stock in 2020.

In 2021, 79,815 shares of common stock were returned to the Company from the adjustment of a previously converted debenture. In 2020, 90,000 shares of common stock granted to employees and 1,297,447 shares of common stock issued from the exercise of stock options by a related party, were returned by the holders of such common stock.

In 2021, the Company issued 750,000 shares of common stock as part of the purchase price for land and buildings located in Metropolis, IL. No stock was issued to purchased fixed assets in 2020.

In 2021 and 2020, the Company issued 11,413 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 3 – Acquisitions, the Company issued 100,000 shares of common stock as part of the purchase price to acquire the remaining 30.0% ownership interest of MediTaurus.

As previously disclosed in Note 11 – *Promissory Notes*, the Company issued (i) 1,900,000 shares of common stock in 2020 to extinguish $352,000 of principal on the $11.5M Note, (ii) 2,525,596 shares common stock in 2020 upon the conversion of $460,050 of principal and interest on the $900k Note, (iii) 1,739,759 shares of common stock in 2020 to retire $500,000 of the Existing Notes, (iv) 3,365,972 shares of common stock in 2021 upon the conversion of approximately $1,010,000 of principal and interest on the $8.8M Note, (v) 8,033,296 shares of common stock in 2021 upon the conversion of approximately $2,812,000 of principal on the $3.2M Note,

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

As further disclosed in Note 15 – *Options*, in 2021 and 2020, 277,373 and 550,000 shares of common stock, respectively, were issued in connection with the exercise of stock options.

As further disclosed in Note 16 – *Warrants*, warrants to purchase 980,062 shares of common stock were exercised in 2021. No warrants were exercised in 2020.

Common Stock Issuance Obligations

At December 31, 2020, the Company was obligated to issue 11,413 shares of common stock, valued at approximately $5,000, in connection with stock grants to an employee. These shares were issued in February 2021. The Company had no such obligation at December 31, 2021.

NOTE 15 – STOCK OPTIONS

During 2021, the Company granted three- and five-year options to purchase up to 30,873,921 shares of common stock at exercise prices ranging from $0.30 to $1.00 per share. The fair value of these options of approximately $18,690,000 in the aggregate is being amortized to compensation expense over the respective option vesting periods, of which approximately $12,281,000 was amortized in 2021. Additionally, compensation expense in 2021 for options issued in previous years, and continuing to be amortized over their respective vesting periods, approximated $235,000.

During 2020, five-year options to purchase up to 4,494,500 shares of common stock were issued to employees at exercise prices ranging from $0.14 to $0.30 per share. The fair value of these options of approximately $501,000 in the aggregate is being amortized to compensation expense over their respective vesting periods, of which approximately $282,000 was amortized in 2020. Additionally, compensation expense in 2020 for options issued in previous years, and continuing to be amortized over their respective vesting periods, approximated $801,000.

During 2021, options to purchase 496,000 shares of common stock were exercised at prices ranging from $0.14 to $0.63 per share. Of these exercised options, 325,000 were exercised on a cashless basis with the exercise prices paid via the surrender of 218,627 shares of common stock.

During 2019, options to purchase 3,667,499 shares of common stock were exercised at prices ranging from $0.8 to $0.77 per share. Of these exercised options, 2,167,499 were exercised on a cashless basis with the exercise prices paid via the surrender of 405,691 shares of common stock.

During 2021 and 2020, options to purchase 362,000 and 200,000 shares of common stock, respectively, were forfeited or expired, resulting in an aggregate reduction of amortized compensation expense of approximately $42,000 in 2021 and $113,000 in 2020.

Stock options outstanding and exercisable as of December 31, 2021 were:

Exercise Price		Shares Under Option		Remaining Life
per Share		Outstanding	Exercisable	in Years
$	0.140	80,000	80,000	3.52
$	0.149	500,000	500,000	4.00
$	0.169	200,000	200,000	3.87
$	0.225	2,000,000	1,437,500	3.86
$	0.250	50,000	50,000	3.17
$	0.250	20,000	20,000	3.41
$	0.250	50,000	25,000	3.82
$	0.250	800,000	800,000	3.87
$	0.250	80,000	80,000	3.90
$	0.300	398,000	398,000	3.25
$	0.417	900,000	900,000	2.98
$	0.505	100,000	75,000	4.01
$	0.505	800,000	300,000	4.03
$	0.590	15,000	15,000	2.93
$	0.690	15,000	-	4.92
$	0.693	500,000	-	4.94
$	0.700	650,000	50,000	4.92
$	0.740	520,000	425,625	4.33
$	0.755	1,050,000	550,000	4.98
$	0.770	200,000	200,000	1.00
$	0.800	25,000	-	4.89
$	0.830	287,000	215,250	4.23
$	0.830	600,000	150,000	4.41
$	0.840	878,921	600,000	4.54
$	0.840	99,000	39,600	4.59
$	0.850	90,000	41,250	4.45
$	0.850	72,500	-	4.88
$	0.870	250,000	-	5.00
$	0.880	11,550,000	5,925,000	4.52
$	0.880	15,000	625	4.62
$	0.880	410,000	-	4.84
$	0.890	10,000	2,500	4.06
$	0.892	40,000	20,000	4.05
$	0.895	25,000	18,750	4.07
$	0.898	11,250,000	5,625,000	4.75
$	0.900	50,000	50,000	1.36
$	0.910	50,000	50,000	0.81
$	0.920	300,000	18,750	4.51
$	0.928	500,000	100,000	4.61
$	0.950	50,000	50,000	1.00
$	0.970	100,000	75,000	4.45
$	0.983	145,000	36,250	4.49
$	0.990	500,000	-	4.72
$	0.992	300,000	300,000	2.74
$	1.000	15,000	15,000	2.46
$	1.000	125,000	125,000	2.84
$	1.350	100,000	100,000	1.58
$	1.950	375,000	375,000	1.50
$	2.320	100,000	100,000	1.69
$	2.450	2,000,000	2,000,000	0.98
$	2.500	100,000	100,000	1.65
$	2.650	200,000	200,000	1.73

$	2.850	56,250	56,250	0.95
$	2.850	100,000	100,000	1.95
$	3.000	25,000	25,000	1.96
$	3.725	100,000	100,000	1.94
		39,821,671	22,720,350	

NOTE 16 – WARRANTS

During 2021, 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. Also during 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.

During 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 2020, as discussed in Note 11– *Promissory Notes,* (i) in conjunction with the $8.8M Note, 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, 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 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 in 2020.

During 2021, warrants to purchase 6,968,637 shares of common stock with exercise prices ranging from $0.90 to $5.50 per share were forfeited or expired. During 2020, warrants to purchase 817,939 shares of common stock with exercise prices ranging from $0.40 to $2.25 per share were forfeited or expired.

At December 31, 2021 and 2020, warrants to purchase up to 26,351,571 and 16,917,168 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 years ended December 31, 2021 and 2020, the Company's revenues were comprised of the following major categories:

	2021	2020
Product sales - retail	$ 82,127,513	$ 28,980,763
Product sales - wholesale	26,118,751	10,419,963
Real estate rentals	6,548,047	6,776,697
Management fees	3,078,925	1,481,897
Supply procurement	2,107,969	1,549,856
Licensing fees	1,482,648	1,684,792
Other	305	1,183
Total revenues	$ 121,464,158	$ 50,895,151

For the years ended December 31, 2021 and 2020, revenues from two clients represented 11% and 20%, 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 2021, the Company increased (i) the AR Allowance by $1,400,000, as a general reserves against aging receivable balances, and (ii) the WC Reserve by approximately $462,000, to reserve the working capital balance of Harvest. During 2020, the Company increased (i) the AR Allowance by $500,000, which was comprised of increases to the specific allowances against Kind and Harvest receivables of approximately $790,000 and $76,000, respectively, offset by a reduction to the general allowance of approximately $366,000, and (ii) the WC Reserve by approximately $482,000, to reserve the working capital balance of Harvest. The increases to the AR Allowance and WC Reserve were charged to Bad Debts on the statement of operations for the year ended December 31, 2020

NOTE 19 – INCOME TAXES

At December 31, 2021 and 2020, the Company's cumulative federal net operating losses were approximately $24.0 million and $10.6 million, respectively. At December 31, 2021, the Company recorded a provision for income taxes of approximately $16.2 million, due in part to the aforementioned impact of Section 280E of the Internal Revenue Code, which prohibits the deduction certain ordinary business expenses. At December 31, 2020, no income tax provision was recorded.

The reconciliations between the Company's effective tax rates and the statutory tax rate for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
U.S federal taxes at the statutory rate	21.0%	21.0%
State taxes net of federal benefit	16.5%	46.0%
Section 280E adjustment	14.7%	43.6%
Stock based compensation	10.5%	30.0%
Other	0.9%	(1.0)%
Valuation allowance	0.0%	(93.6)%
Total	63.6%	46.0%

The approximate income tax effect of the Company's loss carryforwards and temporary differences at December 31, 2021 and 2020 were as follows:

		2021	2020
Deferred tax assets:			
Net operating loss carryforwards	$	6,981,492	2,235,987
Allowance for doubtful accounts		11,810,425	11,400,555
Stock compensation		2,556,946	2,758,541
Loss on equity investments		8,632,902	8,629,490
Goodwill writeoffs		1,262,877	1,138,419
Change in fair value of investments		598,957	282,291
Lease payments		170,543	151,936
Reserves		147,982	-
Deferred tax liabilities:			
Depreciation		(2,520,188)	(1,717,596)
Real estate revenue		(999,739)	(997,590)
Net deferred tax asset		28,642,197	23,882,033
Valuation allowance		(28,642,197)	(23,882,033)
Total	$	-	$ -

Federal net operating losses carryforward indefinitely, subject to an annual limitation of 80% of taxable income, while state net operating losses expire at various dates beginning in 2031. These tax attributes are subject to an annual limitation from equity shifts, which constitute a change of ownership as defined under IRC Section 382. The Company recorded a valuation allowance against its net deferred tax assets at December 31, 2021 and 2020 due to the uncertainty regarding the realization of such assets. The Company's assessment of the realization of its deferred tax assets of future periods may differ in light of changing circumstances.

The Company files income tax returns in the U.S. federal tax jurisdiction and various state jurisdictions. The Company is currently open to examination under the statute of limitations by the Internal Revenue Service and state jurisdictions for the tax years ended 2017 through 2020.

NOTE 20 – 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 December 2021, the CEO and CFO each exercised options to purchase 100,000 shares of common stock on a cashless basis. The exercise price of $0.63 per share was paid via the surrender by each individual of 73,256 shares of common stock. Also in this month, an independent board member allowed to expire options to purchase up to 100,000 of commons stock at an exercise price of $0.63 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.

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 2021 and 2020, expenses incurred under this lease approximated $156,000 in both years.

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 2021 and 2020 approximated $4.9 million and $2.5 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 2021 and 2020 approximated $266,000 and $615,000, respectively.

In 2021 and 2020, one of the Company's majority owned subsidiaries paid aggregate distributions of approximately $44,000 and $30,000, respectively, to the Company's CEO and CFO, who own minority equity interests in such subsidiary. In 2021, another of the Company's majority owned subsidiaries paid distributions of approximately $7,000 to a current employee who owns a minority equity interest in such subsidiary.

In 2021 and 2020, the Company purchased fixed assets and consulting services of approximately $836,000 and $938,000, respectively, in the aggregate from two entities owned by two of the Company's general managers.

In 2021 and 2020, the Company purchased fixed assets of approximately $642,000 and $182,000 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 21 – 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 April 2027 that the Company has developed into a cannabis dispensary which is subleased to its cannabis-licensed client.
- Delaware – a 100,000 square foot warehouse, of which the Company developed 60,000 square feet into a cultivation facility, and is developing the remaining space into processing facility, 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 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 sublease 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 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 year ended December 31, 2021 were as follows:

Operating lease cost	$	1,097,620
Finance lease cost:		
Amortization of right-of-use assets	$	32,683
Interest on lease liabilities		5,088
Total finance lease cost	$	37,771

The weighted average remaining lease term for operating leases is 7.4 years, and for the finance leases is 2.0 years. The weighted average discount rate used to determine the right-of-use assets and lease liabilities was between 7.5% to 12.0% for all leases.

Future minimum lease payments as of December 31, 2021 under all non-cancelable leases having an initial or remaining term of more than one year were:

		Operating Leases		Finance Leases
2021	$	1,132,909	$	27,123
2022		1,119,003		23,201
2023		1,049,635		3,229
2024		1,025,054		-
2025		969,584		-
Thereafter		2,611,297		-
Total lease payments		7,907,482	$	53,553
Less: imputed interest		(2,262,546)		(3,975)
	$	5,644,936	$	49,578

In November 2021, the Company entered into lease agreements for six retail properties, each with square footage between 4,000 and 6,000 square feet, in the state of Ohio (each an "Ohio Lease" and collectively the "Ohio Leases"). Each Ohio Lease has an initial lease period of eleven months, with a minimum rent of $31.00 per square foot which increases 3.0% annually.

Should the Company be awarded one or more cannabis licenses by the state of Ohio prior to the end of the initial lease period, it can extend the term of one or more of the Ohio Leases to ten years (with two additional five-year options to extend) upon the payment of $50,000 for each extended Ohio Lease, and develop the premises of such extended lease(s) into a cannabis dispensary. As of December 31, 2021, the lease terms of the Ohio Leases were all less than one year, and accordingly the Company was not required to record a right-of-use asset and corresponding lease liability on its balance sheet. The future lease payments of the Ohio Leases are excluded from the table of future minimum lease payments shown above.

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 Litigation

As previously disclosed in Note 3 – *Acquisitions*, the members of Kind had sought to renege on the parties' original agreement to a partnership/joint venture made in 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, the Company (including its subsidiaries Mari-MD 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 the Court denied in December 2021, leaving the preliminary injunction order in effect.

In addition to the favorable rulings on the Lease, MSA, and LMA, the Company believes that its claims for declaratory relief, specific performance, and/or breach of contract with respect to the partnership/joint venture agreement claims 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 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.

On December 31, 2021, the parties to the foregoing Maryland litigation entered into a global Confidential Settlement and Release Agreement, along with the parties to the DiPietro lawsuit (described below). Also on such date, as previously discussed in Note 3 -- *Acquisitions* in this report, the Company entered into (i) a membership interest purchase agreement with the members of Kind to acquire 100% of the equity ownership of Kind, and (ii) a membership interest purchase agreement with one of the members of Kind to acquire such member's entire equity ownership interest Mari-MD and Mia.

On January 4, 2022, the Maryland court entered an order staying the litigation and rescheduling the jury trial to October 24, 2022, to November 4, 2022, in the event the transactions contemplated by the Confidential Settlement and Release Agreement are not consummated. Otherwise, simultaneous with the closing of the transactions contemplated by the Confidential Settlement and Release Agreement, the foregoing Maryland litigation will be dismissed with prejudice, along with the DiPietro lawsuit.

In the event the transactions contemplated by the Confidential Settlement and Release Agreement are not consummated, the Company intends to aggressively prosecute and defend the action.

DiPietro Lawsuit

In August 2020, Jennifer DiPietro, directly and derivatively on behalf of Mari-MD and 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.

On December 31, 2021, the parties to the foregoing Massachusetts litigation entered into a global Confidential Settlement and Release Agreement, along with the parties to the Maryland lawsuit described above. Because the Massachusetts litigation involves derivative claims, the Massachusetts Superior Court must approve the parties' proposed dismissal of those claims. The parties to the Massachusetts litigation have filed a joint motion seeking to dismiss the derivative claims. Simultaneous with the closing of the transactions contemplated by the Confidential Settlement and Release Agreement, all direct claims in the foregoing Massachusetts litigation will be dismissed with prejudice, along with the Maryland lawsuit.

In the event the transactions contemplated by the Confidential Settlement and Release Agreement are not consummated, the Company believes that the allegations of the complaint in the foregoing Massachusetts litigation 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 Maryland lawsuit.

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.

In January 2022, the Company, at the request of the Liquidating Plan administrator for the OGGUSA Debtors, executed a written release of claims, if any, of the Company against Huron Consulting Group ("Huron"), a financial consulting and management company retained by the senior lender of the OGGUSA Debtors to perform loan management services for the lender and OGGUSA Debtors prior to and during their Chapter 11 bankruptcy cases. Such release was executed in connection with a comprehensive settlement agreement between the OGGUSA Debtors and Huron. In consideration for the Company's execution of the release, Huron paid an additional $40,000 to the bankruptcy estates of the OGGUSA Debtors to be included in the funds to be distributed to creditors, including the Company.

As of the date of this filing, there is still 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.

NOTE 22 – SUBSEQUENT EVENTS

Acquisition

In January 2022, the Company entered into a stock purchase agreement to acquire 100% of the ownership interests of Green Growth Group Inc., an entity that has been awarded a craft grow cannabis license issued by the Illinois Department of Agriculture (“IDA”) for cultivation, production, and transporting of cannabis and cannabis-infused products in Illinois. The purchase price of $3,400,000 shall be comprised of $1,900,000 in cash and shares of the Company’s common stock valued at $1,500,000. The acquisition is conditioned upon the approval by the IDA, among other closing conditions, which is expected to occur by July 2022.

Property Purchase

In January 2022, the Company entered into an agreement to purchase a 30-acre parcel of land located in Mt. Vernon, IL containing a 33,000 square foot manufacturing facility and a 13,000 square foot storage warehouse, in exchange for $1,495,000 in cash. Upon execution of the agreement, the Company provided a deposit of $100,000 to the seller. The transaction is expected to close in the second quarter of 2022, after the Company has performed a complete inspection and feasibility review. If such review determines that the premises will not satisfy the Company’s requirements, the Company shall have the right to terminate the agreement with no other obligation other than the loss of the deposit.

Return on Investment

In February 2022, the Company received 121,968 shares of common stock of WM Technology, Inc. (Nasdaq: MAPS), a technology and software infrastructure provider to the cannabis industry. The shares were received for no consideration, and represent the Company’s pro rata share of additional consideration received by MRSVP pursuant to the asset purchase agreement previously discussed in Note 4 – *Investments*.

Promissory Note Conversion

In February 2022, the noteholder of the $3.2M Note converted $400,000 of principal into 1,142,858 shares of the Company’s common stock. Such conversion was effected in accordance with the terms of the note agreement, and therefore the Company was not required to record a gain or loss upon conversion. Upon this conversion, the $3.2M Note no longer had an outstanding balance and was fully retired.

Cannabis License

In February 2022, the Company was notified that it was awarded a cannabis dispensary license from the state of Ohio, and is awaiting the final verification process to be completed by the state.

Equity Transactions

Subsequent to December 31, 2021, (i) options to purchase 10,000 shares of common stock were exercised at an exercise price of $0.30 per share.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures (defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2021 (the "Evaluation Date"). Based upon that evaluation, the CEO and CFO concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits 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 the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC in Rule 13a-15(f) and 15d-15(f) under the Exchange Act, internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO, and effected by the board of directors, management and other personnel, 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.

The Company's internal control system is designed to provide reasonable assurances to its management and the board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations which may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's CEO and CFO assessed the effectiveness of its internal control over financial reporting as of December 31, 2021. In making this assessment, the CEO and CFO used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework*. Based on that assessment and using the COSO criteria, the CEO and CFO have concluded that, as of December 31, 2021, its internal control over financial reporting was not effective due to the lack of a formalized and complete set of policy and procedure documentation evidencing the Company's system of internal controls over financial reporting ("Lack of Formal Documentation"). Such Lack of Formal Documentation is not uncommon in a company of the Company's size due to personnel and financial limitations.

The Company's management intends to work to remediate the Lack of Formal Documentation, which is expected to include the hiring of an independent consulting or accounting firm to review and document its internal control system to ensure compliance with COSO. However, the Company's financial position could make it difficult for it to implement this remediation.

Changes in Internal Control over Financial Reporting

Over the past several years, the Company implemented significant measures to remediate past instances of ineffectiveness of the Company's internal control 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 hiring of individuals with appropriate experience in internal controls over financial reporting, and the modification to the Company's accounting processes and enhancement to the Company's financial control. Further, the Company expanded its board of directors to include a majority of independent disinterested directors; established an audit, compensation, and corporate governance committee of the board of directors; and adopted a formal policy with respect to related party transactions.

Other than as described above, there was no change to the Company's 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 fiscal year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

Pursuant to rules of the SEC that permit the Company to provide only its management's report in this annual report on Form 10-K, an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting is not included in this Form 10-K.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following table sets forth the name, age and position of to the Company's directors and executive officers. to the Company's directors are elected annually and serve until the next annual meeting of stockholders.

Name	Age	Position
Robert Fireman	73	President, Chief Executive Officer, and Chairman
Jon R. Levine	57	Chief Financial Officer, Treasurer, Secretary, and Director
Eva Selhub, M.D. (4) (5)	54	Director
David Allen (1) (5)	67	Director
Edward Gildea (2) (3)	70	Director

(1) Chairman of the Audit Committee.

(2) Member of the Audit Committee.

(3) Chairman of the Compensation Committee and the Nominating and Corporate Governance Committee.

(4) Member of the Compensation Committee.

(5) Member of the Nominating and Corporate Governance Committee.

Set forth below is a brief description of the background and business experience of to the Company's executive officers and directors:

Robert Fireman has served as the Company's president and chief executive officer since 2017 and as a director since its formation. Mr. Fireman, and is a seasoned executive and an early pioneer and visionary in the cannabis industry. Under his leadership, the Company has applied for and been awarded legal cannabis licenses in multiple states and has overseen the development of state of the art, regulatory compliant cannabis cultivation, production, and retail facilities. Mr. Fireman was a founder and director of Consumer Card Marketing, Inc., a pioneer in the development of retail loyalty marketing programs for the supermarket and drug store industries that was sold to News America Marketing, a division of News Corp. Mr. Fireman has been a practicing attorney for over 30 years. Mr. Fireman's legal acumen and entrepreneurial experience in diverse industries serve as tremendous assets in navigating the Company through the complex, regulated emerging cannabis industry. In addition, he draws on his experience in direct marketing and loyalty programs, identity security, hydroponic farming, medical billing, and many other consumer facing applications to benefit the challenges and issues facing the Company's growth and success. Mr. Fireman's experience in the emerging cannabis industry and his professional background make him well-qualified to serve as chairman of the Company's board of directors (the "Board").

Jon R. Levine has served as the Company's chief financial officer, treasurer, and secretary since 2017 and has been a director since 2016. Mr. Levine has over ten years of experience in the cannabis industry. He possesses over 20 years of experience in commercial real estate development, management, and financial services. Mr. Levine was a partner at Equity Industrial Partners, a national commercial real estate management group. He also has past experience in banking at US Trust Bank as an asset-based lender, in the leasing industry with AT&T Financial Services, and with New Court Financial as a senior credit officer. Mr. Levine's experience in the cannabis industry and his professional background make him an important part of the Company's management team and make him well-qualified to serve as a member of the Board.

Eva Selhub, M.D. has been a director since September 2019. Dr. Selhub is a board-certified physician, speaker, scientist, executive leadership and performance coach, consultant in the field of corporate wellness and resilience, and an author. From August 1997 to November 2016, she served as an instructor and lecturer of medicine at Harvard Medical School. During this period, Dr. Selhub simultaneously held other positions at Tufts University, Massachusetts General Hospital, as well as other professional healthcare/medical organizations. From October 2006 to October 2017, she was a senior physician at Benson Henry Institute for Mind/Body Medicine at Massachusetts General Hospital. From August 2016 to present, she has been an adjunct scientist of neuroscience at Jean Mayer USDA Human Nutrition Research Center on Aging at Tufts University, one of six human nutrition research centers supported by the United States Department of Agriculture. Dr. Selhub received a Bachelor of Arts degree in anthropology from Tufts University in 1989 and her M.D. degree from Boston University School of Medicine in 1994. Dr. Selhub's professional experience and background as a physician, scientist and in mind-body medicine allow her to make valuable contributions to the Board and provide expertise to serve as one of the Company's directors.

David Allen has been a director since June 2019. He brings over 24 years of experience as a director, CEO and CFO of public companies. Mr. Allen presently serves as Chief Financial Officer of Iconic Brands, Inc. From April 2019 to November 2021, Mr. Allen served as Chief Financial Officer, board member, and audit committee chair of Iconic Brands, Inc. From May 2018 to April 2019, Mr. Allen served as Chief Financial Officer of Iconic Brands, Inc. From December 2014 to January 2018, Mr. Allen served as the Chief Financial Officer of WPCS International, Inc. From 2004 to 2017, Mr. Allen served as Chief Financial Officer of Bailey's Express, Inc., a privately held trucking corporation, which filed for Chapter 11 bankruptcy in July 2017. Mr. Allen served as the Chapter 11 Plan Administrator for the bankruptcy case until December 2020, at which time the proceeding was closed. From June 2006 to June 2013, Mr. Allen served as the Chief Financial Officer and Executive Vice President of Administration at Converted Organics, Inc., after serving as audit committee chair of Converted Organics. Mr. Allen is currently an Assistant Professor of Accounting at Southern Connecticut State University ("SCSU"), a position he has held since 2017. For the 12 years prior, he was an Adjunct Professor of Accounting at SCSU and Western Connecticut State University. Mr. Allen is a licensed CPA and holds a bachelor's degree in Accounting and a master's degree in Taxation from Bentley College. Mr. Allen's background as a director, CEO and CFO of public companies allows him to make valuable contributions to the Board.

Edward Gildea has been a director since the Company's formation. Mr. Gildea is currently a partner in the law firm Fisher Broyles LLP, a position he has held since 2014. From 2006 to 2013, Mr. Gildea was President, Chief Executive Officer, and Chairman of Converted Organics Inc., a publicly held green technology company that manufactured and sold an organic fertilizer made from recycled food waste. Mr. Gildea contributes expertise in the areas of mergers & acquisitions, strategic planning, funding, business development, and executive leadership. Mr. Gildea received a B.A. from The College of the Holy Cross and a J.D. from Suffolk University Law School. Mr. Gildea's executive business experience was instrumental in his selection as a member of the Board.

Family Relationships

None of the directors or executive officers are related by blood, marriage, or adoption.

Legal Proceedings

None.

Code of Ethics

The Company has adopted a code of ethics (the "Code of Ethics") that applies to its principal chief executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the Code of Ethics can be found on the Company's website at *https://bit.ly/MRMDethics.* The Code of Ethics was designed with the intent to deter wrongdoing, and to promote the following:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submit to, the Commission and in other public communications the Company makes
- Compliance with applicable governmental laws, rules and regulations
- The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code
- Accountability for adherence to the code

Director Independence

The Board has determined that Messrs. David Allen and Edward Gildea, and Dr. Eva Selhub are independent and represent a majority of its members. In determining director independence, the Board applies the independence standards set by the Nasdaq Stock Market ("*NASDAQ*"). In applying these standards, the Company's Board considers all transactions with the independent directors and the impact of such transactions, if any, on any of the independent directors' ability to continue to serve on the Company's Board.

Board Committees

The Board has three standing committees: an audit committee (the "Audit Committee"), a compensation committee (the "Compensation Committee") and a nominating and corporate governance committee (the "Nominating and Corporate Governance Committee"). Each committee is made up entirely of independent directors as defined under section 5605(a)(2) of the NASDAQ rules. The members of the Audit Committee are Messrs. Allen and Gildea. Mr. Allen is also the chairman of the Audit Committee and qualifies as the "audit committee financial expert" pursuant to Item 407(d)(5) of Regulation S-K. The members of the Compensation Committee are Mr. Gildea and Dr. Selhub, and the members of the Nominating and Corporate Governance Committee are Messrs. Allen and Gildea and Dr. Selhub. Mr. Gildea is the chairman of both of these committees.

The Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee have, the responsibilities described below.

Audit Committee.

The Audit Committee oversees the Company's accounting and financial reporting processes, internal systems of accounting and financial controls, relationships with auditors and audits of financial statements. Specifically, the Audit Committee's responsibilities include the following:

- selecting, hiring and terminating the Company's independent auditors;
- evaluating the qualifications, independence, and performance of the Company's independent auditors;
- approving the audit and non-audit services to be performed by the independent auditors;
- reviewing the design, implementation and adequacy and effectiveness of the Company's internal controls and critical policies;
- overseeing and monitoring the integrity of the Company's financial statements and its compliance with legal and regulatory requirements as they relate to its financial statements and other accounting matters;
- with management and the Company's independent auditors reviewing any earnings announcements and other public announcements regarding its results of operations; and
- preparing the report that the SEC requires in the Company's annual proxy statement.

A copy of the Audit Committee charter is available on the Company's website at www.marimedinc.com.

Compensation Committee.

The Compensation Committee assists the Board in determining the compensation of the Company's officers and directors. The Compensation Committee is comprised entirely of directors who satisfy the standards of independence applicable to Compensation Committee members established under 162(m) of the Code and Section 16(b) of the Securities and Exchange Act of 1934, as amended (the "*Exchange Act*"). Specific responsibilities include the following:

- approving the compensation and benefits of its executive officers;
- reviewing the performance objectives and actual performance of its officers; and
- administering its stock option and other equity and incentive compensation plans.

Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee assists the Board by identifying and recommending individuals qualified to become members of the Board. Specific responsibilities include the following:

- evaluating the composition, size and governance of the Board and its committees and making recommendations regarding future planning and the appointment of directors to the Company's committees;
- establishing a policy for considering stockholder nominees to the Board;
- reviewing the Company's corporate governance principles and making recommendations to the Board regarding possible changes; and
- reviewing and monitoring compliance with the Company's code of ethics and insider trading policy.

Board Nominations

Prior to the establishment of the Nominating and Corporate Governance Committee, the entire Board acted as the nominating committee for the purposes of identifying and recommending director candidates. The Board was responsible for nominating director candidates for the annual meeting of stockholders each year and considered director candidates recommended by stockholders. These responsibilities have largely been assumed by the Nominating and Corporate Governance Committee.

In considering candidates submitted by stockholders, the Nominating and Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Nominating and Corporate Governance Committee may also take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held. To have a candidate considered by the Nominating and Corporate Governance Committee for recommendation to the Board for nomination as a director candidate, a stockholder must submit the recommendation in writing and must include the following information: (i) the name of the stockholder and evidence of the person's ownership of Company stock, (including the number of shares owned and the length of time of ownership); (ii) the name of the candidate; (iii) the candidate's resume or a listing of his or her qualifications to be a director of the Company; and (iv) the person's consent to be named as a director if selected and nominated by the Board.

The information described above must be sent to the Company's Secretary at 10 Oceana Way, Norwood, Massachusetts 02062, on a timely basis in order to be considered by the Nominating and Corporate Governance Committee, within the time period prescribed by Rule 14a-8 under the Exchange Act.

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, all executive officers, directors, and each person who is the beneficial owner of more than 10% of the common stock of a company that files reports pursuant to Section 12 of the Exchange Act, are required to report the ownership of such common stock, options, and stock appreciation rights (other than certain cash-only rights) and any changes in that ownership with the Commission. Specific due dates for these reports have been established, and the Company is required to report, in this Form 10-K, any failure to comply therewith during the fiscal year ended December 31, 2021 or prior fiscal years.

Other than as set forth in the Delinquent Section 16(a) Reports section below, the Company believes that all of these filing requirements were satisfied by its executive officers, directors and by the beneficial owners of more than 10% of the Company's common stock. In making this statement, the Company has relied solely on copies of any reporting forms it has received, and upon any written representations received from reporting persons that no Form 5 (Annual Statement of Changes in Beneficial Ownership) was required to be filed under applicable rules of the Commission.

Delinquent Section 16(a) Reports

Each of Robert Fireman and Jon Levine was not timely in the filing of one Form 4 during the fiscal year ended December 31, 2021 to report an option exercise in December 2021.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth the compensation paid by the Company during the fiscal periods ended December 31, 2021 and 2020 to its chief executive officer and other most highly compensated executive officers whose compensation exceeded $100,000 for the year ended December 31, 2021.

Summary Compensation Table (1) (2)

Name and principal position	Year	Salary	Bonus	Stock Awards	Option Awards (3)	All Other Compensation	Total
Robert Fireman	2021	$ 250,192	$ -	$ 23,000	$ 6,253,226	$ -	$ 6,526,418
President and CEO	2020	$ 31,486	$ -	$ -	$ -	$ -	$ 31,486
Jon R. Levine	2021	$ 237,981	$ -	$ 23,000	$ 6,253,226	$ -	$ 6,514,207
Chief Financial Officer	2020	$ 37,486	$ -	$ -	$ -	$ -	$ 37,486
Timothy Shaw	2021	$ 223,269	$ -	$ -	$ 1,563,307	$ -	$ 1,786,576
Chief Operating Officer	2020	$ 158,139	$ 1,751	$ -	$ 5,967	$ -	$ 165,857

(1) The compensation reported on the table does not include other personal benefits, the total value of which do not exceed $10,000.

(2) Pursuant to the regulations promulgated by the SEC, the table omits columns reserved for types of compensation not applicable to us.

(3) Amounts represent the fair value of option awards valued on grant date using the Black-Scholes pricing model and recognized over the vesting period for financial reporting purposes.

Stock Option Grants

The following table sets forth information as of December 31, 2021 concerning unexercised options, unvested stock and equity incentive plan awards for the officers named in the Summary Compensation Table.

Outstanding Equity Awards at Year Ended December 31, 2021

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Robert Fireman	2,500,000	2,500,000	-	$ 0.90	10/01/26
Robert Fireman	2,500,000	2,500,000	-	$ 0.88	07/09/26
Jon R. Levine	2,500,000	2,500,000	-	$ 0.90	10/01/26
Jon R. Levine	2,500,000	2,500,000	-	$ 0.88	07/09/26
Timothy Shaw	625,000	625,000	-	$ 0.90	10/01/26
Timothy Shaw	625,000	625,000	-	$ 0.88	07/09/26
Timothy Shaw	50,000	-	-	$ 0.30	03/31/25

Compensation of Directors

The compensation package for each of the three non-employee members of the Board is comprised of an annual grant of stock options to purchase up to 100,000 shares of the Company's common stock with a five-year term at an exercise price equal to the fair value the Company's common stock on the grant date, and cash compensation of $6,250 per quarter.

The following table sets forth information concerning the compensation paid to each of to the Company's non-employee directors during 2021 for their services rendered as directors.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards [4]	Total
Eva Selhub, M.D. [1]	$ 25,000	$ 0	$ 60,890	$ 85,890
David Allen [2]	$ 25,000	$ 0	$ 60,890	$ 85,890
Edward Gildea [3]	$ 25,000	$ 0	$ 60,890	$ 85,890

(1) Dr. Selhub held 200,000 stock options at December 31, 2020.

(2) Mr. Allen held 200,000 stock options at December 31, 2020.

(3) Mr. Gildea held 300,000 stock options at December 31, 2020.

(4) Amounts represent the fair value of option awards valued on grant date using the Black-Scholes pricing model and recognized over the vesting period for financial reporting purposes.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth as of March 16, 2022, certain information with respect to the beneficial ownership of common stock by (i) each of to the Company's directors and executive officers; (ii) each person known to us who owns beneficially more than 5% of the common stock; and (iii) all directors and executive officers as a group.

Name and Address of Beneficial Owner (1)	Amount & Nature of Beneficial Owner		% of Class (2)
Robert Fireman	28,581,962	(3)	8.40%
Jon R. Levine	31,696,727	(4)	9.32%
Timothy Shaw	11,149,508	(5)	3.31%
Eva Selhub, M.D.	200,000	(6)	*
David Allen	200,000	(6)	*
Edward Gildea	529,391	(7)	*
All directors and executive officers as a group (six persons)	72,357,588	(8)	20.84%

* Less than one percent.

(1) The business address for each person named is c/o MariMed Inc., 10 Oceana Way, Norwood, MA 02062.

(2) Calculated pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934 whereby shares not outstanding which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by a person, but not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. The Company believes that each individual or entity named has sole investment and voting power with respect to the shares of common stock indicated as beneficially owned by them (subject to community property laws where applicable) and except where otherwise noted. All percentages are determined based on 335,183,206 shares of common stock outstanding as of March 16, 2022.

(3) Includes 5,000,000 currently exercisable stock options.

(4) Includes 5,000,000 currently exercisable stock options and 6,684,640 shares of common stock held in a trust for the benefit of the Mr. Levine's children. Mr. Levine's spouse is the trustee of the trust. Mr. Levine disclaims beneficial ownership of the 6,684,640 shares held in trust for the purposes of section 13(d) or 13(g) of the Exchange Act.

(5) Includes 1,300,000 currently exercisable stock options and 2,000,000 shares of common stock held in a trust for the benefit of Mr. Shaw's children. Mr. Shaw's spouse is the trustee of the trust. Mr. Shaw disclaims beneficial ownership of the 2,000,000 shares held in the trust for the purposes of section 13(d) or 13(g) of the Exchange Act.

(6) Includes 200,000 currently exercisable stock options.

(7) Includes 300,000 currently exercisable stock options

(8) Includes 12,000,000 currently exercisable stock options

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

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 December 2021, the CEO and CFO each exercised options to purchase 100,000 shares of common stock on a cashless basis. The exercise price of $0.63 per share was paid via the surrender by each individual of 73,256 shares of common stock. Also in this month, an independent board member allowed to expire options to purchase up to 100,000 of commons stock at an exercise price of $0.63 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.

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 2021 and 2020, expenses incurred under this lease approximated $156,000 in both years.

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 2021 and 2020 approximated $4.9 million and $2.5 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 2021 and 2020 approximated $266,000 and $615,000, respectively.

In 2021 and 2020, one of the Company's majority owned subsidiaries paid aggregate distributions of approximately $44,000 and $30,000, respectively, to the Company's CEO and CFO, who own minority equity interests in such subsidiary. In 2021, another of the Company's majority owned subsidiaries paid distributions of approximately $7,000 to a current employee who owns a minority equity interest in such subsidiary.

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.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Fees Billed for Audit and Non-Audit Services

The following table represents the aggregate fees billed for professional audit services rendered by the independent registered public audit firm of M&K CPAs PLLC for the audit of the annual financial statements for the years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021	2020
Audit fees (1)	$ 128,000	$ 97,279
Audit-related fees (2)	-	-
Tax fees (3)	-	-
All other fees (4)	2,500	1,500
Total accounting fees and services	$ 130,500	$ 98,779

(1) Fees for professional services for the audit of the Company's annual financial statements, and for the review of the financial statements included in the Company's filings on Form 10-Q, and for services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Fees for assurance and related services in connection with the performance of the audit or the review of the Company's financial statements.

(3) Fees for professional services with respect to tax compliance, tax advice, and tax planning.

(4) Fees for permissible work that does not fall within any of the aforementioned categories of audit fees, audit-related fees, or tax fees.

Pre-Approval Policy for Audit and Non-Audit Services

The audit committee pre-approves all audit and non-audit services before an accountant is engaged. All of the services rendered to the Company by its independent registered public auditors were pre-approved by the audit committee, and prior to the establishment of the audit committee, by the full board.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The Company has filed the following documents as part of this Form 10-K:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statement on page 28.

2. Financial Statement Schedules

No financial statement schedules are included because the information is either provided in the consolidated financial statements or is not required under the related instructions or is inapplicable, and therefore such schedules have been omitted.

3. 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)
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32.1.	Section 1350 Certifications of Chief Executive Officer **
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101.INS XBRL	Instance Document *
101.SCH XBRL	Taxonomy Extension Schema *
101.CAL XBRL	Taxonomy Extension Calculation Linkbase *
101.DEF XBRL	Taxonomy Extension Definition Linkbase *
101.LAB XBRL	Taxonomy Extension Label Linkbase *
101.PRE XBRL	Taxonomy Extension Presentation Linkbase *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) *

* Filed herewith.
** Furnished herewith in accordance with Item 601 (32)(ii) of Regulation S-K.
*** This exhibit is a management contract or compensatory plan or arrangement.

(a) Previously filed as an exhibit to the Registration Statement on Form 10-12G (File No. 000-54433) filed on June 9, 2011 and incorporated herein by reference.

(b) Previously filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 2016, filed on April 17, 2017 and incorporated herein by reference.

(c) Intentionally omitted.

(d) Previously filed as Appendix A of the Company's Definitive Proxy Statement on Schedule 14A, filed on August 26, 2019 and incorporated herein by reference.

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ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 16, 2022

MARIMED INC.
(Registrant)

By: */s/ Robert Fireman*
Name: Robert Fireman
Title: President and Chief Executive Office

In accordance with the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert Fireman Robert Fireman	President and Chief Executive Officer (Principal Executive Officer)	March 16, 2022
/s/ Jon R. Levine Jon R. Levine	Chief Financial Officer (Principal Financial Officer)	March 16, 2022
/s/ Eva Selhub Eva Selhub	Director	March 16, 2022
/s/ Edward Gildea Edward Gildea	Director	March 16, 2022
/s/ David Allen David Allen	Director	March 16, 2022

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THE COMPANY HAS OMITTED THE EXHIBITS AND/OR SCHEDULES FROM THE MEMBERSHIP INTEREST PURCHAE AGREEMENT CONTAINED IN EXHIBIT 10.17 BECAUSE THEY ARE NOT MATERIAL AND ARE THE TYPE THAT THE COMPANY TREATS AS PRIVATE AND CONFIDENTIAL

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this "**Agreement**"), dated as of December 31, 2021 (the "**Execution Date**"), is entered into by and between (i) MariMed Inc., a Delaware corporation ("**Buyer**"), (ii) Jennifer DiPietro ("**DiPietro**"), Susan Zimmerman and Sophia Leonard-Burns (each, a "**Seller**," and collectively, the "**Sellers**"), as the sole members of Kind Therapeutics USA, LLC, a Maryland limited liability company (the "**Company**") and (iii) Susan Zimmerman, in her capacity as representative of the Sellers hereunder (the "**Seller Representative**"). Buyer and the Sellers are sometimes referred to herein collectively as the "**Parties**," and each, a "**Party**."

Recitals

WHEREAS, the Sellers collectively own, beneficially and of record, 100% of the issued and outstanding membership interests of the Company (collectively, the "**Membership Interests**");

WHEREAS, the Sellers desire to sell to Buyer, and Buyer desires to purchase from the Sellers, the Membership Interests, upon the terms and subject to the conditions set forth herein;

WHEREAS, simultaneously with the execution of this Agreement, the Parties are entering into a Settlement and Release Agreement (the "**Settlement Agreement**") with respect to: (i) the claims, counterclaims, and third-party claims filed by and between Plaintiff/Counter-Defendant Kind Therapeutics USA, LLC, Third-Party Defendants Jennifer DiPietro, Sophia Leonard-Burns, Susan Zimmerman, and William Tham, and Defendants/Counter-Plaintiffs/Third-Party Plaintiffs, MariMed, Inc., Mari Holdings MD LLC ("**Mari Holdings**"), MariMed Advisors Inc. ("**MM Advisors**"), Robert Fireman and John Levine filed in the Circuit Court for Washington County (the "**Maryland Court**"), case captioned, *Kind Therapeutics USA, LLC v. MariMed, Inc., et al.*, Case No. C-21-CV-19-000670 (the "**Maryland Action**"); and (ii) the claims asserted by Seller directly and derivatively on behalf of Nominal Defendants Mari Holdings and MIA against Defendants Buyer, Robert Fireman and John Levine and counterclaims against Seller by Buyer directly and derivatively on behalf of Mari Holdings in a civil action pending in a civil action in the Superior Court for Suffolk County, Massachusetts (the "**Massachusetts Court**") captioned *DiPietro v. Marmed Advisors, Inc., et al.*, CA 20-1865 (the **"Massachusetts Action**"), and the closing of the transactions contemplated by this Agreement is a condition to the effectiveness of the releases set forth in the Settlement Agreement; and

WHEREAS, pursuant to an injunction order entered in the Maryland Action on December 18, 2020 (the "Injunction Order"), the Management Services Agreement as of December 13, 2018 ("**Management Agreement**") between the Company and an affiliate of Buyer, MariMed Advisors, Inc. (the "**Manager**"), a Delaware corporation, was reinstated and provides for Manager to manage the Company in accordance with the terms of the Management Agreement and Injunction Order.

NOW, THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. For purposes of this Agreement, each capitalized term used, but not otherwise defined, herein, has the meaning set forth on Exhibit A attached hereto.

ARTICLE II
DEPOSIT

2.1 Deposit; Escrow Agreement. Simultaneously with the execution of this Agreement, Buyer, the Seller Representative and Western Alliance Bank, as escrow agent (the "**Escrow Agent**") are entering into an Escrow Agreement (the "**Escrow Agreement**"). On the Execution Date, Buyer shall deliver or cause to be delivered cash in the amount of $5,000,000 (such amount, the "**Deposit Amount**," and such funds remaining held by the Escrow Agent from time to time, the "**Deposit**") to the Escrow Agent, to be held by the Escrow Agent pursuant to the terms of this Agreement and the Escrow Agreement. The Deposit shall be distributed to the Buyer and/or the Sellers at the times, and upon the terms and conditions, set forth in this Agreement, the Settlement Agreement and the Escrow Agreement. At the Closing, the Deposit shall be released to the Sellers in accordance with their Pro Rata Shares in accordance with the Closing Schedule (as defined below). For the avoidance of doubt, if this Agreement is terminated prior to the Closing, any portion of the Deposit that has been released to the Sellers prior to such termination shall be non-refundable, and the Sellers shall retain such portion of the Deposit, regardless of the reason for such termination. In the event that the Deposit was not delivered to the Escrow Agent on the Execution Date, this Agreement and all related settlement and other documents shall terminate and be without further force and effect.

2.2 Joint Instructions. At any time all or any portion of the Deposit is required to be released from escrow to Buyer or the Sellers hereunder, each of Buyer and the Seller Representative covenant and agree to deliver joint written instructions to the Escrow Agent directing the Escrow Agent to deliver all or such portion of the Deposit to Buyer or the Sellers, as applicable.

ARTICLE III
PURCHASE AND SALE; CLOSING

3.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, at the Closing, each Seller agrees to sell, transfer and assign to Buyer, and Buyer agrees to purchase and acquire from such Seller, all of such Seller's right, title and interest in and to such Seller's Membership Interest, free and clear of all Encumbrances.

3.2 The Closing. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place no later than five (5) Business Days after the last of the conditions to Closing set forth in ARTICLE VII has been satisfied or waived in accordance therewith (other than conditions which, by their nature, are to be satisfied on the Closing Date, but subject to the satisfaction (or waiver) of such conditions), remotely via the electronic exchange of counterpart

signature pages, or at such other location and time as Buyer and the Seller Representative shall agree (the date of the Closing being referred to herein as the "**Closing Date**").

3.3 Purchase Price.

(a) Total Purchase Price. The aggregate purchase price (the "**Total Purchase Price**") to be paid by Buyer for the Membership Interests shall be $20,000,000, of which $13,500,000 (the "**Base Cash Purchase Price**") shall be payable in cash (subject to adjustment as set forth herein) and $6,500,000 (the "**Note Purchase Price**") shall be payable by the issuance of promissory notes by Buyer to the Sellers, in substantially the form attached hereto as Exhibit B (each, a "**Closing Promissory Note**," and collectively, the "**Closing Promissory Notes**"), which shall be secured by a guaranty from Mari Holdings, in substantially the form attached hereto as Exhibit C (the "**Guaranty**"), and such guaranty shall be secured by granting the Sellers a first lien priority indemnity deed of trust and assignment of leases and rents upon default encumbering the property located at 504 E. First Street, Hagerstown, MD 21740 (the "**Property**"), in substantially the form attached hereto as Exhibit D (the "**IDOT**"). In connection with the foregoing, Buyer shall provide the Sellers evidence and the results of a title search for the Property within thirty (30) days after the Execution Date and deliver a commitment for title insurance. If Buyer is unable to provide a commitment for title insurance, Buyer shall provide other evidence, satisfactory to the Sellers in their sole, reasonable discretion, that the IDOT will grant the Sellers a first lien priority lien on the fee simple title to the Property. At Closing, Buyer shall deliver (or cause to be delivered) to Sellers a lender's policy of title insurance in the amount of $6,500,000 insuring such first lien priority on the fee simple title to the Property, or the title company certification referenced in the previous sentence, in either case, at Buyer's cost, and Buyer shall pay all recordation costs and taxes for the IDOT.

(b) Closing Payments by Buyer. At the Closing, Buyer shall:

(i) deliver or cause to be delivered to each Seller, such Seller's Pro Rata Share of the Closing Cash Amount, by wire transfer of immediately available funds in accordance with the wire instructions set forth in the Closing Schedule;

(ii) issue to each Seller an original Closing Promissory Note with a principal balance equal to such Seller's Pro Rata Share of the Note Purchase Price; and

(iii) cause the Company to pay the Unpaid 2020 Costs and the Other Company Legal Costs, in each case, that remain unpaid as of the Closing Date, in accordance with wire instructions set forth in the Closing Schedule.

(c) Closing Schedule. Not later than three (3) Business Days prior to the Closing Date, the Sellers shall provide to Buyer a duly completed schedule (the "**Closing Schedule**"), which will set forth (i) for each Seller (A) the mailing address, telephone number and email address of such Seller, (B) the Pro Rata Share of such Seller, (C) a calculation of the portion of the Closing Cash Amount to be paid to such Seller, (D) a calculation of the principal balance of the Closing Promissory Note to be issued to such Seller, (E) a calculation of the portion of the remaining Deposit to be released to such Seller and (F) wire instructions for all amounts to be paid to such Seller under this Agreement and (ii) for each payee of Unpaid 2020 Costs or Other Company Legal Costs (A) the

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name of such payee, (B) the aggregate dollar amount to be paid at Closing to such payee and (C) wire instructions for such payee.

3.4 Withholding. Each of Buyer and the Escrow Agent shall, after reasonable prior notice of any intended deduction or withholding including the amount and the reason for the withholding, be entitled to deduct and withhold (or cause to be deducted and withheld) from any amount otherwise payable with respect to this Agreement such amounts as may be required to be deducted and withheld therefrom or with respect thereto under the Internal Revenue Code of 1986, as amended, or other applicable U.S. state or local or non-U.S. Tax Legal Requirement. To the extent that amounts are so deducted or withheld, such amounts (a) shall be timely remitted to the applicable Taxing authority and (b) shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers, jointly and severally, hereby represent and warrant to Buyer as of the date hereof, and at and as of the Closing Date, as follows:

4.1 Organization and Good Standing. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland. The Company has the requisite power and authority to own, lease and operate the properties now owned, leased and operated by them and to carry on its business as currently conducted. To the Knowledge of the Sellers, the Company does not currently, and has not since its inception, owned an equity interest in any subsidiaries or other Persons. True and correct copies of the Company's Articles of Organization and Operating Agreement in effect as of the date of this Agreement have been provided to Buyer.

4.2 Enforceability. This Agreement and each other agreement or instrument executed and delivered by any Seller at the Closing specifically in connection with the sale of the Membership Interests hereunder (collectively, the "**Seller Closing Documents**") have been duly authorized by all requisite action on the part of such Seller and constitute, or upon its execution and delivery will constitute, the legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, fraudulent conveyance, reorganization, or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity which may limit the availability of remedies (whether in a proceeding at law or in equity) (collectively, the "**Enforceability Exceptions**").

4.3 No Violation, Etc. The execution and delivery of this Agreement and each Seller Closing Document by the Sellers, and the performance of their obligations hereunder and thereunder does not and will not (a) violate or conflict with any provision of the organizational documents of the Company, (b) to the Knowledge of the Sellers, violate, or conflict with, or result in a breach of any provision of, or constitute a default or give rise to any right of termination, cancellation or acceleration (with the passage of time, notice or both) under any Contract to which such Seller is a party or by which such Seller is bound, (c) violate, or conflict with, or result in a breach of any

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provision of, or constitute a default or give rise to any right of termination, cancellation or acceleration (with the passage of time, notice or both) under any Contract to which any Seller is a party or by which any Seller is bound, or (d) to the Knowledge of the Sellers, result in any Encumbrance on any assets of the Company. Without limiting the foregoing, none of the Sellers have granted any right to any Person which would conflict with the transactions contemplated by this Agreement.

4.4 Capitalization. The Sellers collectively own 100% of the Membership Interests, and each Seller owns the percentage of the Membership Interests set forth opposite such Seller's name on Schedule 4.4 attached hereto. The Membership Interests represent 100% of the issued and outstanding equity interests of the Company, and no other Person has ever held any equity interest in the Company. The Membership Interests were duly authorized, validly issued, and are fully paid and non-assessable. There are no, and never have been, securities outstanding which are convertible into, exchangeable for, or carry the right to acquire, equity interests (or securities convertible into or exchangeable for equity interests) of the Company, or subscriptions, warrants, options, calls, convertible securities, registration or other rights or other arrangements or commitments obligating the Company to issue, transfer or dispose of any of its equity interests or any ownership interest therein and there are no pre-emptive rights in respect of any securities of the Company. There are no outstanding obligations of the Company to repurchase, redeem or otherwise acquire the Membership Interests or any other equity interests. The Membership Interests are not certificated.

4.5 Title. Each Seller is the lawful owner of, and has good and marketable title to, all of the Membership Interests set forth opposite such Seller's name on Schedule 4.4, free and clear of all Encumbrances. None of the Sellers have granted a currently effective power of attorney or proxy to any person with respect to all or any part of the Membership Interests. There are no outstanding options, warrants or other similar rights in respect of the Membership Interests and, except as set forth in this Agreement, none of the Sellers is a party to or bound by any agreement, undertaking or commitment to, directly or indirectly, sell, exchange or transfer the Membership Interests. At the Closing, the Sellers shall deliver to Buyer good and valid title to the Membership Interests, free and clear of all Encumbrances.

4.6 Consents. Except for the notice and consent of the MMCC required by Legal Requirements, no Seller is required to give any notice to or obtain any consent from any Person in connection with such Seller's execution and delivery of this Agreement or any of the Seller Closing Documents, or the consummation or performance of the transactions contemplated hereby or thereby.

4.7 Legal Proceedings. There is no pending or, to the Knowledge of the Sellers, threatened Proceeding by or against any Seller (i) that relates to or may affect the business of the Company or any of the Membership Interests (other than the Maryland Action and the Massachusetts Action); or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the transactions contemplated hereby. To the Knowledge of the Sellers, there is no pending or threatened Proceeding that relates to or may affect the business of the Company, and there are no Judgments currently outstanding against the Company (or any of their managers, officers or members in their capacities as such) or affecting the Company's assets.

4.8 Compliance With Legal Requirements; Licenses.

(a) To the Knowledge of the Sellers, except with respect to Federal Cannabis Laws, the Company is not in default or violation of any Legal Requirement applicable to the Company. To the Knowledge of the Sellers, and other than final approval for a dispensary license, the Company has obtained and holds all material Permits required for the lawful operation of its business as and where such business is presently conducted.

(b) Except for the September 29, 2021 report from David Kloos on behalf of the Company to the MMCC regarding discrepancies and inaccuracies in METRC Perpetual Inventory System, to the Knowledge of the Sellers, all Permits of the Company are in full force and effect, no violations are or have been recorded in respect of any such Permit and no Proceeding is pending or threatened to enforce, revoke, terminate or limit any such Permit. None of the Sellers have received any notice from any Governmental Body of any deficiencies or violations of, or any remedial or corrective actions required in connection with, any Permit of the Company or their renewal, and to the Knowledge of the Sellers no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any such Permit.

4.9 Brokers or Finders. No Seller has incurred any obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payments in connection with the transactions contemplated hereby.

4.10 Undisclosed Contracts.

(a) Attached hereto as Schedule 4.10(a) is a list of the vendors of the Company Known by the Sellers as of the Execution Date (the "**Disclosed Vendors**"). To the Knowledge of the Sellers, as of the Execution Date, all material contracts between the Company and the Disclosed Vendors are reflected in the Company's QuickBooks or are otherwise known to Buyer and/or its Affiliates. As used in this Section 4.10(a), "material" shall means Contracts involving payments by the Company of more than $25,000.

(b) To the Knowledge of the Sellers, as of the Execution Date (i) there are no written Contracts between the Company and any Person other than the Disclosed Vendors (any such vendor, an "**Undisclosed Vendor**") that were signed by any of the Sellers or signed by Reed Porter or David Kloos at the direction of or with the knowledge of any of the Sellers or (ii) any oral or unsigned Contracts between the Company and any Undisclosed Vendors that were approved in writing by any of the Sellers (including, for this purpose, by email) or approved in writing by Mr. Porter or Mr. Kloos at the direction of or with the knowledge of any of the Sellers (clauses (i) and (ii) collectively, the "**Undisclosed Contracts**").

4.11 Taxes.

(a) To the Knowledge of the Sellers, all Tax Returns required to be filed by the Company or with respect to the Company have been filed. To the Knowledge of the Sellers, all such Tax Returns are true, correct and complete in all material respects, except to the extent of the Company's disputed debts to Buyer or its Affiliates at issue in the Maryland Action. To the Knowledge of the Sellers, The Company (or Manager on behalf of the Company) has timely paid all

Taxes due and owing by it or with respect to it to the proper Governmental Body, as shown on any Tax Return.

(b) To the Knowledge of the Sellers, (i) no unresolved issue has been raised by any Governmental Body with respect to Taxes for which the Company could be held liable, (ii) there are no audits or investigations of the Company by any Governmental Body with respect to Taxes in progress, and no audit or investigation of the Company by any Governmental Body with respect to Taxes is, to the Sellers' Knowledge, threatened or contemplated, (iii) the Company is not subject to any Tax litigation or dispute, (iv) the Company has not given, nor is there a pending request to give, waivers or extensions of any statute of limitations relating to Taxes and (v) there are no liens with respect to Taxes (other than statutory liens for Taxes not yet due and payable) on any of the assets of the Company.

(c) Since inception and prior to January 1, 2018, the Company was taxable as a partnership. The Company made a valid election on IRS Form 8832 to be classified, effective as of January 1, 2018, as a C corporation for Tax purposes.

4.12 Non-Reimbursable Litigation Costs. All Litigation Costs identified in Column J of Exhibit E attached hereto have been paid in full by the Sellers on or prior to the Execution Date.

4.13 EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE IV, THE SELLERS MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, WITH RESPECT TO THE COMPANY OR ANY OF ITS ASSETS, LIABILITIES OR OPERATIONS, INCLUDING WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Sellers as of the date hereof, and at and as of the Closing Date, as follows:

5.1 Organization And Good Standing; Enforceability. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has the requisite power and authority to own, lease and operate the properties now owned, leased and operated by Buyer and to carry on its business as currently conducted. This Agreement and each other agreement or instrument executed and delivered by Buyer at the Closing (collectively, the "**Buyer Closing Documents**") has been duly authorized by all requisite action on the part of Buyer and constitute, or upon its execution and delivery will constitute, the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, subject to the Enforceability Exceptions.

5.2 No Violation, Etc. The execution and delivery of this Agreement and each Buyer Closing Document by Buyer, and the performance of Buyer's obligations hereunder and thereunder, does not and will not (a) violate or conflict with any provision of the governing documents of Buyer

or (b) violate or conflict with any Legal Requirement to which Buyer or any of its properties or assets are subject.

5.3 Brokers Or Finders. Buyer has not incurred any obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with the transactions contemplated hereby.

5.4 Legal Proceedings. There is no pending or, to the Knowledge of Buyer, threatened Proceeding by or against Buyer that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the transactions contemplated hereby.

5.5 Sufficiency of Funds. The Buyer has the resources and capabilities (financial or otherwise) to perform its obligations under this Agreement and has not incurred any obligation, commitment, restriction or liability of any kind, that would materially adversely affect such resources and capabilities or its ability to perform its obligations under this Agreement. Buyer has sufficient cash on hand or other sources of immediately available funds to perform its obligations for payment as required under this Agreement.

5.6 Consents. Except for the notice and consent of the MMCC required by Legal Requirements, Buyer and its Affiliates are not required to give any notice to or obtain any consent from any Person in connection with their execution and delivery of the Buyer Transaction Documents, or the consummation or performance of the transactions contemplated hereby or thereby

5.7 MMCC. The Buyer represents and warrants that it has made reasonable inquiry and that it is not aware of any information that would prevent the MMCC from approving the transfer of ownership in the Company, including but not limited to the following: none of the shareholders of Buyer who hold 5% or more of voting shares of Buyer has been convicted of or pled *nolo contendere* to a crime involving moral turpitude; and neither Buyer nor any of its majority owned subsidiaries owes payment of taxes in any material amount in arrears in any jurisdiction.

ARTICLE VI
COVENANTS AND OTHER AGREEMENTS

6.1 Conduct of Business Prior to the Closing.

(a) From the Execution Date through the earlier of the consummation of the Closing or any earlier termination of this Agreement (the "**Pre-Closing Period**"), Buyer shall cause the Manager to manage the business of the Company in accordance with the terms of the Management Agreement and the Injunction Order. In the event that enforcement by a Party of the Injunction Order is necessary, the Parties shall agree to lift the stay of the Injunction Order for the limited purposes of such enforcement and the Sellers may submit invoices for such enforcement to the court appointed reviewer in accordance with the procedures mandated by the Maryland Court, without reduction to the Total Purchase Price.

(b) During the Pre-Closing Period, except as otherwise expressly contemplated by this Agreement or any document ancillary hereto, the Sellers shall not transfer, sell, lease, dispose of or otherwise encumber any of the Membership Interests.

6.2 Litigation Costs.

(a) On or before January 3, 2021, Buyer shall cause Manager to cause the Company to pay the Litigation Costs set forth on Exhibit F attached hereto (the "**Reviewed Litigation Costs**"), in accordance with the instructions set forth on Exhibit F to the extent any Reviewed Litigation Costs remain outstanding on the Execution Date. For the avoidance of doubt, the Reviewed Litigation Costs shall not reduce the Total Purchase Price. Upon the execution of this Agreement, the Seller Representative is authorized to initiate the Company's payment of the Reviewed Litigation Costs from the Company's account in accordance with Exhibit F.

(b) Notwithstanding anything to the contrary contained herein, Buyer shall cause Manager to cause the Company to pay the Expert Litigation Costs at the earlier of (1) the Closing or (2) within 30 days of the date of any invoice(s) from such experts (or, with respect to invoices already received, by January 18, 2022). For the avoidance of doubt, all Unpaid 2020 Costs, Expert Litigation Costs and Other Company Legal Costs, whether paid prior to, on or following the Closing Date, shall reduce the cash portion of the Total Purchase Price.

(c) With respect to all Other Company Legal Costs, Buyer will cause Kind to pay such Litigation Costs at Final Closing and such amounts will be deducted from the cash component of the Settlement/Purchase Payment on the Final Closing Date. If the transaction does not close and there is a Termination (as defined below) and litigation resumes, the Kind Parties have the right to submit their unpaid Litigation Costs to the court appointed reviewer in accordance with the procedures mandated by the Maryland Court.

(d) The Sellers shall be responsible for all fees of M&S in excess of the Retainer.

6.3 Restrictive Covenants.

(a) For a period of five (5) years following the Closing Date (the "**Restricted Period**"), none of the Sellers shall, directly or indirectly:

(i) participate in, as an investor, owner, stockholder, director, member, manager, agent, representative, employee, officer, consultant, contractor or other capacity, or otherwise assist (financially or otherwise) in any manner, any business that cultivates, grows, produces, distributes, markets, sells or licenses cannabis, or otherwise provides any cannabis products or services, in each case, in the State of Maryland;

(ii) induce, solicit to hire, hire or employ, whether as an employee, director, contractor, consultant or otherwise, any person (other than the Sellers, Reed Porter or David Kloos) who is employed the Company during the Restricted Period or was employed by the Company at any time during the one (1) year period prior to the Closing Date, or assist in such solicitation or hiring by any other Person or encourage any such employees to terminate their employment with the Company, provided, however, that the foregoing restriction shall not be deemed to prohibit Sellers or their representatives from making general public solicitations for employment for any position or from employing any employee of the Company who either responds to such a general solicitation for employment or otherwise contacts any Seller or her representatives on his or her own

initiative and without solicitation by such Seller or her representatives in contravention of the above restriction, or

(iii) induce any customer, supplier, distributor, or licensee of the Company that is a customer, supplier, distributor or licensee during the Restricted Period or was a customer, supplier, distributor, or licensee during the one (1) year period prior to the Closing Date to cease doing business with the Company, provided that the foregoing shall not prohibit and Seller from simply doing business with any such customer, supplier, distributor, or licensee.

(iv) Notwithstanding the foregoing, nothing herein shall limit the right of the Sellers to maintain any ownership interest of one percent (1%) or less in the aggregate of the outstanding equity securities of any publicly traded company.

(b) If, at the time of enforcement of the covenants contained in this Section 6.2 (the "**Restrictive Covenants**"), a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the Parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed and directed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by Legal Requirements. The Sellers have determined and hereby acknowledge that the Restrictive Covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company's business and the substantial investment in the Company made by Buyer hereunder. The Sellers further acknowledge and agree that the Restrictive Covenants are being entered into by them in connection with the sale by the Sellers of the Membership Interests and the goodwill of the Company's business and not directly or indirectly in connection with any other relationship with the Company.

(c) In the event of any breach or violation by any Seller or a Representative of any Seller of any of the Restrictive Covenants, the time period of such covenant shall be tolled until such breach or violation is resolved.

6.4 Confidentiality. For purposes of this Agreement, confidentiality obligations with respect to the existence and substance of this Agreement shall be as provided in Section 7(b) of the Settlement Agreement. Following the Closing, no Seller shall use or disclose any Confidential Information of the Company for any purpose without the express written consent of Buyer, *provided*, however, that such information may be disclosed to the Sellers' legal, tax, accounting or related financial advisors that have a need to know and that are subject to an obligation of confidentiality to such Seller and such information that is required to be disclosed pursuant to Legal Requirements, including subpoena.

6.5 MMCC Approval.

(a) Buyer and the Sellers shall act promptly, and shall cooperate with each other, in making, or causing to be made, all filings, applications and submissions required under Maryland Cannabis Legal Requirements, in order to permit the consummation the transactions contemplated by this Agreement, including the preparation and submission of a notification to, and a request for

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approval from, the Maryland Medical Cannabis Commission (the "**MMCC**") with respect to the change in ownership of the Company that would result from the transactions contemplated hereby.

(b) Without limiting the generality of the foregoing:

(i) the Parties shall act promptly and cooperate with each other to ensure that the Transfer Request (including the filing fees and all related required documentation) is submitted to the MMCC within two (2) Business Days following the receipt of the items referenced in subsection (ii) below. The Sellers agree that when they submit the Transfer Request on behalf of the Company to the MMCC they will request, on behalf of the Company, that counsel for Buyer be copied on and allowed to participate in all communications between the MMCC and the Company regarding the Transfer Request;

(ii) in furtherance of the foregoing, on or before Tuesday, January 4, 2022, Buyer shall deliver (or cause to be delivered) to the Company's counsel (or the MMCC directly, as agreed to by the Parties) two (2) $7,000 checks payable to the MMCC and all documentation required to be submitted by Buyer as transferee in connection with the Transfer Request, as detailed in COMAR 10.62.08.08 (Cultivation) and 10.62.19.07 (Processing) and the MMCC Guidance: Ownership and Control Requirements of October 2020, including but not limited to the most recent three federal tax returns filed by Buyer (the "**Transfer Request**"). As of the date hereof, Buyer has submitted fingerprints of certain owners of Buyer for the purpose of conducting criminal history background checks, as required in connection with the Transfer Request;

(iii) the Parties agree that time is of the essence in securing the MMCC's approval of the Transfer Request ("**MMCC Approval**") and that they will make every reasonable effort to secure such approval by the MMCC's next meeting following the Execution Date. In furtherance of the foregoing, the Parties agree to respond to all requests for information from the MMCC as soon as reasonably practicable; and

(iv) to the extent the Parties reasonably determine that any additional filings, information, documents or fees are required to be submitted to MMCC in order to obtain MMCC Approval with respect to the Company's provisional dispensary license, the Parties shall promptly make such filings and provide such information, it being agreed that Buyer shall be responsible for any such additional fees.

6.6 Dispensary Extension. Following the Execution Date, Kind agrees, upon request by Buyer, to submit a written request as prepared by Buyer for an extension of Kind's current MMCC dispensary deadline of March 31, 2022 per the MMCC letter dated November 3, 2021 ("**Dispensary Deadline**") to April 30, 2022 or as otherwise approved by the MMCC ("**Extended Dispensary Deadline**"). In the event the Transfer Request is still pending with the MMCC on the Extended Dispensary Deadline, the parties agree that Kind shall submit, upon request by Buyer, another written request to be prepared by Buyer for an additional extension of the Extended Dispensary Deadline as needed, but at least by at least 30 days, to allow the MMCC to process the Transfer Request prior to approval and issuance of Kind's final dispensary license. Under no circumstances are the obligations of the Parties under this Agreement contingent upon (i) the

MMCC's approval of any request for an extension of the Dispensary Deadline, or (ii) MMCC approval of the final dispensary license.

6.7 Publicity. Except to the extent expressly permitted in the Settlement Agreement, no press releases, public announcement, filings or other publicity concerning the transactions contemplated hereby will be made by the Sellers or Buyer without the express written consent of the other Party (including, but not limited to, any disclosure in any public filings, unless such public disclosure is required by applicable Legal Requirements or the rules and regulations of any stock exchange or stock quoting or listing organization).

6.8 Efforts. Subject to the terms and conditions hereof, each of the Parties shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to the extent permitted under Legal Requirements to consummate and give effect to the transactions contemplated hereby.

ARTICLE VII
CONDITIONS TO CLOSING

7.1 Conditions Precedent to Obligations of the Parties. The obligations of the Parties to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing, of the following conditions, any or all of which may be waived in a written instrument signed by Buyer and the Seller Representative, on behalf of the Sellers:

(a) No Injunction, Etc. No proceeding commenced by a Governmental Body shall be pending or threatened against any Party seeking to restrain or prohibit the transactions contemplated by this Agreement, and there shall be no Judgment of any nature of any Governmental Body of competent jurisdiction or any Legal Requirement that is in effect that restrains, prohibits or prevents the consummation of the transactions contemplated hereby or that has the effect of rendering it unlawful to consummate the transactions contemplated hereby.

(b) Regulatory Approval. All consents, approvals and waivers of any Governmental Body necessary under Maryland Cannabis Legal Requirements in order to permit consummation of the transactions contemplated hereunder shall have been obtained, including MMCC Approval, and all notices to any Governmental Body necessary under Maryland Cannabis Legal Requirements in order to permit consummation of the transactions contemplated hereunder shall have been delivered.

7.2 Conditions Precedent to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing, of the following conditions, any or all of which Buyer may waive in writing:

(a) Representations and Warranties. Each of the representations and warranties made by the Sellers in this Agreement shall be true and correct in all material respects as of the Closing Date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all material respects as of that specified date).

(b) Covenants. The Sellers shall have duly performed in all material respects all of the covenants, acts and undertakings required to be performed by them prior to the Closing under this Agreement.

(c) Seller Closing Deliveries. The Sellers shall have delivered to Buyer the following:

(i) a certificate, in a form reasonably acceptable to Buyer, signed by each of the Sellers, dated as of the Closing Date, certifying as to the full satisfaction of each of the conditions set forth in Sections 7.2(a) and 7.2(b);

(ii) a certificate of good standing for the Company issued by the State Department of Assessments and Taxation of the State of Maryland, dated within ten (10) business days prior to the Closing Date;

(iii) letters of resignation from each Seller as an officer of the Company, effective as of the Closing;

(iv) a W-9 from each Seller;

(v) an assignment of membership interest duly executed by each Seller, substantially in the form attached hereto as Exhibit G; and

(vi) all other agreements, certificates, instruments, or documents reasonably requested by Buyer in order to fully consummate the transactions contemplated by this Agreement and to carry out the purposes and intent of this Agreement.

7.3 Conditions Precedent to Obligations of the Sellers. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing, of the following conditions, any or all of which the Seller Representative, on behalf of the Sellers, may waive in writing:

(a) Representations and Warranties. Each of the representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects as of the Closing Date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all material respects as of that specified date).

(b) Covenants of Buyer. Buyer shall have duly performed in all material respects all of the covenants, acts and undertakings required to be performed by it prior to the Closing.

(c) Buyer Closing Deliveries. Buyer shall have delivered to the Sellers the following:

(i) a certificate, in a form reasonably acceptable to the Sellers, signed by Buyer, dated as of the Closing Date, certifying as to the full satisfaction of each of the conditions set forth in Sections 7.3(a) and 7.3(b);

(ii) payment of the Closing Cash Amount in full;

(iii) a fully executed original of each of the Closing Promissory Notes, dated as of the Closing Date;

(iv) a fully executed (and notarized, as applicable) original version of each of the Guaranty and IDOT, dated as of the Closing Date, to the Seller Representative; and

(v) the original, final lender's policy of title insurance as required by this Agreement, or evidence in lieu thereof as permitted by Section 3.3(a).

ARTICLE VIII
TERMINATION

8.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing as follows:

(a) The Parties may terminate this Agreement by mutual written consent at any time prior to the Closing in a written instrument signed by Buyer and the Seller Representative;

(b) Buyer or the Seller Representative, on behalf of the Sellers, may terminate this Agreement if a Governmental Body of competent jurisdiction shall have issued an order, decree, or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining, or otherwise prohibiting the transactions contemplated by this Agreement, which order, decree, ruling or other action is final and nonappealable;

(c) If Buyer is not then in material breach under this Agreement, Buyer may terminate this Agreement by giving written notice to the Seller Representative at any time prior to the Closing in the event any of the Sellers has materially breached any of their respective representations, warranties, or covenants contained in this Agreement, provided that Buyer has notified the Seller Representative of the breach and the breach has continued without cure for a period of seven (7) Business Days after the notice of breach;

(d) If no Seller is then in material breach under this Agreement, the Seller Representative may terminate this Agreement on behalf of the Sellers by giving written notice to Buyer at any time prior to the Closing in the event Buyer has materially breached any of its representations, warranties or covenants contained in this Agreement, provided that the Seller Representative has notified Buyer of the breach, and the breach has continued without cure for a period of seven (7) Business Days after the notice of breach;

(e) If by the Closing Date, Buyer fails to deliver the remaining $10,500,000.00 (in addition to the release of $3,000,000 from escrow) of the Base Cash Purchase Price (subject to all deductions as set forth in this Agreement), the Seller Representative may immediately terminate this Agreement by providing written notice to Buyer and the Escrow Agent; provided, however, that if the Sellers do not receive the remaining funds on the Closing Date due to no fault of Buyer, such as an error by the bank, the Sellers may not terminate this Agreement pursuant to this Section 8.1(e) any earlier than two (2) Business Days after the Closing Date; or

(f) This Agreement shall automatically terminate if the Closing has not occurred on or prior to the Final Drop-Dead Date.

8.2 Drop-Dead Date; Extension.

(a) Drop-Dead Date. As used herein, "**Drop-Dead Date**" shall mean the later of (i) March 31, 2022 or (ii) the date of the third (3rd) public meeting of the MMCC (each, an "**MMCC Meeting**") after the Execution Date, and "**Final Drop-Dead Date**" shall mean the Drop-Dead Date or, if the Drop-Dead Date is extended in accordance with Section 8.2(b), the last day of the final Drop-Dead Extension Period; provided, that the Final Drop-Dead Date shall not, in any circumstance, be later than June 30, 2022.

(b) Extension of Drop-Dead Date. If, as of the Drop-Dead Date, the Parties have not obtained MMCC Approval because either the MMCC has denied the Transfer Request and the reason for the denial is curable but has not yet been cured ("**MMCC Denial**") or the MMCC has not voted to approve or deny the Transfer Request ("**MMCC Inaction**"), Buyer may extend the Drop-Dead Date for up to three (3) periods of thirty (30) days each (each a "**Drop-Dead Extension Period**," and collectively the "**Drop-Dead Extension Periods**") on the terms set forth below:

(i) Drop-Dead Extension Period 1. If, upon the Drop-Dead Date, and assuming three MMCC Meetings have occurred by March 31, 2022, the Parties have not obtained MMCC Approval due to MMCC Denial or MMCC Inaction, Buyer may exercise the first Drop-Dead Extension Period and extend the Drop-Dead Date to April 30, 2022, by providing written notice to the Seller Representative setting forth the basis for Buyer's claim that either the MMCC Denial is curable and the estimated timeline to cure or the basis for the MMCC Inaction, if known. If three MMCC Meeting dates have not occurred by March 31, 2022, no extension notice is required, and the Drop-Dead Date is automatically extended to April 30, 2022.

(ii) Drop-Dead Extension Period 2.

(A) Extension Due to MMCC Denial. If, upon April 30, 2022, and assuming three MMCC Meetings have occurred by April 30, 2022, the Parties have not obtained MMCC Approval due to an MMCC Denial, Buyer may exercise the second Drop-Dead Extension Period and extend the Drop-Dead Date to May 31, 2022, by providing (1) written notice to the Seller Representative setting forth the basis for the Buyer's claim that such denial is curable and the estimated timeline to cure; and (2) written authorization to the Escrow Agent to release $250,000 of the Deposit to the Sellers in accordance with their Pro Rata Shares. If three MMCC Meetings have not occurred by April 30, 2022, no extension notice or payment is required, and the Drop-Dead Date is automatically extended to May 31, 2022.

(B) Extension Due to MMCC Inaction. If, upon April 30, 2022, and assuming three MMCC Meetings have occurred by April 30, 2022, the Parties have not obtained MMCC Approval due to MMCC Inaction, Buyer may exercise the second Drop-Dead Extension Period and extend the Drop-Dead Date to May 31,

2022, by providing (1) written notice to the Seller Representative of the basis for the inaction, to the extent known; (2) written authorization to the Escrow Agent to release $125,000 of the Deposit to the Sellers in accordance with their Pro Rata Shares; and (3) a draft letter for the Company to approve and send to the MMCC by May 5, 2022, requesting that the MMCC detail what actions need to be taken for the Transfer Request to be placed on the agenda for consideration by the full MMCC at the next MMCC Meeting. If three MMCC Meetings have not occurred by April 30, 2022, no extension notice, letter, or payment is required, and the Drop-Dead Date is automatically extended to May 31, 2022.

(iii) Drop-Dead Extension Period 3.

(A) Extension Due to MMCC Denial. If, upon May 31, 2022, and assuming three MMCC Meetings have occurred by May 31, 2022, the Parties have not obtained MMCC Approval due to MMCC Denial, Buyer may exercise the third Drop-Dead Extension Period and extend the Drop-Dead Date to June 30, 2022, by providing (1) written notice to the Seller Representative setting forth the basis for Buyer's claim that such denial is curable and the estimated timeline to cure; and (2) written authorization to the Escrow Agent to release $750,000 of the Deposit to the Sellers in accordance with their Pro Rata Shares. If three MMCC Meeting dates have not occurred by May 31, 2022, no extension notice or payment is required, and the Drop-Dead Date is automatically extended to June 30, 2022.

(B) Extension Due to MMCC Inaction. If, upon May 31, 2022, and assuming three MMCC Meetings have occurred by May 31, 2022, the Parties have not obtained MMCC Approval due to MMCC Inaction, Buyer may exercise the third Drop-Dead Extension Period and extend the Drop-Dead Date to June 30, 2022, by providing (1) written notice to the Seller Representative of the basis for the inaction, to the extent known; (2) written authorization to the Escrow Agent to release $125,000 of the Deposit to the Sellers in accordance with their Pro Rata Shares; and (3) a draft letter for the Company to approve and send to the MMCC by June 5, 2022, requesting that the MMCC detail what actions need to be taken for the Transfer Request to be placed on the agenda for consideration by the full MMCC at the next MMCC Meeting. If three MMCC Meetings have not occurred by May 31, 2022, no extension notice, letter, or payment is required, and the Drop-Dead Date is automatically extended to June 30, 2022.

(c) For the avoidance of doubt, the Drop-Dead Date may only be extended due to MMCC Inaction or MMCC Denial. Under no circumstance shall the Drop-Dead Extension Periods extend past June 30, 2022.

8.3 Effect of Termination.

(a) If this Agreement is terminated pursuant to Section 8.1 above, and as a result the Settlement Agreement terminates pursuant to its terms, all rights and obligations of the Parties hereunder and thereunder shall terminate without any Liability of any Party to any other Party, except as set forth below or as specifically set forth in the Settlement Agreement, and provided that

the provisions set forth in Section 6.5, this ARTICLE VIII and ARTICLE X shall survive the termination of this Agreement for any reason. No termination of this Agreement shall relieve any Party of Liability for its intentional breach or violation of this Agreement.

(b) If this Agreement is terminated pursuant to Section 8.1(a), Section 8.1(b) or Section 8.1(c), the remaining Deposit shall be released to Buyer.

(c) If the Seller Representative terminates this Agreement pursuant to Section 8.1(d) or 8.1(e), the remaining Deposit shall be released to the Sellers in accordance with their Pro Rata Shares.

(d) If this Agreement terminates pursuant to Section 8.1(f) due to MMCC Inaction, and such failure was not the result of a material act or omission of the Sellers, then an amount of the Deposit equal to $250,000, less the aggregate amount of the Deposit previously disbursed to the Sellers hereunder, shall be released to the Sellers in accordance with their Pro Rata Shares, and the remaining Deposit shall be returned to Buyer.

(e) If this Agreement terminates pursuant to Section 8.1(f) due to the failure of the Parties to obtain MMCC Approval and such failure was not the result of MMCC Inaction or a material act or omission of the Sellers, then an amount of the Deposit equal to $1,000,000, less the aggregate amount of the Deposit previously disbursed to the Sellers hereunder, shall be released to the Sellers in accordance with their Pro Rata Shares, and the remaining Deposit shall be returned to Buyer.

(f) If this Agreement is terminated for any reason prior to Closing (other than a breach of this Agreement by Buyer), the Sellers shall direct M&S to return any unused portion of the Retainer to the Company within ten (10) Business Days of such termination.

INDEMNIFICATION

8.4 Indemnification Obligations of the Sellers. From and after the Closing, the Sellers shall jointly and severally indemnify Buyer and the Company following the Closing), and its and their respective officers, directors, employees, agents, representatives, successors and permitted assigns (collectively, the "**Buyer Indemnified Persons**") from and against any and all actions, suits, proceedings, claims, demands, debts, liabilities, obligations, losses, damages, costs and expenses, including reasonable attorney's fees (collectively, "**Losses**") which any Buyer Indemnified Person may suffer as a result of, in connection with or relating to any of the following:

(a) Any breach or inaccuracy of any representation or warranty of the Sellers contained in this Agreement;

(b) any nonfulfillment or breach of any covenant, agreement or other provision by any Seller at any time under this Agreement or any schedule, agreement, certificate or other document delivered or caused to be delivered by or on behalf of the Company or any Seller in connection herewith;

(c) all Contracts between the Company and each of Reed Porter and David Kloos related to the provision of services by Mr. Porter and Mr. Kloos to the Company;

(d) any Undisclosed Contracts entered into between the Company with any vendor others than the Disclosed Vendors, other than Contracts that Buyer or Manager caused the Company to enter into or that the Company entered into with the knowledge or consent of Buyer or Manager;

(e) all Litigation Costs, other than the Reviewed Litigation Costs, the Expert Litigation Costs (to the extent included in the calculation of the Closing Cash Amount), the Unpaid 2020 Costs (to the extent included in the calculation of the Closing Cash Amount) and the Other Company Legal Costs (to the extent included in the calculation of the Closing Cash Amount); and

(f) any fraud or intentional misrepresentation by or on behalf of the Sellers.

8.5 Indemnification Obligations of the Buyers. From and after the Closing, the Buyer shall indemnify the Sellers and their respective Affiliates, officers, directors, employees, agents, representatives, successors and permitted assigns (collectively, the "**Seller Indemnified Persons**") from and against any and all Losses which any Seller Indemnified Person may suffer as a result of, in connection with or relating to any of the following:

(a) any breach or inaccuracy of any representation or warranty of Buyer contained in this Agreement;

(b) any nonfulfillment or breach of any covenant, agreement or other provision by Buyer at any time under this Agreement or any Schedule, agreement, certificate or other document delivered or caused to be delivered by or on behalf of Buyer in connection herewith; and

(c) any fraud or intentional misrepresentation by or on behalf of Buyer.

8.6 Survival; Limitations.

(a) Survival. Subject to the limitations set forth herein, the representations, warranties and covenants contained herein shall survive the Closing; provided that (i) the representations and warranties contained in Section 4.10 shall survive until the first (1st) anniversary of the Closing Date, (ii) no Buyer Indemnified Person shall bring a claim for indemnification pursuant to Section 9.1(d) following the first (1st) anniversary of the Closing Date, and (iii) no Buyer Indemnified Person shall bring a claim for indemnification pursuant to Section 9.1(c) following the third (3rd) anniversary of the Closing Date. Notwithstanding the foregoing or anything to the contrary contained herein, if a Buyer Indemnified Person delivers written notice to the Seller Representative of an indemnification claim on or before the expiration date of the applicable survival period, any such claim, and the representations and warranties, or covenants or obligations, as applicable, on which such claim is based, shall survive (solely for purposes of such claim) until such claim is finally resolved or judicially determined in accordance with the terms hereof.

(b) Cap. The Sellers' aggregate liability for Losses for indemnification under Section 9.1(c) and/or for severance for or other amounts owed to Reed Porter and David Kloos shall not exceed $750,000.

(c) No Contribution. For the avoidance of doubt, no Seller may assert any right of indemnification, contribution or subrogation against the Company or any successor entity for any Loss for which any Buyer Indemnified Persons are entitled to be indemnified under this Agreement.

(d) Limitation. Except as expressly provided in this Agreement, Sellers shall not be obligated to indemnify Kind or Buyer for any potential employee/severance or other pre-Closing liabilities.

8.7 Third Party Claims.

(a) If any Proceeding is initiated by any Third Party (a "**Third Party Claim**") against any Person entitled to seek indemnification under this ARTICLE IX (an "**Indemnified Party**"), and if such Indemnified Party intends to seek indemnification with respect thereto under this ARTICLE IX, such Indemnified Party shall promptly, after receipt of written notice of such Proceeding, provide written notice of such Proceeding to the party or parties from whom the Indemnified Party intends to seek indemnification (which in the case of a claim against any Seller, shall be the Seller Representative, which shall act for and on behalf of all Sellers (and not personally) for all purposes under this Section 9.4), which notice shall describe such Proceeding in reasonable detail and the amount claimed in respect thereof (if known and quantifiable); *provided* that the failure to so notify shall not relieve any party (such indemnifying party, the "**Indemnitor**") from its indemnification obligations hereunder unless and to the extent the Indemnitor shall be actually and materially prejudiced by such failure to so notify.

(b) The Indemnified Party will have the right to defend the Third Party Claim, and the Indemnitor shall cooperate in good faith in such defense. The Sellers and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, personnel and records of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

8.8 Final Purchase Price Adjustment. All indemnification payments made under this ARTICLE IX shall be deemed to be an adjustment to the Total Purchase Price for Tax purposes, unless otherwise required by Legal Requirements.

8.9 Manner of Payment. Buyer may elect to satisfy any undisputed or finally determined by a court of competent jurisdiction indemnification obligations of the Sellers hereunder by reduction of the principal balance of the Closing Promissory Notes.

8.10 Exclusive Remedy. The Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any Losses under this Agreement (except (a) in the case of fraud or intentional misrepresentation, (b) pursuant to Section 8.3 and (c) for any other remedies expressly set forth in Section 10.10) shall be pursuant to the indemnification provisions set forth in this ARTICLE IX. In furtherance of the foregoing, each of the Parties hereby waives, to the fullest extent permitted under Legal Requirements, any and all rights, claims and causes of actions for any breach of any such representation, warranty, covenant, agreement, or obligation it may have

against the other Parties and their Affiliates arising under or based upon any Legal Requirements, except pursuant to the indemnification provisions set forth in this ARTICLE IX.

ARTICLE IX
MISCELLANEOUS

9.1 Expenses. Except as expressly set forth herein, each Party to this Agreement shall pay all of the costs and expenses (including, without limitation, legal fees and expenses) incurred by it in negotiating and preparing this Agreement (and all other agreements, certificates, instruments and documents executed in connection herewith) and in consummating the transactions contemplated hereby.

9.2 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the Parties at the addresses as set forth below, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 10.2.

If to Buyer (or the Company following the Closing), to:
MariMed Advisors, Inc.
10 Oceana Way, Floor 2
Norwood, MA 02062
Attention: Jon Levine
Email: jlevine@marimedinc.com

with a copy to (which shall not constitute notice):
Foley Hoag LLP
155 Seaport Boulevard
Boston, MA 02210
Facsimile No.: 617-832-7000
Attention: Erica Rice, Esq.
Email: erice@foleyhoag.com

If to the Company or the Sellers prior to the Closing, to:
Susan Zimmerman, Seller Representative
789 Sonne Drive
Annapolis, MD 20832

with a copy to (which shall not constitute notice):
Galvin Law, LLC
8115 Maple Lawn Boulevard, Suite 350
Fulton, Maryland 20759

Attention: Nichole Galvin, Esq.
Email: ngalvin@galvinlawllc.com

If to the Sellers following the Closing, to the addresses set forth on the Closing Schedule.

9.3 Entire Understanding; Amendments. This Agreement and the Settlement Agreement, together with the exhibits and schedules hereto and thereto, and the other documents, certificates, agreements and other instruments delivered in connection with the transactions contemplated hereby and thereby, states the entire understanding among the Parties with respect to the subject matter hereof and supersedes all prior oral and written communications and agreements with respect to the subject matter hereof, including the Term Sheet among the Parties dated as of December 17, 2021. In the event of any conflict between this Agreement and the Settlement Agreement, this Agreement shall control. This Agreement shall not be amended or modified except in a written document signed by Buyer and the Seller Representative.

9.4 Parties in Interest; Assignment; No Waivers; No Third Party Rights. This Agreement shall bind, benefit, and be enforceable by the Parties and their respective successors, legal representatives and assigns, heirs, executors, administrators and personal representatives. No Party may assign this Agreement or its obligations hereunder without the prior written consent of all other Parties hereto. No waiver with respect to this Agreement shall be enforceable unless in writing and signed by the Party against whom enforcement of such waiver is sought. No failure to exercise, delay in exercising or single or partial exercise of any right, power or remedy by any Party, and no course of dealing between or among any of the Parties, shall constitute a waiver of, or shall preclude any other or further exercise of, the same or any other right, power or remedy. Except as may be expressly set forth in this Agreement, nothing herein will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

9.5 Further Assurances. At any time and from time to time after the Closing Date, at the request of a Party and without further consideration, the other Parties shall promptly execute and deliver all such further agreements, certificates, instruments and documents and perform such further actions as such Party may reasonably request, in order to fully consummate the transactions contemplated hereby and carry out the purposes and intent of this Agreement.

9.6 Severability. If any provision of this Agreement is construed to be invalid, illegal or unenforceable, then the remaining provisions hereof shall not be affected thereby and shall be enforceable without regard thereto, and the Parties agree that this Agreement shall be reformed to replace such unenforceable provisions with a valid and enforceable provision that comes as close as possible to expressing the intent of the unenforceable provision.

9.7 Counterparts; Electronic Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

9.8 Governing Law; Exclusive Jurisdiction.

(a) This Agreement and the respective rights and obligations of the parties under this Agreement shall be governed by, and shall be determined under, the internal laws of the State of Maryland without regard to choice of law principles.

(b) Each Party irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any Judgment in respect hereof brought by another Party hereto or its successors or assigns shall be brought and determined exclusively in the state or federal courts located in Maryland. Each Party hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to Judgment, attachment in aid of execution of Judgment, execution of Judgment or otherwise), and (c) to the fullest extent permitted by applicable Legal Requirements, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts

9.9 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AND ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

9.10 Enforcement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in addition to any other remedy to which they are entitled at law or in equity, without posting bond or other security.

9.11 Remedies. Any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

9.12 Rules of Construction. The Parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

9.13 Seller Representative. By virtue of the adoption and approval of this Agreement and acceptance of any consideration pursuant to this Agreement and without any further action of any Seller, each Seller hereby irrevocably constitutes and appoints Susan Zimmerman (or any successor representative) as her representative as the Seller Representative as provided in this Agreement and as the true and lawful attorney-in-fact and exclusive agent under this Agreement and any other agreement or document executed and delivered in connection with this Agreement, including the power to take any and all actions specified in or contemplated by this Agreement and any other agreement or document executed and delivered in connection with this Agreement, and take all actions necessary in the judgment of the Seller Representative for the accomplishment of the foregoing. The Seller Representative shall take or refrain from taking any and all actions that she believes are necessary under this Agreement for and on behalf of the Sellers, as fully as each such Seller were acting on its own behalf. All actions taken by the Seller Representative under this Agreement shall be binding upon each Seller and its successors as if expressly confirmed and ratified in writing by each of them and all defenses which may be available to any Seller to contest, negate or disaffirm the action of the Seller Representative taken in good faith under this Agreement or any other agreement or document executed and delivered in connection with this Agreement are waived. Buyer shall be entitled to rely upon any document or other paper delivered by the Seller Representative as being authorized by each Seller, and Buyer shall not be liable to the Seller Representative or any Seller for any action taken or omitted to be taken by Buyer based on such reliance.

9.14 Member Consent and Waiver. The Sellers, as all of the Members of the Company, hereby consent (as provided in the Operating Agreement of the Company), to the sale and transfer of the Membership Interests of the Company as provided in this Agreement. In addition, in connection with sale and transfer of the Membership Interests of the Company as provided in this Agreement, the Sellers hereby waive any Right of First Offer under Section 7.1 of the Operating Agreement of the Company and any Right of First Refusal under Section 7.2 of the Operating Agreement of the Company.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first set forth above.

BUYER:

MARIMED INC.

DocuSigned by:
By: Jon Levine
290472DE3CC14B3...
Name: Jon Levine
Title: CFO

SELLERS:

____
Jennifer DiPietro

____
Susan Zimmerman

____
Sophia Leonard-Burns

SELLER REPRESENTATIVE:

____
Susan Zimmerman, solely in her capacity as representative of the Sellers hereunder

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first set forth above.

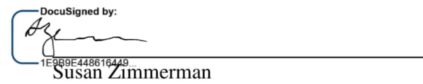
BUYER:

MARIMED INC.

By: ______________________
Name: Jon Levine
Title: CFO

SELLERS:

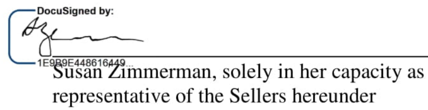
Jennifer DiPietro



Susan Zimmerman

Sophia Leonard-Burns

SELLER REPRESENTATIVE:



Susan Zimmerman, solely in her capacity as representative of the Sellers hereunder

THE COMPANY HAS OMITTED THE EXHIBITS AND/OR SCHEDULES FROM THE MEMBERSHIP INTEREST PURCHAE AGREEMENT CONTAINED IN EXHIBIT 10.18 BECAUSE THEY ARE NOT MATERIAL AND ARE THE TYPE THAT THE COMPANY TREATS AS PRIVATE AND CONFIDENTIAL

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this "**Agreement**"), dated as of December 31, 2021 (the "**Execution Date**"), is entered into by and between (i) MariMed Advisors Inc., a Delaware corporation ("**Buyer**") and Jennifer DiPietro ("**Seller**"). Buyer and the Seller are sometimes referred to herein collectively as the "**Parties**," and each, a "**Party**."

Recitals

WHEREAS, the Seller owns, beneficially and of record, (i) 11,111 Class A membership units (the "**Mari Holdings Units**") of Mari Holdings MD LLC, a Massachusetts limited liability company ("**Mari Holdings**") and (ii) 24,123 Class A membership units (the "**MIA Units**," and together with the Mari Holdings Units, the "**Purchased Units**") of MIA Development LLC, a Massachusetts limited liability company ("**MIA**");

WHEREAS, Seller and her late husband, Richard DiPietro ("**Richard**"), jointly acquired the MIA Units pursuant to three (3) MIA Subscription Agreements dated September 28, 2015, December 16, 2015 and July 15, 2016 (the "**MIA Subscription Agreements**");

WHEREAS**,** Seller acquired all of Richard's right, title and interest in the MIA Units to Seller by Assignment of Membership Interest by and between Seller and Richard, dated December 26, 2019 (the "**Assignmen**t"), which Assignment was approved by the Managers of MIA pursuant to MIA's operating agreement;

WHEREAS, in the first "Whereas" clause of the Assignment, the Assignment inadvertently omitted a reference to a third Subscription Agreement, dated July 15, 2016;

WHEREAS, the intent of the Assignment was to transfer to Seller all of the MIA Units;

WHEREAS, Richard is deceased, there was no specific bequest of any MIA Units in his Last Will & Testament and Seller is the sole beneficiary of the rest and residue of his Estate;

WHEREAS, MIA's books and records indicate that Seller is the owner of all of the MIA Units;

WHEREAS, since the Assignment, Seller has received all distributions related to the MIA Units;

WHEREAS, the Seller desires to sell to Buyer, and Buyer desires to purchase from the Seller, the Purchased Units, upon the terms and subject to the conditions set forth herein;

WHEREAS, simultaneously with the execution of this Agreement, (i) MariMed Inc. ("**MariMed**") and (ii) Seller, Susan Zimmerman and Sophia Leonard-Burns (collectively, the "**Kind Members**") are entering into a Membership Interest Purchase Agreement pursuant to which MariMed will acquire from the Kind Members a 100% membership interest in Kind Therapeutics USA, LLC, a Maryland limited liability company (the "**Kind Purchase Agreement**"); and

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WHEREAS, simultaneously with the execution of this Agreement, the Parties are entering into a Settlement and Release Agreement (the "**Settlement Agreement**") with respect to: (i) claims asserted by Seller directly and derivatively on behalf of Nominal Defendants Mari Holdings and MIA against Defendants Buyer, Robert Fireman and John Levine and counterclaims against Seller by Buyer directly and derivatively on behalf of Mari Holdings in a civil action pending in the Superior Court for Suffolk County, Massachusetts (the "**Massachusetts Court**") captioned *DiPietro v. MariMed Advisors, Inc., et al.*, CA 20-1865 (the "**Massachusetts Action**"); and (ii) the claims, counterclaims, and third-party claims filed by and between Plaintiff/Counter-Defendant Kind Therapeutics USA, LLC, Third-Party Defendants, Seller, Sophia Leonard-Burns, Susan Zimmerman, and William Tham, and Defendants/Counter-Plaintiffs/Third-Party Plaintiffs, MariMed, Mari Holdings, and Buyer, Jon Levine and Robert Fireman filed in the Circuit Court for Washington County, case captioned, *Kind Therapeutics USA, LLC v. MariMed, Inc., et al.*, Case No. C-21-CV-19-000670 (the "**Maryland Action**").

NOW, THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. For purposes of this Agreement, each capitalized term used, but not otherwise defined, herein, has the meaning set forth on Exhibit A attached hereto.

ARTICLE II
PURCHASE AND SALE; DEPOSIT; ESCROW; CLOSING

2.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, at the Closing, the Seller agrees to sell, transfer and assign to Buyer, and Buyer agrees to purchase and acquire from the Seller, all of such Seller's right, title and interest in and to the Purchased Units, free and clear of all Encumbrances.

2.2 The Closing. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall be subject to the satisfaction or waiver of the conditions set forth in ARTICLE V (other than conditions which, by their nature, are to be satisfied on the Closing Date, but subject to the satisfaction (or waiver) of such conditions), remotely via the electronic exchange of counterpart signature pages, or at such other location and time as Buyer and the Seller shall agree (the date of the Closing being referred to herein as the "**Closing Date**").

2.3 Purchase Price. The purchase price for the Mari Holdings Units shall be $1,000,000 (the "**Mari Holdings Purchase Price**") and the purchase price for the MIA Units shall be $1,000,000 (the "**MIA Purchase Price**, and together with the Mari Holdings Purchase Price, the "**Purchase Price**"). At the Closing, Buyer shall deliver (or cause to be delivered) the Purchase Price to the Seller in cash by wire transfer of immediately available funds in accordance with the wire

instructions provided by the Seller to Buyer no later than three (3) Business Days prior to the Closing Date.

2.4 Withholding. Buyer shall, after reasonable prior notice of any intended deduction or withholding including the amount and the reason for the withholding, be entitled to deduct and withhold (or cause to be deducted and withheld) from any amount otherwise payable with respect to this Agreement such amounts as may be required to be deducted and withheld therefrom or with respect thereto under the Internal Revenue Code of 1986, as amended, or other applicable U.S. state or local or non-U.S. Tax Legal Requirement. To the extent that amounts are so deducted or withheld, such amounts (a) shall be timely remitted to the applicable Taxing authority and (b) shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

2.5 Tax Provisions. The Parties agree that Mari Holdings and MIA shall use the closing of the books method to allocate income of Mari Holdings and MIA, respectively, through the Closing Date. Prior to the Closing Date, Mari Holdings and MIA shall make all distributions to the members in the ordinary course of business and in accordance with their respective Operating Agreements. Mari Holdings and MIA will timely provide Seller a Schedule K-1 for 2021 and for 2022 and the Tax Distributions she is entitled to under Section 5.5 of their respective Operating Agreements.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby represents and warrants to Buyer as of the date hereof, and at and as of the Closing Date, as follows:

3.1 Enforceability. This Agreement and each other agreement or instrument executed and delivered by the Seller at the Closing and specifically related to the sale of the Purchased Units (collectively, the "**Seller Closing Documents**") constitute, or upon its execution and delivery will constitute, the legal, valid and binding obligations of the Seller, enforceable against the Seller in accordance with their terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, fraudulent conveyance, reorganization, or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity which may limit the availability of remedies (whether in a proceeding at law or in equity) (collectively, the "**Enforceability Exceptions**").

3.2 No Violation, Etc. Subject to any consents or approvals required under the terms of the Operating Agreements of Mari Holdings and MIA, respectively, the execution and delivery of this Agreement and each Seller Closing Document by the Seller, and the performance of her obligations hereunder and thereunder does not and will not violate, or conflict with, or result in a breach of any provision of, or constitute a default or give rise to any right of termination, cancellation or acceleration (with the passage of time, notice or both) under any Contract to which the Seller is a party or by which the Seller is bound. Without limiting the foregoing, the Seller has not granted any right to any Person which would conflict with the sale transactions contemplated by this Agreement. Subject to any consents or approvals required under the terms of the Operating Agreements of Mari Holdings and MIA, respectively, the Seller is not required to give any notice to or obtain any consent from any Person in connection with the Seller's execution and delivery of this Agreement or any of

the Seller Closing Documents, or the consummation or performance of the transactions contemplated hereby or thereby.

3.3 Title. The Seller is the lawful owner of, and has good and marketable title to, all of Purchased Units, free and clear of all Encumbrances. The Seller has not granted a currently effective power of attorney or proxy to any person with respect to all or any part of the Purchased Units. There are no outstanding options, warrants or other similar rights in respect of the Purchased Units and, except as set forth in this Agreement, the Seller is not a party to or bound by any agreement, undertaking or commitment to, directly or indirectly, sell, exchange or transfer the Purchased Units. At the Closing, the Seller shall deliver to Buyer good and valid title to the Purchased Units, free and clear of all Encumbrances. Other than the Purchased Units, Seller does not hold any ownership interest or other equity security of Mari Holdings or MIA, security convertible into any ownership interest or equity security, or options, warrants or other similar rights to acquire an ownership interest in Mari Holdings or MIA.

3.4 Legal Proceedings. Other than the Massachusetts Action, there is no pending or, to the Knowledge of the Seller, threatened Proceeding by or against the Seller (i) that relates to or may affect any of the Purchased Units, or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the transactions contemplated hereby.

3.5 Brokers or Finders. The Seller has not incurred any obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payments in connection with the transactions contemplated hereby.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Seller as of the date hereof, and at and as of the Closing Date, as follows:

4.1 Organization And Good Standing; Enforceability. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. This Agreement and each other agreement or instrument executed and delivered by Buyer at the Closing (collectively, the "**Buyer Closing Documents**") have been duly authorized by all requisite action on the part of Buyer and constitute, or upon its execution and delivery will constitute, the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, subject to the Enforceability Exceptions.

4.2 No Violation, Etc. The execution and delivery of this Agreement and each Buyer Closing Document by Buyer, and the performance of Buyer's obligations hereunder and thereunder, does not and will not (a) violate or conflict with any provision of the governing documents of Buyer or (b) violate or conflict with any Legal Requirement to which Buyer or any of its properties or assets are subject. The transfer of the Purchased Units from the Seller to Buyer in accordance with the terms of this Agreement does not and will not (i) conflict with any provision of the Articles of Organization or Operating Agreement of either Mari Holdings or MIA or (ii) any applicable Legal Requirement. Buyer has received all written consents of the members and managers of Mari

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Holdings or MIA which are required on the part of Mari Holdings and MIA, including under their respective Articles of Organization and Operating Agreements, in connection with the execution and delivery of this Agreement and/or the transfer of the Purchased Units consummation of the transactions contemplated hereby and thereby. Buyer has provided to Seller copies of all such consents or resolutions.

4.3 Brokers or Finders. Buyer has not incurred any obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with the transactions contemplated hereby.

4.4 Legal Proceedings. Other than the Massachusetts Action, there is no pending or, to the Knowledge of the Buyer, threatened Proceeding by or against Buyer that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the transactions contemplated hereby.

ARTICLE V
CONDITIONS TO CLOSING

5.1 Conditions Precedent to Obligations of the Parties. The obligations of the Parties to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing, of the following conditions, any or all of which may be waived in a written instrument signed by Buyer and the Seller:

(a) No Injunction, Etc. No proceeding commenced by a Governmental Body shall be pending or threatened against any Party seeking to restrain or prohibit the transactions contemplated by this Agreement, and there shall be no Judgment of any nature of any Governmental Body of competent jurisdiction or any Legal Requirement that is in effect that restrains, prohibits or prevents the consummation of the transactions contemplated hereby or that has the effect of rendering it unlawful to consummate the transactions contemplated hereby.

(b) Kind Purchase Agreement. The closing of the transactions contemplated by the Kind Purchase Agreement shall have occurred prior to the Closing, or shall occur simultaneously with the Closing.

(c) Ruling on Motion for Approval of Settlement Agreement: Receipt of a ruling by the Massachusetts Court on the Motion for Approval of the Settlement Agreement described in Section 2(a) thereof.

5.2 Conditions Precedent to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing, of the following conditions, any or all of which Buyer may waive in writing:

(a) Representations and Warranties. Each of the representations and warranties made by the Seller in this Agreement shall be true and correct in all material respects as of the Closing Date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all material respects as of that specified date).

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(b) Covenants. The Seller shall have duly performed in all material respects all of the covenants, acts and undertakings required to be performed by her prior to the Closing under this Agreement.

(c) Assignment of Units. The Seller shall have delivered to Buyer (i) an assignment of membership units with respect to the Mari Holdings Units, and (ii) an assignment of membership units with respect to the MIA Units, each substantially in the form of Exhibit B attached hereto, duly executed by the Seller.

5.3 Conditions Precedent to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing, of the following conditions, any or all of which the Seller may waive in writing:

(a) Representations and Warranties. Each of the representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects as of the Closing Date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all material respects as of that specified date).

(b) Purchase Price. Buyer shall have paid the Purchase Price in full as provided in this Agreement.

(c) Covenants of Buyer. Buyer shall have duly performed in all material respects all of the covenants, acts and undertakings required to be performed by it prior to the Closing under this Agreement.

ARTICLE VI
TERMINATION

6.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing as follows:

(a) The Parties may terminate this Agreement by mutual written consent at any time prior to the Closing in a written instrument signed by Buyer and the Seller; or

(b) This Agreement shall automatically terminate upon termination of the Kind Purchase Agreement, prior to closing thereunder.

6.2 Effect of Termination.

(a) If this Agreement is terminated pursuant to Section 6.1 above, all rights and obligations of the Parties hereunder shall terminate without any Liability of any Party to any other Party, except as set forth in the Settlement Agreement and Kind Purchase Agreement, and provided that the provisions set forth in this ARTICLE VI and ARTICLE VIII shall survive the termination of this Agreement for any reason. No termination of this Agreement shall relieve any Party of liability for its intentional breach or violation of this Agreement.

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ARTICLE VII
INDEMNIFICATION

7.1 Indemnification Obligations of the Seller. From and after the Closing, the Seller shall indemnify Buyer and its Affiliates, and its and their respective officers, directors, employees, agents, representatives, successors and permitted assigns (collectively, the "**Buyer Indemnified Persons**") from and against any and all actions, suits, proceedings, claims, demands, debts, liabilities, obligations, losses, damages, costs and expenses, including reasonable attorney's fees (collectively, "**Losses**") which any Buyer Indemnified Person may suffer as a result of, in connection with or relating to any of the following:

(a) Any breach or inaccuracy of any representation or warranty of the Seller contained in this Agreement or any other schedule, agreement, certificate or other document delivered or caused to be delivered by or on behalf of the Seller in connection herewith;

(b) any nonfulfillment or breach of any covenant, agreement or other provision by the Seller at any time under this Agreement or any schedule, agreement, certificate or other document delivered or caused to be delivered by or on behalf of the Seller in connection herewith; and

(c) any fraud or intentional misrepresentation by or on behalf of the Seller.

7.2 Indemnification Obligations of Buyer. From and after the Closing, Buyer shall indemnify the Seller from and against any and all Losses which the Seller may suffer as a result of, in connection with or relating to any of the following:

(a) any breach or inaccuracy of any representation or warranty of Buyer contained in this Agreement or any other schedule, agreement, certificate or other document delivered or caused to be delivered by or on behalf of Buyer in connection herewith;

(b) any nonfulfillment or breach of any covenant, agreement or other provision by Buyer at any time under this Agreement or any Schedule, agreement, certificate or other document delivered or caused to be delivered by or on behalf of Buyer in connection herewith;

(c) any Taxes imposed on Seller by any Governmental Body with respect to the Purchased Units as a result of any audit or review of any Tax returns of Mari Holdings or MIA as to which Seller was or is a Member; and

(d) any fraud or intentional misrepresentation by or on behalf of Buyer.

7.3 Survival; Limitations.

(a) Survival. Subject to the limitations set forth herein, the representations, warranties and covenants contained herein shall survive the Closing for a period of eighteen (18) months. Notwithstanding any provisions hereof to the contrary, (i) Seller shall not be required to indemnify any Buyer Indemnified Person with respect to claims for indemnification pursuant to Section 7.1 and (ii) Buyer shall not be required to indemnify Seller with respect to claims for indemnification pursuant to Section 7.2, in each case, for an amount of indemnifiable Losses in

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excess of the Purchase Price in the aggregate (except in the case of fraud or intentional misrepresentation).

(b) No Contribution. For the avoidance of doubt, the Seller may not assert any right of indemnification, contribution or subrogation against Mari Holdings, MIA or any successor entity for any Loss for which any Buyer Indemnified Persons are entitled to be indemnified under this Agreement.

7.4 Third Party Claims.

(a) If any Proceeding is initiated by any Third Party (a "**Third Party Claim**") against any Person entitled to seek indemnification under this ARTICLE VII (an "**Indemnified Party**"), and if such Indemnified Party intends to seek indemnification with respect thereto under this ARTICLE VII, such Indemnified Party shall promptly, after receipt of written notice of such Proceeding, provide written notice of such Proceeding to the party or parties from whom the Indemnified Party intends to seek indemnification, which notice shall describe such Proceeding in reasonable detail and the amount claimed in respect thereof (if known and quantifiable); *provided* that the failure to so notify shall not relieve any party (such indemnifying party, the "**Indemnitor**") from its indemnification obligations hereunder unless and to the extent the Indemnitor shall be actually and materially prejudiced by such failure to so notify.

(b) The Indemnified Party will have the right to defend the Third Party Claim, and the Indemnitor shall cooperate in good faith in such defense. The Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, personnel and records of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

7.5 Purchase Price Adjustment. All indemnification payments made under this ARTICLE VII shall be deemed to be an adjustment to Purchase Price for Tax purposes, unless otherwise required by Legal Requirements.

ARTICLE VIII
MISCELLANEOUS

8.1 Expenses. Except as expressly set forth herein, in the Kind Purchase Agreement or in the Settlement Agreement, each Party to this Agreement shall pay all of the costs and expenses (including, without limitation, legal fees and expenses) incurred by it in negotiating and preparing this Agreement (and all other agreements, certificates, instruments and documents executed in connection herewith) and in consummating the transactions contemplated hereby.

8.2 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit

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with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the Parties at the addresses as set forth below, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 8.2.

If to Buyer, to:

MariMed Advisors, Inc.
10 Oceana Way, Floor 2
Norwood, MA 02062
Attention: Jon Levine
Email: jlevine@marimedinc.com

with a copy to (which shall not constitute notice):

Foley Hoag LLP
155 Seaport Boulevard
Boston, MA 02210
Facsimile No.: 617-832-7000
Attention: Erica Rice, Esq.
Email: erice@foleyhoag.com

If to the Seller:

Jennifer DiPietro
16604 Norbeck Farm Drive
Olney, Maryland 20832
Email: jdipi91885@aol.com

with a copy to (which shall not constitute notice):

Miles & Stockbridge P.C.
100 Light Street
Baltimore, MD 21202
Attention: John E. McCann, Jr., Esq.
E-mail: jmccann@milesstockbridge.com

8.3 Entire Understanding; Amendments. This Agreement, the Kind Purchase Agreement and the Settlement Agreement, together with the exhibits and schedules hereto and thereto, and the other documents, certificates, agreements and other instruments delivered in connection with the transactions contemplated hereby and thereby, states the entire understanding among the Parties with respect to the subject matter hereof and supersedes all prior oral and written communications and agreements with respect to the subject matter hereof, including the Term Sheet among the Parties dated as of December 17, 2021. In the event of any conflict between this Agreement and the Settlement Agreement, the Settlement Agreement shall control; provided, however, that if this Agreement terminates prior to Closing for any reason, the remedies of the Parties shall be limited to the remedies provided in Section 8.3 of the Kind Purchase Agreement.

This Agreement shall not be amended or modified except in a written document signed by Buyer and the Seller.

8.4 Parties in Interest; Assignment; No Waivers; No Third Party Rights. This Agreement shall bind, benefit, and be enforceable by the Parties and their respective successors, legal representatives and assigns, heirs, executors, administrators and personal representatives. No Party may assign this Agreement or its obligations hereunder without the prior written consent of all other Parties hereto. No waiver with respect to this Agreement shall be enforceable unless in writing and signed by the Party against whom enforcement of such waiver is sought. No failure to exercise, delay in exercising or single or partial exercise of any right, power or remedy by any Party, and no course of dealing between or among any of the Parties, shall constitute a waiver of, or shall preclude any other or further exercise of, the same or any other right, power or remedy. Except as may be expressly set forth in this Agreement, nothing herein will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

8.5 Further Assurances. At any time and from time to time after the Closing Date, at the request of a Party and without further consideration, the other Parties shall promptly execute and deliver all such further agreements, certificates, instruments and documents and perform such further actions as such Party may reasonably request, in order to fully consummate the transactions contemplated hereby and carry out the purposes and intent of this Agreement.

8.6 Severability. If any provision of this Agreement is construed to be invalid, illegal or unenforceable, then the remaining provisions hereof shall not be affected thereby and shall be enforceable without regard thereto, and the Parties agree that this Agreement shall be reformed to replace such unenforceable provisions with a valid and enforceable provision that comes as close as possible to expressing the intent of the unenforceable provision.

8.7 Counterparts; Electronic Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

8.8 Governing Law; Exclusive Jurisdiction.

(a) This Agreement and the respective rights and obligations of the parties under this Agreement shall be governed by, and shall be determined under, the internal laws of the State of Maryland without regard to choice of law principles.

(b) Each Party irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any Judgment in respect hereof brought by another Party hereto or its successors or assigns shall be brought and determined exclusively in the state or federal courts located in Maryland. Each Party hereby irrevocably submits with regard to any action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, and agrees

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not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to Judgment, attachment in aid of execution of Judgment, execution of Judgment or otherwise), and (c) to the fullest extent permitted by applicable Legal Requirements, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts

8.9 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AND ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

8.10 Enforcement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in addition to any other remedy to which they are entitled at law or in equity, without posting bond or other security.

8.11 Remedies. Any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

8.12 Rules of Construction. The Parties hereto agree that they have been represented by counsel during the negotiation, preparation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

[Signature Pages Follow]

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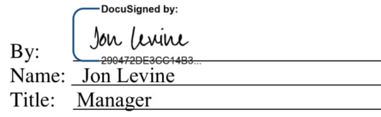
IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first set forth above.

BUYER:

MARIMED ADVISORS INC.



By: ______________________________

Name: Jon Levine

Title: Manager

SELLER:

____

Jennifer DiPietro

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first set forth above.

BUYER:

MARIMED ADVISORS INC.

By: ______________________________
Name: Jon Levine
Title: Manager

SELLER:

Jennifer DiPietro

EXHIBIT 21.1

List of Subsidiaries:

MariMed Advisors Inc. (formed in Massachusetts)

Mia Development LLC (formed in Massachusetts)

Mari Holdings IL LLC (formed in Massachusetts)

Mari Holdings MD LLC (formed in Massachusetts)

Mari Holdings NJ LLC (formed in New Jersey)

Mari Holdings NV LLC (formed in Massachusetts)

Mari Holdings Metropolis LLC (formed in Massachusetts)

Mari Holdings Mt. Vernon LLC (formed in Massachusetts)

Mari Mfg LLC (formed in New Jersey)

Hartwell Realty Holdings LLC (formed in Massachusetts)

iRollie LLC (formed in Massachusetts)

ARL Healthcare Inc. (formed in Massachusetts)

KPG of Anna LLC (formed in Illinois)

KPG of Harrisburg LLC (formed in Illinois)

MariMed OH LLC (formed in Ohio)

MariMed Hemp Inc. (formed in Delaware)

MediTaurus LLC (formed in Delaware)

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation, by reference, in the Registration Statements of MariMed Inc. (the "Company") on Form S-8 (File No. 333-252719) and on Form S-3 (File No. 333-255338) of our report dated March 16, 2022 relating to the consolidated balance sheets of the Company as of December 31, 2021 and 2020, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes, as appearing in the annual report on Form 10-K of the Company for the years ended December 31, 2021 and 2020. We also consent to the reference to us under the heading "Experts" in such prospectus.

/s/ M&K CPA's, PLLC

Houston, TX
March 16, 2022

EXHIBIT 31.1

Certifications

I, Robert Fireman, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 16, 2022

/s/ Robert Fireman

Robert Fireman
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certifications

I, Jon R. Levine, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 16, 2022

/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 this Annual Report of MariMed Inc. (the “Company”) on Form 10-K for the year ended December 31, 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, our financial condition and result of operations.

MARIMED INC.
(Registrant)

Date: March 16, 2022

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

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 this Annual Report of MariMed Inc. (the "Company") on Form 10-K for the year ended December 31, 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, our financial condition and result of operations.

MARIMED INC.
(Registrant)

Date: March 16, 2022

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