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

FORM 10-Q

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

For the Quarterly Period ended September 30, 2020

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

For the transition period from __________________ to __________________

Commission File number 0-54433

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

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

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

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

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

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

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

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

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

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

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

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

As of November 9, 2020, 300,416,773 shares of the registrant's common stock were outstanding.

MariMed Inc.
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MariMed Inc.

Condensed Consolidated Balance Sheets

	September 30, 2020	December 31, 2019
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,261,327	$ 738,688
Accounts receivable, net	4,077,902	1,669,139
Deferred rents receivable	1,968,500	1,796,825
Due from third parties, net	9,937	-
Notes receivable, current portion	540,319	311,149
Inventory	6,802,291	1,219,429
Investments	1,002,659	1,449,144
Other current assets	250,045	192,368
Total current assets	16,912,980	7,376,742
Property and equipment, net	45,507,577	42,792,369
Intangibles, net	2,311,181	2,364,042
Investments	1,085,528	1,324,661
Notes receivable, less current portion	1,084,671	1,639,496
Right-of-use assets under operating leases	5,381,761	5,787,423
Right-of-use assets under finance leases	86,591	111,103
Other assets	80,493	175,905
Total assets	$ 72,450,782	$ 61,571,741
Liabilities, mezzanine equity, and stockholders' equity		
Current liabilities:		
Accounts payable	$ 6,292,958	$ 4,719,069
Accrued expenses	3,111,373	5,395,996
Notes payable, current portion	8,512,590	23,112,742
Mortgages payable, current portion	1,379,541	223,888
Debentures payable, current portion	2,928,047	-
Operating lease liabilities, current portion	1,002,171	917,444
Finance lease liabilities, current portion	38,412	38,412
Due to related parties	1,233,008	1,454,713
Other current liabilities	1,505,008	858,176
Total current liabilities	26,003,108	36,720,440
Notes payable, less current portion	11,653,775	-
Mortgages payable, less current portion	14,864,810	7,112,842
Debentures payable, less current portion	-	5,835,212
Operating lease liabilities, less current portion	4,967,583	5,399,414
Finance lease liabilities, less current portion	52,439	75,413
Other liabilities	100,200	100,200
Total liabilities	57,641,915	55,243,521
Mezzanine equity:		
Series B convertible preferred stock, $0.001 par value; 4,908,333 and zero shares authorized, issued and outstanding at September 30, 2020 and December 31, 2019, respectively	14,725,000	-
Stockholders' equity:		
Series A convertible preferred stock, $0.001 par value; zero and 50,000,000 shares authorized at September 30, 2020 and December 31, 2019, respectively; zero shares issued and outstanding at September 30, 2020 and December 31, 2019	-	-
No designation preferred stock, $0.001 par value; 45,091,667 and zero shares authorized at September 30, 2020 and December 31, 2019, respectively; zero shares issued and outstanding at September 30, 2020 and December 31, 2019	-	-
Common stock, $0.001 par value; 500,000,000 shares authorized at September 30, 2020 and December 31, 2019; 289,729,854 and 228,408,024 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	289,730	228,408
Common stock subscribed but not issued; 33,319 and 3,236,857 shares at September 30, 2020 and December 31, 2019, respectively	5,365	1,168,074
Additional paid-in capital	109,115,215	112,245,730
Accumulated deficit	(108,737,141)	(106,760,527)
Noncontrolling interests	(589,302)	(553,465)
Total stockholders' equity	83,867	6,328,220
Total liabilities, mezzanine equity, and stockholders' equity	$ 72,450,782	$ 61,571,741

See accompanying notes to condensed consolidated financial statements.

MariMed Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenues	$ 13,461,504	$ 4,209,328	$ 30,537,829	$ 11,382,942
Revenues from related party	-	7,014,371	-	29,029,249
Total revenues	13,461,504	11,223,699	30,537,829	40,412,191
Cost of revenues	4,781,677	6,523,283	10,831,763	24,523,626
Gross profit	8,679,827	4,700,416	19,706,066	15,888,565
Operating expenses:				
Personnel	1,354,644	1,241,535	4,075,168	2,740,039
Marketing and promotion	103,327	91,562	281,329	286,521
General and administrative	2,931,684	2,394,692	7,515,721	6,752,168
Bad debts	892,029	-	1,342,029	-
Total operating expenses	5,281,684	3,727,789	13,214,247	9,778,728
Operating income	3,398,143	972,627	6,491,819	6,109,837
Non-operating income (expenses):				
Interest expense	(1,921,312)	(4,516,576)	(7,581,648)	(9,076,583)
Interest income	34,818	79,016	121,712	425,770
Loss on obligations settled with equity	-	-	(44,678)	-
Equity in earnings of investments	51,511	(2,933,252)	18,553	(1,020,310)
Change in fair value of investments	217,374	-	(704,172)	-
Other	(84,708)	-	(84,708)	2,948,917
Total non-operating income (expenses), net	(1,702,317)	(7,370,812)	(8,274,941)	(6,722,206)
Income (loss) before income taxes	1,695,826	(6,398,185)	(1,783,122)	(612,369)
Provision for income taxes		901,477	-	1,886,072
Net income (loss)	$ 1,695,826	$ (7,299,662)	$ (1,783,122)	$ (2,498,441)
Net income (loss) attributable to noncontrolling interests	$ 36,959	$ 99,021	$ 193,492	$ 246,367
Net income (loss) attributable to MariMed Inc.	$ 1,658,867	$ (7,398,683)	$ (1,976,614)	$ (2,744,808)
Net income (loss) per share				
Basic	$ 0.006	$ (0.034)	$ (0.008)	$ (0.013)
Diluted	$ 0.005	$ (0.034)	$ (0.008)	$ (0.013)
Weighted average common shares outstanding				
Basic	281,535,212	217,417,326	254,387,761	214,274,342
Diluted	346,091,840	217,417,326	254,387,761	214,274,342

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock		Common Stock Subscribed But Not Issued		Additional Paid-In	Accumulated	Non-Controlling	Total Stockholders’
	Shares	Par Value	Shares	Amount	Capital	Deficit	Interests	Equity
Balances at December 31, 2018	211,013,043	$ 211,013	97,136	$ 169,123	$ 87,180,165	$ (25,575,808)	$ (220,032)	$ 61,764,461
Sales of common stock	799,995	800	-	-	2,599,200	-	-	2,600,000
Issuance of subscribed shares	97,136	97	(97,136)	(169,123)	169,026	-	-	-
MediTaurus acquisition	-	-	752,260	2,080,000	-	-	1,200,000	3,280,000
Terrace investment	500,000	500	-	-	1,589,500	-	-	1,590,000
Harvest payment	1,000,000	1,000	-	-	(1,000)	-	-	-
Exercise of options	417,352	417	2,644,456	413,894	11,189	-	-	425,500
Exercise of warrants	686,104	686	-	-	611,756	-	-	612,442
Amortization of stock grants	108,820	109	-	-	193,601	-	-	193,710
Amortization of option grants	-	-	-	-	1,219,958	-	-	1,219,958
Amortization of stand-alone warrant issuances	-	-	-	-	139,015	-	-	139,015
Warrant discount on promissory notes	-	-	-	-	600,621	-	-	600,621
Warrant discount on debentures payable	-	-	-	-	1,148,056	-	-	1,148,056
Beneficial conversion feature on debentures	-	-	-	-	4,235,469	-	-	4,235,469
Conversion of debentures payable	3,591,523	3,592	3,206,816	2,464,438	5,391,253	-	-	7,859,283
Distributions	-	-	-	-	-	-	(376,993)	(376,993)
Net income (loss)	-	-	-	-	-	(2,744,808)	246,367	(2,498,441)
Balances at September 30, 2019	218,213,973	$ 218,214	6,603,532	$ 4,958,332	$ 105,087,809	$ (28,320,616)	$ 849,342	$ 82,793,081

	Common Stock		Common Stock Subscribed But Not Issued		Additional Paid-In	Accumulated	Non-Controlling	Total Stockholders’
	Shares	Par Value	Shares	Amount	Capital	Deficit	Interests	Equity
Balances at December 31, 2019	228,408,024	$ 228,408	3,236,857	$ 1,168,074	$ 112,245,730	$ (106,760,527)	$ (553,465)	6,328,220
Issuance of subscribed shares	3,236,857	3,237	(3,236,857)	(1,168,074)	1,164,837	-	-	-
Stock grants	64,478	64	33,319	5,365	10,665	-	-	16,094
Stock forfeiture	(40,000)	(40)	-	-	40	-	-	-
Amortization of option grants	-	-	-	-	707,003	-	-	707,003
Issuance of stand-alone warrants	-	-			2,179	-	-	2,179
Issuance of warrants attached to debt	-	-	-	-	638,927	-	-	638,927
Discount on debentures payable	-	-	-	-	28,021	-	-	28,021
Beneficial conversion feature on debentures payable	-	-	-	-	379,183	-	-	379,183
Conversion of debentures payable	54,143,232	54,144	-	-	7,111,897	-	-	7,166,041
Conversion of common stock to preferred stock	(4,908,333)	(4,908)	-	-	(14,720,092)	-	-	(14,725,000)
Conversion of promissory note	2,525,596	2,525	-	-	457,525	-	-	460,050
Extinguishment of promissory note	1,900,000	1,900	-	-	350,100	-	-	352,000
Common stock issued to settle obligations	4,400,000	4,400	-	-	739,200	-	-	743,600
Distributions	-	-	-	-	-	-	(229,329)	(229,329)
Net income (loss)	-	-	-	-	-	(1,976,614)	193,492	(1,783,122)
Balances at September 30, 2020	289,729,854	$ 289,730	33,319	$ 5,365	$ 109,115,215	$ (108,737,141)	$ (589,302)	$ $ 83,867)

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

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

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from operating activities:		
Net income (loss) attributable to MariMed Inc.	$ (1,976,614)	$ (2,744,808)
Net income (loss) attributable to noncontrolling interests	193,492	246,367
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,340,649	697,946
Asset write-off	84,708	-
Amortization of intangibles	307,861	154,167
Amortization of stock grants	16,094	193,710
Amortization of option grants	707,003	1,219,958
Amortization of stand-alone warrant issuances	2,179	139,016
Amortization of warrants attached to debt	631,895	1,836,892
Amortization of beneficial conversion feature	2,552,933	4,646,070
Amortization of original issue discount	286,353	107,256
Bad debt expense	1,342,029	-
Loss on obligations settled with equity	44,678	-
Equity in (earnings) losses of investments	(18,553)	1,020,310
Change in fair value of investments	704,172	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,750,792)	(4,788,303)
Accounts receivable from related party, net		(33,200,000)
Deferred rents receivable	(171,675)	53,461
Due from third parties	-	(174,516)
Inventory	(5,582,862)	(942,399)
Other current assets	(57,677)	7,154
Other assets	95,412	(262,981)
Accounts payable	2,272,810	(178,223)
Accrued expenses	1,872,692	3,339,325
Deferred rents payable	-	(105,901)
Operating lease payments	58,559	424,129
Finance lease interest payments	4,033	(1,824)
Unearned revenue from related party	-	4,170,750
Other current liabilities	646,832	197,943
Other liabilities	-	(238,000)
Net cash provided by (used in) operating activities	1,606,211	(24,182,501)
Cash flows from investing activities:		
Purchase of property and equipment	(4,116,053)	(6,741,632)
Purchase of cannabis licenses	(255,000)	(150,000)
Investment in notes receivable	-	(2,030,000)
Interest on notes receivable	443,150	175,509
Acquisition	-	(655,804)
Due from related parties	-	119,781
Net cash used in investing activities	(3,927,903)	(9,282,146)
Cash flows from financing activities:		
Issuance of common stock	-	2,600,000
Issuance of promissory notes	5,249,763	17,000,000
Repayments of promissory notes	(10,770,011)	-
Proceeds from issuance of debentures	935,000	9,600,000
Proceeds from mortgages	13,897,282	-
Payments on mortgages	(4,989,661)	(142,170)
Exercise of stock options	-	75,500
Exercise of warrants	-	612,442
Due to related parties	(221,705)	139,402
Finance lease principal payments	(27,008)	(11,167)
Distributions	(229,329)	(376,993)
Net cash provided by financing activities	3,844,331	29,497,014
Net change to cash and cash equivalents	1,522,639	(3,967,633)
Cash and cash equivalents at beginning of period	738,688	4,104,315
Cash and cash equivalents at end of period	$ 2,261,327	$ 136,682
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,236,464	$ 699,582
Cash paid for income taxes	$ 488,772	$ 88,150
Non-cash activities:		
Conversions of debentures payable	$ 7,166,041	$ 7,859,283
Beneficial conversion feature on debentures payable	$ 379,183	$ 4,235,469
Discount on debentures payable	$ 28,021	$ 1,148,056
Issuance of common stock associated with subscriptions	$ 1,168,074	$ 169,123
Discount on promissory notes	$ 638,927	$ 600,621

Conversion of promissory notes	$ 460,050	$ -
Extinguishment of promissory note	$ 352,000	$ -
Common stock issued to settle obligations	$ 698,922	$ -
Exchange of common stock to preferred stock	$ 14,725,000	$ -
Conversion of accrued interest to promissory note	$ 3,908,654	$ -
Conversion of debentures receivable to investment	$ -	$ 30,000,000
Operating lease right-of-use assets and liabilities	$ -	$ 7,142,150
Finance lease right-of-use assets and liabilities	$ -	$ 134,193
Conversion of notes receivable to investment	$ -	$ 257,687
Conversion of advances to notes receivable	$ -	$ 855,913
MediTaurus acquisition	$ -	$ 2,500,000
Terrace investment	$ -	$ 1,590,000
Harvest payment	$ -	$ 1,000
Exercise of stock options via the reduction of an obligation	$ -	$ 350,000
Cashless exercise of stock options	$ -	$ 1,762
Reclass of accrued interest from notes payable	$ -	$ 127,450
Reclass of accrued interest from debentures payable	$ -	$ 62,748

See accompanying notes to condensed consolidated financial statements.

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

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

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

In 2018, the Company commenced a strategic plan to transition from a consulting business to a direct owner of cannabis licenses and operator of seed-to-sale operations. The Company's strategic plan consists of the acquisition of its cannabis-licensed clients located in five states—Delaware, Illinois, Maryland, Massachusetts, and Nevada—and the consolidation of these entities under the MariMed banner.

A goal in completing this transition is to present a simpler, more transparent financial picture of the full breadth of the Company's efforts, with a clearer representation of the revenues, earnings, and other financial metrics the Company has generated for its clients. The Company has played a key role in the successes of these entities, from the securing of their cannabis licenses, to the development of facilities that are models of excellence, to providing industry best practices and corporate guidance. Accordingly, the Company believes it is well suited to own these facilities and manage the continuing growth of their operations.

To date, acquisitions of the licensed businesses in Massachusetts and Illinois have been state-approved and completed, and establishes the Company as a fully integrated seed-to-sale multi-state operator. The acquisitions of the remaining entities located in Maryland, Nevada, and Delaware are at various stages of completion and subject to each state's laws governing the ownership and transfer of cannabis licenses, which in the case of Delaware requires a modification of current cannabis ownership laws to permit for-profit ownership. Meanwhile, the Company continues to develop additional revenue and business in these states and plans to leverage its success to expand into other markets where cannabis is and becomes legal.

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

The Company's branded cannabis products are licensed under brand names including Kalm Fusion™, Nature's Heritage™, and Betty's Eddies™, and are distributed in the form of dissolvable strips, tablets, powders, microwaveable popcorn, fruit chews, and other varieties in development. The Company also has exclusive sublicensing rights in certain states to distribute the Binske® line of cannabis products crafted from premium artisan ingredients, the Healer™ line of medical full-spectrum tinctures, and the clinically-tested medicinal cannabis strains developed in Israel by global medical cannabis research pioneer Tikun Olam™. The Company's hemp division distributes hemp-derived CBD products, including its Florance™ brand, in the US and abroad. The Company intends to continue licensing and distributing its brands, as well as other top brands, in the Company's current markets and in additional legal markets worldwide.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. The spread of the virus in the United States and the measures implemented to contain it—including business shutdowns, indoor capacity restrictions, social distancing, and diminished travel—have negatively impacted the economy and have created significant volatility and disruption in financial markets. Consequently, the Company's expansion efforts and implementation of its strategic plan have been delayed. Additionally, while the cannabis industry has been deemed an essential business and is not expected to suffer severe declines in revenue, the Company's business, operations, financial condition, and liquidity have been adversely affected, as further discussed in Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the notes to the financial statements included in this report.

Continued disruption to the global economy may materially and adversely affect the future carrying values of certain of the Company's assets, including inventories, accounts receivables, and intangibles, as well as negatively impact the Company's ability to raise working capital to support its operations. The full extent to which COVID-19 and the measures to contain it will impact the Company's business, operations financial condition, and liquidity will depend on the continued severity and duration of the COVID-19 outbreak and other future developments in response to the virus, all of which are highly uncertain at this time. As a result, the Company cannot predict the ultimate impact of COVID-19 on its operational and financial performance.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

In accordance with GAAP, interim financial statements are not required to contain all of the disclosures normally required in annual financial statements. In addition, the results of operations of interim periods may not necessarily be indicative of the results of operations to be expected for the full year. Accordingly, these interim financial statements should be read in conjunction with the Company's most recent audited annual financial statements and accompanying notes for the year ended December 31, 2019.

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

Going Concern

In connection with the preparation of its financial statements for the nine months ended September 30, 2020, the Company's management evaluated the Company's ability to continue as a going concern in accordance with ASU 2014-15, *Presentation of Financial Statements–Going Concern (Subtopic 205-40)*, which requires an assessment of relevant conditions or events, considered in the aggregate, that are known or reasonably knowable by management on the issuance dates of the financial statements which indicate the probable likelihood that the Company will be unable to meet its obligations as they become due within one year after the issuance date of the financial statements.

As part of its evaluation, management assessed known events, trends, commitments, and uncertainties, which at the time included the status of the Company's consolidation plan, the continuing impact of the COVID-19 pandemic on its operations, developments concerning GenCanna's bankruptcy proceedings, recent cannabis industry investment activity, price movements of public cannabis stock, actions and/or results of certain bellwether cannabis companies, the level of cannabis investor confidence, and changes to state laws governing recreational (adult-use) and medical cannabis.

Management also reviewed certain key liquidity metrics of the Company, as further described below, as well as other factors in its evaluation, and determined that there currently exists a substantial doubt that the Company will be able to continue as a going concern within one year after the issuance date of these financial statements without additional funding or the continued profitability growth of its cannabis operations in Illinois and Massachusetts.

The Company produced the following improvements to key liquidity metrics during the reported period:

- During the nine months ended September 30, 2020, the Company's operating activities provided positive cash flow of approximately $1.6 million, compared to approximately $24.2 million of negative cash flow used by such activities during the same period of 2019, a positive swing of approximately $25.8 million.

- At September 30, 2020, the Company's negative working capital was approximately $9.1 million, a continued improvement from approximately $21.5 million at June 30, 2020 and approximately $29.3 million at December 31, 2019.

- The Company successfully restructured the terms of its short-term promissory notes payable to approximately $8.5 million at September 30, 2020 from approximately $17.2 million at June 30, 2020 and $23.1 million at December 31, 2019.

For further discussion of the Company's liquidity and capital resources, please refer to Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Form 10-Q for the period ended September 30, 2020.

Principles of Consolidation

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

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

Intercompany accounts and transactions have been eliminated.

Use of Estimates

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

Cash Equivalents

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

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

Accounts Receivable

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

The Company provides credit to its clients in the form of payment terms. The Company limits its credit risk by performing credit evaluations of its clients and maintaining a reserve, if deemed necessary, for potential credit losses. Such evaluations include the review of a client's outstanding balances with consideration towards such client's historical collection experience, as well as prevailing economic and market conditions and other factors. Based on such evaluations, the Company maintained an allowance for doubtful accounts of approximately $40.5 million and $39.7 million at September 30, 2020 and December 31, 2019, respectively. Please refer to Note 16 *–Bad Debts* for further discussion on receivable reserves.

Inventory

Inventory is carried at the lower of cost or net realizable value, with the cost being determined on a first-in, first-out (FIFO) basis. The Company allocates a certain percentage of overhead cost to its manufactured inventory; such allocation is based on square footage and other industry-standard criteria. The Company reviews physical inventory for obsolescence and/or excess and will record a reserve if necessary. As of the date of this report, no reserve was deemed necessary.

Investments

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

Revenue Recognition

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

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

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

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

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

- Product Sales – direct sales of cannabis and cannabis-infused products by the Company's dispensary and wholesale operations in Massachusetts and Illinois, and direct sales of hemp and hemp-infused products by the Company's hemp division. In 2019, this division participated in one-time sales of acquired hemp seed inventory, as further explained in Note 17 – *Related Party Transactions*. Future product sales are expected to include the Company's planned cannabis-licensee acquisitions in Maryland, Nevada, and Delaware (upon this state's amendment to permit for-profit ownership of cannabis entities). This revenue is recognized when products are delivered or at retail point-of-sale.
- Real Estate – rental income and additional rental fees generated from leasing of the Company's state-of-the-art, regulatory-compliant cannabis facilities to its cannabis-licensed clients. Rental income is generally a fixed amount per month that escalates over the respective lease term, while additional rental fees are based on a percentage of tenant revenues that exceed specified amounts.
- Management – fees for providing the Company's cannabis clients with comprehensive oversight of their cannabis cultivation, production, and dispensary operations. Along with this oversight, the Company provides human resources, regulatory, marketing, and other corporate services. These fees are based on a percentage of such clients' revenue, and are recognized after services have been performed.
- Supply Procurement – the Company maintains volume discounts with top national vendors of cultivation and production resources, supplies, and equipment, which the Company acquires and resells to its clients or third parties within the cannabis industry. The Company recognizes this revenue after the delivery and acceptance of goods by the purchaser.
- Licensing – revenue from the sale of precision-dosed, cannabis-infused products—such as Kalm Fusion™, Nature's Heritage™, and Betty's Eddies™—to regulated dispensaries throughout the United States and Puerto Rico. The recognition of this revenue occurs when the products are delivered.

Research and Development Costs

Research and development costs are charged to operations as incurred.

Property and Equipment

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

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

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

Impairment analyses are based on management's current plans, asset holding periods, and currently available market information. If these criteria change, the Company's evaluation of impairment losses may be different and could have a material impact to the consolidated financial statements. For the nine months ended September 30, 2020 and 2019, based on the results of management's analyses, there were no impairment losses.

Leases

The consolidated financial statements reflect the Company's adoption of ASC 842, *Leases*, as amended by subsequent accounting standards updates, utilizing the modified retrospective transition approach which calls for applying the new standard to all of the Company's leases effective January 1, 2019, which is the effective date of adoption.

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

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

Impairment of Long-Lived Assets

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

Fair Value of Financial Instruments

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

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

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

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

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

The fair value of option and warrant issuances are determined using the Black-Scholes pricing model and employing several inputs such as the expected life of instrument, the exercise price, the expected risk-free interest rate, the expected dividend yield, the value of the Company's common stock on issuance date, and the expected volatility of such common stock. The following table summarizes the range of inputs used by the Company during the nine months ended September 30, 2020 and 2019.

	Nine Months Ended September 30,	
	2020	2019
Life of instrument	2.7 to 4.3 years	2.3 to 3.0 years
Volatility factors	1.059 to 1.180	1.059 to 1.106
Risk-free interest rates	0.26% to 1.30%	1.42% to 2.28%
Dividend yield	0%	0%

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

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

Extinguishment of Liabilities

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

Stock-Based Compensation

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

Income Taxes

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

ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. The Company did not take any uncertain tax positions and had no adjustments to unrecognized income tax liabilities or benefits for the nine months ended September 30, 2020 and 2019.

Related Party Transactions

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

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

Comprehensive Income

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

Earnings Per Share

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

At September 30, 2020 and 2019, there were 24,860,857 and 16,815,107, respectively, of potentially dilutive securities in the form of outstanding options and warrants. Also as of such dates, there were (i) $4.2 million and $11.1 million, respectively, of outstanding convertible debentures payable, (ii) 4,908,333 and zero shares, respectively, of Series B convertible preferred stock outstanding, and (iii) approximately $5.2 million and $350,000, respectively, of outstanding convertible promissory notes. All of these potentially dilutive securities are convertible into common stock based on either (i) a predetermined price, subject to adjustment, or (ii) the market value of common stock on or about the future conversion date.

For the three months ended September 30, 2020, all such potentially dilutive securities were convertible into approximately 64.6 million net shares of common stock, which were included in the number of weighted average common shares outstanding on a diluted basis, and in the calculation of diluted net income per share for this period as shown in the statement of operations. For the nine months ended September 30, 2020, and for the three and nine months ended Septembers 30, 2019, the potentially dilutive securities had an anti-dilutive effect on earnings per share, and in accordance with ASC 260, were excluded from the diluted net income per share calculations, resulting in identical basic and fully diluted net income per share for these periods.

Commitments and Contingencies

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

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

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

Beneficial Conversion Features on Convertible Debt

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

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

Risk and Uncertainties

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

Noncontrolling Interests

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

Off Balance Sheet Arrangements

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

Recent Accounting Pronouncements

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

NOTE 3 – ACQUISITIONS

KPG of Anna LLC and KPG of Harrisburg LLC

Effective October 1, 2019, the Illinois Department of Financial and Professional Regulation approved the Company's acquisition of (i) 100% of the ownership interests of KPG of Anna LLC and KPG of Harrisburg LLC, the Company's two cannabis-licensed clients that operate medical marijuana dispensaries in the state of Illinois (both entities collectively, the "KPGs"), and (ii) the 40% ownership interests not already owned by the Company of Mari Holdings IL LLC, the Company's subsidiary which owns the real estate in which the KPGs' dispensaries are located ("Mari-IL"). On such date, 1,000,000 shares of the Company's common stock, representing the entire purchase price, were issued to the sellers of the KPGs and Mari-IL, and these entities became wholly-owned subsidiaries of the Company.

The acquisition was accounted for in accordance with ASC 805. The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed on the acquisition date:

Cash and cash equivalents	$	443,980
Inventory		113,825
Intangibles		2,067,727
Minority interests		138,356
Accounts payable		(642,033)
Accrued expenses		(186,005)
Due to third parties		(1,020,850)
Total fair value of consideration	$	915,000

Based on an impairment analysis performed shortly before the filing date of this report, the Company determined the intangibles of approximately $2.1 million arising from this transaction were not impaired.

The Harvest Foundation LLC

In August 2019, the Company entered into a purchase agreement to acquire 100% of the ownership interests of The Harvest Foundation LLC ("Harvest"), the Company's cannabis-licensed client in the state of Nevada. The acquisition is conditioned upon legislative approval of the transaction. At this time, the state has paused the processing of cannabis license transfers, without indicating when it will resume. Upon the resumption of these activities and the ensuing approval by the state, this agreement will be consummated and the operations of Harvest will be consolidated into the Company's financial statements.

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

Kind Therapeutics USA Inc.

In December 2018, the Company entered into a memorandum of understanding (the "MOU") to acquire Kind Therapeutics USA Inc. ("Kind"), its client in Maryland that holds licenses for the cultivation, production, and dispensing of medical cannabis. The MOU provides for a total purchase price of $6.3 million in cash, 2,500,000 shares of the Company's common stock, and other consideration. The acquisition is subject to the approval by the Maryland Medical Cannabis Commission, which approval can be applied for starting in March 2021.

Also in December 2018, MariMed Advisors Inc, the Company's wholly owned subsidiary, and Kind entered into a management agreement pursuant to which the Company provides comprehensive management services in connection with the business and operations of Kind, and Mari Holdings MD LLC, the Company's majority-owned subsidiary, entered into a 20-year lease with Kind for its utilization of the Company's 180,000 square foot cultivation and production facility in Hagerstown, MD. Additionally, in October 2019, Mari Holdings MD LLC purchased a 9,000 square foot building in Anne Arundel County, MD for the development of a dispensary which would be leased to Kind.

The sellers of Kind have attempted to renegotiate the terms of the MOU. Even though the MOU contains all the definitive material terms with respect to the acquisition transaction and confirms the management and lease agreements, the selling parties now allege that the MOU is not an enforceable agreement. The Company engaged with the sellers in good faith in an attempt to reach updated terms acceptable to both parties, however the sellers failed to reciprocate in good faith, resulting in an impasse, and both parties commencing legal proceedings which are pending in the Circuit Court for Washington County, Maryland. For further information, see Note 18 – *Commitments and Contingencies* and Part II, Item 1. *Legal Proceedings* in this report.

MediTaurus LLC

In May 2019, the Company entered into a purchase agreement to acquire MediTaurus LLC ("MediTaurus"), a company formed and owned by Jokubas Ziburkas PhD, a neuroscientist and leading authority on CBD and its interactions with the brain and endocannabinoid system. MediTaurus currently operates in the United States and Europe and has developed proprietary CBD formulations sold under its Florance™ brand.

Pursuant to the purchase agreement, the Company acquired 70% of MediTaurus on June 1, 2019. The purchase price was $2.8 million, comprised of cash payments totaling $720,000 and 520,000 shares of the Company's common stock valued at $2,080,000. The parties are currently in negotiations regarding the Company's acquisition of the remaining 30% of MediTaurus.

The acquisition was accounted for in accordance with ASC 10. The following table summarizes the allocation, adjusted in September 2019, of the purchase price to the fair value of the assets acquired and liabilities assumed on the acquisition date:

Cash and cash equivalents	$	64,196
Accounts receivable		5,362
Inventory		519,750
Goodwill		2,662,669
Accounts payable		(777)
Total value of MediTaurus		3,251,200
Noncontrolling interests in MediTaurus		(975,360)
Total fair value of consideration	$	2,275,840

Based on a valuation of MediTaurus in late 2019, the goodwill on the transaction was adjusted to approximately $2.7 million, which was written off due to the impact of the COVID-19 pandemic on MediTaurus' business.

AgriMed Industries of PA LLC

In July 2018, the Company entered into a purchase agreement to acquire 100% of the ownership interests of AgriMed Industries of PA LLC ("AgriMed"), an entity that holds a license from the state of Pennsylvania for the cultivation of cannabis. The purchase price was comprised of $8.0 million, payable in stock and cash, and the assumption of certain liabilities of AgriMed. In February 2019, the Company commenced legal proceedings against AgriMed seeking specific performance of the purchase agreement.

In May 2019, the dispute between the parties was resolved through the cash payment to the Company of $3.1 million and other good and valuable consideration, in exchange for the Company relinquishing its rights under the purchase agreement and releasing its claims against AgriMed. The net amount of approximately $2,949,000, representing the cash payment less legal fees and write-offs of assets and supplies, was recorded in *Other Non-Operating Income* in the Company's consolidated statement of operations for the year ended December 31, 2019.

NOTE 4 – INVESTMENTS

At September 30, 2020 and December 31, 2019, the Company's investments were comprised of the following:

	September 30, 2020	December 31, 2019
Current investments:		
Terrace Inc.	$ 1,002,659	$ 1,449,144
Total current investments	1,002,659	1,449,144
Non-current investments:		
MembersRSVP LLC	1,085,528	1,066,975
Chooze Corp.	-	257,686
GenCanna Global Inc.	-	-
Iconic Ventures Inc.	-	-
Total non-current investments	1,085,528	1,324,661
Total investments	$ 2,088,187	$ 2,773,805

Terrace Inc.

In May 2019, the Company issued 500,000 shares of its common stock, valued at $1.59 million on the date of issuance, to purchase an 8.95% interest in Terrace Inc. ("Terrace"), a Canadian entity that develops and acquires international cannabis assets. The Company has no board representation, nor does it have the ability to exert operational or financial control over the entity.

In November 2019, the common stock of Terrace commenced public trading on the Toronto Stock Venture Exchange. In accordance with ASC 321, *Investments – Equity Securities*, this investment is carried at fair value, with changes to fair value recognized in net income. Prior to Terrace becoming publicly traded, the Company had elected the measurement alternative to value this equity investment without a readily determinable fair value.

At September 30, 2020, the carrying amount of this investment approximated $1,003,000, based on its publicly traded stock price on such date, which required the Company to record a charge to net income of approximately $447,000 for the nine months then ended that is reflected under *Change In Fair Value Of Investments* on the statement of operations.

MembersRSVP LLC

In August 2018, the Company invested $300,000, of a total contracted cash investment of $500,000, and issued 378,259 shares of its common stock, valued at approximately $915,000, in exchange for a 23% ownership in MembersRSVP LLC ("MRSVP"), an entity that has developed a customer relationship management and marketing platform, branded under the name Sprout, that is designed for and licensed to companies in the cannabis industry.

The investment is accounted under the equity method. During the nine months ended September 30, 2020 and 2019, the Company recorded earnings of approximately $19,000 and a charge of approximately $105,000, respectively, based on the Company's equity in MRSVP's net income and losses during such periods. Since the inception of the investment, the Company has recorded cumulative equity in net losses of approximately $130,000, reducing the carrying value of the investment to approximately $1,086,000 at September 30, 2020.

<u>Chooze Corp.</u>

In January 2019, the entire principal and accrued interest balance of a note receivable from Chooze Corp. of approximately $258,000 was converted into a 2.7% equity interest in Chooze. In accordance with ASC 321, the Company elected the measurement alternative to value this equity investment without a readily determinable fair value. Accordingly, the investment was carried at its cost until June 2020 when the investment was fully reserved due to the Company's determination that the investment was impaired. This reserve of approximately $258,000 is reflected under *Change In Fair Value Of Investments* on the statement of operations.

<u>GenCanna Global Inc.</u>

During 2018, in a series of transactions, the Company purchased $30 million of subordinated secured convertible debentures (the "GC Debentures") of GenCanna. In February 2019, the Company converted the GC Debentures, plus unpaid accrued interest through the conversion date of approximately $229,000, into common stock of GenCanna equal to a 33.5% ownership interest in GenCanna on a fully diluted basis. Concurrent with the conversion, the Company's CEO was appointed to GenCanna's board and the Company was granted certain rights, including the rights of inspection, financial information, and participation in future security offerings of GenCanna. At conversion, the Company commenced accounting for this investment under the equity method.

In late January 2020, an involuntary bankruptcy proceeding under Chapter 11 was filed against GenCanna USA, GenCanna's wholly-owned operating subsidiary, with the U.S. Bankruptcy Court in the Eastern District of Kentucky (the "Bankruptcy Court"). In the months leading up to the filing, GenCanna had faced several challenges including defaults under its senior credit facility with MGG Investment Group LP ("MGG"), a fire at its main processing and lab facility, the domestic decline of CBD selling prices, and the contraction of the cannabis capital markets. On February 6, 2020, GenCanna USA, under pressure from certain of its creditors and MGG, agreed to convert the involuntary bankruptcy proceeding into a voluntary Chapter 11 proceeding. In addition, GenCanna and GenCanna USA's subsidiary, Hemp Kentucky LLC (collectively with GenCanna and GenCanna USA, the "GenCanna Debtors"), filed voluntary petitions under Chapter 11 in the Bankruptcy Court. As a result, the Company recorded a charge to net income of approximately $30.2 million in December 2019, which reduced the carrying value of this investment to zero.

On February 18, 2020, the GenCanna Debtors sought permission from the Bankruptcy Court to sell all or substantially all of their assets. After the entry of various orders to establish the bidding procedures and criteria for such sale, the GenCanna Debtors received only four proposals (including a credit bid from MGG) for the purchase of the GenCanna Debtors' assets and a single proposal for a plan of reorganization which was submitted by the Company.

On May 19, 2020, after an abbreviated solicitation/bid/sale process, the Bankruptcy Court, over numerous objections by creditors and shareholders of the GenCanna Debtors which included the Company, entered an order authorizing the sale of all or substantially all of the assets of the GenCanna Debtors to MGG for its credit bid in the amount of $73.5 million and cash in the amount of $3.5 million.

Based on recent filings with the Bankruptcy Court, the GenCanna Debtors are proposing to file a liquidating plan of reorganization to collect various prepetition payments and commercial claims against third parties, liquidate the remaining assets of the GenCanna Debtors, and make payments to creditors. The Company and the unsecured creditors committee are exploring options, including litigation against MGG for lender liability, equitable subordination, and return of preference. In connection with this liquidation process, the Company has filed its proofs of claim for the $33.2 million of hemp seeds sold to GenCanna, which transaction is further discussed in Note 17 – *Related Party Transactions*.

<u>Iconic Ventures Inc.</u>

In December 2018, the Company purchased 2,500,000 shares of common stock of Iconic Ventures Inc. ("Iconic"), which equated to an ownership interest in Iconic of approximately 10%, for an aggregate cash payment of $500,000. Iconic has developed DabTabs™, a unique solution for cannabinoid vaporization. The Company has no board representation, nor does it have the ability to exert operational or financial control over the entity. In 2019, the Company wrote off the investment after an impairment review that considered the viability of the entity in light of the current economic climate.

<u>Binske®</u>

In July 2019, the Company entered into a licensing agreement for the exclusive manufacturing and distribution in several eastern U.S. states of the Binske® portfolio of products, a brand known for utilizing best-in-class proprietary strains and craft ingredients in its edibles, concentrates, vaporizers, and topicals. In consideration for the license and other rights, the Company agreed to pay a royalty of 10.0% to 12.5% of gross revenue, as defined, derived from the sale of Binske® products, subject to an annual minimum royalty. No gross revenue was generated as of September 30, 2020.

NOTE 5 – DEFERRED RENTS RECEIVABLE

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

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

During the reporting periods, the Company leased to third parties the following owned properties:

- Delaware – a 45,000 square foot facility purchased in September 2016 and developed into a cannabis cultivation, processing, and dispensary facility which is leased to a cannabis-licensed client occupying 100% of the space under a triple net lease that commenced in 2017 and expires in 2035.

- Maryland – a 180,000 square foot former manufacturing facility purchased in January 2017 and developed by the Company into a cultivation and processing facility which is leased to a licensed cannabis client under a triple net lease that commenced in 2018 and expires in 2037.

- Massachusetts – a 138,000 square foot industrial property of which approximately half of the available square footage is leased to a non-cannabis manufacturing company under a lease that commenced in 2017 and expires in 2022.

- Illinois – two 3,400 square foot free-standing retail dispensaries in the cities of Anna and Harrisburg and leased to the KPGs, each under a 20-year lease that commenced in 2018. With the acquisition of the KPGs as disclosed in Note 3 – *Acquisitions*, this lease was eliminated upon the consolidation of the KPGs in October 2019. Accordingly, the rental receipts on such leases have been removed from the table of future minimum rental receipts below.

During the reporting periods, the Company subleased to a third party the following property:

- Delaware – 4,000 square feet of retail space in a multi-use building which the Company developed into a cannabis dispensary and is subleased to its cannabis-licensed client under a under a triple net lease expiring in 2021 with a five-year option to extend.

As of September 30, 2020 and December 31, 2019, cumulative fixed rental receipts under such leases approximated $12.8 million and $9.5 million, respectively, compared to revenue recognized on a straight-line basis of approximately $14.8 million and $11.3 million. Accordingly, the deferred rents receivable balances at September 30, 2020 and December 31, 2019 approximated $2.0 million and $1.8 million, respectively.

Future minimum rental receipts for non-cancelable leases and subleases as of September 30, 2020 were:

2020	$	1,130,989
2021		4,667,497
2022		4,590,656
2023		4,292,769
2024		4,348,027
Thereafter		43,995,612
Total	$	63,025,550

NOTE 6 – NOTES RECEIVABLE

At September 30, 2020 and December 31, 2019, notes receivable were comprised of the following:

	September 30, 2020	December 31, 2019
First State Compassion Center	$ 484,240	$ 527,261
Healer LLC	885,871	846,985
High Fidelity Inc.	254,879	252,873
Maryland Health & Wellness Center Inc.	-	323,526
Atalo Holdings Inc.	-	-
Total notes receivable	1,624,990	1,950,645
Notes receivable, current portion	540,319	311,149
Notes receivable, less current portion	$ 1,084,671	$ 1,639,496

The Company loaned approximately $700,000 to First State Compassion Center, its Delaware cannabis-licensee client, during the period from October 2015 to April 2016. In May 2016, this client issued a 10-year promissory note, as subsequently amended, to the Company bearing interest at a rate of12.5% per annum. The monthly payments of approximately $10,100 will continue through April 2026, at which time the note will become due. At September 30, 2020 and December 31, 2019, the current portion of this note was approximately $64,000 and $58,000, respectively, and is included in *Notes Receivable, Current Portion* on the respective balance sheets.

From August 2018 to June 2019, the Company loaned an aggregate of $800,000 to Healer LLC ("Healer"), an entity that provides cannabis education, dosage programs, and products developed by Dr. Dustin Sulak, an integrative medicine physician and nationally renowned cannabis practitioner. The loans bear interest at 6% per annum, with principal and interest payable on the maturity dates which are three years from the respective loan dates At September 30, 2020, the current portion of this note approximated $221,000. No portion was current at December 31, 2019.

In August 2019, the Company loaned $250,000 to High Fidelity Inc., a company that owns and operates two seed-to sale medical marijuana facilities in the state of Vermont and produces its own line of CBD products. Prior to the note's maturity in August 2020, the parties agreed to continue the note on a month-to-month basis, with interest-only monthly payments ongoing at the rate of 10% per annum.

In January 2019, the Company provided Maryland Health & Wellness Center Inc. ("MHWC"), an entity that has been pre-approved by the state of Maryland for a cannabis dispensing license, with a $300,000 construction loan bearing interest at a rate of8% per annum. In June 2020, MHWC repaid the principal and accrued interest thereon, at which time the parties agreed to terminate their business relationship and release each other from all other previously executed agreements.

From May 2019 to July 2019, the Company extended loans aggregating $980,000 to Atalo Holdings Inc. ("Atalo"), an agriculture and biotechnology firm specializing in research, development, and production of industrial hemp and hemp-derived CBD products. The loans initially bore interest at 6% per annum and matured in April 2020. The Company wrote off the entire carrying value of the Atalo note receivable balance as of December 2019, based upon the expectation that Atalo would be critically impacted by the COVID-19 pandemic. In 2020, Atalo filed for bankruptcy.

NOTE 7 – INVENTORY

At September 30, 2020 and December 31, 2019, inventory was comprised of approximately (i) $3.1 million and $395,000, respectively, of plants and other raw materials, (ii) $188,000 and $226,000, respectively, of CBD isolate and hemp extract, and (iii) $3.5 million and $599,000 of work-in-process and finished cannabis and CBD products.

NOTE 8 – PROPERTY AND EQUIPMENT

At September 30, 2020 and December 31, 2019, property and equipment consisted of the following:

	September 30, 2020	December 31, 2019
Land	$ 3,988,810	$ 3,887,710
Buildings and building improvements	27,334,283	27,063,235
Tenant improvements	8,607,282	7,762,991
Furniture and fixtures	555,766	299,645
Machinery and equipment	4,490,186	4,086,691
Construction in progress	4,977,181	2,827,940
	49,953,508	45,928,212
Less: accumulated depreciation	(4,445,931)	(3,135,843)
Property and equipment, net	$ 45,507,577	$ 42,792,369

During the nine months ended September 30, 2020 and 2019, additions to property and equipment were approximately $4.1 million and $6.7 million, respectively.

Additions during the nine months ended September 30, 2020 consisted primarily of (i) the commencement of construction in Mt. Vernon, IL, and (ii) machinery and equipment purchases for facilities in Massachusetts, Maryland, Illinois, and Delaware. Additions during the nine months ended September 30, 2019 consisted primarily of (i) the commencement of construction in Milford, DE, (ii) the continued buildout of properties in Maryland and Massachusetts, and (iii) improvements to the Wilmington, DE and Las Vegas, NV properties.

During the nine months ended September 30, 2020, the Company disposed of an asset with a cost of approximately $91,000 and accumulated depreciation through the disposal date of approximately $6,000. The loss on disposal of approximately $85,000 is reflected in *Other Non-Operating Expenses* in the statement of operations at September 30, 2020. There were no disposals in 2019.

Depreciation expense for the nine months ended September 30, 2020 and 2019 approximated $1,341,000 and $698,000, respectively.

NOTE 9 – DEBT

Mortgages Payable

At September 30, 2020 and December 31, 2019, mortgage balances, including accrued but unpaid interest, were comprised of the following:

	September 30, 2020	December 31, 2019
Bank of New England – Massachusetts properties	$ 12,912,723	$ 4,825,226
Bank of New England – Delaware property	1,602,730	1,682,275
DuQuoin State Bank – Illinois properties	822,245	829,229
South Porte Bank – Illinois property	906,653	-
Total mortgages payable	16,244,351	7,336,730
Mortgages payable, current portion	(1,379,541)	(223,888)
Mortgages payable, less current portion	$ 14,864,810	$ 7,112,842

In November 2017, the Company entered into a 10-year mortgage agreement with Bank of New England in the amount of $4,895,000 (the "Initial Mortgage") for the purchase of a 138,000 square foot industrial property in New Bedford, Massachusetts, within which the Company has built a 70,000 square foot cannabis cultivation and processing facility. Pursuant to the Initial Mortgage, the Company made monthly payments of (i) interest-only from the mortgage date through May 2019 at a rate equal to the prime rate plus 2%, with a floor of 6.25% per annum, and (ii) principal and interest payments from May 2019 to July 2020 at a rate equal to the prime rate on May 2, 2019 plus 2%, with a floor of 6.25% per annum. In July 2020, at which time the Initial Mortgage had a remaining principal balance of approximately $4.8 million, the parties consummated an amended and restated mortgage agreement, secured by the Company's properties in New Bedford and Middleboro in the amount of $13.0 million bearing interest at a rate of 6.5% per annum that matures in August 2025 (the "Refinanced Mortgage"). Proceeds from the Refinanced Mortgage were used to pay down the Initial Mortgage and approximately $7.2 million of promissory notes as further described below. The outstanding principal balance of the Refinanced Mortgage approximated $12.9 million on September 30, 2020, of which approximately $330,000 was current. The outstanding principal balance of the Initial Mortgage approximated $4.8 million on December 31, 2019, of which approximately $94,000 was current.

The Company maintains another mortgage with Bank of New England for the 2016 purchase of a 45,070 square foot building in Wilmington, Delaware which was developed into a cannabis seed-to-sale facility and is currently leased to the Company's cannabis-licensed client in that state. The mortgage matures in 2031 with monthly principal and interest payments at a rate of 5.25% per annum through September 2021, and thereafter the rate adjusting every five years to the then prime rate plus 1.5% with a floor of 5.25% per annum. At September 30, 2020 and December 31, 2019, the outstanding principal balance on this mortgage was approximately $1,603,000 and $1,682,000, respectively, of which approximately $112,000 and $105,000, respectively, was current.

In May 2016, the Company entered into a mortgage agreement with DuQuoin State Bank ("DSB") for the purchase of two properties which the Company developed into two 3,400 square foot free-standing retail dispensaries in Illinois. 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 2020 at a rate of 6.75% per annum. At September 30, 2020 and December 31, 2019, the outstanding principal balance on this mortgage was approximately $822,000 and $829,000 respectively, of which approximately $31,000 and $24,000, respectively, was current.

In February 2020, the Company entered into a mortgage agreement with South Porte Bank for the purchase and development of a property in Mt. Vernon, IL. Pursuant to the mortgage agreement, the Company made interest-only monthly payments at a rate of 5.5% per annum through its initial maturity date in August 2020. At that time, the parties amended the mortgage agreement to extend the maturity date through November 2020, and requiring continuing monthly interest-only payments at 5.5% per annum.

Notes Payable

In February 2020, pursuant to an exchange agreement as further described in Note 11 –*Mezzanine Equity*, the Company issued two promissory notes in the aggregate principal amount of approximately $4.4 million, bearing interest at 16.5% per annum and maturing in August 2021 (the "$4.4M Notes"), in exchange for a loan in the same amount.The Company has the right to extend the maturity date through February 2022 upon payment of an extension fee equal to 2.5% of the principal amount of the loan. As of September 30, 2020, no principal payments were made on the $4.4M Notes and accrued interest through such date of approximately $439,000 was paid.

In June 2019, the Company and MariMed Hemp, its wholly-owned subsidiary, issued a secured promissory note in the principal amount of $10.0 million (the "$10M Note") to an unaffiliated party (the "Noteholder"). The proceeds from the $10M Note were used to finance a portion of the purchases of hemp seed inventory that was sold to GenCanna (the "Seed Transactions") as further discussed in Note 17 – *Related Party Transactions*. The $10M Note provided for the repayment of principal plus a payment of $1.5 million (the "$1.5M Payment") on the maturity date of January 31, 2020. Such payment was charged to interest expense over the life of the $10M Note.

As part of the $10M Note transaction, the Company issued three-year warrants to purchase 375,000 shares of common stock at an exercise price of $4.50 per share to the Noteholder. The fair value of these warrants on the issuance date of approximately $601,000 was recorded as a discount to the $10M Note. Approximately $523,000 of the warrant discount was amortized to interest expense in 2019, with the remainder in January 2020. Accordingly, the carrying value of the $10M Note approximated $9.9 million at December 31, 2019.

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

The Company entered into a second amendment agreement with the Noteholder in June 2020, whereby (i) $552,000 of outstanding principal of the $11.5M Note was converted into 1,900,000 shares of the Company's common stock (which did not result in an extinguishment loss as the conversion price was higher than the price of the Company's common stock on the conversion date), and (ii) the Company and MariMed Hemp issued a second amended and restated promissory note in the principal amount of approximately $8.8 million (the "$8.8M Note"), comprised of the outstanding principal and unpaid interest balances of the $11.5M Note, plus an extension fee of approximately $330,000. In addition, the Company issued three-year warrants to the Noteholder to purchase 750,000 shares of common stock at an exercise price of $0.50 per share. The fair value of these warrants on the issuance date of approximately $66,000 was recorded as a discount to the $8.8M Note, to be amortized to interest expense over the life of the $8.8M Note.

The $8.8M Note bears interest at a rate of 15% per annum, matures in June 2022, and required a minimum amortization payment of $4,000,000 in July 2020, which the Company paid with a portion of proceeds of the Refinanced Mortgage. The Company can prepay all, or a portion, of the outstanding principal and unpaid interest of the $8.8M Note, however if any prepayment is made prior to December 25, 2021, the Company shall be required to pay a prepayment premium equal to 10% of the principal amount being prepaid. The Noteholder has the right to require the redemption of up to $250,000 of principal and unpaid interest thereon per calendar month. Such monthly redemptions shall be paid in common stock if certain defined conditions of the $8.8M Note and of the Company's common stock are met, or else in cash. The Noteholder has the option to convert the $8.8M Note, in whole or in part, into shares of the Company's common stock at a conversion price of $0.30, subject to certain conversion limitations.

The $8.8M Note is secured by a first priority security interest in the assets of certain of the Company's subsidiaries and brands, and a pledge of the Company's ownership interest in certain of its subsidiaries. The $8.8M Note imposes certain covenants on the borrowers, all of which were complied with as of September 30, 2020. On such date, the carrying value of the $8.8M note approximated $4.8 million.

In April 2019, MariMed Hemp issued a secured promissory note in the principal amount of $1,000,000 (the "$1M Note") to an unaffiliated party. The proceeds of the $1M Note were used to finance a portion of the Seed Transactions as further discussed in Note 17 – *Related Party Transactions*. The $1M Note is secured by the collateral assignment of certain receivables from GenCanna and certain obligations of GenCanna to MariMed Hemp. The principal balance plus a payment of $180,000, initially due in December 2019, was extended to March 2020 in accordance with the terms of the $1M Note, requiring an additional payment of $30,000 (the "$30,000 Fee"). Prior to the extended due date, the parties agreed that the $1M Note would continue on a month-to-month basis bearing interest at a rate of 15% per annum. In September 2020, the Company paid down $500,000 of principal on the $1M Note. At September 30, 2020, the outstanding balance consisted of $500,000 of principal and approximately $403,000 of accrued interest which included the $30,000 Fee.

In March 2019, the Company raised $6.0 million through the issuance of a secured promissory note (the "$6M Note") to an unaffiliated party (the "Holding Party") bearing interest at a rate of 13% per annum and a service fee of $900,000 (the "Service Fee"). The proceeds of the note were used to finance a portion of the Seed Transactions as further discussed in Note 17 – *Related Party Transactions*. The $6M Note is secured by the collateral assignment of certain receivables from and obligations of GenCanna to MariMed Hemp. The $6M Note's initial maturity date of December 31, 2019 was extended to April 30, 2020in accordance with its terms, with the Company paying a $300,000 extension fee in December 2019 which was charged to interest expense.

The Company and the Holding Party entered into a note extension agreement in April 2020 (the "Initial Extension Agreement") pursuant to which (i) the $6M Note's due date was extended to September 2020, and the $6M Note was modified to include unpaid accrued interest of $845,000 through the modification date and interest at a rate of10% per annum (the "$6.8M Note"), and (iii) a new convertible note in the amount of $900,000 (the "$900k Note") was issued evidencing the Service Fee, bearing interest at a rate of 12% per annum. The Company satisfied the $900k Note and accrued interest of $20,100 in full as of the June 2020 maturity date by the payment in July 2020 of $460,050 in cash, representing one-half of the principal and accrued interest, and the issuance in June 2020 of 2,525,596 shares of the Company's common stock, representing the other half of the principal and accrued interest.

In September 2018, the Company raised $3.0 million from the issuance of a secured promissory note to the Holding Party, bearing interest at a rate of10% per annum (the "$3M Note"). The maturity date of the $3M Note, initially in March 2020, was extended for an additional six months in accordance with its terms, with the interest rate increasing to 12% per annum during the extension period. Pursuant to the Initial Extension Agreement, the maturity date of the $3M Note was extended to December 2020. The Company may elect to prepay the $3M Note in whole or part without premium or penalty provided the Holding Party is given proper notice and the Company is not in default of the note agreement.

In consideration of the Initial Extension Agreement, the Company (i) paid the Holding Party a fee of $50,000, (ii) extended the security interest in the Company's properties in Maryland to secure each note held by the Holding Party, and (iii) granted the Holding Party certain security interests in equity interests held by the Company. Each of the notes held by the Holding Party provides for cross-default and imposes certain covenants on the Company, all of which were complied with as of September 30, 2020.

As part of the $3M Note transaction, the Company issued three-year warrants to the Holding Party's designees to purchase750,000 shares of the Company's common stock at an exercise price of $1.80 per share. The Company recorded a discount on the $3M Note of approximately $1,511,000 from the allocation of note proceeds to the warrants based on the fair value of such warrants on the issuance date. Approximately $882,000 of the warrant discount was amortized to interest expense during 2018, and the remaining $629,000 was amortized during 2019.

In October 2020, the Company and the Holding Party entered into a second note extension agreement effective September 30, 2020 (the "Second Extension Agreement"), whereby the Company (i) paid, in October 2020, $1 million of principal and all outstanding accrued interest of approximately $333,000 on the $6.8M Note; (ii) issued an amended and restated senior secured promissory note in the principal amount of $5,845,000 (the "$5.8M Note") to replace the $6.8M Note; and (iii) amended and restated the $3M Note (the "New $3M Note", and together with the $5.8M Note, the "Amended Notes"). At September 30, 2020, the $1 million of principal and approximately $333,000 of accrued interest on the $6.8M Note, both of which were paid in October 2020, were reflected in the current portion of outstanding notes payable and in accrued interest, respectively.

The Amended Notes bear interest at a rate of12% per annum and mature in September 2022. If all principal and accrued interest on either or both of the Amended Notes are not paid on or prior to their respective maturity dates, the Holding Party shall have the right, exercisable in its sole discretion at any time from September 2022 through March 2023, to convert all or a portion of the principal and interest owed into shares of the Company's common stock at a conversion price equal to the average closing price for the 20 consecutive trading days prior to the date of conversion. The $5.8M Note requires mandatory principal payments of $400,000 in February 2021, and $500,000 per quarter during the period from May 2021 to August 2022 (such quarterly payments amounting to $3.0 million in the aggregate). The $5.8M Note can be prepaid in whole or in part at any time without penalty. The New $3M Note can be prepaid in whole or in part without penalty only after the $5.8M Note has been fully repaid.

In consideration of the Second Extension Agreement, the Company (i) issued four-year warrants to the Holding Party's designees to purchase up to5,000,000 shares of the Company's common stock at an exercise price of $0.25 per share; (ii) paid the Holding Party a fee of $100,000; and (iii) extended the security interest in certain Company properties and the pledge of certain equity interests to secure the Amended Notes. The Company recorded a discount on the Amended Notes of approximately $573,000 based on the fair value of such warrants on the issuance date, of which approximately $1,000 was amortized as of the end of the quarter, and the remainder to be amortized over the life of the Amended Notes. Accordingly, the carrying value of the Amended Notes approximated $8.3 million at September 30, 2020, of which $1.4 million was current.

In addition to the above transactions, the Company raised $800,000 and $2,760,000 during the nine months ended September 30, 2020 and December 31, 2019, respectively, from the issuance of promissory notes to accredited investors bearing interest at rates ranging from 6.5% to 18% per annum, and maturing in 2020 and 2021 (the "Third Party Notes"). $2,800,000 of the Third Party Notes was repaid in 2020, and accordingly, $760,000 remained outstanding at September 30, 2020 with related accrued interest of approximately $48,000.

<u>*Debt Maturities*</u>

As of September 30, 2020, the aggregate scheduled maturities of the Company's total debt outstanding, inclusive of the promissory notes and mortgages described within this Note 9 – *Debt*, and the convertible debentures described in the following Note 10– *Debentures Payable,* were:

2020	$	2,808,883
2021		11,024,306
2022		12,268,122
2023		544,571
2024		577,281
Thereafter		13,110,191
Total		40,333,354
Less discounts		(994,591)
	$	39,338,763

NOTE 10 – DEBENTURES PAYABLE

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

Issue Date	Maturity Date	Initial Principal	Interest Rate	Issue Discount	Warrant Discount	Ben. Conv. Feature	Converted To Common Stk.	Outstanding Principal
10/17/18	10/16/20	$ 5,000,000	6.0%	1.0%	$ 457,966	$ 1,554,389	$ 5,000,000	$ -
11/07/18	11/06/20	5,000,000	6.0%	1.0%	599,867	4,015,515	5,000,000	-
05/08/19	05/07/21	5,000,000	6.0%	1.0%	783,701	2,537,235	3,250,000	1,750,000
06/28/19	06/27/21	2,500,000	0.0%	7.0%	145,022	847,745	1,050,000	1,450,000
08/20/19	08/19/21	2,500,000	0.0%	7.0%	219,333	850,489	2,500,000	-
02/21/20	02/20/21	1,000,000	6.5%	6.5%	28,021	379,183	-	1,000,000

The holder of the $21M Debentures (the "Holder") has the right at any time to convert all or a portion of the $21M Debentures, along with accrued and unpaid interest, into the Company's common stock at conversion prices equal to 80% of a calculated average, as determined in accordance with the terms of the $21M Debentures, of the daily volume-weighted price during the ten consecutive trading days preceding the date of conversion, subject to a cap in certain conversions. Notwithstanding this conversion right, the Holder shall limit conversions in any given month to certain agreed-upon amounts based on the conversion price, and the Holder shall also be limited from beneficially owning more than 4.99% of the Company's outstanding common stock (potentially further limiting the Holder's conversion right).

The Company has the right to redeem all or a portion of the $21M Debentures, along with accrued and unpaid interest, at a 10% premium, provided that the Company first delivers advance written notice to the Holder of its intention to make a redemption, with the Holder allowed to effect certain conversions of the $21M Debentures during such notice period.

Upon a change in control transaction, as defined, the Holder may require the Company to redeem all or a portion of the $21M Debentures at a price equal to 110% of the outstanding principal amount of the $21M Debentures, plus all accrued and unpaid interest thereon. So long as the $21M Debentures are outstanding, in the event the Company enters into a Variable Rate Transaction ("VRT"), as defined in the SPA, the Holder may cause the Company to revise the terms of the $21M Debentures to match the terms of the convertible security issued in such VRT.

In conjunction with the issuance of the $21M Debentures, the Company issued the Holder three-year warrants to purchase an aggregate of 1,354,675 shares of the Company's common stock at exercise prices ranging from $0.75 to $5.50 per share, of which warrants to purchase 180,000 shares of common stock at an exercise price of $0.75 were issued in the nine months ended September 30, 2020. The fair value of the warrants of approximately $2.2 million was recorded as a discount to the carrying amount of the $21M Debentures and are amortized to interest expense over the respective term of the individual debentures comprising the $21M Debentures.

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

Pursuant to the terms of a registration rights agreement with the Holder, entered into concurrently with the SPA, the Company agreed to provide the Holder with certain registration rights with respect to any potential shares issued pursuant to the terms of the SPA and the $21M Debentures. An addendum to the SPA stipulates that the Holder has agreed not to undertake a conversion of all or a portion of the $21M Debentures that would require the Company to issue more shares than the amount of available authorized shares at the time of conversion, which amount of authorized shares shall not be less than the current authorized number of 500 million shares of common stock, thereby eliminating the requirement to bifurcate and account for the conversion feature of the $21M Debentures as a derivative.

The Holder converted, in several transactions from November 2018 through September 2020, an aggregate of $16.8 million of principal and approximately $768,000 of accrued interest into 64,470,063 shares of common stock at conversion prices ranging from $0.11 to $3.06 per share. Of these conversions, an aggregate of $6.8 million of principal and approximately $356,000 of accrued interest was converted into 54,143,232 shares of common stock at exercise prices of $0.11 and $0.34 per share during the nine months ended September 30, 2020.

All of the aforementioned conversions were performed in accordance with the terms of their respective convertible debenture agreements, and therefore the Company was not required to record a gain or loss on such conversions.

During the nine months ended September 30, 2020 and 2019, amortization of the beneficial conversion features, after adjustment for the aforementioned conversions, approximated $2,553,000 and $4,646,000, respectively; amortization of the warrant discounts approximated $545,000 and $913,000 respectively; and the amortization of original issue discounts approximated $267,000 and $107,000, respectively. Additionally, accrued interest expense for such periods approximated $234,000 and $421,000, respectively.

At September 30, 2020, the aggregate outstanding principal balance of the $21M Debentures was $4,200,000. Also on such date, the unamortized balances of the beneficial conversion features, the warrant discounts, and original issue discounts were approximately $867,000, $300,000, and $105,000, respectively. Accordingly, at September 30, 2020, the carrying value of the $21M Debentures was approximately $2,928,000, all of which was current.

At December 31, 2019, the aggregate outstanding principal balance on the $21M Debentures was $10,000,000. Also on such date, the unamortized balances of the beneficial conversion features, the warrant discounts, and original issue discounts were approximately $3,041,000, $817,000, and $307,000, respectively. Accordingly, at December 31, 2019, the carrying value of the $21M Debentures was approximately $5,835,000, all of which was long term.

NOTE 11 – MEZZANINE EQUITY

Preferred Stock

In February 2020, the Company entered into an exchange agreement with two institutional shareholders (the "TIS Exchange Agreement") whereby the Company (i) exchanged 4,908,333 shares of the Company's common stock previously acquired by the two institutional shareholders for an equal number of shares of newly designated Series B convertible preferred stock, and (ii) issued the $4.4M Notes previously discussed in Note 9 – *Debt.*

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

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

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

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

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

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

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

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

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

NOTE 12 – STOCKHOLDERS' EQUITY

Common Stock

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

During the nine months ended September 30, 2020, the Company issued 4,400,000 shares of common stock to settle approximately $699,000 of obligations. Based on the price of the Company's common stock on the settlement date, the Company incurred a loss of approximately $45,000 which is reflected under *Loss On Obligations Settled With Equity* on the statement of operations. No such settlements occurred during the nine months ended September 30, 2019.

During the nine months ended September 30, 2020, the Company granted 97,797 shares of common stock to a current employee. The fair value of the shares of approximately $16,000 was charged to employee compensation during the period. At September 30, 2020, 33,319 of these shares were yet to be issued. During the nine months ended September 30, 2019, the Company granted 108,820 shares of common stock to current employees. The fair value of the shares of approximately $194,000 was charged to employee compensation during the period.

During the nine months ended September 30, 2020, 40,000 shares of common stock granted to an employee in 2019 were forfeited. The Company recorded these returned shares at par value. No common stock forfeitures occurred in 2019.

During the nine months ended September 30, 2020 and 2019, the Company issued 3,236,857 and 97,136 shares of common stock, respectively, associated with previously issued subscriptions on common stock with a value of approximately $1,168,000 and $169,000, respectively.

During the nine months ended September 30, 2019, the Company sold 799,995 shares of common stock at a price of $3.25 per share, resulting in total proceeds of $2,600,000. No common stock was sold during the nine months ended September 30, 2020.

As previously disclosed in Note 3– *Acquisitions*, the Company issued in 2019 (i) 1,000,000 shares of common stock in connection with the acquisition of the KPGs and Mari-IL, (ii) 1,000,000 shares of common stock as a good faith deposit on the Harvest acquisition, and (iii) 520,000 shares of common stock in connection with the acquisition of MediTaurus.

As previously disclosed in Note 4– *Investments*, the Company issued 500,000 shares of common stock in 2019 to purchase a minority interest in Terrace, and 378,259 shares of common stock in 2018 to purchase a minority interest in MRSVP.

As previously disclosed in Note 9 – *Debt*, the Company issued 4,425,596 shares of common stock during the nine months ended September 30, 2020 to retire approximately $812,000 of promissory notes (principal and accrued interest).

As previously disclosed in Note 10 – *Debentures Payable*, during the nine months ended September 30, 2020, the holder of the $21M Debentures converted approximately $7.2 million of principal and interest into 54,143,232 shares of common stock. During the nine months ended September 30, 2019, the holder of the $21M debentures converted approximately $7.9 million of principal and interest into 6,798,339 shares of common stock.

As further disclosed in Note 13– *Stock Options*, during the nine months ended September 30, 2019, 417,352 shares of common stock were issued in connection with the exercise of stock options. No stock options were exercised during the nine months ended September 30, 2020.

As further disclosed in Note 14– *Warrants*, during the nine months ended September 30, 2019, warrants to purchase 686,104 shares of common stock were exercised. No warrants were exercised during the nine months ended September 30, 2020.

Common Stock Issuance Obligations

At September 30, 2020, the Company was obligated to issue 33,319 shares of common stock, valued at approximately $5,000, in connection with a stock grant to a current employee. Such shares were subsequently issued in October 2020. At September 30, 2019, the Company was obligated to issue 6,603,532 shares of common stock, valued at approximately $5.0 million, in connection with the MediTaurus acquisition, stock option exercises, and debenture conversions. Such shares were subsequently issued in the fourth quarter of 2019.

Amended and Restated 2018 Stock Award and Incentive Plan

In August 2019, the Company's board of directors approved the Amended and Restated 2018 Stock Award and Incentive Plan (the "Incentive Plan"), based on the board's belief that awards authorized under the Incentive Plan provide incentives for the achievement of important performance objectives and promote the long-term success of the Company. In September 2019, the Incentive Plan was approved by the stockholders at the Company's annual stock-holders meeting.

The Incentive Plan is an omnibus plan, authorizing a variety of equity award types as well as cash and long-term incentive awards. The Incentive Plan amends and restates the Company's 2018 Stock Award and Incentive Plan (the "Previous Plan"), which was approved by the board of directors in July 2018 but never presented to stockholders for approval. Any grants made under the Previous Plan prior to the approval date of the Incentive Plan shall continue to be governed by the terms of the Previous Plan.

The Incentive Plan authorizes a broad range of awards, including stock options, stock appreciation rights, restricted stock, deferred stock, dividend equivalents, performance shares, cash-based performance awards, and other stock-based awards. Such awards can be granted to employees, non-employee directors and other persons who provide substantial services to the Company and its affiliates. Nothing in the Incentive Plan precludes the payment of other compensation to officers and employees, including bonuses based upon performance, outside of the Incentive Plan.

An aggregate of 40,000,000 shares are reserved for delivery to participants and may be used for any type of award under the Incentive Plan. Shares actually delivered in connection with an award will be counted against such number of reserved shares. Shares will remain available for new awards if an award under the Incentive Plan expires, is forfeited, canceled, or otherwise terminated without delivery of shares or is settled in cash. Each award under the Incentive Plan is subject to the Company's claw back policy in effect at the time of grant of the award.

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

NOTE 13 – STOCK OPTIONS

During the nine months ended September 30, 2020, the Company granted five-year options to purchase up to 1,064,500 shares of common stock at exercise prices of $0.15 and $0.30 per share. During the same period in 2019, the Company granted options to purchase up to 900,000 shares of common stock, expiring four and five years from their grant dates, at exercise prices ranging from $0.99 to $1.95 per share.

The fair values of the aforementioned options granted in 2020 and 2019 of approximately $117,000 and $876,000, respectively, are being amortized to compensation expense over their vesting periods, of which approximately $100,000 and $101,000 was amortized during the nine months ended September 30, 2020 and 2019, respectively.

During the nine months ended September 30, 2019, options to purchase 3,585,000 shares of common stock were exercised at prices ranging from $0.08 to $0.77 per share. Of these exercised options, 2,285,000 were exercised on a cashless basis with the exercise prices paid via the surrender of 523,192 shares of common stock. No options were exercised during the nine months ended September 30, 2020.

During the nine months ended September 30, 2020 and 2019, options to purchase 210,000 and 80,000 shares of common stock, respectively, were forfeited, resulting in an aggregate reduction of amortized compensation expense of approximately $208,000 and $170,000, respectively.

Stock options outstanding and exercisable as of September 30, 2020 were:

Exercise Price per Share		Shares Under Option		Remaining Life in Years
		Outstanding	Exercisable	
$	0.130	200,000	200,000	0.01
$	0.140	550,000	550,000	0.25
$	0.149	500,000	500,000	5.25
$	0.300	554,500	-	4.50
$	0.330	50,000	50,000	0.44
$	0.417	900,000	400,000	4.24
$	0.450	125,000	125,000	1.01
$	0.590	15,000	15,000	4.19
$	0.630	300,000	300,000	1.25
$	0.770	200,000	200,000	2.25
$	0.900	50,000	50,000	2.62
$	0.910	50,000	50,000	2.06
$	0.950	50,000	30,000	2.25
$	0.992	300,000	300,000	3.99
$	1.000	125,000	75,000	4.09
$	1.350	100,000	50,000	2.83
$	1.950	375,000	250,000	2.75
$	2.320	100,000	100,000	2.95
$	2.450	2,000,000	2,000,000	2.23
$	2.500	100,000	100,000	2.91
$	2.650	200,000	200,000	2.98
$	2.850	56,250	43,750	2.20
$	2.850	100,000	75,000	3.20
$	3.000	25,000	25,000	3.21
$	3.725	100,000	100,000	3.19
		7,125,750	5,788,750	

NOTE 14 – WARRANTS

During the nine months ended September 30, 2020, in conjunction with the $21M Debentures previously disclosed in Note 10 – *Debentures Payable*, the Company issued three-year warrants to purchase up to 180,000 shares of common stock at an exercise price of $0.75 per share. The fair value of these warrants on the issuance date approximated $28,000, with approximately $17,000 of this amount amortized to interest expense during the period and the remainder to be amortized over the term of the respective debentures.

Also during this period, as previously disclosed in Note 9 – *Debt,* (i) as part of the $8.8M Note transaction, the Company issued three-year warrants to purchase up to 750,000 shares of common stock at an exercise price of $0.50 per share, and (ii) in consideration of the Second Extension Agreement, the Company issued four-year warrants to purchase up to 5,000,000 shares of the Company's common stock at an exercise price of $0.25 per share. The fair value of these warrants on their issuance dates approximated $639,000, with approximately $10,000 of this amount amortized to interest expense during the period and the remainder to be amortized by the maturity dates of the respective promissory notes.

During the nine months ended September 30, 2019, in conjunction with the $21M Debentures previously disclosed in Note 10 – *Debentures Payable*, the Company issued three-year warrants to purchase 850,000 shares of common stock at exercise prices of $3.00 and $5.00 per share. The fair value of these warrants at issuance approximated $1,148,000, with approximately $517,000 of this amount amortized to interest expense during the period and the remainder to be amortized over the remaining term of the respective debentures.

Also during this period, as part of the $10M Note transaction previously disclosed in Note 9 – *Debt,* the Company issued three-year warrants to purchase 375,000 shares of common stock at an exercise price of $4.50 per share. The fair value of these warrants at issuance approximated $601,000, with approximately $294,000 of this amount amortized to interest expense during the period and the remainder amortized by the maturity date of the $10M Note.

The Company also issued stand-alone warrants to purchase up to 25,000 and 125,000 shares of common stock during the nine months ended September 30, 2020 and 2019, respectively. The fair value of these warrants at issuance approximated $2,000 in 2020 and $139,000 in 2019, and were charged to compensation expense during the periods.

During the nine months ended September 30, 2019, warrants to purchase up to 686,104 shares of common stock were exercised at exercise prices ranging from $0.12 to $1.75 per share, resulting in aggregate proceeds to the Company of approximately $612,000. No warrants were exercised during the nine months ended September 30, 2020.

At September 30, 2020 and 2019, warrants to purchase up to 17,735,107 and 11,270,107 shares of common stock, respectively, were outstanding with exercise prices ranging from $0.15 to $5.50 per share in both periods.

NOTE 15 – REVENUES

The Company's revenues were comprised of the following major categories:

	Nine Months Ended September 30,			
	2020		2019	
Product sales		21,992,298		60,839
Product sales from related party		-		29,029,249
Real estate	$	5,065,538	$	5,250,084
Management		1,081,562		1,963,205
Supply procurement		1,218,334		2,830,555
Licensing		1,179,113		1,230,366
Other		984		47,893
Total revenues	$	30,537,829	$	40,412,191

The amount under *Product Sales From Related Party* shown in the table above represents the total revenues from the seed transactions with GenCanna, which is further disclosed in Note 17 – *Related Party Transactions*. Excluding these revenues, for the nine months ended September 30, 2020 and 2019, revenue from two clients represented 24% and 82%, respectively, of total revenues.

NOTE 16 – BAD DEBTS

At September 30, 2020 and 2019, the Company maintained reserves against bad debts of approximately $44.3 million and $250,000, respectively.

The September 30, 2020 reserves were primarily comprised of (i) an allowance against the accounts receivable balance due from GenCanna of approximately $29.0 million, following the commencement of GenCanna's Chapter 11 proceedings as previously discussed in Note 4 – *Investments*, (ii) an allowance against the accounts receivable balance of approximately $11.1 million, and reserve against the working capital balance of approximately $1.5 million, due from Kind, in light of the current litigation between the Company and Kind as further discussed in Note 18 – *Commitments and Contingencies*, and (iii) an allowance against the accounts receivable balance of approximately $314,000, and a reserve against the working capital balance of approximately $2.3 million due from Harvest, based on the Company's expectation of the negative impact of the COVID-19 pandemic on Harvest's local economy.

NOTE 17 – RELATED PARTY TRANSACTIONS

During 2019, the Company, through its MariMed Hemp subsidiary, entered into several hemp seed sale transactions with GenCanna whereby the Company acquired large quantities of top-grade feminized hemp seeds with proven genetics at volume discounts that it sold to GenCanna at market rates. The seeds met the U.S. government's definition of federally legal industrial hemp, which was descheduled as a controlled substance and classified as an agricultural commodity upon the signing of the 2018 U.S. Farm Bill.

The Company purchased $20.75 million of hemp seed inventory which it sold and delivered to GenCanna for $33.2 million. The Company provided GenCanna with extended payment terms through December 2019, to coincide with the completion of the seeds' harvest, although the payment by GenCanna was not contingent upon the success of such harvest or its yield. To partially fund the seed purchases, the Company raised $17.0 million in debt financings which is reflected in *Notes Payable* on the balance sheet and previously discussed in Note 9 – *Debt*.

By the end of 2019, GenCanna had not paid the amount it owed the Company for its seed purchases due to several challenges it faced late in the year, including defaults under its senior credit facility, a fire at its main processing and lab facility, the domestic decline of CBD selling prices, and the contraction of the cannabis capital markets. In February 2020, as previously discussed in Note 4 – *Investments*, under pressure from certain of its creditors, the GenCanna Debtors agreed to convert a previously-filed involuntary bankruptcy proceeding into a voluntary Chapter 11 proceeding, and filed voluntary petitions under Chapter 11 in the Bankruptcy Court.

As required by the relevant accounting guidance, the Company initially recorded the $33.2 million due from GenCanna as a related party receivable, with approximately $29.0 million recognized as related party revenue, and approximately $4.2 million classified as unearned revenue (such amount representing the Company's 33.5% ownership portion of the profit on these transactions, which was to have been recognized as revenue upon payment by GenCanna). As a result of GenCanna's Chapter 11 proceedings, the Company fully reserved the receivable balance of approximately $29.0 million and wrote off the entire unearned revenue balance of approximately $4.2 million.

In 2019, the Company granted five-year options to purchase up to 100,000 shares of common stock to each of the Company's three independent board members at an exercise price of $0.99 per share. The aggregate fair value of these options of approximately $191,000 was fully amortized at March 31, 2020. No options were granted to related parties during the nine months ended September 30, 2020.

In 2019, options to purchase 200,000 and 132,499 shares of common stock were exercised by the Company's CEO and an independent board member, respectively, at weighted average exercise prices of $0.11 and $0.08 per share, respectively. The independent board member's options were exercised on a cashless basis with the exercise prices paid via the surrender of 3,108 shares of common stock. No options were exercised by related parties during the nine months ended September 30, 2020.

In 2019, options to purchase 117,501 shares of common stock were forfeited by board members. No options were forfeited by related parties during the nine months ended September 30, 2020.

The Company's current corporate offices are leased from a company owned by a related party under a 10-year lease that commenced August 2018 and contains a five-year extension option. During the nine months ended September 30, 2020 and 2019, expenses incurred under this lease approximated $117,000 in both periods.

The balance of *Due To Related Parties* at September 30, 2020 and December 31, 2019 of approximately $1,233,000 and $1,455,000, respectively, were comprised of amounts owed of approximately (i) $515,000 and $420,000, respectively, to the Company's CEO and CFO, (ii) $673,000 and $990,000, respectively, to companies partially owned by these officers, and (iii) $45,000 in both periods to a stockholder of the Company. Such amounts owed are not subject to repayment schedules.

Both of the Company's mortgages with Bank of New England discussed in Note 9 – *Debt,* as well as the mortgage with Commonwealth Real Estate Ventures LLC disclosed in Note 19 – *Subsequent Events,* are personally guaranteed by the Company's CEO and CFO.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Lease Commitments

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

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

- Delaware – 4,000 square feet of retail space in a multi-use building under a five-year lease that commenced in October 2016 and contains a five-year option to extend the term. The Company developed the space into a cannabis dispensary which is subleased to its cannabis-licensed client.

- Delaware – a 100,000 square foot warehouse leased in March 2019 that the Company is developing into a cultivation and processing facility to be subleased to the same Delaware client. The lease term is 10 years, with an option to extend the term for three additional five-year periods.

- Nevada – 10,000 square feet of an industrial building that the Company has built-out into a cannabis cultivation facility and plans to rent to its cannabis-licensed client under a sub-lease which will be coterminous with this lease expiring in 2024.

- Massachusetts – 10,000 square feet of office space which the Company utilizes as its corporate offices under a 10-year lease with a related party expiring in 2028, with an option to extend the term for an additional five-year period

- Maryland – a 2,700 square foot 2-unit apartment under a lease that expires in July 2022 with an option to renew for a two-year term.

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

The components of lease expense for the nine months ended September 30, 2020 were as follows:

Operating lease cost	$	737,993
Finance lease cost:		
Amortization of right-of-use assets	$	24,512
Interest on lease liabilities		5,834
Total finance lease cost	$	30,346

The weighted average remaining lease term for operating leases is 8.7 years, and for the finance lease is 3.0 years. The weighted average discount rate used to determine the right-of-use assets and lease liabilities was 7.5% for all leases.

Future minimum lease payments as of September 30, 2020 under all non-cancelable leases having an initial or remaining term of more than one year were:

		Operating Leases		Finance Lease
2020	$	246,937	$	9,603
2021		1,008,227		38,412
2022		949,535		27,123
2023		910,166		23,201
2024		835,411		3,229
Thereafter		4,267,635		-
Total lease payments		8,217,911		101,568
Less: imputed interest		(2,248,157)		(10,718)
	$	5,969,754	$	90,850

Terminated Employment Agreement

An employment agreement which commenced in 2012 with Thomas Kidrin, the former CEO of the Company, that provided Mr. Kidrin with salary, car allowances, stock options, life insurance, and other employee benefits, was terminated by the Company in 2017. At September 30, 2020 and December 31, 2019, the Company maintained an accrual of approximately $1,043,000 for any amounts that may be owed under this agreement, although the Company contends that such agreement is not valid and that no amount is due.

In July 2019, Mr. Kidrin, also a former director of the Company, filed a complaint in the Massachusetts Superior Court, that alleges the Company failed to pay all wages owed to him and breached the employment agreement, and requests multiple damages, attorney fees, costs, and interest. The Company has moved to dismiss certain counts of the complaint and has asserted counterclaims against Mr. Kidrin alleging breach of contract, breach of fiduciary duty, money had and received, and unjust enrichment. The Company believes that the allegations in the complaint are without merit and intends to vigorously defend this matter and prosecute its counterclaims.

Maryland Acquisition

As previously disclosed in Note 3– *Acquisitions*, the sellers of Kind have attempted to renegotiate the terms of the MOU, alleging that the MOU is not an enforceable agreement, despite the MOU containing all the definitive material terms with respect to the acquisition transaction and confirming the management and lease agreements. The Company engaged with the sellers in a good faith attempt to reach updated terms acceptable to both parties, but the non-reciprocation of the sellers resulted in an impasse and both parties commencing legal proceedings.

On November 13, 2019, Kind Therapeutics USA Inc. ("Kind") commenced an action in the Circuit Court for Washington County, MD captioned Kind Therapeutics USA, Inc. vs. MariMed, Inc., et al. (Case No. C-21-CV-19-000670) asserting claims against the Company, including breach of contract, breach of fiduciary duty, accounting, and unjust enrichment, and seeking declaratory judgment and damages in excess of $75,000. On November 15, 2019, the Company filed counterclaims against Kind and a third-party complaint against the Members of Kind (Jennifer DiPietro, Susan Zimmerman, and Sophia Leonard-Burns) and William Tham (the "Counterclaim"). The Counterclaim alleged breach of contract with respect to each of the MOU and the Management Agreement (the "MSA"), unjust enrichment, promissory estoppel/detrimental reliance, and fraud in the inducement, and seeking a declaratory judgement that the MOU is an enforceable contract, specific performance of such contact, and the establishment of a constructive trust for the Company's benefit. The Counterclaim also seeks damages.

Both parties, MariMed (including MariMed Holdings MD, LLC and MariMed Advisors Inc.) and Kind, brought motions for a temporary restraining order and a preliminary injunction. By Opinion and Order entered on November 21, 2019, the Court denied both parties motions for a temporary restraining order. In its opinion, the Court specifically noted that, contrary to Kind's allegations, the MSA and the 20-year lease agreement for Kind's utilization of the Company's cultivation and production facility (the "Lease") "appear to be independent, valid and enforceable contracts."

On or about April 3, 2020, the Company filed its First Amended Counterclaim and Third Party Complaint in which additional claims were added and clarified, including breach of Lease and breach of the Licensing and Manufacturing Agreement (the "LMA") against Kind, along with other alternative claims and seeking damages. On August 11, 2020, the Company filed its Second Amended Counterclaim and Third Party Complaint in which additional clarifications were made and claims added for breach of fiduciary duty and breach of partnership. The Company believes that its claims for breach of contract with respect to the MOU, the MSA, the Lease, and the LMA, as well as all other claims are meritorious. Further, the Company believes that Kind's claims against the Company are without merit. The Company intends to aggressively prosecute and defend the action. In light of this litigation, the Company has not recorded management fees charged to Kind of approximately $1.1 million for the nine months ended September 30, 2020. A hearing on the parties' cross-motions for preliminary injunction was held on September 14 to 17, 2020 and November 2 and 4, 2020, and the Court's ruling on the motions is pending. The trial is currently scheduled to start on June 7, 2021.

NOTE 19 – SUBSEQUENT EVENTS

Debentures Payable

In October 2020, the holder of the $21M Debentures converted an aggregate of approximately $1,259,000 of principal and accrued interest into 10,653,600 shares of common stock at conversion prices of $0.11 and $0.12 per share.

Notes Payable

In October 2020, as previously discussed in Note 9 – *Debt*, the Company and the Holding Party entered into the Second Extension Agreement whereby the Company (i) paid, in October 2020, $1 million of principal and all outstanding accrued interest of approximately $333,000 on the $6.8M Note, (ii) issued the $5.8M Note, which replaced the $6.8M Note, and the New $3M Note, both with maturity dates in September 2022.

Mortgage Agreement

In October 2020, the Company entered into a $1.3 million mortgage agreement with Commonwealth Real Estate Ventures LLC. The mortgage is secured by the Company's properties in Illinois, and requires interest-only monthly payments at a rate of 15% per annum through its maturity date in October 2021. The mortgage contained an origination charge of 1% of the principal balance. Repayment of the mortgage is personally guaranteed by the Company's CEO and CFO.

Common Stock Issuance Obligations

In October 2020, the Company issued 33,319 shares of common stock in connection with the stock grant to a current employee previously disclosed in Note 12 – *Stockholders' Equity.*

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

Forward Looking Statements

When used in this form 10-Q and in future filings by the Company with the Commission, the words or phrases such as “anticipate,” “believe,” “could,” “should,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company has no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

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

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

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

Overview

General

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

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

In 2018, the Company commenced a strategic plan to transition from a consulting business to a direct owner of cannabis licenses and operator of seed-to-sale operations. The Company’s strategic plan consists of the acquisition of its cannabis-licensed clients located in five states—Delaware, Illinois, Maryland, Massachusetts, and Nevada—and the consolidation of these entities under the MariMed banner.

A goal in completing this transition is to present a simpler, more transparent financial picture of the full breadth of the Company's efforts, with a clearer representation of the revenues, earnings, and other financial metrics the Company has generated for its clients. The Company has played a key role in the successes of these entities, from the securing of their cannabis licenses, to the development of facilities that are models of excellence, to providing operational and corporate guidance. Accordingly, the Company believes it is well suited to own these facilities and manage the continuing growth of their operations.

To date, acquisitions of the licensed businesses in Massachusetts and Illinois have been state-approved and completed and establishes the Company as a fully integrated seed-to-sale multi-state operator, The acquisitions of the remaining entities located in Maryland, Nevada, and Delaware are at various stages of completion and subject to each state's laws governing the ownership and transfer of cannabis licenses, which in the case of Delaware requires a modification of current cannabis ownership laws to permit for-profit ownership. Meanwhile, the Company continues to develop additional revenue and business in these states and plans to leverage its success to expand into other markets where cannabis is and becomes legal.

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

The Company's branded cannabis products are licensed under brand names including Kalm Fusion™, Nature's Heritage™, and Betty's Eddies™, and are distributed in the form of dissolvable strips, tablets, powders, microwaveable popcorn, fruit chews, and other varieties in development. The Company also has exclusive sublicensing rights in certain states to distribute the Binske® line of cannabis products crafted from premium artisan ingredients, the Healer™ line of medical full-spectrum tinctures, and the clinically tested medicinal cannabis strains developed in Israel by global medical cannabis research pioneer Tikun Olam™. The Company's hemp division distributes hemp-derived CBD products, including its Florance™ brand, in the US and abroad. The Company intends to continue licensing and distributing its brands as well as other top brands in the Company's current markets and in additional legal markets worldwide.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. The spread of the virus in the United States and the measures implemented to contain it—including business shutdowns, indoor capacity restrictions, social distancing, and diminished travel—have negatively impacted the economy and have created significant volatility and disruption in financial markets. Consequently, the Company's expansion efforts and implementation of its strategic plan have been delayed. Additionally, while the cannabis industry has been deemed an essential business, and is not expected to suffer severe declines in revenue, the Company's business, operations, financial condition, and liquidity have been adversely affected, as further discussed in the notes accompanying the financial statements and within this *Management's Discussions and Analysis of Financial Condition and Results of Operations*.

Continued disruption to the global economy may materially and adversely affect the future carrying values of certain of the Company's assets, including inventories, accounts receivables, and intangibles, as well as negatively impact the Company's ability to raise working capital to support its operations. The full extent to which COVID-19 and the measures to contain it will impact the Company's business, operations financial condition, and liquidity will depend on the continued severity and duration of the COVID-19 outbreak and other future developments in response to the virus, all of which are highly uncertain at this time. As a result, the Company cannot predict the ultimate impact of COVID-19 on its operational and financial performance.

Revenues

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

- Product Sales – direct sales of cannabis and cannabis-infused products by the Company's dispensary and wholesale operations in Massachusetts and Illinois, and direct sales of hemp and hemp-infused products by the Company's hemp division. In 2019, this division participated in one-time sales of acquired hemp seed inventory, as further explained below in the section entitled *Liquidity and Capital Resources*. Future product sales are expected to include the Company's planned cannabis-licensee acquisitions in Maryland, Nevada, and Delaware (upon this state's amendment to permit for-profit ownership of cannabis entities).

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

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

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

- Licensing – revenue from the sale of precision-dosed, cannabis-infused products—such as Kalm Fusion™, Nature's Heritage™, and Betty's Eddies™—to regulated dispensaries throughout the United States and Puerto Rico.

Expenses

The Company classifies its expenses into three broad categories:

- cost of revenues, which includes the direct costs associated with the generation of the Company's revenues;

- operating expenses, which include the sub-categories of personnel, marketing and promotion, general and administrative, and bad debts; and

- non-operating income and expenses, which include the sub-categories of interest expense, interest income, equity in earnings of equity method investments, loss on obligations settled with equity, and changes in the fair value of non-consolidated investments.

Liquidity and Capital Resources

At September 30, 2020, the Company had cash and cash equivalents of approximately $2.3 million and negative working capital of approximately $9.1 million, compared to cash and cash equivalents of approximately $739,000 and negative working capital of approximately $29.3 million at December 31, 2019.

The Company produced the following improvements to key liquidity metrics during the reported period:

- During the nine months ended September 30, 2020, the Company's operating activities provided positive cash flow of approximately $1.6 million, compared to approximately $24.2 million of negative cash flow used by such activities during the same period of 2019, a positive swing of approximately $25.8 million.

- At September 30, 2020, the Company's negative working capital was approximately $9.1 million, a continued improvement from approximately $21.5 million at June 30, 2020 and approximately $29.3 million at December 31, 2019.

- The Company successfully restructured the terms of its short term promissory notes payable to approximately $8.5 million at September 30, 2020 from approximately $17.2 million at June 30, 2020 and $23.1 million at December 31, 2019.

The large negative working capital balance at December 31, 2019 was primarily caused by GenCanna's bankruptcy proceeding under Chapter 11 initiated in early 2020, the details of which are disclosed in the footnotes accompanying the Company financial statements included in this report. Prior to the commencement of these bankruptcy proceedings, during the period March 2019 to June 2019, the Company raised $17.0 million via the issuance of promissory notes to three unaffiliated third parties (the "Seed Funding Notes"). The proceeds from the Seed Funding Notes were used to fund the purchase of large quantities of top-grade hemp seeds at volume discounts which were then sold to GenCanna at market rates (the "Seed Transactions"). The Seed Funding Notes were committed to be repaid by the end of calendar 2019 utilizing a portion of the approximate $29.0 million of revenue to be generated from the Seed Transactions. Upon the commencement of the GenCanna bankruptcy proceedings, the Company recorded a bad debt reserve at December 31, 2019 against the entire $29.0 million receivable balance from GenCanna.

Also contributing to the large negative working capital balance at December 31, 2019 were the additional bad debt reserves recorded by the Company on such date of $11.2 million against the working capital and receivable balances due from Kind, in light of the pending litigation between the Company and Kind, and $2.2 million against the working capital and receivable balances due from Harvest, based on the impact of the COVID-19 pandemic on Harvest's operations.

During 2020, the Company (i) successfully extended the maturity dates of all of the Seed Funding Notes, (i) converted $802,000 of accrued interest on the Seed Funding Notes into shares of the Company's common stock, and (iii) paid down $4,450,000 of principal and accrued interest of the Seed Funding Notes with proceeds from newly-issued long-term debt and cash generated from operations. These actions, coupled with the continuing growth and profitability of the Company's cannabis operations in Illinois and Maryland, and offset by the continued reserves on amounts due from GenCanna, Kind, and Harvest, resulted in a negative working capital balance of $9.1 million at September 30, 2020, an improvement from December 31, 2019 of approximately $20.2 million.

The approximate $1.5 million increase in cash and cash equivalents from December 31, 2019 to September 30, 2020 was primarily attributable to the proceeds from the Refinanced Mortgage, the $4.4M Notes, the Third Party Notes, and the $1M Note as discussed in Note 9 – *Debt* of the Company's financial statements, coupled with the continuing growth in profitability of the Company's cannabis operations in Illinois and Massachusetts as explained below, offset primarily by the buildup of inventory balances and the purchase of property and equipment.

With respect to the Company's consolidation plan, the operations of the acquired entities in Illinois and Massachusetts have started to generate considerable liquidity and working capital for the Company. Since their acquisition in October 2019, the KPGs in Illinois have generated in excess of $4.6 million of pretax income for the Company, which continues to exceed forecasts, in part due to the legalization of adult-use cannabis in this state in January 2020. Additionally, the KPGs added a third dispensary in Mt. Vernon which commenced operations in September 2020. In Massachusetts, the cultivation and production facility acquired by the Company in December 2018 has ramped up its grow capabilities to full capacity. Additionally, the Company received final approval for adult-use cannabis production and sales from the Massachusetts Cannabis Control Commission, and commenced business in this state's robust adult-use market in September 2020.

In connection with the preparation of its financial statements for the nine months ended September 30, 2020, the Company's management evaluated the Company's ability to continue as a going concern in accordance with ASU 2014-15, *Presentation of Financial Statements–Going Concern (Subtopic 205-40)*, which requires an assessment of relevant conditions or events, considered in the aggregate, that are known or reasonably knowable by management on the issuance dates of the financial statements which indicate the probable likelihood that the Company will be unable to meet its obligations as they become due within one year after the issuance date of the financial statements.

As part of its evaluation, management assessed known events, trends, commitments, and uncertainties, which at the time included the status of the Company's consolidation plan, the continuing impact of the COVID-19 pandemic on its operations, developments concerning GenCanna's bankruptcy proceedings, recent cannabis industry investment activity, price movements of public cannabis stock, actions and/or results of certain bellwether cannabis companies, the level of cannabis investor confidence, and changes to state laws governing recreational (adult-use) and medical cannabis.

Management also reviewed certain key liquidity metrics of the Company, as further described below, as well as other factors in its evaluation, and determined that there currently exists a substantial doubt that the Company will be able to continue as a going concern within one year after the issuance date of these financial statements without additional funding or the continued profitability growth of its cannabis operations in Illinois and Massachusetts.

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2020 approximated $1.6 million, compared to net cash used in operating activities of approximately $24.2 million for the same period in 2019. The year-over-year improvement was primarily attributable to (i) the increase in cannabis-derived profits in 2020 generated by the acquisition of the KPGs in Illinois and ARL in Massachusetts, (ii) the intentional slowing of payments of trade accounts payable and other liabilities in 2020, and (iii) the large purchase of hemp seeds in 2019 as part of the Seed Transactions, offset by higher cannabis inventory in 2020.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2020 approximated $3.9 million, compared to approximately $9.3 million for the same period in 2019. The year-over-year decrease in the use of cash was due to the investments in Atalo, Healer, MHWC, and MediTaurus made in 2019. No similar investments were made in 2020. The year-over-year decrease is also due to reduced property and equipment purchases in 2020.

Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2020 approximated $3.8 million, compared to approximately $29.5 million for the same period in 2019. In 2020, the Company raised approximately $20.1 million from debt financings, offset by approximately $15.9 million of promissory note and mortgage repayments, compared to debt and equity financings in 2019 of $29.2 million in the aggregate with no repayments of debt.

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

Results of Operations

Three months ended September 30, 2020 compared to three months ended September 30, 2019

Total revenues for the three months ended September 30, 2020 approximated $13.5 million compared to approximately $11.2 million for the same period in 2019, an increase of approximately $2.2 million or 19.9%. Excluding the Seed Transactions, core revenues for the three months ended September 30, 2020 grew to approximately $13.5 million from approximately $4.2 million for the same period in 2019, an increase of approximately $9.3 million or 219.8%. The year-over-year increase was due to aggregate cannabis sales during the quarter ended September 30, 2020 of approximately $10.8 million generated by the KPGs in Illinois, acquired by the Company in October 2019, and ARL in Massachusetts, acquired by the Company in late 2018 and whose selling operations commenced in December 2019. The cannabis sales were offset by decreases in procurement revenue and management fees charged to Kind, the Company's cannabis-licensed client in Maryland, and with whom the Company is currently engaged in litigation.

Cost of revenues for the three months ended September 30, 2020 approximated $4.8 million compared to approximately $6.5 million for the same period in 2019, a decrease of approximately $1.7 million or 26.7%. The year-over-year variance was primarily attributable to the cost of seeds incurred by the Company during the quarter ended September 30, 2019 of approximately $5.0 million as part of the Seed Transactions. Excluding the Seed Transactions, cost of revenues for the three months ended September 30, 2020 increased to approximately $4.0 million from approximately $1.5 million for the same period in 2019. As a percentage of revenue, these costs remained relatively steady at 35.9% in 2020 and 35.9% in 2019, demonstrating the Company's leveraging of its infrastructure to produce higher levels of revenue with minimal increases on cost of revenues.

As a result of the foregoing, gross profit approximated $8.7 million, or 64.5% of total revenues for the three months ended September 30, 2020, from approximately $4.7 million, or 41.9% of total revenues, for the same period a year ago. Excluding the Seed Transactions, gross profit increased to approximately $8.7 million for the three months ended September 30, 2020 from approximately $2.7 million for the same period a year ago, an increase of approximately $6.0 million or 221.5%.

Personnel expenses increased to approximately $1.4 million for the three months ended September 30, 2020 from approximately $1.2 million for the same period a year ago. The increase was primarily due to the hiring of additional staff to support (i) higher levels of revenue, and (ii) the Company's expansion into a direct owner and operator of seed-to-sale cannabis businesses. As a percentage of revenues excluding the Seed Transactions, personnel expenses dropped significantly to 10.1% in 2020 from to 29.5% in 2019.

Marketing and promotion costs increased slightly to approximately $103,000 for the three months ended September 30, 2020 from approximately $92,000 for the same period a year ago. As a percentage of revenues excluding the Seed Transactions, these costs fell to 0.8% in 2020 from 2.2% in 2019.

General and administrative costs increased to approximately $2.9 million for the three months ended September 30, 2020 from approximately $2.4 million for the same period a year ago. This increase is primarily due to taxes paid on the Company's cannabis operation, and increases in corporate insurance. As a percentage of revenues excluding the Seed Transactions, these costs fell significantly to 21.8% in 2020 from 56.9% in 2019

During the three months ended September 30, 2020, the Company recorded additional bad debt reserves of approximately $892,000 to cover potential losses that would be incurred by the Company from the impact of COVID-19 and the measures enacted by local governments to reduce its spread.

As a result of the foregoing, the Company generated operating income of approximately $3.4 million for the three months ended September 30, 2020 compared to approximately $973,000 for the same period a year ago. Excluding the Seed Transactions, the Company generated operating income of approximately $3.4 million for the three months ended September 30, 2020 compared to an operating loss of approximately $1.0 million for the same period in 2019, a positive swing of approximately $4.4 million.

Net non-operating expenses decreased to $1.7 million for the three months ended September 30, 2020 from approximately $7.4 million for the same period in 2019. The decrease is primarily due to (i) a charge in the third quarter of 2019 of approximately $2.9 million from the Company's equity in GenCanna's net loss (GenCanna was accounted for as an equity investment at such time), and (ii) a decrease in interest expense of approximately $2.6 million attributable to a lower amount of remaining beneficial conversion feature on the $21M Debentures that was amortized in 2020 compared to 2019.

As a result of the foregoing, the Company generated net income of approximately $1.7 million for the three months ended September 30, 2020. For the same period a year ago, after a tax provision of approximately $901,000, the Company incurred a net loss of approximately $7.3 million, and excluding the Seed Transactions, incurred a net loss of approximately $8.4 million.

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

Total revenues for the nine months ended September 30, 2020 approximated $30.5 million compared to $40.4 million for the same period in 2019. The year-over-year variance was primarily attributable to revenues of approximately $22.0 million generated from the Seed Transactions. Excluding the Seed Transactions, core revenues for the nine months ended September 30, 2020 grew to approximately $30.5 million from approximately $11.4 million for the same period in 2019, an increase of approximately $19.2 million or 168.3%. The year-over-year increase was due to aggregate cannabis sales in 2020 of approximately $22.0 million generated by the KPGs in Illinois, acquired by the Company in October 2019, and ARL in Massachusetts, acquired by the Company in late 2018 and whose selling operations commenced in December 2019. The cannabis sales were offset by decreases in procurement revenue and management fees charged to Kind, the Company's cannabis-licensed client in Maryland, and with whom the Company is currently engaged in litigation.

Cost of revenues for the nine months ended September 30, 2020 approximated $10.8 million compared to approximately $24.5 million for the same period in 2019. The year-over-year variance was primarily attributable to the cost of seeds incurred by the Company of approximately $20.8 million as part of the Seed Transactions. Excluding the Seed Transactions, cost of revenues for the nine months ended September 30, 2020 increased to approximately $10.8 million from approximately $3.8 million for the same period in 2019. As a percentage of total revenues, these costs increased to 35.5% in 2020 from 33.2% in 2019, which is the result of Company's transition from a cannabis advisory company to a multi-state operator of cannabis businesses, whereby the Company will generate less revenues from a rental income and management fees, which have minimal associated costs, to a vastly higher level of revenue from product sales, which have a relatively higher level of associated costs.

As a result of the foregoing, gross profit approximated $19.7 million, or 64.5% of total revenues, for the nine months ended September 30, 2020 from approximately $15.9 million, or 39.3% of total revenues, for the same period a year ago. Excluding the Seed Transactions, gross profit increased to approximately $19.7 million for the nine months ended September 30, 2020 from approximately $7.6 million for the same period a year ago, an increase of approximately $12.1 million or 159.0%.

Personnel expenses increased to approximately $4.1 million for the nine months ended September 30, 2020 from approximately $2.7 million for the same period a year ago. The increase was primarily due to the hiring of additional staff to support (i) higher levels of revenue, and (ii) the Company's expansion into a direct owner and operator of seed-to-sale cannabis businesses. As a percentage of revenues excluding the Seed Transactions, personnel expenses dropped to 13.3% in 2020 from 24.1% in 2019.

Marketing and promotion costs decreased slightly to approximately $281,000 for the nine months ended September 30, 2020 from approximately $287,000 for the same period a year ago. As a percentage of revenues excluding the Seed Transactions, these costs fell to 0.9% in 2020 from 2.5% in 2019.

General and administrative costs increased to approximately $7.5 million for the nine months ended September 30, 2020 from approximately $6.8 million for the same period a year ago. The increase is primarily due to higher facility costs on additional properties owned and in service in 2020, higher depreciation expense on such properties, taxes paid on the Company's cannabis operation, and increases in corporate insurance. As a percentage of revenue excluding the Seed Sales, general and administrative costs decreased significantly to 24.6% in 2020 from 59.3% in 2019, reflecting a more efficient use of the Company's fixed overhead costs.

During the nine months ended September 30, 2020, the Company recorded an additional bad debt reserve of approximately $1.3 million to cover potential losses that would be incurred by the Company from the impact of COVID-19 and the measures enacted by local governments to reduce its spread.

As a result of the foregoing, the Company generated operating income of approximately $6.5 million for the nine months ended September 30, 2020 compared to approximately $6.1 million for the same period in 2019. Excluding the Seed Transactions, the Company generated operating income of approximately $6.5 million for the nine months ended September 30, 2020 compared to an operating loss of approximately $2.2 million for the same period in 2019, a positive swing of approximately $8.7 million.

Net non-operating expenses were approximately $8.3 million for the nine months ended September 30, 2020 compared to approximately $6.7 million for the same period in 2019. The increase is primarily due to the approximate $2.9 million received by the Company in 2019 from the settlement of the AgriMed matter discussed in Note 3 – *Acquisitions* of the Company's financial statements, and declines in value of the Company's investments in Terrace, Chooze and MRSVP in 2020, offset by a decrease interest expense.

As a result of the foregoing, the Company incurred a net loss of approximately $1.8 million for the nine months ended September 30, 2020. For the same period a year ago, after a tax provision of approximately $1.9 million, the Company incurred a net loss of approximately $2.5 million, and excluding the Seed Transactions, incurred a net loss of approximately $8.9 million.

2020 Plans

For the balance of 2020, the Company's focus will continue to be on the following key areas:

1) In Massachusetts, increase production and wholesale revenue at its cultivation and production facility in New Bedford, and drive revenues at the recently approved for adult-use dispensary in Middleboro.

2) In Illinois, increase sales and profits of the dispensaries in Anna, Harrisburg and recently-opened Mt. Vernon.

3) Continue to expand the Company's Nature's Heritage™ branded flower and popular infused-product brands, such as Betty's Eddies™ and Kalm Fusion™, into the robust Massachusetts medical and adult-use marketplace.

4) Continue to execute its aforementioned strategic plan.

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

2021 Plan

For 2021, the Company's focus will to be on the following key areas:

1) Subject to the applicable state approvals, continue the execution of its aforementioned strategic plan.

2) Identify and open two new dispensary locations in Massachusetts that can service both the medical and adult-use marketplaces.

3) Identify and open a fourth dispensary location in Illinois.

4) Increase sales and profits in Delaware by expanding cultivation and processing facilities, and opening a third dispensary.

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

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

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

Subsequent Events

Please refer to Note 19 – *Subsequent Events* of the Company's financial statements included in this report for a discussion of material events that occurred after the balance sheet date.

The issuance of the shares of common stock described in Note 19 –*Subsequent Events* of the Company's financial statements were deemed to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon Sections 4(a)(2) and/or 4(a)(5) of the Securities Act. A legend restricting the sale, transfer, or other disposition of these securities other than in compliance with the Securities Act was placed on the securities issued in the foregoing transactions.

Off-Balance Sheet Arrangements

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

Inflation

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

Seasonality

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

Item 3. Quantitative and Qualitative Disclosure About Market Risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2020 (the "Evaluation Date"). Based upon that evaluation, the chief executive officer and the chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) are accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the nine months ended September 30, 2020 and past fiscal year, we implemented significant measures to remediate the previously disclosed ineffectiveness of our internal control over financial reporting, which included an insufficient degree of segregation of duties amongst our accounting and financial reporting personnel, and the lack of a formalized and complete set of policy and procedure documentation evidencing our system of internal controls over financial reporting. The remediation measures consisted of the engagement of accounting consultants as needed to provide expertise on specific areas of the accounting guidance, the continued hiring of individuals with appropriate experience in internal controls over financial reporting, and the modification of our accounting processes and enhancement to our financial controls, including the testing of such controls.

Other than as described above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) that occurred during the nine months ended September 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

In July 2019, Thomas Kidrin, the former chief executive officer and a former director of the Company, filed a complaint in the Massachusetts Superior Court, Suffolk County, captioned Thomas Kidrin v. MariMed Inc., et. al., Civil Action No. 19-2173D. In the complaint, Mr. Kidrin alleges that the Company failed to pay all wages owed to him and breached his employment agreement, dated August 30, 2012, and requests multiple damages, attorney fees, costs, and interest. The Company has moved to dismiss certain counts of the complaint and has asserted counterclaims against Mr. Kidrin alleging breach of contract, breach of fiduciary duty, money had and received, and unjust enrichment. The Company believes that the allegations in the complaint are without merit and intends to vigorously defend this matter and prosecute its counterclaims.

On November 13, 2019, Kind Therapeutics USA Inc. ("Kind") commenced an action in the Circuit Court for Washington County, MD captioned Kind Therapeutics USA, Inc. vs. MariMed, Inc., et al. (Case No. C-21-CV-19-000670) asserting claims against the Company, including breach of contract, breach of fiduciary duty, accounting, and unjust enrichment, and seeking declaratory judgment and damages in excess of $75,000. On November 15, 2019, the Company filed counterclaims against Kind and a third-party complaint against the Members of Kind (Jennifer DiPietro, Susan Zimmerman, and Sophia Leonard-Burns) and William Tham (the "Counterclaim"). The Counterclaim alleges breach of contract with respect to each of the Memorandum of Understanding (the "MOU") and the Management Services Agreement (the "MSA"), unjust enrichment, promissory estoppel/detrimental reliance, and fraud in the inducement, and seeking a declaratory judgement that the MOU is an enforceable contract, specific performance of such contact, and the establishment of a constructive trust for the Company's benefit. The Counterclaim also seeks damages. Both parties, MariMed (including MariMed Holdings MD, LLC and MariMed Advisors Inc.) and Kind, brought motions for a temporary restraining order and a preliminary injunction. By Opinion and Order entered on November 21, 2019, the Court denied both parties motions for a temporary restraining order. In its opinion, the Court specifically noted that, contrary to Kind's allegations, the MSA and the 20-year lease agreement for Kind's utilization of the Company's cultivation and production facility (the "Lease") "appear to be independent, valid and enforceable contracts." On or about April 3, 2020, the Company filed its First Amended Counterclaim and Third Party Complaint in which additional claims were added and clarified, including breach of Lease and breach of the Licensing and Manufacturing Agreement (the "LMA") against Kind, along with other alternative claims and seeking damages. On August 11, 2020, the Company filed its Second Amended Counterclaim and Third Party Complaint in which additional clarifications were made and claims added for breach of fiduciary duty and breach of partnership. The Company believes that its claims for breach of contract with respect to the MOU, the MSA, the Lease, and the LMA, as well as all other claims are meritorious. Further, the Company believes that Kind's claims against the Company are without merit. The Company intends to aggressively prosecute and defend the action. A hearing on the parties' cross-motions for preliminary injunction was held on September 14 to 17, 2020 and November 2 and 4, 2020, and the Court's ruling on the motions is pending. The trial is currently scheduled to start on June 7, 2021.

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, 2019. 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 except for the following additional risk related to COVID-19:

Our business, operations, financial condition, and liquidity have been and may continue to be materially and adversely affected by the outbreak of COVID-19.

In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world implemented measures to reduce the spread of the virus. The spread of COVID-19 in the United States and the measures to contain it have negatively impacted the economy and created significant volatility and disruption in financial markets. Business shutdowns in certain states in response to stay-at-home orders and related measures have temporarily eliminated certain customers', principally non-medical use customers', access to our managed dispensaries, adversely impacting sales during this restricted period. In addition, these restrictions and other disruptions caused by the pandemic have impacted our expansion, consolidation, and administrative functions. Further, the volatility in the financial markets and investor uncertainty has delayed and adversely impacted our ability to consummate debt and equity financings to raise working capital to support our operations and expansion plans. As a result, our business, operations, financial condition, and liquidity have been and may continue to be materially and adversely affected. Further, the disruption to the global economy and to our business, along with the decline in our stock price, may also negatively impact the future carrying values of certain assets, including inventories, accounts receivables, intangibles, and goodwill. The full extent to which COVID-19 and the measures to contain it will impact our business, operations financial condition, and liquidity will depend on the severity and duration of the COVID-19 outbreak and other future developments related to the response to the virus, all of which are highly uncertain. As a result, we cannot predict the ultimate impact of COVID-19 on the Company and its operational and financial performance.

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

During the quarter ended September 30, 2020, the Company issued 18,256,436 shares of common stock from the conversion of debentures, and 34,171 shares of common stock related to an employee stock grant.

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

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation of the Company (a)
3.1.1	Amended Certificate of Incorporation of the Company (b)
3.1.2	Series B Convertible Preferred Stock Certificate of Designation as filed with the Secretary of State of Delaware on February 27, 2020. (h)
3.1.3	Certificate Eliminating the Series A Preferred Stock as filed with the Secretary of State of Delaware on February 27, 2020. (h)
3.2	By-Laws - Restated as Amended (a)
4.1	Amended and Restated Promissory Note, dated February 10, 2020, in the principal amount of $11,500,000, issued by MariMed Hemp Inc. and MariMed Inc. (f)
4.1.1	Promissory Note, dated February 27, 2020, in the principal amount of $3,742,500, issued by MariMed Inc. to Navy Capital Green Fund, LP. (h)
4.1.2	Promissory Note, dated February 27, 2020, in the principal amount of $675,000, issued by MariMed Inc. to Navy Capital Green Co-Invest Fund, LLC. (h)
4.1.3	12% Convertible Promissory Note, dated April 23, 2020, in the principal amount of $900,000, issued by MariMed Inc. to Best Buds Funding LLC. (i)
4.2	Second Amended and Restated Promissory Note, dated June 24, 2020, in the principal amount of $8,811,653.84, issued by MariMed Hemp Inc. and MariMed Inc. to SYYM LLC. (j)
4.3	Common Stock Purchase Warrant, dated June 24, 2020, issued by MariMed Inc.to SYYM LLC. (k)
4.4	Amended and Restated Senior Secured Commercial Promissory Note, dated October 19, 2020, in the principal amount of $5,845,000, issued by MariMed Advisors, Inc. to Best Buds Funding LLC. (m)
4.5	Amended and Restated Senior Secured Commercial Promissory Note, dated October 19, 2020, in the principal amount of $3,000,000, issued by MariMed Advisors, Inc. to Best Buds Funding LLC. (m)
4.6	Common Stock Purchase Warrant, dated September 30, 2020, issued by MariMed Inc.to Best Buds Funding, LLC. and/or its designees. (m)
10.1	Employment Agreement dated as of August 30, 2012 between Worlds Online Inc. and Thomas Kidrin (o)
10.2	2011 Stock Option and Restricted Stock Award Plan (a)
10.3	Form of Convertible Debenture issued by the Company (c)
10.4	Form of Secured Convertible Debenture of GenCanna Global, Inc. (c)
10.5	Form of Securities Purchase Agreement between the Company and YA II PN, LTD. (c)
10.6	Amended and Restated Registration Rights Agreement dated as of November 5, 2018 between the Company and YA II PN, LTD. (c)
10.7	Amended and Restated 2018 Stock Award and Incentive Plan. (d)
10.8	Form of Stock Option Agreement, dated September 27, 2019, with each of David R. Allen, Eva Selhub, M.D., and Edward J. Gildea. (e)
10.9	Amendment Agreement, dated as of February 10, 2020, between SYYM LLC, as noteholder and collateral agent, and MariMed Inc. and MariMed Hemp Inc., as co-borrowers. (g)
10.10	Exchange Agreement, dated as of February 27, 2020, among MariMed Inc., Navy Capital Green Management, LLC, a Delaware limited liability company, as discretionary investment manager of Navy Capital Green Fund, LP, and Navy Capital Green Co-Invest Fund, LLC. (h)

10.11	Amendment Agreement dated June 24, 2020, between SYYM LLC, as noteholder and collateral agent, and MariMed Inc. and MariMed Hemp Inc., as co-borrowers. (l)
10.12	Note Extension Agreement, effective as of September 30, 2020, among Best Buds Funding LLC, as lender, and each of MariMed Inc., Mari Holdings MD LLC, and MariMed Advisors Inc., as the borrower parties. (n)
31.1.	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer. *
31.2.	Rule 13a-14(a)/15d-14(a) Certifications of Chief Financial Officer. *
32.1.	Section 1350 Certifications of Chief Executive Officer. **
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101.INS XBRL	Instance Document *
101.SCH XBRL	Taxonomy Extension Schema *
101.CAL XBRL	Taxonomy Extension Calculation Linkbase *
101.DEF XBRL	Taxonomy Extension Definition Linkbase *
101.LAB XBRL	Taxonomy Extension Label Linkbase *
101.PRE XBRL	Taxonomy Extension Presentation Linkbase *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) *

* Filed herewith.
** Furnished herewith in accordance with Item 601 (32)(ii) of Regulation S-K.

(a) Incorporated by reference to the same numbered Exhibit filed with the Registration Statement on Form 10-12G (File No. 000-54433) filed on June 9, 2011.

(b) Incorporated by reference to Annual Report on Form 10-K for the year ended December 31, 2016, filed on April 17, 2017.

(c) Incorporated by reference to Current Report on Form 8-K filed on November 9, 2018.

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

(e) Incorporated by reference to Exhibit 10.2 filed with the Quarterly Report on Form 10-Q for the period ended September 30, 2019, filed on November 29, 2019.

(f) Incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on February 12, 2020.

(g) Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on February 12, 2020.

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(i) Incorporated by reference to the Quarterly Report on Form 10-Q for the period ended March 31, 2020, filed on May 28, 2020.

(j) Incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on June 30, 2020.

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(l) Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on June 30, 2020.

(m) Incorporated by reference to the same numbered exhibit of the Current Report on Form 8-K filed on October 26, 2020.

(n) Incorporated by reference to Exhibit 10.13 of the Current Report on Form 8-K filed on October 26, 2020.

(o) Incorporated by reference to the same numbered Exhibit filed with the Annual Report on Form 10-K for the year ended December 31, 2012 filed on March 29, 2013.

SIGNATURES

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

Date: November 9, 2020

MARIMED INC.

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

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

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EXHIBIT 31.1

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

I, Robert Fireman, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 9, 2020

/s/ Robert Fireman

Robert Fireman
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

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

I, Jon R. Levine, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 9, 2020

/s/ Jon R. Levine

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

Exhibit 32.1

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

In connection with the Quarterly Report of MariMed Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert Fireman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

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

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

Date: November 9, 2020

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

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

Exhibit 32.2

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

In connection with the Quarterly Report of MariMed Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jon R. Levine, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

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

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

Date: November 9, 2020

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

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