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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period ended March 31, 2024

☐ 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)

781-277-0007
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

Large Accelerated filer ☐		Accelerated filer	☒
Non-accelerated filer ☐		Smaller reporting company	☒
		Emerging growth company	☒

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

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

As of May 3, 2024, 379,643,844 shares of the registrant's common stock were outstanding.

MariMed Inc.
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements and information relating to MariMed Inc. that is based on the beliefs of MariMed Inc.'s management, as well as assumptions made by and information currently available to the Company. In some cases, you can identify these statements by forward-looking words such as "anticipates," "believes," "could," "should," "estimates," "expects," "intends," "may," "plans," "predicts," "projects," "will," or other similar or comparable words. Any statements contained in this Quarterly Report on Form 10-Q that are not statements of historical facts may be deemed to be forward-looking statements. Such statements reflect the current views of the Company with respect to future events, including consummation of pending transactions, launch of new products, expanded distribution of existing products, obtainment of new licenses, estimates and projections of revenue, EBITDA and Adjusted EBITDA and other information about the Company's business, business prospects and strategic growth plan, which are based on certain assumptions of its management, including those described in this Quarterly Report on Form 10-Q. These statements are not a guarantee of future performance and involve risk and uncertainties that are difficult to predict, including, among other factors, changes in demand for the Company's services and products, changes in the law and its enforcement, timing and outcome of regulatory processes and changes in the economic environment.

Additional important factors that could cause actual results to differ materially from those in these forward-looking statements are also discussed in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Any forward-looking statement made by the Company in this Quarterly Report on Form 10-Q speaks only as of the date on which this Quarterly Report on Form 10-Q was first filed. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

MariMed Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 15,234	$ 14,645
Accounts receivable, net of allowances of $764 at both March 31, 2024 and December 31, 2023	6,491	7,199
Inventory	29,044	25,306
Deferred rents receivable	612	630
Notes receivable, current portion	52	52
Investments, current portion	—	88
Due from related parties	181	105
Other current assets	3,281	3,407
Total current assets	54,895	51,432
Property and equipment, net	90,765	89,103
Intangible assets, net	12,819	17,012
Goodwill	15,812	11,993
Investments, net of current portion	274	221
Notes receivable, net of current portion	814	814
Operating lease right-of-use assets	9,456	9,716
Finance lease right-of-use assets	3,539	3,295
Other assets	12,958	12,537
Total assets	$ 201,332	$ 196,123
Liabilities, mezzanine equity and stockholders' equity		
Current liabilities:		
Mortgages and notes payable, current portion	$ 1,057	$ 723
Accounts payable	10,256	9,001
Accrued expenses and other	4,613	3,549
Income taxes payable	16,271	14,434
Operating lease liabilities, current portion	1,955	1,945
Finance lease liabilities, current portion	1,303	1,210
Total current liabilities	35,455	30,862
Mortgages and notes payable, net of current portion	67,448	65,652
Operating lease liabilities, net of current portion	8,218	8,455
Finance lease liabilities, net of current portion	2,290	2,140

MariMed Inc.
Condensed Consolidated Balance Sheets (continued)
(in thousands, except share and per share amounts)
(unaudited)

	March 31, 2024	December 31, 2023
Other liabilities	100	100
Total liabilities	113,511	107,209
Commitments and contingencies		
Mezzanine equity		
Series B convertible preferred stock, $0.001 par value; 4,908,333 shares authorized, issued and outstanding at March 31, 2024 and December 31, 2023	14,725	14,725
Series C convertible preferred stock $0.001 par value; 12,432,432 shares authorized; 1,155,274 shares issued and outstanding at both March 31, 2024 and December 31, 2023	4,275	4,275
Total mezzanine equity	19,000	19,000
Stockholders' equity		
Undesignated preferred stock, $0.001 par value; 32,659,235 shares authorized; zero shares issued and outstanding at March 31, 2024 and December 31, 2023	—	—
Common stock, $0.001 par value; 700,000,000 shares authorized; 375,465,266 and 375,126,352 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	375	375
Common stock subscribed but not issued	—	—
Additional paid-in capital	171,389	171,144
Accumulated deficit	(101,253)	(99,955)
Noncontrolling interests	(1,690)	(1,650)
Total stockholders' equity	68,821	69,914
Total liabilities, mezzanine equity and stockholders' equity	$ 201,332	$ 196,123

See accompanying notes to the unaudited condensed consolidated financial statements.

MariMed Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue	$ 37,933	$ 34,380
Cost of revenue	21,461	18,992
Gross profit	16,472	15,388
Operating expenses:		
Personnel	6,465	4,656
Marketing and promotion	1,762	1,146
General and administrative	6,140	4,305
Acquisition-related and other	84	190
Bad debt	—	(44)
Total operating expenses	14,451	10,253
Income from operations	2,021	5,135
Interest and other (expense) income:		
Interest expense	(1,629)	(2,505)
Interest income	26	99
Other expense, net	(20)	(900)
Total interest and other expense, net	(1,623)	(3,306)
Income before income taxes	398	1,829
Provision for income taxes	1,690	2,493
Net loss	(1,292)	(664)
Less: Net income (loss) attributable to noncontrolling interests	6	(19)
Net loss attributable to common stockholders	$ (1,298)	$ (645)
Net loss per share attributable to common stockholders:		
Basic	$ (0.00)	$ (0.00)
Diluted	$ (0.00)	$ (0.00)
Weighted average common shares outstanding:		
Basic	375,211	342,794
Diluted	375,211	342,794

See accompanying notes to the unaudited condensed consolidated financial statements.

MariMed Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)
(unaudited)

	Three months ended March 31, 2024							
	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 January 1, 2024	**375,126,352**	**$ 375**	**— 39**	**$ —**	**$ 171,144**	**$ (99,955)**	**$ (1,650)**	**$ 69,914**
Issuance of subscribed shares	—	—	—	—	—	—	—	—
Release of shares under stock grants	335,300	—	—	—	—	—	—	—
Common stock issued under licensing agreement	3,614	—	—	—	1	—	—	1
Distributions to non-controlling interests	—	—	—	—	—	—	(46)	(46)
Stock-based compensation	—	—	—	—	244	—	—	244
Net loss	—	—	—	—	—	(1,298)	6	(1,292)
Balances at March 31, 2024	**375,465,266**	**$ 375**	**—**	**$ —**	**$ 171,389**	**$ (101,253)**	**$ (1,690)**	**$ 68,821**

	Three months ended March 31, 2023							
	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 January 1, 2023	**341,474,728**	**$ 341**	**70,000**	**$ 39**	**$ 142,365**	**$ (83,924)**	**$ (1,511)**	**$ 57,310**
Common stock subscribed but not issued	—	—	5,025	2	—	—	—	2
Issuance of subscribed shares	70,000	—	(70,000)	(39)	39	—	—	—
Warrants issued in connection with debt	—	—	—	—	5,454	—	—	5,454
Shares issued as purchase consideration - Ermont Inc.	6,580,390	7	—	—	2,987	—	—	2,994
Common stock issued under licensing agreement	1,793	—	—	—	1	—	—	1
Distributions to non-controlling interests	—	—	—	—	—	—	(34)	(34)
Stock-based compensation	—	—	—	—	206	—	—	206
Net loss	—	—	—	—	—	(645)	(19)	(664)
Balances at March 31, 2023	**348,126,911**	**$ 348**	**5,025**	**$ 2**	**$ 151,052**	**$ (84,569)**	**$ (1,564)**	**$ 65,269**

See accompanying notes to the unaudited condensed consolidated financial statements.

MariMed Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three months ended March 31,	
	2024	**2023**
Cash flows from operating activities:		
Net loss attributable to common stockholders	$ (1,298)	$ (645)
Net income (loss) attributable to noncontrolling interests	6	(19)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization of property and equipment	1,938	986
Amortization of intangible assets	374	557
Stock-based compensation	244	208
Amortization of original debt issuance discount	—	55
Amortization of debt discount	87	328
Amortization of debt issuance costs	18	—
Payment-in-kind interest	14	118
Present value adjustment of notes payable	—	719
Bad debt income	—	(44)
Obligations settled with common stock	1	1
Write-off of disposed assets	1	906
Gain on finance lease adjustment	—	(13)
Loss on changes in fair value of investments	121	20
Changes in operating assets and liabilities:		
Accounts receivable, net	707	(132)
Deferred rents receivable	18	18
Inventory	(3,738)	(3,246)
Other current assets	391	639
Other assets	63	19
Accounts payable	1,334	(1,961)
Accrued expenses and other	1,091	(207)
Income taxes payable	1,838	(2,806)
Net cash provided by (used in) operating activities	3,210	(4,499)
Cash flows from investing activities:		
Purchases of property and equipment	(3,368)	(3,052)
Business acquisitions, net of cash acquired	—	(2,995)
Advances toward future business acquisitions	(485)	(300)
Purchases of investments	(86)	—
Purchases of cannabis licenses	(265)	(601)
Proceeds from notes receivable	13	43

MariMed Inc.
Condensed Consolidated Statements of Cash Flows (continued)
(in thousands)
(unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Due from related party	(75)	(20)
Net cash used in investing activities	(4,266)	(6,925)
Cash flows from financing activities:		
Proceeds from term loan	—	29,100
Proceeds from Construction to Permanent Commercial Real Estate Mortgage Loan	1,047	—
Proceeds from mortgages	1,163	—
Principal payments of mortgages	(65)	(203)
Principal payments of promissory notes	(135)	(9)
Repayment and retirement of promissory notes	—	(5,503)
Principal payments of finance leases	(320)	(69)
Distributions	(45)	(34)
Net cash provided by financing activities	1,645	23,282
Net increase in cash and cash equivalents	589	11,858
Cash and equivalents, beginning of year	14,645	9,737
Cash and cash equivalents, end of period	$ 15,234	$ 21,595
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,685	$ 1,100
Cash paid for income taxes	$ 127	$ 5,296
Non-cash activities:		
Common stock issued as purchase consideration	$ —	$ 2,994
Present value of promissory note issued as purchase consideration	$ —	$ 4,569
Warrants to purchase common stock issued with debt	$ —	$ 5,454
Notes payable issued to purchase motor vehicles	$ —	$ 49
Entry into new operating leases	$ —	$ 5,366
Entry into new finance leases	$ 513	$ 224
Issuance of common stock associated with subscriptions	$ —	$ 39

See accompanying notes to the unaudited condensed consolidated financial statements.

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

(1) BASIS OF PRESENTATION

Business

MariMed Inc. (“MariMed” or the “Company”) is a multi-state operator in the United States cannabis industry. MariMed develops, operates, manages and optimizes state-of-the-art, regulatory-compliant facilities for the cultivation, production, and dispensing of medical and adult-use cannabis. MariMed also licenses its proprietary brands of cannabis along with other top brands in domestic markets.

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

On March 9, 2023 (the "Ermont Acquisition Date"), the Company acquired the operating assets of Ermont, Inc. ("Ermont"), a medical-licensed vertical cannabis operator located in Quincy, Massachusetts (the "Ermont Acquisition"). The financial results of Ermont are included in the Company's condensed consolidated financial statements since the Ermont Acquisition Date.

Interim results are not necessarily indicative of results for the full fiscal year or any future interim period. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (the “Annual Report”), which was filed with the U.S. Securities and Exchange Commission (“SEC”) on March 7, 2024.

Certain reclassifications, not affecting previously reported net income or cash flows, have been made to the previously issued financial statements to conform to the current period presentation.

Significant Accounting Policies

The Company’s significant accounting policies are disclosed in Note 2 to the Consolidated Financial Statements in the Annual Report. There were no material changes to the Company's significant accounting policies during the three-month period ended March 31, 2024.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of MariMed and its wholly- and majority-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

Noncontrolling interests represent third-party minority ownership interests in the Company’s majority-owned consolidated subsidiaries. Net income attributable to noncontrolling interests is reported in the condensed consolidated statements of operations, and the value of minority-owned interests is presented as a component of equity within the condensed consolidated balance sheets.

Use of Estimates and Judgments

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and judgments relied upon in preparing these condensed consolidated financial statements include accounting for business combinations and asset purchases, inventory valuations, assumptions used to determine the fair value of stock-based compensation, and intangible assets and goodwill. Actual results could differ from those estimates.

Cash and 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 both March 31, 2024 and December 31, 2023, the Company had $0.1 million of cash held in escrow.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments approximate their fair values and include cash equivalents, accounts receivable, deferred rents receivable, notes receivable, term loans, mortgages and notes payable, and accounts payable.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The three-tier fair value hierarchy is based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

- *Level 1*. Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- *Level 2*. Level 2 applies to assets or liabilities for which there are inputs that are directly or indirectly observable in the marketplace, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets).
- *Level 3*. Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, Accounting Standards Updates ("ASUs") and does not believe that the future adoption of any such ASUs will have a material impact on its financial condition or results of operations.

(2) BUSINESS COMBINATIONS AND ASSET PURCHASES

Business Combinations

Ermont

On March 9, 2023, following approval by the Massachusetts Cannabis Control Commission (the "CCC"), the Company acquired the operating assets of Ermont, a medical-licensed vertical cannabis operator located in Quincy, Massachusetts. The Ermont Acquisition provided the Company with its third dispensary in Massachusetts, substantially completing its build-out to the maximum allowable by state regulations.

As consideration for the Ermont Acquisition, which totaled $13.0 million, the Company paid $3.0 million of cash, issued 6,580,390 shares of the Company's common stock, and issued a $7.0 million promissory note (the "Ermont Note" and collectively, the "Ermont Consideration"). The Ermont Note has a six-year term and bears interest at 6.0% per annum, with payments of interest-only for two years and thereafter, quarterly payments of principal and interest in arrears. The outstanding balance on the Ermont Note is subject to prepayment in the event the Company raises $75.0 million of equity capital. The Company recorded the Ermont Note at the present value as of the Ermont Acquisition Date of $4.6 million. The difference between the present value and face value of the Ermont Note is being amortized to interest expense through the term of such note.

The Company rebranded the dispensary as *Panacea Wellness Dispensary* and commenced medical sales immediately after the Ermont Acquisition Date. The Ermont Acquisition also includes a Host Community Agreement with the city of Quincy to conduct adult-use cannabis sales. The Company expects to commence adult-use sales upon approval by the CCC. The Company also plans to expand the existing medical dispensary to accommodate expected increased traffic associated with adult-use sales and to repurpose Ermont's existing cultivation facility for its pheno-hunting activities. The Company has moved its pheno-hunting out of the New Bedford facility to use the freed space to cultivate its *Nature's Heritage* flower.

The Company's condensed consolidated statement of operations for the three months ended March 31, 2023 included approximately $230,000 of revenue and $42,000 of net loss attributable to Ermont.

The Ermont Acquisition has been accounted for as a business combination. The Company did not assume any of Ermont's liabilities. The Company recorded adjustments to the amounts allocated to certain identifiable intangible assets and goodwill to reflect more precise forecasts of future revenue streams. These adjustments resulted in an increase to the tradename and trademarks intangible asset of $0.1 million, a decrease to the customer base intangible asset of $3.9 million and an increase to goodwill of $3.8 million.

A summary of the final allocation of the Ermont Consideration to the acquired and identifiable intangible assets is as follows (in thousands):

Fair value of consideration transferred:		
Cash consideration:		
Cash paid	$	3,000
Less cash acquired		(13)
Net cash consideration		2,987
Common stock		2,994
Promissory note		4,569
Total fair value of consideration	$	10,550

Fair value of assets acquired and (liabilities assumed):		
Property and equipment	$	800
Intangible assets:		
Tradename and trademarks		1,118
Customer base		768
License		131
Goodwill		7,733
Fair value of net assets acquired	$	10,550

The Company is amortizing the identifiable intangible assets arising from the Ermont Acquisition in relation to the expected cash flows from the individual intangible assets over their respective useful lives, which have a weighted average life of 12.19 years (see Note 8). Goodwill results from assets not separately identifiable as part of the transaction and is not deductible for tax purposes.

Valuation of Acquired Intangible Assets

The valuation of acquired intangible assets is inherently subjective and relies on significant unobservable inputs. The Company uses an income approach to value acquired tradename/trademarks, licenses/customer base, and non-compete intangible assets. The valuation for each of these intangible assets is based on estimated projections of expected cash flows to be generated by the assets discounted to the present value at discount rates commensurate with perceived risk. The valuation assumptions take into consideration the Company’s estimates of new markets, products and customers and its outcome through key assumptions driving asset values, including sales growth, royalty rates and other related costs.

Pending Transactions at March 31, 2024

Allgreens Dispensary, LLC ("Allgreens")

On April 9, 2024, the Company completed the acquisition of Allgreens (the "Allgreens Acquisition Date"), as the conditions required for closing had been met (see Note 17).

In August 2022, the Company entered into an agreement to purchase100% of the membership interests in Allgreens Dispensary, LLC (the "Allgreens Agreement"), a conditional adult-use cannabis dispensary license in Illinois for $2.25 million of cash. Completion of the acquisition was dependent upon certain conditions, including resolution of any remaining legal challenges affecting nearly 200 social equity dispensary licenses, and regulatory approval of the acquisition. With the closing conditions met and the acquisition completed, the Company will now have five adult-use dispensaries operating in Illinois. For the interim period until the acquisition was completed, the Company entered into a management agreement with Allgreens, with the management fees calculated as a percentage of Allgreens' revenue. In connection with this agreement, the Company recorded expenses related to Allgreens aggregating approximately $250,000 for the three months ended March 31, 2024 as a component of Investments, net of current portion.

Pursuant to the Allgreens Agreement, as of March 31, 2024, the Company had made payments aggregating $1,375,000 to the Allgreens members, with an additional cash payment of $875,000 made at closing. The Company issued a promissory notes for the final payment of $1.0 million on the Allgreens Acquisition Date (the "Allgreens Notes"). The Allgreens Notes will mature one year from the date the dispensary is permitted to commence operations.

Our Community Wellness & Compassionate Care Center, Inc. ("MedLeaf")

On April 5, 2024, the Company completed the acquisition of MedLeaf (the "MedLeaf Acquisition Date") (see Note 17).

On February 1, 2024 (the "P&S Date"), the Company entered into an agreement to acquire100% of the membership interests of MedLeaf (the "MedLeaf Agreement"), which held a retail dispensary license in Maryland. The MedLeaf dispensary has been closed since July 1, 2023. The Company plans to reopen the dispensary and begin adult-use retail sales within the next few months. The acquisition of MedLeaf provides the Company with a second dispensary in the state of Maryland.

Pursuant to the MedLeaf Agreement, total purchase consideration was $5.25 million, comprised of $2.0 million of cash with adjustments to reflect amounts owed the Company by the sellers of MedLeaf (the "MedLeaf Sellers"), a $2.0 million promissory note, and $1.25 million of shares of the Company's common stock, with such number of shares calculated using the volume weighted average price based on the ten trading day period ending on the P&S Date. The Company made cash payments aggregating $0.5 million through the P&S Date, which funds were deposited into escrow. On the MedLeaf Acquisition Date, the outstanding cash balance was paid and the promissory note and 3.9 million shares of the Company's common stock were issued. The promissory note bears interest at a rate of 8.0% per annum and has a term of 540 days.

Robust Missouri Process and Manufacturing, LLC ("Robust")

In September 2022, the Company entered into an agreement to acquire100% of the membership interests in Robust Missouri Processing and Manufacturing 1, LLC (the "Robust Agreement"), a Missouri wholesale and cultivator, for $0.7 million of cash. Completion of the acquisition is dependent upon obtaining all requisite approvals from the Missouri Department of Health and Senior Services, which is expected to occur in 2024. Pursuant to the Robust Agreement, the Company has made an initial advance payment of $350,000 to the Robust members, with an additional payment of $350,000 to be made at closing.

(3) EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding during the period. For periods in which the Company reports net income, diluted net income per share is determined by using the weighted average number of common and dilutive common equivalent shares outstanding during the period, unless the effect is antidilutive.

The shares used to compute loss per share were as follows (in thousands):

	Three months ended	
	March 31, 2024	March 31, 2023
Weighted average shares outstanding - basic	375,211	342,794
Potential dilutive common shares	—	—
Weighted average shares outstanding - diluted	375,211	342,794

(4) DEFERRED RENTS RECEIVABLE

The Company is the lessor under operating leases which contain escalating rents over time, rent holidays, options to renew, and requirements to pay property taxes, insurance and/or maintenance costs. 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 in Deferred rents receivable in the condensed consolidated balance sheets.

The Company currently leases a cannabis cultivation, processing and dispensary facility that it owns in Delaware to a cannabis-licensed client under a triple net lease that expires in 2035. The Company had previously leased a portion of an owned property in Massachusetts under a lease that expired in February 2023, after which the tenant continued to rent the space on a month-to-month basis through November 2023. The Company does not intend to lease this space again, as it plans to use this space to expand its cultivation footprint.

The Company currently subleases two properties - a cannabis production facility with offices under a sublease that expires in January 2026 and contains an option to negotiate an extension of the sublease term, and a dispensary under a sublease that expires in April 2027. The Company also subleases a portion of a third property that it developed into a cultivation facility under a sublease that expires in March 2030, with an option to extend the term for three additional five-year periods. These properties are all subleased to a cannabis-licensed client in Delaware.

The Company received rental payments aggregating $0.3 million and $0.4 million in the three months ended March 31, 2024 and 2023, respectively. Revenue from these payments was recognized on a straight-line basis and aggregated $0.3 million and $0.4 million in the three months ended March 31, 2024 and 2023, respectively.

Future minimum rental receipts for non-cancellable leases and subleases as of March 31, 2024 were as follows (in thousands):

Year ending December 31,	
Remainder of 2024	$ 900
2025	1,200
2026	1,059
2027	969
2028	931
Thereafter	2,713
	$ 7,772

(5) NOTE RECEIVABLE AND OMNIBUS

Note Receivable

At March 31, 2024 and December 31, 2023, the Company had a note receivable from Healer LLC, an entity that provides cannabis education, dosage programs and products developed by Dr. Dustin Sulak ("Healer"), of approximately $866,000. The note bears interest of 6% per annum and requires quarterly payments of interest through the April 2026 maturity date.

The Company has the right to offset any licensing fees payable by the Company to Healer in the event Healer fails to make any payment when due.

Omnibus Agreement

On July 1, 2023 (the "Omnibus Agreement Date"), the Company entered into an Omnibus Agreement with First State Compassion Center ("FSCC"), the Company's cannabis-licensed client in Delaware: (a) consolidating all amounts owed by FSCC to the Company and its affiliated entities as described below, aggregating $11.0 million (the "Omnibus"); (b) providing for the automatic conversion of all amounts owed by FSCC to the Company, upon the approval of adult cannabis use in Delaware into 100% ownership of FSCC's licenses and business; and (c) extending to FSCC, in the Company's sole discretion, up to an additional $2.0 million of working capital loans. The Omnibus has a term of five years, with an automatic five-year extension if adult cannabis use is not approved in Delaware by the maturity date, bears interest, compounded semiannually and payable annually, at the appropriate rate of interest in effect under Sections 1274(d), 482 and 7872 of the Internal Revenue Code of 1986, as amended, as calculated under Rev. Ruling 86-17, 1986-1 C.B. 377, for the period for which the amount of interest is being determined. The state of Delaware recently approved the adult use of cannabis, with the implementation period expected to extend through approximately November 2024. The Omnibus is included as a component of Other assets in the condensed consolidated balance sheets at March 31, 2024 and December 31, 2023.

(6) INVENTORY

Inventory at March 31, 2024 and December 31, 2023 consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Plants	$ 2,502	$ 3,296
Ingredients and other raw materials	4,742	4,932
Work-in-process	11,766	9,663
Finished goods	10,034	7,415
	$ 29,044	$ 25,306

(7) PROPERTY AND EQUIPMENT, NET

The Company’s property and equipment, net, at March 31, 2024 and December 31, 2023 was comprised of the following (in thousands):

	March 31, 2024	December 31, 2023
Land	$ 4,819	$ 4,819
Buildings and building improvements	54,958	54,737
Tenant improvements	26,122	25,451
Furniture and fixtures	2,191	2,191
Machinery and equipment	17,685	16,394
Construction in progress	1,574	427
	107,349	104,019
Less: accumulated depreciation	(16,584)	(14,916)
Property and equipment, net	$ 90,765	$ 89,103

The Company recorded depreciation expense related to property and equipment of $1.9 million and $1.0 million in the three months ended March 31, 2024 and 2023, respectively,

In the first quarter of 2023, the Company disposed of equipment it had previously purchased in connection with its planned acquisition of The Harvest Foundation LLC ("Harvest") in Nevada as a result of the Company's withdrawal from the agreement to purchase Harvest. The Company recorded a loss on the disposal of assets aggregating $0.9 million, which is included as a component of Other (expense) income, net, in the condensed consolidated statement of operations for the three months ended March 31, 2023.

(8) INTANGIBLE ASSETS AND GOODWILL

The Company's acquired intangible assets at March 31, 2024 and December 31, 2022 consisted of the following (in thousands):

March 31, 2024	Weighted average amortization period (years)	Cost	Accumulated amortization	Net carrying value
Tradename and trademarks	7.38	$ 3,159	$ 1,677	$ 1,482
Licenses and customer base	7.00	14,159	2,824	11,335
Non-compete agreements	2.00	42	40	2
	7.05	$ 17,360	$ 4,541	$ 12,819

December 31, 2023	Weighted average amortization period (years)	Cost	Accumulated amortization	Net carrying value
Tradename and trademarks	7.11	$ 3,104	$ 1,335	$ 1,769
Licenses and customer base	9.15	18,033	2,797	15,236
Non-compete agreements	2.00	42	35	7
	8.84	$ 21,179	$ 4,167	$ 17,012

Estimated future amortization expense for the Company's intangible assets at March 31, 2024 was as follows:

Year ending December 31,	
Remainder of 2024	$ 2,019
2025	2,237
2026	1,730
2027	1,637
2028	1,637
Thereafter	3,559
Total	$ 12,819

The changes in the carrying value of the Company's goodwill in the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	2024	2023
Balance at January 1,	$ 11,993	$ 8,079
Ermont Acquisition	3,819	3,925
Balance at March 31,	$ 15,812	$ 12,004

In connection with the finalization of the purchase price allocation for the Ermont Acquisition, the Company recorded reclassifications between its Tradename and trademarks intangible asset, Licenses and customer base intangible asset, and Goodwill (see Note 2).

(9) DEBT

Term Loan (the "CA Term Loan")

On January 24, 2023, the Company entered into a Loan and Security Agreement, by and among the Company, subsidiaries of the Company from time-to-time party thereto (collectively with the Company, the "CA Borrowers"), lenders from time-to-time party thereto (the "CA Lenders"), and Chicago Atlantic Admin, LLC ("Chicago Atlantic"), as administrative agent for the Lenders (the "CA Credit Agreement"). Proceeds from the CA Credit Agreement were designated to complete the build-out of a new cultivation and processing facility in Illinois, complete the build-out of a new processing kitchen in Missouri, expand existing cultivation and processing facilities in Massachusetts and Maryland, fund certain capital expenditures, and repay in full the notes payable issued in 2022 in connection with the acquisition of Kind Therapeutics USA, which repayment occurred on January 24, 2023. The remaining balance, if any, was expected to be used to fund acquisitions.

The CA Credit Agreement allowed for $35.0 million in principal borrowings at the CA Borrowers' option in the aggregate and further provides the CA Borrowers with the right, subject to customary conditions, to request an additional incremental term loan in the aggregate principal amount of up to $30.0 million, provided that the CA Lenders elected to fund such incremental term loan. $30.0 million of loan principal was funded at the initial closing (the "CA Term Loan"), which amount was reduced by an original issuance discount of $0.9 million (the "CA Original Issuance Discount"). The Company had the option, during the six-month period following the initial closing, to draw down an additional $5.0 million, which it did not elect to do. The loan required scheduled amortization payments of 1.0% of the principal amount outstanding under the CA Credit Agreement per month commencing in May 2023, and the remaining principal balance was due in full on January 24, 2026, subject to extension to January 24, 2028 under certain circumstances.

The CA Credit Agreement provided the CA Borrowers with the right, subject to specified limitations, to incur (a) seller- provided debt in connection with future acquisitions, (b) additional mortgage financing from third-party lenders secured by real estate currently owned and acquired after the closing date, and (c) additional debt in connection with equipment leasing transactions. The obligations under the CA Credit Agreement were secured by substantially all of the assets of the CA Borrowers, excluding specified parcels of real estate and other customary exclusions.

The CA Credit Agreement provided for a floating annual interest rate equal to the prime rate then in effect plus 5.75%, which rate could be increased by 3.00% upon an event of default or 7.50% upon a material event of default as provided in the CA Credit Agreement. At any time, the Company could voluntarily prepay amounts due under the facility in $5.0 million increments, subject to a three-percent prepayment premium and, during the first 20-months of the term, a "make-whole" payment.

The CA Credit Agreement included customary representations and warranties and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency. The CA Credit Agreement also included customary negative covenants limiting the CA Borrowers' ability to incur additional indebtedness and grant liens that were otherwise not permitted, among others. Additionally, the Credit Agreement required the CA Borrowers to meet certain financial tests. The Company was in compliance with the CA Credit Agreement covenants throughout the term of the CA Credit Agreement.

The CA Credit Agreement provided for 30% warrant coverage against amounts funded under the facility, priced at a 20% premium to the trailing 20-day average price on the closing date of each such funding. At the initial closing, upon funding of the initial $30.0 million under the facility, the Company issued to the CA Lenders an aggregate of 19,148,936 warrants to purchase shares of the Company's common stock at $0.47 per share, exercisable for a five-year period following issuance. The Company recorded the warrants at present value of $5.5 million as a component of Additional paid-in capital on the condensed consolidated balance sheet as of January 24, 2023, and discounted the CA Term Loan by $5.5 million (the "CA Warrant Discount"). The CA Warrant Discount was being amortized to interest expense over the term of the Credit Agreement.

The Company incurred $1.8 million of third party costs (i.e., legal fees, referral fees, etc.) in connection with the CA Term Loan, which were recorded as a discount to the CA Term Loan (the "CA Third-Party Costs Discount"), which was being amortized to interest expense over the term of the CA Credit Agreement.

The Company recorded $0.3 million of aggregate interest amortization for the three months ended March 31, 2023 related to the CA Original Issuance Discount, CA Warrant Discount and CA Third-Party Costs Discount.

On November 16, 2023, the Company repaid and retired the CA Term Loan (the "CA Term Loan Payoff") using proceeds from a new $38.7 million loan entered into on the same day (described below). The CA Term Loan Payoff amount totaled $32.7 million, comprised of $28.5 million for the outstanding principal, $3.7 million for the make-whole payment, $0.2 million for accrued unpaid interest and $0.3 million for transaction-related fees. The Company recognized a loss of $10.2 million in connection with the Term Loan Payoff, which it recorded in the fourth quarter of 2023.

Mortgages and Notes Payable

The Company's mortgages and notes payable are reported in the aggregate on the condensed consolidated balance sheets under the captions Mortgages and notes payable, current portion, and Mortgages and notes payable, net of current portion.

The Company's mortgage and notes payable balances at March 31, 2024 and December 31, 2023 were comprised of the following (in thousands):

	March 31, 2024	December 31, 2023
Construction to Permanent Commercial Real Estate Mortgage Loan ("CREM Loan")	$ 53,152	$ 52,083
Bank of New England - Wilmington, DE property	1,186	1,219
DuQuoin State Bank - Anna, IL and Harrisburg, IL properties	712	719
DuQuoin State Bank - Metropolis, IL property	2,460	2,472
Du Quoin State Bank - Mt. Vernon, IL property (grow and production)	2,911	2,923
DuQuoin State Bank - Mt. Vernon, IL property (retail)	1,160	—
Promissory note issued as purchase consideration - Ermont Acquisition	2,678	2,591
Promissory note issued as purchase consideration - Greenhouse Naturals Acquisition	4,098	4,190
Promissory notes issued to purchase motor vehicles	148	178
Total mortgages and notes payable	68,505	66,375
Less: Mortgages and notes payable, current	(1,057)	(723)
Mortgages and notes payable, less current portion	$ 67,448	$ 65,652

Mortgages

CREM Loan

On November 16, 2023, Mari Holdings MD LLC, Hartwell Realty Holdings LLC, Kind Therapeutics USA, LLC, ARL Healthcare Inc., and MariMed Advisors, Inc., each a wholly-owned direct or indirect subsidiary of the Company (collectively, the "CREM Borrowers") entered into a Loan Agreement (the "CREM Loan Agreement"), by and among the CREM Borrowers, and Needham Bank, a Massachusetts co-operative bank (the "CREM Lender") pursuant to which the CREM Lender loaned to the CREM Borrowers an aggregate principal amount of $58.7 million (the "CREM Loan Transaction"). The Company has fully guaranteed the obligations of the CREM Borrowers under the CREM Loan Transaction and pledged to the CREM Lender its equity ownership in each CREM Borrower. The CREM Lender has a first priority security interest in all of the CREM Borrowers' operating assets in Maryland and Massachusetts and first priority mortgages on the CREM Borrowers' properties owned in Maryland and Massachusetts.

The CREM Loan Transaction matures in ten years and has an interest rate for the initial five years of 8.43% per annum. The interest rate will reset after five years to the FHLB Rate (the Classic Advance Rate for Fixed Rate advances for a period of five years for an amount greater than or equal to the loan amount, as such rate is defined and published by the Federal Home Loan Bank of Boston), plus 3.50%. The Company will make interest-only payments for the first twelve months of the term of the loan, with payments thereafter based upon a twenty-year amortization schedule.

The CREM Lender initially released $52.8 million to the CREM Borrowers (the "Initial CREM Distribution"). The remaining proceeds of $5.9 million will be held in escrow to complete the expansion of the Company's Hagerstown, Maryland cultivation facility (the "Hagerstown Facility"). Any unused proceeds will be released to the Company after completion of the Hagerstown Facility expansion. The Company used $46.8 million of the Initial CREM Distribution to fully repay certain of its outstanding debt. These payments were comprised of $32.7 million to pay off the Term Loan, $11.9 million to pay off the mortgage with Bank of New England for the New Bedford, MA and Middleborough, MA properties, and $2.2 million to reduce the outstanding balance of the note issued by the Company in connection with the Ermont Acquisition.

The Company incurred bank closing costs and third party costs (i.e., legal fees, etc.) aggregating $1.5 million in connection with the CREM Loan Transaction, which have been recorded as a discount to the Loan Transaction (the "CREM Closing Costs Discount"), and which are being amortized to interest expense over the term of the CREM Loan Transaction. The Company recorded approximately $18,000 of interest amortization in the three months ended March 31, 2024 related to the CREM Closing Costs Discount.

The CREM Loan Agreement includes customary representations and warranties and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency. The CREM Loan Agreement also includes customary negative covenants limiting the CREM Borrowers' (but not the Company's) ability to incur additional indebtedness and grant liens that are otherwise not permitted, among others. The CREM Loan Agreement also requires the CREM Borrowers to meet certain periodic financial tests.

During the three months ended March 31, 2024, the Company received $1.0 million of the amount previously held back by the CREM Lender and made interest-only payments to the CREM Lender aggregating $1.2 million. The current portion of the outstanding principal balance of the CREM Loan was $0.4 million at March 31, 2024.

Bank of New England (New Bedford, MA and Middleborough, MA)

The Company maintained an amended and restated mortgage secured by the Company's properties in New Bedford, MA and Middleborough MA in the original amount of $13.0 million and bearing interest of 6.5% per annum that would mature in August 2025 (the “Refinanced Mortgage”). On November 16, 2023, the Company used $11.9 million of proceeds from the CREM Loan Transaction to pay the outstanding principal of the Refinanced Mortgage, and such mortgage was retired. The Company recorded a loss of $0.2 million on the early repayment of the Refinanced Mortgage, which it recorded in the fourth quarter of 2023. Concurrent with the repayment of the Refinanced Mortgage, the Company refinanced the properties through the CREM Loan and accordingly, effective November 16, 2023, the mortgage on these properties is held by Needham Bank, which mortgage matures in 2033 and which outstanding amount is included as a component of the CREM Loan outstanding balance.

Bank of New England (Wilmington, DE)

The Company maintains a mortgage with Bank of New England for the 2206 purchase of a building in Wilmington, DE, which was developed into a cannabis seed to ale facility that 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, with the rate adjusting every five years to the then-prime rate plus 1.5% and a floor of 5.25% per annum. The next interest rate adjustment will occur in September 2026. The current portions of the outstanding principal balance under this mortgage at March 31, 2024 and December 31, 2023 were approximately $135,000 and $133,000, respectively.

DuQuoin State Bank (Anna, IL and Harrisburg IL)

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 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 2023 at a rate of 9.75% per annum. The current portions of the outstanding principal balance under this mortgage at March 31, 2024 and December 31, 2023 were approximately $28,000 and $27,000, respectively.

DuQuoin State Bank (Metropolis, IL)

In July 2021, the Company purchased the land and building in which it operates its cannabis dispensary in Metropolis, Illinois. In connection with this purchase, the Company entered into a mortgage agreement with DSB in the amount of $2.7 million that matures in July 2041, and which currently bears interest at a rate of 11.25% per annum, which rate 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 holds the related mortgage obligation, reducing the Company’s ownership interest in Metro to 70.0%. The current portions of the outstanding principal balance of this mortgage at March 31, 2024 and December 31, 2023 were approximately $49,000 and $46,000, respectively.

DuQuoin State Bank (Mt. Vernon, IL)

In July 2022, Mari Holdings Mt Vernon LLC, a wholly owned subsidiary of the Company, entered into a $3.0 million loan agreement and mortgage with DSB secured by property owned in Mt. Vernon, Illinois, which the Company is developing into a grow and production facility. The mortgage has a 20-year term and currently bears interest at the rate of 11.25% per annum, subject to upward adjustment on each annual anniversary date to the Wall Street Journal U.S. Prime Rate (with an interest rate floor of 7.75%). The proceeds of this loan are being utilized for the build-out of the property and other working capital needs. The current portions of the outstanding principal balance of this mortgage were approximately $50,000 and $48,000 at March 31, 2024 and December 31, 2022, respectively.

DuQuoin State Bank (Mt. Vernon, IL)

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, Illinois. Beginning in August 2021, pursuant to an amendment of the South Porte Bank Mortgage, the monthly payments of principal and interest aggregated approximately $6,000, with such payment amounts effective through June 2023, at which time all remaining principal, interest and fees were due. On May 26, 2023, the Company repaid the outstanding balance on this mortgage, which totaled approximately $778,000. In January 2024, the Company refinanced this property and entered into a $1.2 million mortgage with DSB. The mortgage with DSB has a 17-year term and bears interest of 9.50% per annum. The current portion of the outstanding principal balance of this mortgage was approximately $29,000 at March 31, 2024.

Promissory Notes

Promissory Notes Issued as Purchase Consideration

Ermont Acquisition

In connection with the Ermont Acquisition, the Company issued the Ermont Note (see Note 2), totaling $7.0 million. The Ermont Note matures in March 2029, and bears interest at 6.0% per annum, with payments of interest-only for two years, and quarterly payments of principal and interest in arrears thereafter. The outstanding balance on the Ermont Note is subject to prepayment in full in the event the Company raises $75.0 million or more of equity capital. The Company recorded the Ermont Note at a present value of $4.6 million. This amount is net of the $2.4 million recorded as a debt discount, which is being accreted through the term of the Ermont Note to interest expense. As discussed above, on November 26, 2023, the Company used $2.2 million of the proceeds from the CREM Loan Transaction to reduce the outstanding balance of the Ermont Note. The difference between the face value of the Ermont Note and the present value recorded at the time of the Ermont Acquisition is being amortized to interest expense over the term of the Ermont Note. The fair value of the Ermont Note was $2.7 million and $2.6 million at March 31, 2024 and December 31, 2023, respectively. The balances at both dates were recorded as noncurrent, as the first principal payment is not due until two years after the Ermont Acquisition Date.

Greenhouse Naturals Acquisition

In connection with the Greenhouse Naturals Acquisition, the Company issued the Greenhouse Naturals Note (see Note 2) totaling $5.0 million to the Greenhouse Naturals Sellers, payable on a monthly basis as a percentage of the monthly gross sales of the Company's Beverly, Massachusetts dispensary (the "Beverly Dispensary"). The Company recorded $0.7 million as a debt discount, which is being accreted to interest expense through the term of the Greenhouse Naturals Note, which matures in July 2026. In the third quarter of 2023, the Company updated its forecast of revenue attributable to the Beverly Dispensary and, accordingly, adjusted the schedule of estimated future payments on the Greenhouse Naturals Note. The fair value of the Greenhouse Naturals Note was $4.1 million and $4.2 million at March 31, 2024 and December 31, 2023, respectively. The Company estimated that the current portion of the Greenhouse Naturals Note was $0.4 million and $0.3 million at March 31, 2024 and December 31, 2023, respectively.

Kind Acquisition

In connection with the 2022 acquisition of Kind Therapeutics USA ("Kind"), the Company issued four-year promissory notes aggregating $6.5 million with an interest rate of 6.0% per annum to the members of Kind (the "Kind Notes"). In connection with the CA Credit Agreement (described above), on January 24, 2023, the Company repaid the Kind Notes in full, aggregating $5.4 million, including approximately $420,000 of accrued interest. There was no penalty in connection with the early repayment of the Kind Notes.

Promissory Notes Issued to Purchase Commercial Vehicles

The Company had four outstanding promissory notes to purchase commercial motor vehicles at March 31, 2024 andfive such notes outstanding at December 1, 2023. At March 31, 2024, the outstanding notes had an aggregate outstanding balance of approximately $148,000, of which approximately $28,000 was current. At December 31, 2023, the outstanding notes had an aggregate outstanding balance of approximately $178,000, of which approximately $33,000 was current. The weighted average interest rates of the outstanding balances were 11.28% and 11.07% at March 31, 2024 and December 31, 2023, respectively. The weighted average remaining terms of these notes were 4.55 years and 4.61 years at March 31, 2024 and December 31, 2023, respectively.

Future Payments

The future principal amounts due under the Company outstanding mortgages and notes payable at March 31, 2024 were as follows (in thousands):

Year ending December 31,	
Remainder of 2024	$ 593
2025	2,164
2026	2,678
2027	2,980
2028	3,163
Thereafter	65,062
	76,640
Less: discount	(8,135)
	$ 68,505

(10) MEZZANINE EQUITY

Series B Convertible Preferred Stock

The Company had 4,908,333 shares of Series B Convertible Preferred Stock (the "Series B Stock") outstanding at both March 31, 2024 and December 31, 2023, which shares are held by three institutional shareholders. The holders of Series B Stock (the “Series B Holders”) are entitled to cast a number of votes equal to the number of shares of the Company's common stock into which the shares of Series B Stock are convertible, together with the holders of the Company's 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 an amendment or repeal of certain charter provisions, liquidation or winding up of the Company, creation of stock senior to the Series B Stock, and/or other acts defined in the certificate of designation.

The Series B 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 shall first receive, or simultaneously receive, a dividend on each outstanding share of Series B 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 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 the Company's common stock by reason of their ownership thereof, an amount per share of Series B Stock equal to $3.00, plus any dividends declared but unpaid thereon, with any remaining assets distributed pro-rata among the Series B Holders and the holders of the Company's 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 into shares of the Company's common stock.

At any time on or prior to the six-year anniversary of the 2020 issuance date of the Series B Stock, (i) the Series B Holders have the option to convert their shares of Series B Stock into shares of the Company's 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 Stock into shares of the Company's common stock at a conversion price of $3.00 if the daily volume weighted average price of the Company's 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 Stock (February 28, 2026), all outstanding shares of Series B Stock (4,908,333 shares) shall automatically convert into shares of the Company's 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:

- convert all shares of Series B Stock into shares of the Company's common stock at a conversion ratio of 1:1 (4,908,333 shares), subject to adjustment upon the occurrence of certain events, and pay cash to the Series B Holders equal to the difference between the sixty-day VWAP and $3.00 per share; or
- pay cash to the Series B Holders equal to $3.00 per share ($14,725,000).

If the sixty-day VWAP is greater than $0.50 per share, the Company shall have the option to:

- convert all shares of Series B Stock into shares of the Company's common stock at a conversion price per share equal to $3.00 per share divided by the sixty-day VWAP; or
- pay cash to the Series B Holders equal to $3.00 per share ($14,725,000); or
- convert a number of shares of Series B Stock, such number at the Company's sole discretion, into shares of the Company's common stock valued at the sixty-day VWAP (the "Conversion Value") and pay cash to the Series B Holders equal to the difference between $14,725,000 and the Conversion Value (shares issued multiplied by the sixty-day VWAP).

The Company shall at all times when the Series B 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 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 Stock.

Series C Convertible Preferred Stock

The Company's Series C Convertible Preferred Stock (the "Series C Stock") is held by Hadron Healthcare Master Fund (“Hadron”). In 2021, the Company issued to Hadron 6,216,216 shares of Series C Stock and warrants to purchase up to an aggregate of 15,540,540 shares of its common stock in connection with a financing facility between the Company and Hadron. Each share of Series C Stock is convertible, at Hadron’s option, into five shares of the Company's common stock, and each warrant is exercisable at an exercise price of $1.087 per share. The warrants are subject to early termination if certain milestones are achieved and the market value of the Company’s common stock reaches certain predetermined levels.

The Series C Stock is zero coupon, non-voting, and has a liquidation preference equal to its original issuance price plus declared but unpaid dividends. Holders of Series C Stock are entitled to receive dividends on an as-converted basis.

During the year ended December 31, 2023, the Company converted, at Hadron's request in accordance with the terms and conditions of the Series C stock certificate of designation, a total of 5,060,942 shares of Series C stock into 25,304,710 shares of the Company's common stock (the "Conversions), comprised of 784,334 shares of Series C Stock converted into 3,921,670 shares of the Company's common stock in the third quarter of 2023 and 4,276,608 shares of Series C Stock converted into 21,383,040 shares of the Company's common stock in the second quarter of 2023. The Conversions were effected at a conversion rate of five shares of the Company's common stock for each share of Series C common stock converted. The Company did not recognize a gain or loss on the Conversions as they were effected in accordance with the Series C Stock certificate of designation. At both March 31, 2024 and December 31, 2023, 1,155,274 shares of Series C Stock remained outstanding.

(11) STOCKHOLDERS’ EQUITY AND STOCK-BASED COMPENSATION

Amended and Restated 2018 Stock Award and Incentive Plan

The Company’s Amended and Restated 2018 Stock Award and Incentive Plan (the “Plan”) provides for the award of options to purchase the Company’s common stock (“stock options”), restricted stock units ("RSUs"), stock appreciation rights (“SARs”), restricted stock, deferred stock, dividend equivalents, performance shares or other stock-based performance awards and other stock- or cash-based awards. Awards can be granted under the Plan to the Company’s employees, officers and non-employee directors, as well as consultants and advisors of the Company and its subsidiaries.

On June 8, 2023, the Company's Board of Directors approved an amendment to the Plan (the "2018 Plan") to modify the one-year minimum vesting requirements.

Stock Options

A summary of the Company's stock option activity during the three months ended March 31, 2024 is below:

	Shares	Weighted average exercise price
Outstanding at January 1, 2024	35,599,421	$ 0.78
Granted	—	$ —
Exercised	—	$ —
Forfeited	(3,750)	$ 0.44
Expired	(63,750)	$ 0.79
Outstanding at March 31, 2024	35,531,921	$ 0.78

Stock options granted under the 2018 Plan generally expire five years from the date of grant. At March 31, 2024, the stock options outstanding had a weighted average remaining life of approximately two years.

The Company did not grant any stock options in the three months March 31, 2024.

Restricted Stock Units

Holders of unvested restricted stock units ("RSUs") do not have voting or dividend rights. The grant date fair value of RSUs is recognized as expense on a straight-line basis over the requisite service periods. The fair value of RSUs is determined based on the market value of the shares of the Company's common stock on the date of grant.

The activity related to the Company's RSUs for the three months ended March 31, 2024 was as follows:

	RSUs	Weighted average grant date fair value
Unvested at January 1, 2024	5,825,538	$ 0.42
Granted	275,051	$ 0.35
Vested	(335,300)	$ 0.46
Forfeited	(110,900)	$ 0.40
Outstanding at March 31, 2024	5,654,389	$ 0.42

Warrants

At March 31, 2024, warrants to purchase up to 42,089,476 shares of the Company's common stock were outstanding, with a weighted average exercise price of $0.68.

Other Common Stock Issuances

In addition to the activity related to stock options and RSUs, described above, during the three months ended March 31, 2024, the Company also issued 3,614 shares of restricted common stock with an aggregate fair value of approximately $1,100, under a royalty agreement.

Stock-Based Compensation

The Company recorded stock-based compensation of $0.2 million in each of the three months ended March 31, 2024 and 2023.

(12) REVENUE

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

- Product sales (retail and wholesale) – direct sales of cannabis and cannabis-infused products by the Company’s retail dispensaries and wholesale operations. This revenue is recognized when products are delivered or at retail points-of-sale.
- Real estate rental income – rental income 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. Prior to the third quarter of 2022, the Company charged additional rental fees based on a percentage of tenant revenues that exceeded specific amounts; these incremental rental fees were eliminated in connection with new contract terms with the Company's client.
- Supply procurement – resale of cultivation and production resources, supplies and equipment that the Company has acquired from top national vendors at discounted prices to its client and third parties within the cannabis industry. The Company recognizes this revenue after the delivery and acceptance of goods by a purchaser.
- Management fees – fees for providing the Company’s cannabis clients with comprehensive oversight of their cannabis cultivation, production and dispensary operations. Prior to the third quarter of 2022, these fees were based on a percentage of such client's revenue and were recognized after services were performed; these fees were eliminated in connection with new contract terms with the Company's client.
- Licensing fees – revenue from the licensing of the Company's branded products, including *Betty's Eddies*, *Bubby's Baked*, *Vibations* and *Kalm Fusion*, to wholesalers and to regulated dispensaries throughout the United States and Puerto Rico. The Company recognizes this revenue when the products are delivered.

The Financial Accounting Standards Board Accounting Standards Codification 606, *Revenue from Contract with Customers,* as amended by subsequently issued Accounting Standards Updates, 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 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.

Revenue for the three months ended March 31, 2024 and 2023 was comprised of the following (in thousands):

	Three months ended	
	March 31, 2024	March 31, 2023
Product revenue:		
Product revenue - retail	$ 22,346	$ 23,183
Product revenue - wholesale	14,505	10,376
Total product revenue	36,851	33,559
Other revenue:		
Real estate rentals	374	420
Supply procurement	228	308
Management fees	437	19
Licensing fees	43	74
Total other revenue	1,082	821
Total revenue	$ 37,933	$ 34,380

(13) MAJOR CUSTOMERS

The Company did not have any customers that contributed 10% or more of total revenue in either of the three-month periods ended March 31, 2024 or 2023.

The Company did not have any customers that accounted for 10% or more of the Company’s accounts receivable balance at either March 31, 2024 or December 31, 2023. The Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains an allowance for doubtful accounts and historical losses have been within management’s expectations.

(14) LEASES

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.

The Company was the lessee under eight operating leases and twenty-six finance leases at March 31, 2024. These leases contain rent holidays and customary escalations of lease payments for the type of facilities being leased. The Company's operating leases include its corporate headquarters, dispensaries and cannabis production and processing facilities. The Company subleases three of these leased facilities to a cannabis-licensed client. 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 Company leases machinery and office equipment under finance leases that expire from January 2026 through April 2030, with such terms being a major part of the economic useful life of the leased property.

The components of lease expense for the three months ended March 31, 2024 and 2023 were as follows (in thousands):

	Three months ended	
	March 31, 2024	March 31, 2023
Operating lease expense	$ 517	$ 299
Finance lease expenses:		
Amortization of right of use assets	$ 196	$ 54
Interest on lease liabilities	$ 82	$ 15
Total finance lease expense	$ 278	$ 69

The weighted average remaining lease terms and weighted average discount rates for the Company's operating leases and finance leases at March 31, 2024 and December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
Weighted average remaining lease term (years):		
Operating leases	9.69	9.83
Finance leases	3.56	3.29
Weighted average discount rate:		
Operating leases	11.0 %	11.0 %
Finance leases	9.8 %	11.0 %

Future minimum lease payments as of March 31, 2024 under all non-cancelable leases having an initial or remaining term of more than one year were (in thousands):

	Operating leases	Finance leases
Remainder of 2024	$ 1,462	$ 977
2025	1,988	1,304
2026	1,915	1,022
2027	1,813	453
2028	1,757	199
Thereafter	2,230	431
Total lease payments	11,165	4,386
Less: imputed interest	(992)	(793)
	$ 10,173	$ 3,593

(15) RELATED PARTY TRANSACTIONS

The Company’s corporate offices are leased from an entity in which the Company’s President and Chief Executive Officer (the "CEO") has an investment interest. This lease expires in October 2028 and contains a five-year extension option. Expenses incurred under this lease were approximately $41,000 and $39,000 for the three months ended March 31, 2024 and 2023, respectively.

The Company procures nutrients, lab equipment, cultivation supplies, furniture, and tools from an entity owned by the family of the Company’s Chief Operating Officer (the “COO”). Purchases from this entity totaled $1.1 million and $1.0 million in the three months ended March 31, 2024 and 2023, respectively.

The Company pays royalties on the revenue generated from its Betty’s Eddies product line to an entity owned by the COO and its Chief Revenue Officer (the “CRO") under a royalty agreement. Under this agreement, the royalty percentage on all sales of Betty’s Eddies products is 3.0% if sold directly by the Company and between 1.35% and 2.5% if licensed by the Company for sale by third parties. Future developed products (i.e., ice cream) have a royalty rate of 0.5% if sold directly by the Company and between 0.125% and 0.135% if licensed by the Company for sale by third parties. The aggregate royalties due to this entity were approximately $118,000 and $77,000 for the three months ended March 31, 2024 and 2023, respectively.

During the three months ended March 31, 2024 and 2023, one of the Company's majority-owned subsidiaries paid distributions of approximately $1,200 and $1,300, respectively, to the CEO, who owns a minority equity interest in such subsidiary.

Prior to December 31, 2023, FSCC, the cannabis-licensed client in Delaware that the Company manages, paid fees to BKR Management Inc., a company partially owned by the CEO, related to the initial formation, licensing and establishment of FSCC's cannabis operations. The aggregate fees paid by FSCC were $48,000 for the three months ended March 31, 2023. Payment of these fees terminated effective as of December 31, 2023.

At March 31, 2024, the Company's mortgages with Bank of New England and DuQuoin State Bank were personally guaranteed by the CEO. Additionally, the CEO provided a limited guaranty to the Lenders under the Company's Credit Agreement with Chicago Atlantic through its repayment in November 2023. The CEO had also guaranteed the South Porte Bank Mortgage prior to its repayment in May 2023.

(16) COMMITMENTS AND CONTINGENCIES

Bankruptcy Claim

During 2019, the Company's subsidiary, MariMed Hemp, Inc. ("MMH") 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 million from the sale, which was fully reserved at December 31, 2019.

On January 24, 2020, an involuntary bankruptcy proceeding under Chapter 11 was filed against GenCanna and its wholly-owned subsidiary, OGGUSA Inc. (f/k/a GenCanna Global US, Inc.) ("OGGUSA" and together with GenCanna, the "OGGUSA Debtors") in the U.S. Bankruptcy Court in the Eastern District of Kentucky (the "Bankruptcy Court"). In February 2020, the OGGUSA Debtors agreed to convert the involuntary bankruptcy proceeding into a voluntary Chapter 11 proceeding. The OGGUSA Debtors' subsidiary, Hemp Kentucky LLC, also 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 OGGUSA Debtors, which included the Company, entered an order authorizing the sale of all or substantially all of the assets of the OGGUSA Debtors to MGG Investment Group LP ("MGG"), a creditor of the OGGUSA Debtors. After the consummation of the sale of all or substantially all of their assets and business, 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 OGGUSA Debtors, and make payments to creditors. The Liquidating Plan was confirmed by the Bankruptcy Court on November 12, 2020.

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 April 2022, the Plan Administrator filed a Complaint against MMH (the "Complaint") alleging certain preferential transfers of assets, which were valued by the Plan Administrator at $250,000, relating to payments on a $600,000 loan made to MMH by the Company prior to the filing of the OGGUSA Debtors Chapter 11 proceeding (the "Preferential Claim"). The Complaint sought to recover an amount no less than $200,000 and to disallow MMH's unsecured general claim in the bankruptcy proceeding until such time as such preferential transfer had been repaid to the OGGUSA Debtors.

In July 2023, MMH entered into a Settlement and Release Agreement with the Plan Administrator pursuant to which it agreed to reduce its Bankruptcy Court approved unsecured general claim to $15.5 million, or by 50%, in consideration for the settlement of the Preferential Claim and a general release of MMH and the Company.

As of the date of this filing, there is insufficient information to determine how much MMH may receive upon the completion of the liquidation of the remaining assets of the OGGUSA Debtors on account of its general unsecured claim, if anything.

New Bedford, MA and Middleborough, MA Buildouts

In the third quarter of 2023, the Company recorded an increase of $2.0 million in building and building improvements and a corresponding accrued liability in the same amount for electrical work performed at the Company's New Bedford and Middleborough properties between December 2017 and June 2023. The electrical work was performed by an electrical contractor that is owned and/or controlled by the family of a non-officer/director Company stockholder who beneficially owned more than 5% of the Company's common stock when the electrical work began. The electrical work was primarily paid for by an entity that is indirectly controlled by that individual and another non-officer/director Company stockholder who also beneficially owned more than 5% of the Company's common stock when the electrical work began. The Company repaid the two shareholders $300,000 each as salary between 2021 and 2023 (at the rate of $100,000 each per year), which payments have since been terminated. The Company is engaged in discussions to reach agreement with the entity that paid for the electrical work and all other interested parties to address this liability and related payment terms.

(17) SUBSEQUENT EVENTS

Acquisitions

MedLeaf

On April 5, 2024, the Company completed the acquisition of the operating assets of MedLeaf in Prince George's County, Maryland. Consideration for this acquisition was comprised of $2.0 million of cash with adjustments to reflect amounts owed the Company, a $2.0 million promissory note, and 3.9 million shares of the Company's common stock. Immediately prior to closing, the Company paid the state's adult-use conversion fee and subsequently received an adult-use license to sell retail cannabis products from the Maryland Cannabis Administration. The acquired dispensary has been closed since July 1, 2023. The Company expects to reopen the dispensary and begin adult-use retail sales by the end of the second quarter of 2024 upon regulatory approvals. See Note 2.

Allgreens

On April 9, 2024, the Company completed the acquisition of Allgreens, a dispensary in Casey, Illinois. Consideration for this acquisition was comprised of $2.25 million of cash and a $1.0 million promissory note. The approval of the license transfer by the Illinois Department of Financial & Professional Regulation, and subsequent to the closing of the acquisition, allows the Company to fully consolidate the financial results of the Company's Thrive-branded dispensary in Casey, Illinois, which had previously been operated by the Company under a managed services agreement. See Note 2.

Equity Transactions

Subsequent to March 31, 2024, the following equity transaction occurred:

- On April 5, 2024, the Company issued 3,917,267 shares as part of the purchase consideration for the acquisition of MedLeaf (described above), with a grant date fair value of approximately $1 million.
- The Company issued 261,311 common shares in the aggregate underlying RSUs that vested on various dates.

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

The following discussion of the financial condition and results of operations of MariMed Inc. should be read in conjunction with the condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the U.S. Securities and Exchange Commission ("SEC") on March 7, 2024.

Forward Looking Statements

When used in this Quarterly Report on Form 10-Q and in future filings by the Company with the SEC, 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 U.S. federal cannabis-related laws.

The following discussion should be read in conjunction with the financial statements and related notes which are included in this Quarterly Report on Form 10-Q.

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

Overview

We are a multi-state operator in the United States cannabis industry. We develop, operate, manage and optimize state-of-the-art, regulatory-compliant facilities for the cultivation, production and dispensing of medicinal and adult-use cannabis. We also license our proprietary brands of cannabis products, along with other top brands, in several domestic markets.

On March 9, 2023 (the "Ermont Acquisition Date"), we acquired the operating assets of Ermont, Inc. ("Ermont"), a medical-licensed vertical cannabis operator located in Quincy, Massachusetts (the "Ermont Acquisition"). The financial results of Ermont are included in our condensed consolidated financial statements for the period subsequent to the Ermont Acquisition Date.

During 2024, we are continuing to focus on executing our strategic growth plan, with priority on activities that include the following:

- Completing the acquisition and consolidation of the client cannabis businesses we developed, managed and advised prior to becoming a seed to sale multi-state operator. There is one remaining business that we continue to manage and intend to acquire - Delaware operator First State Compassion Center ("FSCC"). Delaware's current cannabis regulations prevent such an acquisition.
- Increasing revenue organically in states where we currently do business by developing additional assets and increasing our product distribution within those states.

- Expanding our footprint into high-growth legal cannabis states through new license applications and/or acquisitions of existing cannabis businesses.
- Increasing product brand revenue by introducing new, innovative products that consumers want, expanding our award-winning brands to include new effects or to fill additional need-state opportunities, and by identifying qualified licensing partners that will expand our distribution into new markets.

In November 2023, we announced the closing of a $58.7 million secured credit facility with a United States chartered bank at a lower rate relative to both our previous outstanding debt with Chicago Atlantic Admin, LLC (“Chicago Atlantic”) and recent transactions announced by other cannabis companies. This debt refinancing enabled us to pay off our term loan with Chicago Atlantic, pay off the mortgage on our New Bedford and Middleborough, Massachusetts facilities with Bank of New England, and reduce the principal outstanding on the note we issued to the sellers in connection with our acquisition of the operating assets of Ermont, Inc. Our new credit facility has allowed us to unencumber our operating assets in Illinois, Ohio, and Delaware, as well as our branded products, providing additional levers for future loans at attractive rates if we choose to increase our borrowings. Additionally, the credit facility bolsters our ability to continue to execute our strategic plan, particularly as it relates to growing the Company through mergers and acquisitions.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience, knowledge of current conditions and beliefs of what could occur in the future given available information. If actual results differ significantly from management’s estimates and projections, there could be a material effect on our condensed consolidated financial statements. We consider the following accounting policies to be both those most important to the portrayal of our financial condition and those that require the most subjective judgment: accounts receivable; valuation of inventory; estimated useful lives and depreciation and amortization of property and equipment and intangible assets; accounting for acquisitions and business combinations; loss contingencies and reserves; stock-based compensation; and accounting for income taxes.

Accounts Receivable

We provide credit to our clients in the form of payment terms. We limit our credit risk by performing credit evaluations of our clients and maintaining a reserve, as applicable, for potential credit losses. Such evaluations are judgmental in nature and include a review of each client’s outstanding balances with consideration toward such client’s historical collection experience, as well as prevailing economic and market conditions and other factors. Accordingly, the actual amounts collected could differ from expected amounts and require that we record additional reserves.

Inventory

Our inventory is valued at the lower of cost or market, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price, what we expect to realize by selling the inventory and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts, and net realizable value. These estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of any changes in inventory reserves is reflected in cost of goods sold.

Estimated Useful Lives and Depreciation and Amortization of Property, Equipment, and Intangible Assets

Depreciation and amortization of property, equipment, and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business Combinations and Asset Purchases

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on how we record the transaction.

We allocate the purchase price of acquired assets and companies to identifiable assets acquired and liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net amount of the acquisition date fair values of the assets acquired and the liabilities assumed and represents the expected future economic benefits from other assets acquired in the acquisition or business combination that are not individually identified and separately recognized. Significant judgments and assumptions are required in determining the fair value of assets acquired and liabilities assumed, particularly acquired intangible assets, which are principally based upon estimates of the future performance and cash flows expected from the acquired asset or business and applied discount rates. While we use our best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates and assumptions are inherently uncertain and subject to refinement. If different assumptions are used, it could materially impact the purchase price allocation and our financial position and results of operations. Any adjustments to assets acquired or liabilities assumed subsequent to the purchase price allocation period are included in operating results in the period in which the adjustments are determined. Intangible assets typically are comprised of trademarks and trade names, licenses and customer relationships, and non-compete agreements.

Loss Contingencies and Reserves

We are subject to ongoing business risks arising in the ordinary course of business that affect the estimation process of the carrying value of assets, the recording of liabilities, and the possibility of various loss contingencies. An estimated loss contingency is accrued when it is probable that a liability has been incurred or an asset has been impaired and the amount of loss can be reasonably estimated. We regularly evaluate current information available to determine whether such amounts should be adjusted and record changes in estimates in the period they become known. We are subject to legal claims from time to time. We reserve for legal contingencies and legal fees when the amounts are probable and estimable.

Stock-Based Compensation

Our stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized over the requisite service period, which is generally the vesting period. We use the Black-Scholes valuation model for estimating the fair value of stock options as of the date of grant. Determining the fair value of stock option awards at the grant date requires judgment regarding certain valuation assumptions, including the volatility of our stock price, expected term of the stock option, risk-free interest rate and expected dividends. Changes in such assumptions and estimates could result in different fair values and could therefore impact our earnings. Such changes, however, would not impact our cash flows.

Income Taxes

We use the asset and liability method to account for 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 our management concludes that it is more likely than not that the assets will not be realized. To assess the recoverability of any tax assets recorded on the balance sheet, we consider all available positive and negative evidence, including our past operating results, the existence of cumulative income in the most recent years, changes in the business in which we operate and our forecast of future taxable income. In determining future taxable income, we make assumptions, including the amount of state and federal pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage our businesses.

Results of Operations

Three months ended March 31, 2024 and 2023

Revenue

Our main sources of revenue are comprised of the following:

- Product sales (retail and wholesale) - direct sales of cannabis and cannabis-infused products primarily by our retail dispensaries and wholesale operations in multiple states. We recognize this revenue when products are delivered or at retail points-of-sale.
- Real estate rentals - rental income generated from leasing of our state-of-the-art, regulatory-compliant cannabis facilities to our cannabis-licensed clients. Rental income is generally a fixed amount per month that escalates over the respective lease terms.
- Supply procurement - resale of cultivation and production resources, supplies and equipment that we have acquired from top national vendors at discounted prices to our clients and third parties within the cannabis industry. We recognize this revenue after the delivery and acceptance of goods by the purchaser.
- Management fees - fees for providing our cannabis clients with comprehensive oversight of their cannabis cultivation, production and dispensary operations.
- Licensing fees - revenue from the licensing of our branded products, including *Betty's Eddies*, *Bubby's Baked*, *Vibations* and *Kalm Fusion*, to wholesalers and regulated dispensaries throughout the United States and Puerto Rico. We recognize this revenue when the products are delivered.

Our revenue for the three months ended March 31, 2024 and 2023 was comprised of the following (in thousands):

	Three months ended March 31, 2024		Increase (decrease) from prior year	
	2024	2023	$	%
Product revenue:				
Product sales - retail	$ 22,346	$ 23,183	$ (837)	(3.6)%
Product sales - wholesale	14,505	10,376	4,129	39.8 %
Total product revenue	36,851	33,559	3,292	9.8 %
Other revenue:				
Real estate rentals	374	420	(46)	(11.0)%
Supply procurement	228	308	(80)	(26.0)%
Management fees	437	19	418	2200.0 %
Licensing fees	43	74	(31)	(41.9)%
Total other revenue	1,082	821	261	31.8 %
Total revenue	$ 37,933	$ 34,380	$ 3,553	10.3 %

Our total revenue increased $3.6 million in the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Our total product revenue increased $3.3 million, or 9.8%, in the three months ended March 31, 2024 compared to the same prior year period. This increase was primarily attributable to higher wholesale revenue in all of our wholesale locations, particularly in Maryland, which accounted for approximately 70% of this increase. Net lower retail revenue, particularly in Illinois, partially offset the increase in wholesale revenue. Our retail operations in Massachusetts, Maryland and Ohio all reported higher retail revenue in the three months ended March 31, 2024 compared to the same prior year period. The increase in other revenue in the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily attributable to management fees from Allgreens.

Cost of Revenue, Gross Profit and Gross Margin

Our cost of revenue represents the direct costs associated with the generation of our revenue, including licensing, packaging, supply procurement, manufacturing, supplies, depreciation, amortization of acquired intangible assets, and other product-related costs.

Our cost of revenue, gross profit and gross margin for the three months ended March 31, 2024 and 2023 were as follows (in thousands, except percentages):

	Three months ended March 31,		Increase from prior year	
	2024	2023	$	%
Cost of revenue	$ 21,461	$ 18,992	$ 2,469	13.0 %
Gross profit	$ 16,472	$ 15,388	$ 1,084	7.0 %
Gross margin	43.4 %	44.8 %		

Our cost of revenue increased in the three months ended March 31, 2024 compared to the three months ended March 31, 2023. This increase was primarily attributable to increases in materials and employee-related expenses aggregating $4.8 million. Our higher personnel costs were primarily due to our increased headcount in connection with our recent acquisitions and expanded footprint. These increases were partially offset primarily by decreases in certain inventory-related and supply procurement expenses.

Operating Expenses

Our operating expenses are comprised of personnel, marketing and promotion, general and administrative, acquisition-related and other, and bad debt expenses. Our operating expenses for the three months ended March 31, 2024 and 2023 were as follows (in thousands, except percentages):

	Three months ended March 31,		Increase (decrease) from prior year	
	2024	2023	$	%
Personnel	$ 6,465	$ 4,656	$ 1,809	38.9 %
Marketing and promotion	1,762	1,146	616	53.8 %
General and administrative	6,140	4,305	1,835	42.6 %
Acquisition-related and other	84	190	(106)	(55.8) %
Bad debt	—	(44)	44	(100.0 %)
	$ 14,451	$ 10,253	$ 4,198	40.9 %

The increase in our personnel expenses in the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily due to the hiring of additional staff to support higher levels of projected revenue from existing operations and our recent acquisitions. Personnel costs increased to approximately 17% of revenue in the three months ended March 31, 2024 compared to approximately 14% of revenue in the three months ended March 31, 2023.

The increase in our marketing and promotion expenses in the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily attributable to our continued focus on upgrading our marketing initiatives in order to expand branding and distribution of our licensed products.

The increase in our general and administrative expenses in the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily attributable to higher facility-related expense, depreciation and amortization of fixed assets, and employee travel and related expenses.

Acquisition-related and other expenses include those expenses related to acquisitions and other significant transactions that we would otherwise not have incurred, and include professional and services fees, such as legal, audit, consulting, paying agent and other fees. Our acquisition-related and other expense in the three months ended March 31, 2024, primarily related to the acquisitions of MedLeaf and Allgreens, which were both consummated in April 2024. Our acquisition-related and other expense in the three months ended March 31, 2023 primarily related to our acquisitions and professional fees incurred to obtain the CA Credit Agreement (as described below).

Interest

Interest expense primarily relates to interest on mortgages and notes payable as well as the CREM Loan (as described below) in 2024 and the CA Term Loan (as described below) in 2023. Interest income primarily relates to our notes receivable.

Our net interest expense decreased $0.8 million in the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to lower non-cash interest expense in the current year quarter. Non-cash interest expense in the three months ended March 31, 2023 primarily related to the CA Term Loan.

We reported net other expense of approximately $20,000 and $0.9 million in the three months ended March 31, 2024 and 2023, respectively. The expense in the three months ended March 31, 2024 related to the change in the fair value of our investments. The expense in the three months ended March 31, 2023 was primarily due to the write-off of assets in connection with our decision to cancel our plans to expand into Nevada.

Income Tax Provision

We recorded income tax provisions of $1.7 million and $2.5 million in the three months ended March 31, 2024 and 2023, respectively. Our income tax provisions are impacted by Section 280E of the Internal Revenue Code, which prohibits the deduction of certain ordinary business expenses.

Liquidity and Capital Resources

We had cash and cash equivalents of $15.2 million and $14.6 million at March 31, 2024 and December 31, 2023, respectively. In addition to the discussions below of our cash flows from operating, investing, and financing activities, please also see our discussion of non-GAAP Adjusted EBITDA in the section “Non-GAAP Measurement” below, which discusses an additional financial measure not defined by GAAP which our management also uses to measure our liquidity.

CA Credit Agreement

On January 24, 2023, we entered into a Loan and Security Agreement, by and among the Company, subsidiaries of the Company from time-to-time party thereto (collectively with the Company, the “CA Borrowers”), lenders from time-to-time party thereto (the “CA Lenders”), and Chicago Atlantic Admin, LLC (“Chicago Atlantic”), as administrative agent for the Lenders (the "CA Credit Agreement").

Proceeds from the CA Credit Agreement were designated to complete the build-out of a new cultivation and processing facility in Illinois, complete the build-out of a new processing kitchen in Missouri, expand existing cultivation and processing facilities in Massachusetts and Maryland, fund certain capital expenditures, and repay in full the Kind Therapeutics seller notes incurred in connection with the Kind Acquisition, which repayment occurred on January 24, 2023. The remaining balance, if any, was expected to be used to fund acquisitions.

The CA Credit Agreement provided for $35.0 million in principal borrowings at our option in the aggregate and further provided the CA Borrowers with the right, subject to customary conditions, to request an additional incremental term loan in the aggregate principal amount of up to $30.0 million; provided that the CA Lenders elect to fund such incremental term loan. $30.0 million of loan principal was funded at the initial closing (the "CA Term Loan") and we had the option, during the six-month period following the initial closing, to draw down an additional $5.0 million, which we did not elect to do. The loans required scheduled amortization payments of 1.0% of the principal amount outstanding under the CA Credit Agreement per month commencing in May 2023, and the remaining principal balance was due in full on January 24, 2026, subject to extension to January 24, 2028 under certain circumstances.

The CA Credit Agreement provided the CA Borrowers with the right, subject to specified limitations, to incur (a) seller provided debt in connection with future acquisitions, (b) additional mortgage financing from third-party lenders secured by real estate currently owned and acquired after the closing date, and (c) additional debt in connection with equipment leasing transactions.

The obligations under the CA Credit Agreement were secured by substantially all of the assets of the CA Borrowers, excluding specified parcels of real estate and other customary exclusions.

The CA Credit Agreement provided for a floating annual interest rate equal to the prime rate then in effect plus 5.75%, which rate could be increased by 3.00% upon an event of default or 7.50% upon a material event of default as provided in the Credit Agreement.

At any time, we could voluntarily prepay amounts due under the facility in $5.0 million increments, subject to a three-percent prepayment premium and, during the first 20-months of the term, a “make-whole” payment.

The CA Credit Agreement included customary representations and warranties and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency.

The CA Credit Agreement also included customary negative covenants limiting our ability to incur additional indebtedness and grant liens that are otherwise not permitted, among others. Additionally, the CA Credit Agreement required us to meet certain financial tests. We were in compliance with the CA Credit Agreement covenants at all times while the Term Loan was outstanding.

The CA Credit Agreement provided for 30% warrant coverage against amounts funded under the facility, priced at a 20% premium to the trailing 20-day average price on the closing date of each such funding. At the initial closing, upon funding of the initial $30.0 million under the facility, we issued to the CA Lenders warrants to purchase an aggregate of 19,148,936 shares of our common stock at $0.47 per share, exercisable for a five-year period following issuance.

On November 16, 2023 (the "Payoff Date"), we repaid and retired the CA Term Loan (the "Term Loan Payoff") using proceeds from a new $58.7 million loan entered into on the same day (described below). The Term Loan Payoff amount totaled $32.7 million, comprised of $28.5 million for the outstanding principal, $3.7 million for the make-whole payment, $0.2 million for accrued unpaid interest and $0.3 million for transaction-related fees. We recognized a loss of $10.2 million in connection with the Term Loan Payoff.

CREM Loan

On November 16, 2023, Mari Holdings MD LLC, Hartwell Realty Holdings LLC, Kind Therapeutics USA, LLC, ARL Healthcare Inc., and MariMed Advisors, Inc., each a wholly-owned direct or indirect subsidiary of the Company (collectively, the "CREM Borrowers") entered into a Loan Agreement (the "CREM Loan Agreement"), by and among the CREM Borrowers, and Needham Bank, a Massachusetts co-operative bank (the "CREM Lender") pursuant to which the CREM Lender loaned to the CREM Borrowers an aggregate principal amount of $58.7 million (the "CREM Loan Transaction"). The Company has fully guaranteed the obligations of the CREM Borrowers under the CREM Loan Transaction and pledged to the CREM Lender its equity ownership in each CREM Borrower. The CREM Lender has a first priority security interest in all of the CREM Borrowers' operating assets in Maryland and Massachusetts and first priority mortgages on the CREM Borrowers' properties owned in Maryland and Massachusetts.

The CREM Loan Transaction matures in ten years and has an interest rate for the initial five years of 8.43% per annum. The interest rate will reset after five years to the FHLB Rate (the Classic Advance Rate for Fixed Rate advances for a period of five years for an amount greater than or equal to the loan amount, as such rate is defined and published by the Federal Home Loan Bank of Boston), plus 3.50%. We will make interest-only payments for the first twelve months of the term of the loan, with payments thereafter based upon a twenty-year amortization schedule.

The CREM Lender initially released $52.8 million to the CREM Borrowers (the "Initial CREM Distribution"). The remaining proceeds of $5.9 million will be held in escrow to complete the expansion of our Hagerstown, Maryland cultivation facility (the "Hagerstown Facility"). Any unused proceeds will be released to us after completion of the Hagerstown Facility expansion. We used $46.8 million of the Initial CREM Distribution to fully repay certain of our outstanding debt. These payments were comprised of $32.7 million to repay the Term Loan, $11.9 million to repay the mortgage with Bank of New England for our New Bedford, MA and Middleborough, MA properties (the "BNE Mortgage"), and $2.2 million to reduce the outstanding balance of the note we issued in connection with the Ermont Acquisition. Concurrent with the repayment of the BNE Mortgage, we refinanced these properties through the CREM Loan and accordingly, effective November 16, 2023, the mortgage on these properties is held by Needham Bank, which mortgage matures in 2033 and which outstanding amount is included as a component of the CREM Loan amount in our consolidated balance sheet at December 31, 2023. During the three months ended March 31, 2024, we received $1.0 million of the amount previously held back by the CREM Lender.

The CREM Loan Agreement includes customary representations and warranties and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency. The CREM Loan Agreement also includes customary negative covenants limiting the CREM Borrowers' (but not the Company's) ability to incur additional indebtedness and grant liens that are otherwise not permitted, among others. The CREM Loan Agreement also requires the CREM Borrowers to meet certain periodic financial tests.

Cash Flows from Operating Activities

Our primary sources of cash from operating activities are from sales to customers in our dispensaries and to our wholesale customers. We expect cash flows from operating activities to be affected by increases and decreases in sales volumes and timing of collections, and by purchases of inventory and shipment of our products. Our primary uses of cash for operating activities are for personnel costs, purchases of packaging and other materials required for the production and sale of our products, and income taxes.

Our operating activities provided $3.2 million and used $4.5 million of cash in the three months ended March 31, 2024 and 2023, respectively. The change in cash from operating activities in the current year period compared to the prior year was primarily attributable to higher costs and operating expenses arising from expanding our sales activities, facilities and geographic footprint, both in the states where we currently operate and to expand into other states. These higher costs primarily relate to personnel, cultivation/manufacturing and facility expenses.

Cash Flows from Investing Activities

Our investing activities used $4.3 million and $6.9 million of cash in the three months ended March 31, 2024 and 2023, respectively. During the three months ended March 31, 2024, we used $3.4 million of cash for capital expenditures, $0.5 million for advances toward future business acquisitions, $0.3 million for purchases of cannabis licenses and $0.1 million for the purchase of certain investments. During the three months ended March 31, 2023 we used $3.1 million for capital expenditures, $3.0 million for capital expenditures, $3.0 million as part of the purchase consideration for the Ermont Acquisition, $0.6 million for cannabis licenses and $0.3 million for advances toward future business acquisitions.

Cash Flows from Financing Activities

Our financing activities provided $1.6 million of cash in the three months ended March 31, 2024 and $23.3 million of cash in the three months ended March 31, 2023. During the three months ended March 31, 2024, we received $1.0 million of additional proceeds from the CREM Loan and $1.2 million of proceeds from the refinancing of our retail facility in Mt. Vernon, Illinois. We made $0.5 million of aggregate principal payments on our outstanding mortgages, promissory notes and finance leases and approximately $45,000 of distribution payments.

During the three months ended March 31, 2023, we received proceeds of $29.1 million from the CA Credit Agreement, of which we used $5.5 million to repay in full the notes issued in connection with our 2022 acquisition of Kind Therapeutics USA, made $0.3 million of aggregate principal payments on our outstanding mortgages and finance leases and approximately $34,000 of distribution payments.

Based on our current expectations, we believe our current cash and future funding opportunities will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next twelve months. The rate at which we consume cash is dependent on the cash needs of our future operations, including our contractual obligations at March 31, 2024, and our ability to raise additional cash through financing activities. We anticipate devoting substantial capital resources to continue our efforts to execute our strategic growth plan as described above.

Non-GAAP Measurement

In addition to the financial information reflected in this report, which is prepared in accordance with GAAP, we are providing a non-GAAP financial measurement of profitability – *Adjusted EBITDA* – as a supplement to the preceding discussion of our financial results.

Management defines Adjusted EBITDA as income from operations, determined in accordance with GAAP, excluding the following:

- depreciation and amortization of property and equipment;
- amortization of acquired intangible assets;
- impairments or write-downs of acquired intangible assets;
- stock-based compensation;
- legal settlements; and
- acquisition-related and other.

Management believes that Adjusted EBITDA is a useful measure to assess our performance and liquidity, as it provides meaningful operating results by excluding the effects of expenses that are not reflective of our operating business performance. In addition, our 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 our financial results and our 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, our calculations may differ from those used by analysts, investors, and other companies, even those within the cannabis industry, and therefore they may not be directly comparable to similarly titled measures used by others.

Reconciliation of Income from Operations to Adjusted EBITDA (a Non-GAAP Measurement)

The table below reconciles income from operations to Adjusted EBITDA for the three months ended March 31, 2024 and 2023 (in thousands):

	Three months ended	
	March 31, 2024	**March 31, 2023**
GAAP Income from operations	$ 2,021	$ 5,135
Depreciation and amortization of property and equipment	1,938	986
Amortization of acquired intangible assets	374	557
Stock-based compensation	244	206
Acquisition-related and other	84	190
Adjusted EBITDA	$ 4,661	$ 7,074

Off-Balance Sheet Arrangements

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

Inflation

In the opinion of management, inflation has impacted the Company through increased costs of ingredients, nutrients and packaging. We recently negotiated with certain of our suppliers to reduce our costs for future purchases of ingredients, nutrients and packaging, all of which have increased significantly as a result of current economic conditions.

Seasonality

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

Recent Accounting Pronouncements

We have reviewed all recently issued, but not yet effective, accounting pronouncements, and we do not believe the future adoption of any such pronouncements will have a material impact on our financial condition or results of operations.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("CFO") (same person), 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 of 1934, as amended (the "Exchange Act")), as of March 31, 2024 (the "Evaluation Date"). Based upon that evaluation, the Company's management 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.

Changes in Internal Control Over Financial Reporting

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) under the Exchange Act that occurred during the fiscal quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There has been no material change to the status of the Company's previously reported legal proceedings.

Item 1A. Risk Factors

As a smaller reporting company, the Company is not required to provide the information contained in this item pursuant to Regulation S-K. However, information regarding the Company's risk factors appears in Part I, Item 1A. of its Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"). These risk factors describe some of the assumptions, risks, uncertainties, and other factors that could adversely affect the Company's business or that could otherwise result in changes that differ materially from management's expectations. There have been no material changes to the risk factors contained in the Annual Report.

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

During the three months ended March 31, 2024, the Company issued unregistered securities as described below:

- 3,614 shares of restricted common stock with an aggregate fair value of approximately $1,100 issued under a royalty agreement.

The issuance of the shares of common stock described above were deemed to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon Sections 4(a)(2) and/or 4(a)(5) of the Securities Act. A legend restricting the sale, transfer, or other disposition of the shares of restricted common stock other than in compliance with the Securities Act was placed on the shares of restricted common stock issued in the foregoing transactions.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company’s Registration Statement on Form 10-12G, File No. 000-54433, filed on June 9, 2011 with the SEC).
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 (incorporated by reference to Exhibit 3.1.1 to the Company’s Annual Report on Form 10-K filed on April 17, 2017 with the SEC).
3.1.2	Series B Convertible Preferred Stock Certificate of Designation as filed with the Secretary of State of Delaware on February 27, 2020 (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K, filed on February 28, 2020 with the SEC).
3.1.3	Certificate Eliminating the Series A Preferred Stock as filed with the Secretary of State of Delaware on February 27, 2020 (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K, filed on February 28, 2020 with the SEC).
3.1.4	Series C Convertible Preferred Stock Certificate of Designation as filed with the Secretary of State of Delaware on March 1, 2021 (incorporated by reference to Exhibit 3.1.4 to the Company’s Current Report on Form 8-K, filed on March 2, 2021 with the SEC).
3.1.5	Certificate of Amendment to the Certificate of Incorporation of the Company as filed with the Secretary of State of Delaware on April 25, 2017, effective as of May 1, 2017 (incorporated by reference to Exhibit 3.1.5 to the Company’s Quarterly Report on Form 10-Q, filed on November 15, 2021 with the SEC).
3.1.6	Certificate of Amendment to the Certificate of Incorporation of the Company as filed with the Secretary of State of Delaware on September 24, 2021 (incorporated by reference to Exhibit 3.1.6 to the Company’s Quarterly Report on Form 10-Q, filed on November 15, 2021 with the SEC).
3.2	Amended By-Laws, amended as of February 28, 2023 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, filed on May 9, 2023 with the SEC).
31.1 *	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive and Financial Officer
32.1 **	Section 1350 Certification of Chief Executive and Financial Officer
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.

SIGNATURES

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

Date: May 9, 2024

MARIMED INC.

By: */s/ Jon R. Levine*

Jon R. Levine

President, Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive and Financial Officer)

EXHIBIT 31.1

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

I, Jon R. Levine, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2024

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

Exhibit 32.1

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

In connection with the Quarterly Report of MariMed Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon R. Levine, Chief Executive Officer and Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

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

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

Date: May 9, 2024

/s/ Jon R. Levine

Jon R. Levine
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive and Financial Officer)

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