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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period ended March 31, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________________ to ___________________

Commission File number 0-54433

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

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

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

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

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

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

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

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

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

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

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

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

As of May 4, 2023, 362,190,245 shares of the registrant's common stock were outstanding.

MariMed Inc.
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Additional important factors that could cause actual results to differ materially from those in these forward-looking statements are also discussed in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022. Any forward-looking statement made by the Company in this Quarterly Report on Form 10-Q speaks only as of the date on which this Quarterly Report on Form 10-Q was first filed. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 21,595	$ 9,737
Accounts receivable, net of allowances of $716 and $4,603 at March 31, 2023 and December 31, 2022, respectively	4,334	4,157
Deferred rents receivable	686	704
Notes receivable, current portion	2,639	2,637
Inventory	22,723	19,477
Investments, current	104	123
Due from related parties	49	29
Other current assets	7,244	7,282
Total current assets	59,374	44,146
Property and equipment, net	73,714	71,641
Intangible assets, net	19,480	14,201
Goodwill	12,004	8,079
Notes receivable, net of current	7,523	7,467
Operating lease right-of-use assets	10,122	4,931
Finance lease right-of-use assets	871	713
Other assets	1,303	1,024
Total assets	$ 184,391	$ 152,202
Liabilities, mezzanine equity and stockholders' equity		
Current liabilities:		
Term loan	$ 3,300	$ —
Mortgages and notes payable, current portion	2,773	3,774
Accounts payable	4,665	6,626
Accrued expenses and other	2,968	3,091
Income taxes payable	8,683	11,489
Operating lease liabilities, current portion	1,798	1,273
Finance lease liabilities, current portion	322	237
Total current liabilities	24,509	26,490
Term loan, net of current	20,803	—
Mortgages and notes payable, net of current	26,610	25,943
Operating lease liabilities, net of current	8,837	4,173
Finance lease liabilities, net of current	538	461

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

	March 31, 2023	December 31, 2022
Other liabilities	100	100
Total liabilities	81,397	57,167
Commitments and contingencies		
Mezzanine equity:		
Series B convertible preferred stock, $0.001 par value; 4,908,333 shares authorized, issued and outstanding at March 31, 2023 and December 31, 2022	14,725	14,725
Series C convertible preferred stock $0.001 par value; 12,432,432 shares authorized; 6,216,216 shares issued and outstanding at March 31, 2023 and December 31, 2022	23,000	23,000
Total mezzanine equity	37,725	37,725
Stockholders' equity		
Undesignated preferred stock, $0.001 par value; 32,659,235 shares authorized; zero shares issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, $0.001 par value; 700,000,000 shares authorized; 348,126,911 and 341,474,728 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	348	341
Common stock subscribed but not issued	2	39
Additional paid-in capital	151,052	142,365
Accumulated deficit	(84,569)	(83,924)
Noncontrolling interests	(1,564)	(1,511)
Total stockholders' equity	65,269	57,310
Total liabilities, mezzanine equity and stockholders' equity	$ 184,391	$ 152,202

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue	$ 34,380	$ 31,282
Cost of revenue	18,992	14,306
Gross profit	15,388	16,976
Operating expenses:		
Personnel	4,656	3,042
Marketing and promotion	1,146	643
General and administrative	4,305	6,228
Acquisition-related and other	190	—
Bad debt	(44)	14
Total operating expenses	10,253	9,927
Income from operations	5,135	7,049
Interest and other (expense) income:		
Interest expense	(2,505)	(313)
Interest income	99	163
Other (expense) income, net	(900)	1,002
Total interest and other (expense) income	(3,306)	852
Income before income taxes	1,829	7,901
Provision for income taxes	2,493	3,660
Net (loss) income	(664)	4,241
Less: Net (loss) income attributable to noncontrolling interests	(19)	53
Net (loss) income attributable to common stockholders	$ (645)	$ 4,188
Net (loss) earnings per share attributable to common stockholders:		
Basic	$ (0.00)	$ 0.01
Diluted	$ (0.00)	$ 0.01
Weighted average common shares outstanding:		
Basic	342,794	334,763
Diluted	342,794	378,890

See accompanying notes to the unaudited condensed consolidated financial statements.

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

Three months ended March 31, 2023

	Common stock		Common stock subscribed but not issued		Additional paid-in capital	Accumulated deficit	Non-controlling interests	Total stockholders’ equity
	Shares	Par value	Shares	Amount				
Balances at January 1, 2023	341,474,728	$ 341	70,000	$ 39	$ 142,365	$ (83,924)	$ (1,511)	$ 57,310
Issuance of subscribed shares	70,000	—	(70,000)	(39)	39	—	—	—
Common stock subscribed but not issued	—	—	5,025	2	—	—	—	2
Warrants issued in connection with debt	—	—	—	—	5,454	—	—	5,454
Shares issued as purchase consideration - business acquisition	6,580,390	7	—	—	2,987	—	—	2,994
Common stock issued to settle obligations	1,793	—	—	—	1	—	—	1
Distributions to non-controlling interests	0	—	—	—	—	—	(34)	(34)
Stock-based compensation	0	—	—	—	206	—	—	206
Net loss	0	—	—	—	—	(645)	(19)	(664)
Balances at March 31, 2023	348,126,911	$ 348	5,025	$ 2	$ 151,052	$ (84,569)	$ (1,564)	$ 65,269

Three months ended March 31, 2022

	Common stock		Common stock subscribed but not issued		Additional paid-in capital	Accumulated deficit	Non-controlling interests	Total stockholders’ equity
	Shares	Par value	Shares	Amount				
Balances at January 1, 2022	334,030,348	$ 334	—	$ —	$ 134,920	$ (97,392)	$ (1,563)	$ 36,299
Exercise of stock options	10,000	—	—	—	3	—	—	3
Common stock subscribed but not issued	—	—	2,717	2	—	—	—	2
Conversion of promissory notes to equity	1,142,858	1	—	—	399	—	—	400
Obligations settled with common stock	375,000	1	—	—	273	—	—	274
Distributions to non-controlling interests	—	—	—	—	—	—	(101)	(101)
Stock-based compensation	—	—	—	—	2,469	—	—	2,469
Net income	—	—	—	—	—	4,188	53	4,241
Balances at March 31, 2022	335,558,206	$ 336	2,717	$ 2	$ 138,064	$ (93,204)	$ (1,611)	$ 43,587

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities:		
Net (loss) income attributable to common stockholders	$ (645)	$ 4,188
Net (loss) income attributable to noncontrolling interests	(19)	53
Adjustments to reconcile net (loss) income to cash (used in) provided by operating activities:		
Depreciation and amortization of property and equipment	986	702
Amortization of intangible assets	557	140
Stock-based compensation	208	2,471
Amortization of original issue discount	55	—
Amortization of debt discount	328	—
Payment-in-kind interest	118	—
Present value adjustment of notes payable	719	—
Bad debt (income) expense	(44)	14
Obligations settled with common stock	1	274
Write-off of disposed assets	906	—
Gain on finance lease adjustment	(13)	—
Loss (gain) on changes in fair value of investments	20	(48)
Other investment income	—	(954)
Changes in operating assets and liabilities:		
Accounts receivable, net	(132)	(1,810)
Deferred rents receivable	18	92
Inventory	(3,246)	(2,470)
Other current assets	639	(739)
Other assets	19	—
Accounts payable	(1,961)	3,212
Accrued expenses and other	(207)	(227)
Income taxes payable	(2,806)	3,592
Net cash (used in) provided by operating activities	(4,499)	8,490
Cash flows from investing activities:		
Purchases of property and equipment	(3,052)	(4,015)
Business acquisitions, net of cash acquired	(2,995)	—

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

	Three months ended March 31,	
	2023	**2022**
Advances toward future business acquisitions	(300)	(100)
Purchases of cannabis licenses	(601)	(305)
Proceeds from notes receivable	43	43
Due from related party	(20)	—
Net cash used in investing activities	(6,925)	(4,377)
Cash flows from financing activities:		
Proceeds from issuance of term loan	29,100	—
Principal payments of mortgages and promissory notes	(212)	(176)
Repayment of promissory notes	(5,503)	—
Proceeds from exercise of stock options	—	3
Principal payments of finance leases	(69)	(55)
Distributions	(34)	(101)
Net cash provided by (used in) financing activities	23,282	(329)
Net increase in cash and cash equivalents	11,858	3,784
Cash and equivalents, beginning of year	9,737	29,683
Cash and cash equivalents, end of period	$ 21,595	$ 33,467
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,100	$ 302
Cash paid for income taxes	$ 5,296	$ 68
Non-cash activities:		
Common stock issued as purchase consideration	$ 2,994	$ —
Conversion of promissory notes to equity	$ —	$ 400
Present value of promissory note issued as purchase consideration	$ 4,569	$ —
Warrants to purchase common stock issued with debt	$ 5,454	$ —
Note payable issued to purchase motor vehicle	$ 49	$ —
Entry into new operating leases	$ 5,366	$ —
Entry into new finance leases	$ 224	$ 514
Issuance of common stock associated with subscriptions	$ 39	$ —

See accompanying notes to the unaudited condensed consolidated financial statements.

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

(1) BASIS OF PRESENTATION

Business

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

Basis of Presentation

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

On April 27, 2022 (the “Kind Acquisition Date”), the Company acquired Kind Therapeutics USA (“Kind”), the Company's former client in Maryland that holds licenses for the cultivation, production and dispensing of medical cannabis (the "Kind Acquisition"). The financial results of Kind are included in the Company’s condensed consolidated financial statements for the three months ended March 31, 2023.

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

The Company completed two acquisitions during the year ended December 31, 2022 that it recorded as asset purchases. On May 5, 2022 (the "Green Growth Acquisition Date"), the Company completed the acquisition of 100% of the equity of Green Growth Group Inc. ("Green Growth"), an entity that holds a craft cultivation and production cannabis license in Illinois (the "Green Growth Acquisition"). On December 30, 2022 (the "Greenhouse Naturals Acquisition Date"), the Company completed an asset purchase under which it acquired a cannabis license and assumed a property lease for a dispensary in Beverly, Massachusetts that had never been operational.

Interim results are not necessarily indicative of results for the full fiscal year or any future interim period. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 (the “Annual Report”), which was filed with the U.S. Securities and Exchange Commission (“SEC”) on March 3, 2023.

Significant Accounting Policies

The Company’s significant accounting policies are disclosed in Note 2 to the Consolidated Financial Statements in the Annual Report. There were no material changes to the Company's significant accounting policies during the three-month period ended March 31, 2023.

Principles of Consolidation

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

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

Use of Estimates and Judgments

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

Cash and Cash Equivalents

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

At December 31, 2022, the Company had $0.1 million of cash held in escrow. The Company did not have any cash held in escrow at March 31, 2023.

Fair Value of Financial Instruments

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

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

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

Recent Accounting Pronouncements

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

(2) BUSINESS COMBINATIONS AND ASSET PURCHASES

Business Combinations

Ermont

On February 21, 2023, the Company announced its intention to acquire the operating assets of Ermont, Inc. ("Ermont"), a medical licensed vertical cannabis operator, located in Quincy, Massachusetts, subject to approval by the Massachusetts Cannabis Control Commission (the "CCC"). In March 2023, the CCC approved the Company's acquisition of Ermont, and the Ermont Acquisition was completed on the Ermont Acquisition Date. The Ermont Acquisition provided the Company with its third dispensary in Massachusetts, substantially completing its build-out to the maximum allowable by state regulations.

As consideration for the Ermont Acquisition, which totaled $13.0 million, the Company paid $3.0 million of cash, issued 6,580,390 shares of the Company's common stock, and issued a $7.0 million promissory note (the "Ermont Note", and collectively, the "Ermont Consideration"). The Ermont Note has a six-year term and bears interest at 6.0% per annum, with payments of interest-only for two years and thereafter, quarterly payments of principal and interest in arrears. The outstanding balance on the Ermont Note is due and payable in full if and when the Company raises $75 million of equity capital.

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

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

The Ermont Acquisition has been accounted for as a business acquisition, and the financial results of Ermont have been included in the Company' condensed consolidated statements for the period since the Ermont Acquisition Date. The Company did not assume any of Ermont's liabilities. A summary of the preliminary of allocation of the Ermont Consideration to the acquired and identifiable intangible assets is as follows (in thousands):

Fair value of consideration transferred:		
Cash consideration:		
Cash paid	$	3,000
Less cash acquired		(5)
Net cash consideration		2,995
Common stock		2,994
Promissory note		4,569
Total fair value of consideration	$	10,558

Fair value of assets acquired and (liabilities assumed):		
Property and equipment	$	800
Intangible assets:		
Tradename and trademarks		1,060
Licenses and customer base		4,773
Goodwill		3,925
Fair value of net assets acquired	$	10,558

The Company is amortizing the identifiable intangible assets arising from the Ermont Acquisition in relation to the expected cash flows from the individual intangible assets over their respective useful lives, which have a weighted average life of 10.91 years (see Note 9). Goodwill results from assets not separately identifiable as part of the transaction, and is not deductible for tax purposes.

Kind

In December 2021, the Company entered into a membership interest purchase agreement with the members of Kind to acquire 100% of the equity ownership of Kind in exchange for $13.5 million payable in cash (subject to certain adjustments) and $6.5 million payable by the issuance of four-year 6.0% promissory notes to the members of Kind, secured by a first priority lien on the Company’s property in Hagerstown, Maryland (collectively, the “Kind Consideration”). Kind was the Company's client in Maryland that held licenses for the cultivation, production and dispensing of medical cannabis.

Upon execution of the membership interest purchase agreement, the Company deposited $5.0 million into escrow as a contract down payment.

In April 2022, the Maryland Medical Cannabis Commission approved the Company's acquisition of Kind, and the Kind Acquisition was completed on the Kind Acquisition Date. Following the Kind Acquisition, litigation between the Company and the members of Kind was dismissed (see Note 18).

The Kind Acquisition has been accounted for as a business combination, and the financial results of Kind have been included in the Company's condensed consolidated financial statements since the Kind Acquisition Date. A summary of the final allocation of the Kind Consideration to the acquired assets, identifiable intangible assets and certain assumed liabilities is as follows (in thousands):

Fair value of consideration transferred:		
Cash consideration:		
Cash paid at closing	$	10,128
Release of escrow		2,444
Severance paid from escrow		556
Less cash acquired		(2,310)
Net cash consideration		10,818
Note payable		5,634
Write-off accounts receivable		658
Write-off of deferred accounts receivable		842
Total fair value of consideration transferred	$	17,952

Fair value of assets acquired and (liabilities assumed):		
Current assets, net of cash acquired	$	5,047
Property and equipment		622
Intangible assets:		
Tradename and trademarks		2,041
Licenses and customer base		4,700
Non-compete agreements		42
Goodwill		6,011
Current liabilities		(511)
Fair value of net assets acquired	$	17,952

The Company is amortizing the identifiable intangible assets arising from the Kind Acquisition in relation to the expected cash flows from the individual intangible assets over their respective useful lives, which have a weighted average life of 5.77 years (see Note 9). Goodwill results from assets not separately identifiable as part of the transaction, and is not deductible for tax purposes.

Concurrent with entering into the Kind membership purchase agreement, the Company entered into a membership interest purchase agreement withone of the members of Kind to acquire such member's entire equity ownership interest in (i) Mari Holdings MD LLC ("Mari-MD"), the Company's majority-owned subsidiary that owns production and retail cannabis facilities in Hagerstown, Maryland and Annapolis, Maryland, and (ii) Mia Development LLC ("Mia"), the Company's majority-owned subsidiary that owns production and retail cannabis facilities in Wilmington, Delaware. Upon the dismissal in September 2022 of the derivative claims in the DiPietro lawsuit (see Note 18), the Company paid the aggregate purchase consideration of $2.0 million, and the transaction was completed, increasing the Company's ownership of Mari-MD and Mia to99.7% and 94.3%, respectively.

The following unaudited pro forma information presents the condensed combined results of MariMed and Kind for the year ended December 31, 2022 as if the Kind Acquisition had been completed on January 1, 2021, with adjustments to give effect to pro forma events that are directly attributable to the Kind Acquisition. These pro forma adjustments include the reversal of MariMed revenue and related cost of sales derived from Kind prior to the Kind Acquisition Date, amortization expense for the acquired intangible assets, depreciation expense for property and equipment acquired by MariMed as part of the Kind Acquisition, and interest expense related to the Kind Notes. Pro forma adjustments also include the elimination of acquisition-related and other expense directly attributable to the Kind Acquisition from the year ended December 31, 2022.

The unaudited pro forma results do not reflect any operating efficiencies or potential cost savings that may result from the consolidation of the operations of MariMed and Kind. Accordingly, these unaudited pro forma results are presented for illustrative purposes and are not intended to represent or be indicative of the actual results of operations of the combined company that would have been achieved had the Kind Acquisition occurred at January 1, 2022, nor are they intended to represent or be indicative of future results of operations. The pro forma financial results for the year ended December 31, 2022 giving effect to the Kind Acquisition as if it had occurred at January 1, 2021 are as follows (unaudited, in thousands):

Revenue	$	136,078
Net income	$	15,823

Valuation of Acquired Intangible Assets

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

Asset Purchases

Green Growth

In January 2022, the Company entered into a stock purchase agreement to acquire 100% of the equity ownership of Green Growth Group Inc. ("Green Growth"), an entity that holds a craft cultivation and production cannabis license issued by the Illinois Department of Agriculture, in exchange for cash of $1.9 million and shares of the Company's common stock valued at $1.5 million. Concurrently, the Company made a good faith deposit of $0.1 million.

In April 2022, the Illinois Department of Agriculture approved the Company's acquisition of Green Growth, and the Green Growth Acquisition was completed on the Green Growth Acquisition Date. The Company paid the remaining $1.8 million in cash and issued 2,343,750 shares of common stock to the sellers on the Green Growth Acquisition Date. With this license, the Company can cultivate up to 14,000 square feet of canopy to grow cannabis flower and produce cannabis concentrates.

The Company has allocated the purchase price to its licenses/customer base intangible asset, with an estimated useful life of ten years.

Greenhouse Naturals

In November 2021, the Company entered into an asset purchase agreement with Greenhouse Naturals LLC (the "Greenhouse Naturals Sellers") to acquire the cannabis license and assume the property lease associated with a cannabis dispensary in Beverly, MA.

The purchase transaction (the "Greenhouse Naturals Acquisition") was completed on December 30, 2022 (the "Greenhouse Naturals Acquisition Date"). The Company paid $0.1 million of cash and issued 2,000,000 shares of the Company's common stock, with a fair value of $0.7 million on the Greenhouse Naturals Acquisition Date, to the Sellers. The Company issued a note to the Greenhouse Naturals Sellers for the remaining $5.0 million of the cash purchase price payable post-closing on a monthly basis as a percentage of the dispensary's monthly gross sales (the "Greenhouse Naturals Note"). The Company has recorded the Greenhouse Naturals Note at present value of $4.3 million. The difference between the face value of the Greenhouse Naturals Note and the net present value recorded will be amortized to interest expense over the term of the note. The final inspection by the State of Massachusetts was completed in April 2023, and the Company opened the dispensary on April 25, 2023. The Company has allocated the purchase price to a licenses/customer base intangible asset, which has an estimated useful life of 10 years.

Pending Transactions

Allgreens Dispensary, LLC ("Allgreens")

In August 2022, the Company entered into an agreement to purchase100% of the membership interests in Allgreens Dispensary, LLC (the "Allgreens Agreement"), a conditional adult-use cannabis dispensary license in Illinois for $2,250,000 of cash. Completion of the acquisition is dependent upon certain conditions, including resolution of any remaining legal challenges affecting nearly 200 social equity dispensary licenses, and regulatory approval of the acquisition. Once the acquisition is complete, which the Company expects to occur in 2023, the Company will have five adult-use dispensaries operating in Illinois.

Under the Allgreens Agreement, the Company has made payments aggregating $0.5 million to the Allgreens members, with additional cash payments aggregating $1,750,000 to be made as specific milestones are reached. The Company will issue promissory notes for the final payment of $1.0 million, which is due at closing (the "Allgreens Notes"). The Allgreens Notes will mature one year from the date the dispensary may begin operating.

Robust Missouri Process and Manufacturing 1, LLC ("Robust")

In September 2022, the Company entered into an agreement to acquire100% of the membership interests in Robust Missouri Processing and Manufacturing 1, LLC (the "Robust Agreement"), a Missouri wholesale and cultivator, for $0.7 million of cash. Completion of the acquisition is dependent upon obtaining all requisite approvals from the Missouri Department of Health and Senior Services, which is expected to occur in 2023. Under the Robust Agreement, the Company made an initial advance payment of $350,000 to the Robust members, with an additional payment of $350,000 to be made at closing.

(3) (LOSS) EARNINGS PER SHARE

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

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

	Three months ended	
	March 31, 2023	**March 31, 2022**
Weighted average shares outstanding - basic	342,794	334,763
Potential dilutive common shares	—	44,127
Weighted average shares outstanding - diluted	342,794	378,890

(4) DEFERRED RENTS RECEIVABLE

The Company is the lessor under operating leases, which contain escalating rents over time, rent holidays, 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 in Deferred rents receivable in the condensed consolidated balance sheets. Contingent rentals are recognized only after tenants' revenues are finalized and if such revenues exceed certain minimum levels.

The Company is the lessor of the following owned properties:

- Delaware – a 45,000 square foot cannabis cultivation, processing, and dispensary facility which is leased to its cannabis-licensed client under a triple net lease that expires in 2035.
- Maryland – a 180,000 square foot cultivation and processing facility that expires in 2037. This facility was leased to Kind prior to the Kind Acquisition Date.
- 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 (the "Tenant") under a lease that expired in February 2023. The Tenant currently continues to occupy this space on a month-to-month basis.

The Company the sublessor of the following properties:

- Delaware – a 4,000 square foot cannabis dispensary, which is subleased to its cannabis-licensed client under a sublease expiring in April 2027.
- Delaware – a 100,000 square foot warehouse, of which the Company developed 60,000 square feet into a cultivation facility that is subleased to its cannabis-licensed client. The sublease expires in March 2030, with an option to extend the term for three additional five-year periods. The Company intends to develop the remaining space into a processing facility.
- Delaware – a 12,000 square foot cannabis production facility with offices which is subleased to its cannabis-licensed client. The sublease expires in January 2026 and contains an option to negotiate an extension at the end of the lease term.

The Company received rental payments aggregating $0.4 million and $1.2 million in the three months ended March 31, 2023 and 2022, respectively. Revenue from these payments was recognized on a straight-line basis and aggregated $0.4 million and $1.1 million in the three months ended March 31, 2023 and 2022, respectively.

Future minimum rental receipts for non-cancellable leases and subleases as of March 31, 2023 were as follows (in thousands):

Year ending December 31,		
Remainder of 2023	$	1,159
2024		1,357
2025		1,357
2026		1,221
2027		1,134
Thereafter		4,550
	$	10,778

(5) NOTES RECEIVABLE

Notes receivable, including accrued interest, at March 31, 2023 and December 31, 2022 consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
First State Compassion Center (FSCC Initial Note)	$ 308	$ 328
First State Compassion Center (FSCC Secondary Notes)	8,238	8,160
First State Compassion Center (FSCC New Note)	750	750
Healer LLC	866	866
Total notes receivable	10,162	10,104
Less: Notes receivable, current portion	(2,639)	(2,637)
Notes receivable, less current portion	$ 7,523	$ 7,467

First State Compassion Center

The Company’s cannabis-licensed client in Delaware, First State Compassion Center (“FSCC”), issued a 10-year promissory note to the Company in May 2016 for $0.7 million, bearing interest at a rate of 12.5% per annum and maturing in April 2026, as amended (the “FSCC Initial Note”). The monthly payments on the FSCC Initial Note approximate $10,000. At March 31, 2023 and December 31, 2022, the current portions of the FSCC Initial Note were approximately $87,000 and $85,000, respectively, and were included in Notes receivable, current, in the condensed consolidated balance sheets.

In December 2021, the Company converted financed trade accounts receivable balances from FSCC aggregating $7.8 million into notes receivable, whereby FSCC issued promissory notes aggregating $7.8 million to the Company (the “FSCC Secondary Notes”). The FSCC Secondary Notes bear interest of 6.0% per annum and mature in December 2025. FSCC is required to make periodic payments of principal and interest throughout the term of the FSCC Secondary Notes. At March 31, 2023 and December 31, 2022, the FSCC Secondary Notes balance included approximately $28,000 and $49,000, respectively, of unpaid accrued interest. The increase in the FSCC Secondary Notes in the three months ended March 31, 2023 was attributable to the accreted interest, which increases the value of such notes. At each of March 31, 2023 and December 31, 2022, the current portions of the FSCC Secondary Notes aggregated $2.5 million.

In December 2022, the Company converted a short-term loan and other receivable balances from FSCC aggregating $750,000 into a note receivable, whereby FSCC issued a promissory note to the Company for $750,000 (the "FSCC New Note"). The FSCC New Note bears interest of 6.0% per annum and matures in December 2026. FSCC is required to make quarterly interest payments, with the full amount of principal due on December 31, 2026. At each of March 31, 2023 and December 31, 2022, the entire balance of the FSCC New Note was long-term.

Healer LLC

In March 2021, the Company was issued a promissory note in the principal amount of approximately $0.9 million from Healer LLC, an entity that provides cannabis education, dosage programs, and products developed by Dr. Dustin Sulak (“Healer”). The principal balance of the note represents previous loans extended to Healer by the Company of $0.8 million, plus accrued interest through the revised promissory note issuance date of approximately $94,000 (the “Revised Healer Note”). The Revised Healer Note bears interest at a rate of 6.0% per annum and requires quarterly payments of interest through the April 2026 maturity date.

The Company has the right to offset any licensing fees payable by the Company to Healer in the event Healer fails to make any payment when due. In March 2021, the Company offset approximately $28,000 of licensing fees payable to Healer against the principal balance of the Revised Healer Note, reducing the principal amount to approximately $866,000. Of the outstanding Revised Healer Note balance at each of March 31, 2023 and December 31, 2022, approximately $52,000 was current.

(6) INVENTORY

Inventory at March 31, 2023 and December 31, 2022 consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Plants	$ 2,511	$ 2,653
Ingredients and other raw materials	4,310	3,255
Work-in-process	9,039	7,635
Finished goods	6,863	5,934
	$ 22,723	$ 19,477

(7) INVESTMENTS

The Company’s investment at March 31, 2023 and December 31, 2022 was classified as current and was comprised of the following (in thousands):

	March 31, 2023	December 31, 2022
WM Technology Inc.	$ 104	$ 123

The Company did not have any long-term investments at March 31, 2023 or December 31, 2022.

WM Technology Inc.

In February 2022, the Company received 121,968 shares of common stock of WM Technology Inc. (Nasdaq: MAPS) (the "WMT Shares"), a technology and software infrastructure provider to the cannabis industry, which represented the Company’s pro rata share of additional consideration pursuant to a 2021 asset purchase agreement between the Company and Members RSVP LLC. The Company recognized a loss of approximately $19,000 in the three months ended March 31, 2023, which reflects the change in the fair value of the WMT Shares for the period. The fair value of the WMT Shares was approximately $954,000 at March 31, 2022. Both the loss in the three months ended March 31, 2022 from the change in the fair value of the WMT Shares and the gain arising from the receipt of the WMT Shares are reported as Other (expense) income, net, in the condensed consolidated statements of operations for the respective periods.

Flowr Corp.

In December 2021, the Company received shares of Flowr Corp. common stock (the "Flowr Stock") arising from the sale of its ownership interest in Terrace Inc., which was sold to Flowr Corp. (TSX.V: FLWR; OTC: FLWPF). The Flowr Stock was recorded at fair value, with changes in fair value recorded as a component of Other (expense) income net, in the condensed consolidated statements of operations. The Company recorded a gain of approximately $48,000 in the three months ended March 31, 2022, which represented the change in the fair value of the Flowr Stock for the period. In the fourth quarter of 2022, the Company wrote off the remaining fair value of the Flower Stock arising from Flowr Corp.'s bankruptcy filing and delisting from the exchange on which its stock was traded.

(8) PROPERTY AND EQUIPMENT, NET

The Company’s property and equipment, net, at March 31, 2023 and December 31, 2022 was comprised of the following (in thousands):

	March 31, 2023	December 31, 2022
Land	$ 4,450	$ 4,450
Buildings and building improvements	43,075	43,542
Tenant improvements	16,790	17,016
Furniture and fixtures	1,981	2,009
Machinery and equipment	10,223	10,087
Construction in progress	7,343	4,761
	83,862	81,865
Less: accumulated depreciation	(10,148)	(10,224)
Property and equipment, net	$ 73,714	$ 71,641

The Company recorded $1.0 million and $0.7 million of depreciation expense related to property and equipment in the three months ended March 31, 2023 and 2022, respectively.

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

(9) INTANGIBLE ASSETS AND GOODWILL

The Company's acquired intangible assets at March 31, 2023 and December 31, 2022 consisted of the following (in thousands):

March 31, 2023	Weighted average amortization period (years)	Cost	Accumulated amortization	Net carrying value
Tradename and trademarks	7.11	$ 3,104	$ 624	$ 2,480
Licenses and customer base	9.22	18,033	1,056	16,977
Non-compete agreements	2.00	42	19	23
	8.89	$ 21,179	$ 1,699	$ 19,480

December 31, 2022	Weighted average amortization period (years)	Cost	Accumulated amortization	Net carrying value
Tradename and trademarks	3.00	$ 2,041	$ 453	$ 1,588
Licenses and customer base	8.94	13,260	675	12,585
Non-compete agreements	2.00	42	14	28
	8.13	$ 15,343	$ 1,142	$ 14,201

Estimated future amortization expense for the Company's intangible assets at March 31, 2023 was as follows:

Year ending December 31,	
Remainder of 2023	$ 2,023
2024	2,683
2025	2,223
2026	1,996
2027	1,996
Thereafter	8,559
Total	$ 19,480

The changes in the carrying value of the Company's goodwill in the three months ended March 31, 2023 and 2022 were as follows (in thousands):

	2023	2022
Balance at January 1,	$ 8,079	$ 2,068
Ermont Acquisition	3,925	—
Balance at March 31,	$ 12,004	$ 2,068

(10) Term Loan

Credit Agreement

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

Proceeds from the Credit Agreement are designated to complete the build-out of a new cultivation and processing facility in Illinois, complete the build-out of a new processing kitchen in Missouri, expand existing cultivation and processing facilities in Massachusetts and Maryland, fund certain capital expenditures, and repay in full the Kind Therapeutics seller notes incurred in connection with the Kind Acquisition, which repayment occurred on January 24, 2023 (see Note 11). The remaining balance, if any, is expected to be used to fund acquisitions.

Principal, Security, Interest and Prepayments

The Credit Agreement provides for $35.0 million in principal borrowings at the Borrowers' option in the aggregate and further provides the Borrowers with the right, subject to customary conditions, to request an additional incremental term loan in the aggregate principal amount of up to $30.0 million, provided that the Lenders elect to fund such incremental term loan. $30.0 million of loan principal was funded at the initial closing (the "Term Loan"), which amount was reduced by an original issuance discount of $0.9 million. The Company has the option, during a six-month period following the initial closing, to draw down an additional $5.0 million. The loans require scheduled amortization payments of 1.0% of the principal amount outstanding under the Credit Agreement per month commencing in May 2023, and the remaining principal balance is due in full on January 24, 2026, subject to extension to January 24, 2028 under certain circumstances.

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

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

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

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

Representations, Warranties, Events of Default and Certain Covenants

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

The Credit Agreement also includes customary negative covenants limiting the Borrowers' ability to incur additional indebtedness and grant liens that are otherwise not permitted, among others. Additionally, the Credit Agreement requires the Borrowers to meet certain financial tests. At March 31, 2023, the Company was in compliance with the Credit Agreement covenants.

Warrant Issuance

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

The Company recorded the warrants at present value of $5.5 million as a component of Additional paid-in capital on the condensed consolidated balance sheet as of January 24, 2023, and discounted the Term Loan by $5.5 million (the "Term Loan Discount"). The Term Loan Discount is being amortized to interest expense over the term of the Credit Agreement. The Company recorded $0.3 million of interest amortization for the three months ended March 31, 2023.

Outstanding Balance

At March 31, 2023, the outstanding Term Loan balance reported on the Company's condensed consolidated balance sheet was $24.1 million, with the current portion totaling $3.3 million.

(11) MORTGAGES AND NOTES PAYABLE

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

Mortgages

The Company's mortgage balances at March 31, 2023 and December 31, 2022 were comprised of the following (in thousands):

	March 31, 2023	December 31, 2022
Bank of New England – New Bedford, MA and Middleboro, MA properties	$ 12,038	$ 12,141
Bank of New England – Wilmington, DE property	1,313	1,345
DuQuoin State Bank – Anna, IL and Harrisburg, IL properties	741	750
DuQuoin State Bank – Metropolis, IL property	2,474	2,508
Du Quoin State Bank - Mt. Vernon, IL property	2,957	2,974
South Porte Bank – Mt. Vernon, IL property	784	801
Total mortgages payable	20,307	20,519
Less: Mortgages payable, current	(1,483)	(1,491)
Mortgages payable, less current portion	$ 18,824	$ 19,028

The Company maintains an amended and restated mortgage agreement with the Bank of New England with an interest rate of 6.5% per annum, which matures in August 2025 (the "Amended BNE Mortgage"). The Amended BNE Mortgage is secured by the Company's properties in New Bedford, Massachusetts and Middleboro, Massachusetts. Proceeds from the Amended BNE Mortgage were used to pay down a previous mortgage of $4.8 million with the Bank of New England on the New Bedford property, and $7.2 million of outstanding promissory notes as discussed below. The current portions of the outstanding principal balance under the Amended BNE Mortgage at March 31, 2023 and December 31, 2022 were approximately $387,000 and $382,000, respectively.

The Company maintains a second mortgage with Bank of New England that is secured by the Company's property in Wilmington, Delaware (the "BNE Delaware Mortgage"). The mortgage matures in 2031, with monthly principal and interest payments. The interest rate is 5.25% per annum, with the rate adjusting every five years to the then-prime rate plus 1.5%, with a floor of 5.25% per annum. The next interest rate adjustment will occur in September 2026. The current portions of the outstanding principal balance under the BNE Delaware Mortgage at March 31, 2023 and December 31, 2022 were approximately $128,000 and $126,000, respectively.

The Company maintains a mortgage with DuQuoin State Bank ("DSB") in connection with its purchase of properties in Anna, Illinois and Harrisburg, Illinois (the "DuQuoin Mortgage"). On May 5th of each year, the DuQuoin Mortgage becomes due unless it is renewed for another year at a rate determined by DSB's executive committee. The DuQuoin Mortgage was renewed in May 2021 at a rate of 6.75% per annum. The current portions of the outstanding principal balance under the DuQuoin Mortgage at each of March 31, 2023 and December 31, 2022 were approximately $37,000 and $36,000, respectively.

In July 2021, the Company purchased the land and building in which it operates its cannabis dispensary in Metropolis, Illinois. The purchase price consisted of 750,000 shares of the Company's common stock, which were valued at $705,000 on the date of the transaction, and payoff of the seller's remaining mortgage balance of $1.6 million. In connection with this purchase, the Company entered into a second mortgage agreement with DSB for $2.7 million that matures in July 2041, and which initially bears interest at a rate of 6.25% per annum (the "DuQuoin Metropolis Mortgage"). The interest rate on the DuQuoin Metropolis Mortgage is adjusted each year based on a certain interest rate index plus a margin. As part of this transaction, the seller was provided with a 30.0% ownership interest in Mari Holdings Metropolis LLC ("Metro"), the Company's subsidiary that owns the property and holds the related mortgage obligation, reducing the

Company's ownership interest in Metro to 70.0%. The current portions of the outstanding principal balance of the DuQuoin Metropolis Mortgage at March 31, 2023 and December 31, 2022 were approximately $79,000 and $77,000, respectively.

In July 2022, Mari Holdings Mt Vernon LLC, a wholly owned subsidiary of the Company, entered into a $3 million loan agreement and mortgage with DSB secured by property owned in Mt. Vernon, Illinois, which the Company is developing into a grow and production facility (the "DuQuoin Mt. Vernon Mortgage"). The DuQuoin Mt. Vernon Mortgage has a 20-year term and initially bears interest at the rate of 7.75% per annum, subject to upward adjustment on each annual anniversary date to the Wall Street Journal U.S. Prime Rate (with an interest rate floor of 7.75%). The proceeds of this loan are being utilized for the build-out of the property and other working capital needs. The current portions of the outstanding principal balance of the DuQuoin Mt. Vernon Mortgage were approximately $68,000 at each of March 31, 2023 and December 31, 2022.

In February 2020, the Company entered into a mortgage agreement with South Porte Bank for the purchase and development of a property in Mt. Vernon, Illinois, (the "South Porte Bank Mortgage"). Beginning in August 2021, pursuant to an amendment of the South Porte Bank Mortgage, the monthly payments of principal and interest aggregated approximately $6,000, with such payment amounts effective through June 2023, at which time all remaining principal, interest and fees are due.

Promissory Notes

Promissory Notes Issued as Purchase Consideration

Ermont Acquisition

In connection with the Ermont Acquisition, the Company issued the Ermont Note (see Note 2) totaling $7.0 million. The Ermont Note matures in March 2029, and bears interest at 6.0% per annum, with payments of interest only for two years, and thereafter quarterly payments of principal and interest in arrears. The outstanding balance on the Ermont Note is due and payable in full if and when the Company raises $75 million or more of equity capital. The Company recorded the Ermont Note at a present value of $4.6 million. The Company recorded $2.4 million as a debt discount, which is being accreted through the term of the Ermont Note. The difference between the face value of the Ermont Note and the present value recorded at the time of the Ermont Acquisition is being amortized to interest expense over the term of the Ermont Note. The fair value of the Ermont Note was $4.6 million at March 31, 2023, all of which was recorded as noncurrent, as the first principal payment is not due until two years after the Ermont Acquisition Date.

Greenhouse Naturals Acquisition

In connection with the Greenhouse Naturals Acquisition, the Company issued the Greenhouse Naturals Note (see Note 2) totaling $5.0 million to the Greenhouse Sellers, payable on a monthly basis as a percentage of the monthly gross sales of the Company's Beverly, Massachusetts dispensary. The Company recorded the Greenhouse Naturals Note at a present value of $4.3 million. The Company recorded $0.7 million as a debt discount, which is being accreted through the term of the Greenhouse Naturals Note. The difference between the face value of the Greenhouse Naturals Note and the present value recorded at the time of the Greenhouse Naturals Acquisition is being amortized to interest expense over the term of the note, which matures in July 2026. The fair values of the Greenhouse Naturals Note were $4.4 million and $4.3 million at March 31, 2023 and December 31, 2022, respectively. The Company estimated that the current portions of the Greenhouse Naturals Note were $1.3 million and $0.9 million at March 31, 2023 and December 31, 2022, respectively, which are included in Mortgages and notes payable, current portion, in the Company's condensed consolidated balance sheets.

Kind Acquisition

In connection with the Kind Acquisition (see Note 2), the Company issued four-year promissory notes aggregating $6.5 million at the rate of 6.0% per annum to the members of Kind (the "Kind Notes"). At December 31, 2022, the outstanding balance of the Kind Notes totaled $5.5 million, of which $1.6 million was current.

On January 24, 2023, in connection with the Credit Agreement (see Note 10), the Company repaid the Kind Notes in full, aggregating $5.4 million, including approximately $420,000 of accrued interest. There was no penalty in connection with the early repayment of the Kind Notes.

Promissory Note Conversion

During the three months ended March 31, 2022, a noteholder converted the outstanding principal balance of $400,000 into 1,142,858 shares of the Company's common stock and the note was retired. The Company did not record any gains or losses arising from this conversion.

Promissory Notes Issued to Purchase Commercial Vehicles

The Company purchased a commercial vehicle in January 2023 and entered into a note agreement with Ally Financial to finance the purchase. The Company had previously entered into note agreements to purchase commercial vehicles in August 2020 with First Citizens' Federal Credit Union and in June 2021 with Ally Financial. At March 31, 2023, the three outstanding notes had an aggregate outstanding balance of approximately $95,000, of which approximately $17,000 was current. At December 31, 2022, the two outstanding notes had an aggregate outstanding balance of approximately $48,000, of which approximately $12,000 was current. The weighted average interest rates of the outstanding balances were 11.64% and 8.19% at March 31, 2023 and December 31, 2022, respectively. The weighted average remaining terms of these notes were 4.84 years and 4.07 years at March 31, 2023 and December 31, 2022, respectively.

Future Payments

The future principal amounts due under the Company outstanding mortgages and notes payable at March 31, 2023 were as follows (in thousands):

Year ending December 31,		
Remainder of 2023	$	1,426
2024		3,047
2025		3,810
2026		3,578
2027		2,677
Thereafter		17,984
		32,522
Less: discount		(3,139)
	$	29,383

(12) MEZZANINE EQUITY

Series B Convertible Preferred Stock

In 2021, the Company entered into an exchange agreement withtwo unaffiliated institutional shareholders (the "Exchange Agreement") whereby the Company (i) issued $4.4 million of promissory notes to the two institutional shareholders, which were retired in March 2021, and (ii) exchanged4,908,333 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 (the "Series B Stock").

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

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

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

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

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

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

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

Series C Convertible Preferred Stock

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

At the closing of the Hadron Transaction in March 2021, Hadron purchased $23.0 million of Units at a price of $3.70 per Unit. Each Unit is comprised of one share of Series C Stock and a four-year warrant to purchase two and one-half shares of the Company's common stock. The Company issued to Hadron 6,216,216 shares of Series C Stock and warrants to purchase up to an aggregate of 15,540,540 shares of its common stock. Each share of Series C Stock is convertible, at Hadron's option, into five shares of the Company's common stock, and each warrant is exercisable at an exercise price of $1.087 per share. The warrants are subject to early termination if certain milestones are achieved and the market value of the Company's common stock reaches certain predetermined levels. The fair value of the warrants on the issuance date was $9.5 million, which amount was recorded in Additional paid-in capital. The Company incurred costs of $0.4 million related to the issuance of these securities, which was recorded as a reduction to Additional paid-in capital in March 2021.

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

Of the $23.0 million of proceeds received by the Company in March 2021, $7.3 million was used to fund construction and upgrades to certain of the Company's owned and managed facilities, and $15.7 million was used to pay down debt and related interest (see Note 11).

No further funding has occurred under the Hadron Facility and, on August 4, 2022, the Company and Hadron entered into a Second Amendment to the Securities Purchase Agreement pursuant to which, inter alia, (a) Hadron's obligation to provide any further funding to the Company and the Company's obligation to sell any further securities to Hadron was terminated, (b) Hadron's right to appoint a designee to the Company's board of directors was eliminated, and (c) certain covenants restricting the Company's incurrence of new indebtedness were eliminated.

(13) STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Amended and Restated 2018 Stock Award and Incentive Plan

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

Stock Options

A summary of the Company's stock option activity during the three months ended March 31, 2023 is below:

	Shares	Weighted average exercise price
Outstanding at January 1, 2023	36,504,673	$ 0.82
Granted	1,100,000	$ 0.43
Forfeited	(457,500)	$ 1.97
Outstanding at March 31, 2023	37,147,173	$ 0.80

Stock options granted under the 2018 Plan generally expirefive years from the date of grant. At March 31, 2023, the options outstanding had a weighted average remaining life of approximately three years.

The grant date fair values of stock options granted in the three months ended March 31, 2023 were estimated using the Black-Scholes valuation model with the following assumptions:

Estimated life (in years)	3.00 to 3.26
Weighted average volatility	99.22 %
Weighted average risk-free interest rate	3.59 %
Dividend yield	—

Restricted Stock Units

The Company began to grant RSUs under the 2018 Plan in the fourth quarter of 2022. Holders of unvested RSUs do not have voting and dividend rights. The grant date fair value of RSUs is recognized as expense on a straight-line basis over the requisite service periods. The fair value of RSUs is determined based on the market value of the shares of the Company's common stock on the date of grant.

The activity related to the Company's RSUs for the three months ended March 31, 2023 was as follows:

	RSUs	Weighted average grant date fair value
Unvested at January 1, 2023	1,599,999	$ 0.53
Granted	1,108,000	$ 0.46
Outstanding at March 31, 2023	2,707,999	$ 0.50

Warrants

In connection with the Credit Agreement, the Company issued to the Lenders an aggregate of 19,148,936 warrants to purchase shares of the Company's common stock at $0.47 per share, exercisable for a five-year period following issuance (see Note 10).

At March 31, 2023, warrants to purchase up to 41,824,476 shares of the Company's common stock were outstanding, with a weighted average exercise price of $1.46.

Other Common Stock Issuances

In addition to the activity described previously, the Company also issued during the three months ended March 31, 2023:

- 70,000 shares of restricted common stock reported as subscribed at December 31, 2022 as discussed below;
- 6,580,390 shares of restricted common stock with a fair value of $3.0 million issued as purchase consideration for the Ermont Acquisition (see Note 2); and
- 1,793 shares of restricted common stock with an aggregate fair value of approximately $1,000 issued under a royalty agreement.

Stock-Based Compensation

The Company recorded stock-based compensation of $0.2 million and $2.5 million in the three months ended March 31, 2023 and 2022, respectively.

Common Stock Issuance Obligations

At March 31, 2023, the Company was obligated to issue 5,025 shares of restricted common stock with an aggregate grant date fair value of approximately $2,000 to an employee. At December 31, 2022, the Company was obligated to issue 70,000 shares of restricted common stock in the aggregate with a total grant date fair value of approximately $39,000, to two employees, which were issued during the three months ended March 31, 2023.

(14) REVENUE

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

- Product sales (retail and wholesale) – direct sales of cannabis and cannabis-infused products by the Company’s retail dispensaries and wholesale operations. This revenue is recognized when products are delivered or at retail points-of-sale.
- Real estate rental income – rental income generated from leasing of the Company’s state-of-the-art, regulatory-compliant cannabis facilities to its cannabis-licensed clients. Rental income is generally a fixed amount per month that escalates over the respective lease terms. Prior to the third quarter of 2022, the Company charged additional rental fees based on a percentage of tenant revenues that exceeded specific amounts; these incremental rental fees were eliminated in connection with new contract terms with the Company's client.
- Supply procurement – resale of cultivation and production resources, supplies and equipment that the Company has acquired from top national vendors at discounted prices to its client and third parties within the cannabis

industry. The Company recognizes this revenue after the delivery and acceptance of goods by a purchaser.
- Management fees – fees for providing the Company's cannabis clients with comprehensive oversight of their cannabis cultivation, production and dispensary operations. Prior to the third quarter of 2022, these fees were based on a percentage of such client's revenue and were recognized after services were performed; these fees were eliminated in connection with new contract terms with the Company's client.
- Licensing fees – revenue from the licensing of the Company's branded products, including *Betty's Eddies*, *Bubby's Baked*, *Vibations* and *Kalm Fusion*, to wholesalers and to regulated dispensaries throughout the United States and Puerto Rico. The Company recognizes this revenue when the products are delivered.

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

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

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

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

Revenue for the three months ended March 31, 2023 and 2022 was comprised of the following (in thousands):

	Three months ended	
	March 31, 2023	March 31, 2022
Product revenue:		
Product revenue - retail	$ 23,183	$ 21,441
Product revenue - wholesale	10,376	6,062
Total product revenue	33,559	27,503
Other revenue:		
Real estate rentals	420	1,587
Supply procurement	308	1,190
Management fees	19	753
Licensing fees	74	249
Total other revenue	821	3,779
Total revenue	$ 34,380	$ 31,282

(15) MAJOR CUSTOMERS

The Company did not have any customers that contributed 10% or more of total revenue in either of the three-month periods ended March 31, 2023 or 2022.

The Company did not have any customers that accounted for 10% or more of the Company's accounts receivable balance, at either March 31, 2023 or December 31, 2022. The Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. The Company maintains an allowance for doubtful accounts and historical losses have been within management's expectations.

(16) LEASES

Arrangements that are determined to be leases with a term greater than one year are accounted for by the recognition of right-of-use assets that represent the Company's right to use an underlying asset for the lease term, and lease liabilities that represent the Company's obligation to make lease payments arising from the lease. Non-lease components within lease agreements are accounted for separately.

Right-of-use assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term, utilizing the Company's incremental borrowing rate. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company is currently the lessee under seven operating leases and eleven 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 Company leases the following facilities under operating leases:

- Delaware – 4,000 square feet of retail space in a multi-use building under a five-year lease that expires in April 2027 that the Company has developed into a cannabis dispensary which is subleased to its cannabis-licensed client.
- Delaware – a 100,000 square foot warehouse, of which the Company developed 60,000 square feet into a cultivation facility that is being subleased to its cannabis-licensed client. The lease expires in March 2030, with an option to extend the term for three additional years.
- Delaware – a 12,000 square foot premises, which the Company developed into a cannabis production facility with offices and which it subleases to its cannabis-licensed client. The lease expires in January 2026 and contains an option to negotiate an extension at the end of the lease.
- Massachusetts – 10,000 square feet of office space, which the Company utilizes as its corporate offices under a lease with a related party expiring in 2028 with an option to extend the term for an additional five-year period.
- Massachusetts - a 2,700 square foot dispensary, which lease the Company assumed under a lease that expires in 2026, with options to extend the term for three additional five-year periods through 2041.
- Massachusetts - an approximately 33,800 square foot building which houses both a dispensary and a cultivation facility, which lease expires in October 2038.
- Maryland – a 2,700 square foot two-unit apartment under a lease that expires in July 2023.

The Company leases machinery and office equipment under finance leases that expire from July 2023 through January 2028, with such terms being a major part of the economic useful life of the leased property.

The components of lease expense for the three months ended March 31, 2023 and 2022 were as follows (in thousands):

	Three months ended	
	March 31, 2023	March 31, 2022
Operating lease expense	$ 299	$ 277
Finance lease expenses:		
Amortization of right of use assets	$ 54	$ 19
Interest on lease liabilities	15	7
Total finance lease expense	$ 69	$ 26

At March 31, 2023, the weighted average remaining lease terms for operating leases and finance leases were 10.2 years and 3.3 years, respectively. The weighted average discount rate used to determine the right-of-use assets and lease liabilities was between 7.5% and 13.5% for all leases.

Future minimum lease payments as of March 31, 2023 under all non-cancelable leases having an initial or remaining term of more than one year were (in thousands):

	Operating leases	Finance leases
Remainder of 2023	$ 1,329	$ 273
2024	1,887	307
2025	1,929	306
2026	1,856	103
2027	1,754	46
Thereafter	3,953	—
Total lease payments	12,708	1,035
Less: imputed interest	(2,073)	(175)
	$ 10,635	$ 860

In November 2021, the Company entered into lease agreements for six retail properties, each with square footage between 4,000 and 6,000 square feet, in the state of Ohio (each an "Ohio Lease" and collectively the "Ohio Leases"). Each Ohio Lease had an initial lease period of eleven months, with a minimum rent of $31.00 per square foot, which increased 3.0% annually. Should the Company be awarded one or more cannabis licenses by the state of Ohio prior to the end of the initial lease period, it could extend the term of one or more of the Ohio Leases to ten years (with two additional five-year options to extend) upon the payment of $50,000 for the extended Ohio Lease, which the Company is building out into a medical use dispensary.

In February 2022, the Company was notified that it was awarded a cannabis dispensary license from the state of Ohio. The Company is awaiting the final verification process to be completed by the state. In April 2022, the Company extended the term of one of the Ohio Leases to February 2023 (the "Extended Ohio Lease"), and the remaining five Ohio Leases were terminated. The Company intends to enter into a ten-year lease on the Extended Ohio Lease property, which will become effective upon the completion of the final verification process by the state. At March 31, 2023 and December 31, 2022, the lease term of the Extended Ohio Lease was less than one year, and the Company was not required to record a right-of-use asset and corresponding lease liability on its balance sheet. Accordingly, the future lease payments of the Extended Ohio Lease are excluded from the table of future minimum lease payments shown above.

(17) RELATED PARTY TRANSACTIONS

The Company's corporate offices are leased from an entity in which the Company's Chief Executive Officer and President (the "CEO"), has an investment interest. This lease expires in October 2028 and contains a five-year extension option. Expenses incurred under this lease were approximately $39,000 for each of the three-month periods ended March 31, 2023 and 2022.

The Company procures nutrients, lab equipment, cultivation supplies, furniture, and tools from an entity owned by the family of the Company's Chief Operating Officer (the "COO"). Purchases from this entity totaled $1.0 million and $0.9 million in the three months ended March 31, 2023 and 2022, respectively.

The Company pays royalties on the revenue generated from its Betty's Eddies product line to an entity owned by the COO and its Chief Revenue Officer (the "CRO") under a royalty agreement. This agreement was amended effective January 1, 2021 whereby, among other modifications, the royalty percentage changed from 2.5% on all sales of Betty's Eddies products to 3.0% if sold directly by the Company and between 1.35% and 2.5% if licensed by the Company for sale by third parties. Future developed products (i.e., ice cream) have a royalty rate of 0.5% if sold directly by the Company and between 0.125% and 0.135% if licensed by the Company for sale by third parties. The aggregate royalties due to this entity were approximately $77,000 and $56,000 for the three months ended March 31, 2023 and 2022, respectively.

During the three months ended March 31, 2023, one of the Company's majority-owned subsidiaries paid distributions in the aggregate of approximately $1,300 to the CEO, who owns a minority equity interest in such subsidiary. During the three months ended March 31, 2022, this majority-owned subsidiary paid aggregate distributions of approximately $11,000 to the Company's then-CEO and then-Chief Financial Officer (now the CEO), each of whom owned minority equity interests in such subsidiary.

During the three months ended March 31, 2023 and 2022, the Company purchased fixed assets and consulting services aggregating $267,000 and $82,000, respectively, from two entities owned by two of the Company's general managers.

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

(18) COMMITMENTS AND CONTINGENCIES

Maryland Litigation

Following the consummation of the Kind Acquisition, in April 2022, litigation between the Company and the members of Kind was dismissed in its entirety with prejudice, and the parties have released one another of any and all claims between them.

DiPietro Lawsuit

In December 2021, the parties to this action entered into a global confidential settlement and release agreement, along with the parties to the aforementioned Maryland litigation. At the same date, the Company's wholly-owned subsidiary MariMed Advisors Inc. ("MMA") and Jennifer DiPietro ("Ms. DiPietro"), one of the former members of Kind, entered into a membership interest purchase agreement pursuant to which the Company would purchase Ms. DiPietro's interests in Mia Development LLC, the Company's majority-owned subsidiary that owns production and retail cannabis facilities in Wilmington, Delaware, and Mari Holdings MD LLC ("Mari-MD"), the Company's majority-owned subsidiary that owns production and retail cannabis facilities in Hagerstown, Maryland and Annapolis Maryland. Upon the court's approval of the parties' joint motion for approval, on June 8, 2022, the purchase of Ms. DiPietro's interests was consummated. The parties released all direct and derivative claims against one another, and a stipulation dismissing all claims and counterclaims with prejudice was filed with the court.

Bankruptcy Claim

During 2019, the Company's MMH subsidiary sold and delivered hemp seed inventory to GenCanna Global Inc., a Kentucky-based cultivator, producer, and distributor of hemp ("GenCanna"). At the time of sale, the Company owned a 33.5% ownership interest in GenCanna. The Company recorded a related party receivable of approximately $29 million from the sale, which was fully reserved at December 31, 2019.

On January 24, 2020, an involuntary bankruptcy proceeding under Chapter 11 was filed against GenCanna and its wholly-owned subsidiary, OGGUSA Inc. (f/k/a GenCanna Global US, Inc.) ("OGGUSA" and together with GenCanna, the "OGGUSA Debtors") in the U.S. Bankruptcy Court in the Eastern District of Kentucky (the "Bankruptcy Court"). In February 2020, the OGGUSA Debtors, under pressure from certain of its creditors including its senior lender MGG Investment Group LP ("MGG"), agreed to convert the involuntary bankruptcy proceeding into a voluntary Chapter 11 proceeding. The OGGUSA Debtors' subsidiary, Hemp Kentucky LLC, also filed voluntary petitions under Chapter 11 in the Bankruptcy Court.

In May 2020, after an abbreviated solicitation/bid/sale process, the Bankruptcy Court, over numerous objections by creditors and shareholders of the OGGUSA Debtors, which included the Company, entered an order authorizing the sale of all or substantially all of the assets of the OGGUSA Debtors to MGG. After the consummation of the sale of all or substantially all of their assets and business, the OGGUSA Debtors filed their liquidating plan of reorganization (the "Liquidating Plan") to collect various prepetition payments and commercial claims against third parties, liquidate the remaining assets of the OGGUSA Debtors, and make payments to creditors. The Liquidating Plan was confirmed by the Bankruptcy Court on November 12, 2020.

Since the approval of the Liquidating Plan, the OGGUSA Debtors have been in the process of liquidating the remaining assets, negotiating and prosecuting objections to other creditors' claims, and pursuing the collection of accounts receivable and Chapter 5 bankruptcy avoidance claims.

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

In connection with the discussions of the Company with the OGGUSA Debtors relating to the Huron settlement, the Plan Administrator raised issues relating to a potential claim against MariMed Hemp, Inc. ("MHI") for certain preferential transfers of assets, which were valued at $250,000 by the Plan Administrator, of the OGGUSA Debtors alleged to have been made to MHI in payment of a $600,000 loan made by the Company prior to the Chapter 11 bankruptcy of the OGGUSA Debtors (the "Preferential Claim"). On April 20, 2022, the Plan Administrator filed its Complaint to Avoid and Recover Transfers Pursuant to 11 U.S.C. §§547 and 550 and to Disallow Claims Pursuant to 11 U.S.C. §502 (the "Complaint"), asserting the Preferential Claim seeking the recovery of an amount no less than $200,000 and to disallow the MHI claim until such time as such preferential transfer has been repaid to the OGGUSA Debtors. On August 1, 2022, an answer to the Complaint was filed, asserting counterclaims and third-party claims against OGGUSA, the Plan Administrator, and Huron for declaratory judgment (the "Related Claims") in relation to terms of the Plan of Reorganization (the "Plan") and the allowance of the MHI claim under the Plan.

The Company has and continues to vigorously deny that any of the Preferential Claim exists in that such claims were waived and released in connection with the Company's settlement agreement and stipulations for its support of and voting for the Plan. As such, the Company believes that such claims are meritless and have no basis in fact or law.

As of the date of this filing, there is insufficient information as to how much of the Company's allowed general unsecured claim, if any, will be paid upon the completion of the liquidation of the remaining assets of the OGGUSA Debtors.

(19) SUBSEQUENT EVENTS

Equity Transactions

Subsequent to March 31, 2023, the following equity transactions occurred:

- On April 5, 2023, the Company issued 1,290 restricted common shares under a royalty agreement.
- On April 5, 2023, the Company issued 5,025 restricted common shares in satisfaction of shares subscribed at March 31, 2023.
- On April 17, 2023, the Company issued 349,999 common shares underlying RSUs that vested on that date.
- On April 21, 2023, the Company issued 450,000 restricted common shares to purchase a 0.33% minority interest in Mari Holdings MD LLC, one of the Company's majority-owned subsidiaries.
- On April 25, 2023, the Company received a conversion notice from Hadron in connection with its conversion of 2,651,404 Series C Preferred shares into 13,257,020 common shares. The Company issued the shares and

arranged for the delivery of a new stock certificate covering the remaining outstanding3,564,818 Series C Preferred shares. The effective date of the conversion was April 25, 2023.

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

The following discussion of the financial condition and results of operations of MariMed Inc. should be read in conjunction with the condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the U.S. Securities and Exchange Commission ("SEC") on March 3, 2023.

Forward Looking Statements

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

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different. These factors include, but are not limited to, changes that may occur to general economic and business conditions; changes in current pricing levels that the Company can charge for its services and products or which it pays to its suppliers and business partners; changes in political, social and economic conditions in the jurisdictions in which the Company operates; changes to regulations that pertain to its operations; changes in technology that render the Company's technology relatively inferior, obsolete or more expensive compared to others; changes in the business prospects of the Company's business partners and customers; increased competition, including from the Company's business partners; and enforcement of U.S. federal cannabis-related laws.

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

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

Overview

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

On April 27, 2022 (the "Kind Acquisition Date"), we acquired Kind Therapeutics USA ("Kind"), our former client in Maryland that holds licenses for the cultivation, production, and dispensing of medical cannabis (the "Kind Acquisition"). The financial results of Kind are included in our condensed consolidated financial statements for the periods subsequent to the Kind Acquisition Date.

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

We completed two acquisitions during the year ended December 31, 2022 that we recorded as asset purchases. On May 5, 2022 (the "Green Growth Acquisition Date"), we completed the acquisition of 100% of the equity ownership of Green Growth Group Inc. ("Green Growth"), an entity that holds a craft cultivation and production cannabis license in the state of Illinois (the "Green Growth Acquisition"). On December 30, 2022 (the "Greenhouse Naturals Acquisition Date"), we completed an asset purchase under which we acquired a cannabis license and assumed a property lease for a dispensary in Beverly, Massachusetts that had never been operational.

During 2023, we are focused on continuing to execute our strategic growth plan, with priority on activities described below:

- Continuing to consolidate the cannabis businesses that we have developed and managed.
- Expanding revenues, assets, and our footprint in the states in which we operate.
- Expanding into other legal states through mergers and acquisitions and by filing new applications in states where new licensing opportunities become available.
- Increasing revenues by producing and distributing our award-winning brands to qualified strategic partners or by acquiring production and distribution licenses.
- In Massachusetts, we recently opened two additional dispensaries, and intend to significantly expand the capacity and capability of our manufacturing facility in New Bedford, Massachusetts.
- In Maryland, we opened a dispensary in Annapolis in October 2022, and we intend to expand our manufacturing facility by 40,000 square feet. Under current Maryland cannabis laws, we have the potential to add three additional medical dispensaries, for a total of four.
- In Illinois, in May 2022, we closed on the acquisition of a craft cannabis license, which will enable us to be vertically integrated and add cultivation, manufacturing, and distribution to our four existing retail cannabis operations in Illinois. Under Illinois cannabis laws, we have the potential to add five additional dispensaries, for a total of ten.

Critical Accounting Policies and Estimates

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

Accounts Receivable

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

Inventory

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

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

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

Business Combinations and Asset Purchases

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

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

Loss Contingencies and Reserves

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

Stock-Based Compensation

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

Income Taxes

We use the asset and liability method to account for income taxes. Under this method, deferred income tax assets and liabilities are recorded for the future tax consequences of differences between the tax basis and financial reporting basis of assets and liabilities, measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent our management concludes that it is more likely than not that the assets will not be realized. To assess the recoverability of any tax assets recorded on the balance sheet, we consider all available positive and negative evidence, including our past operating results, the existence of cumulative income in the most recent years, changes in the business in which we operate and our forecast of future taxable income. In determining future taxable income, we make assumptions, including the amount of state and federal pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage our businesses.

Results of Operations

Three months ended March 31, 2023 and 2022

Revenue

Our main sources of revenue are comprised of the following:

- Product sales (retail and wholesale) - direct sales of cannabis and cannabis-infused products primarily by our retail dispensaries and wholesale operations in Massachusetts, Illinois, and, as of the Kind Acquisition Date, Maryland. We recognize this revenue when products are delivered or at retail points-of-sale.
- Real estate rentals - rental income generated from leasing of our state-of-the-art, regulatory compliant cannabis facilities to our cannabis-licensed clients. Rental income is generally a fixed amount per month that escalates over the respective lease terms. Prior to the third quarter of 2022, we charged additional rental fees based on a percentage of tenant revenues that exceeded specified amounts; these incremental rental fees were eliminated in connection with new contract terms with our client.
- Supply procurement - resale of cultivation and production resources, supplies and equipment that we have acquired from top national vendors at discounted prices to our clients and third parties within the cannabis industry. We recognize this revenue after the delivery and acceptance of goods by the purchaser.
- Management fees - fees for providing our cannabis clients with comprehensive oversight of their cannabis cultivation, production and dispensary operations. Prior to the third quarter of 2022, these fees were based on a percentage of such client's revenue and were recognized after services have been performed; these fees were eliminated in connection with new contract terms with our client.
- Licensing fees - revenue from the licensing of our branded products, including*Betty's Eddies*, *Bubby's Baked*, *Vibations*, and *Kalm Fusion*, to wholesalers and to regulated dispensaries throughout the United States and Puerto Rico. We recognize this revenue when the products are delivered.

Our revenue for the three months ended March 31, 2023 and 2022 was comprised of the following (in thousands):

	Three months ended	
	March 31, 2023	**March 31, 2022**
Product revenue:		
Product revenue - retail	$ 23,183	$ 21,441
Product revenue - wholesale	10,376	6,062
Total product revenue	33,559	27,503
Other revenue:		
Real estate rentals	420	1,587
Supply procurement	308	1,190
Management fees	19	753
Licensing fees	74	249
Total other revenue	821	3,779
Total revenue	$ 34,380	$ 31,282

Our total revenue increased $3.1 million in the three months ended March 31, 2023 compared to the three months ended March 31, 2022. Our total product revenue increased $6.1 million, or 22.0%, primarily attributable to wholesale revenue arising from the Kind Acquisition, coupled with higher retail sales in Illinois. These increases were partially offset by decreases in our other revenue, primarily attributable to rent and management fee reductions in connection with one of our clients and the Kind Acquisition.

Cost of Revenue, Gross Profit and Gross Margin

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

Our cost of revenue, gross profit and gross margin for the three months ended March 31, 2023 and 2022 were as follows (in thousands, except percentages):

			Increase (decrease) from prior year	
	2023	**2022**	**$**	**%**
Three months ended March 31,				
Cost of revenue	$ 18,992	$ 14,306	$ 4,686	32.8 %
Gross profit	$ 15,388	$ 16,976	$ (1,588)	(9.4)%
Gross margin	44.8 %	54.3 %		

Our cost of revenue increased in the three months ended March 31, 2023 compared to the three months ended March 31, 2022. Our higher cost of revenue in the current year quarter was primarily attributable to an aggregate of $5.7 million of higher manufacturing, employee-related and facility expenses. These higher costs were primarily due to our increased headcount and new facilities in connection with our recent acquisitions and in-process expansions. These increases were partially offset by lower supply procurement and certain inventory-related expenses. The net increase in cost and resulting decreases in gross profit resulted in lower gross margins in the current year quarter compared to the same prior year period.

Operating Expenses

Our operating expenses are comprised of personnel, marketing and promotion, general and administrative, acquisition-related and other, and bad debt expenses. Our operating expenses for the three months ended March 31, 2023 and 2022 were as follows (in thousands, except percentages):

			Increase (decrease) from prior year	
	2023	**2022**	**$**	**%**
Three months ended March 31,				
Personnel	$ 4,656	$ 3,042	$ 1,614	53.1 %
Marketing and promotion	1,146	643	503	78.2 %
General and administrative	4,305	6,228	(1,923)	(30.9) %
Acquisition-related and other	190	—	190	100.0 %
Bad debt	(44)	14	(58)	(414.3 %)
	$ 10,253	$ 9,927	$ 326	3.3 %

The increase in our personnel expenses in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was primarily due to the hiring of additional staff to support higher levels of projected revenue from existing operations, as well as from the Kind Acquisition and, to a lesser extent, our other recent acquisitions. Personnel costs increased to approximately 14% of revenue in the three months ended March 31, 2023, compared to approximately 10% of revenue in the three months ended March 31, 2022.

The increase in our marketing and promotion expenses in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was primarily attributable to our focused efforts to upgrade our marketing initiatives in order to expand branding and distribution of our licensed products.

Our general and administrative expenses decreased by approximately $2 million in the three months ended March 31, 2023 compared to the same prior year period. This decrease was primarily attributable to lower costs in connection with our equity programs and professional fees, partially offset by higher facility and travel and transport expenses in the current year quarter.

Acquisition-related and other expenses include those expenses related to acquisitions and other significant transactions that we would otherwise not have incurred, and include professional and services fees, such as legal, audit, consulting, paying agent and other fees. We incurred $0.2 million of acquisition-related and other expenses in the three months ended March 31, 2023, primarily related to our acquisitions in the first quarter of 2023 and professional fees related to obtaining the Credit Agreement (as described below). We did not record any acquisition-related and other expenses in the three months ended March 31, 2022.

Interest and Other (Expense) Income, Net

Interest expense primarily relates to interest on mortgages and notes payable, and, effective in 2023, the Credit Agreement (as described below). Interest income primarily relates to interest receivable in connection with our notes receivable. Other (expense) income, net, includes gains (losses) on changes in the fair value of our investments and other investment-related income (expense).

Our net interest expense increased $2.3 million in the three months ended March 31, 2023, compared to the same prior year period, primarily due to interest related to the Credit Agreement (as described below), coupled with expense for a fair value adjustment to notes payable in connection with our early repayment of the notes payable for the Kind Acquisition.

We reported $0.9 million of net other expense in the three months ended March 31 2023, primarily due to the write-off of assets in connection with our decision to cancel our plans to expand into Nevada. We reported net other income of $1.0 million in the three months ended March 31 2022, primarily related to non-cash income from a non-consolidated investment.

Income Tax Provision

We recorded income tax provisions of $2.5 million and $3.7 million in the three months ended March 31, 2023 and 2022, respectively.

Liquidity and Capital Resources

We had cash and cash equivalents of $21.6 million and $9.7 million at March 31, 2023 and December 31, 2022, respectively. In addition to the discussions below of our cash flows from operating, investing, and financing activities, please also see our discussion of non-GAAP Adjusted EBITDA in the section “Non-GAAP Measurement” below, which discusses an additional financial measure not defined by GAAP which our management also uses to measure our liquidity.

Credit Agreement

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

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

Principal, Security, Interest and Prepayments

The Credit Agreement provides for $35.0 million in principal borrowings at our option in the aggregate and further provides the Borrowers with the right, subject to customary conditions, to request an additional incremental term loan in the aggregate principal amount of up to $30.0 million; provided that the Lenders elect to fund such incremental term loan. $30.0 million of loan principal was funded at the initial closing and we have the option, during a six-month period following the initial closing, to draw down an additional $5.0 million. The loans require scheduled amortization payments of 1.0% of the principal amount outstanding under the Credit Agreement per month commencing in May 2023, and the remaining principal balance is due in full on January 24, 2026, subject to extension to January 24, 2028 under certain circumstances.

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

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

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

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

Representations, Warranties, Events of Default and Certain Covenants

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

The Credit Agreement also includes customary negative covenants limiting our ability to incur additional indebtedness and grant liens that are otherwise not permitted, among others. Additionally, the Credit Agreement requires us to meet certain financial tests. At March 31, 2023, we were in compliance with the covenants of the Credit Agreement.

Warrant Issuance

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

Cash Flows from Operating Activities

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

Our operating activities used $4.5 million and provided $8.5 million of cash in the three months ended March 31, 2023 and 2022, respectively. The change in cash from operating activities in the current year period compared to the prior year was primarily attributable to $5.3 million of cash utilized to pay income taxes in the current year period, compared to $0.1 million in the same prior year period, coupled with higher costs and operating expenses driven by our continued focus on increasing and expanding our sales activities, facilities and footprint both in the states where we currently operate and into other states. These higher costs primarily relate to personnel, cultivation/manufacturing and facility expenses.

Cash Flows from Investing Activities

Our investing activities used $6.9 million and $4.4 million of cash in the three months ended March 31, 2023 and 2022, respectively. During the three months ended March 31, 2023, we used cash of $3.1 million for capital expenditures, $3.0 million part of the purchase consideration for the Ermont Acquisition, $0.6 million for cannabis licenses and $0.3 million for advances toward future business acquisitions. During the three months ended March 31, 2022, we used cash of $4.0 million for capital expenditures, $0.3 million for cannabis licenses and $0.1 million for advances toward future business acquisitions.

Cash Flows from Financing Activities

Our financing activities provided $23.3 million of cash in the three months ended March 31, 2023 and used $0.3 million of cash in the three months ended March 31, 2022. We received proceeds of $29.1 million from the Credit Agreement, of which we used $5.5 million to repay in full the notes previously issued to the sellers of Kind as part of the purchase consideration for the April 2022 Kind Acquisition. We made $0.3 million of aggregate principal payments on our outstanding mortgages and finance lease and approximately $34,000 of distribution payments. During the three months ended March 31, 2022, we made $0.2 million of aggregate principal payments on our outstanding mortgages and finance leases and $0.1 million of distribution payments.

Based on our current expectations, we believe our current cash and future funding opportunities will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next twelve months. The rate at which we consume cash is dependent on the cash needs of our future operations, including our contractual obligations at March 31, 2023, and our ability to raise additional cash through financing activities. We anticipate devoting substantial capital resources to continue our efforts to execute our strategic growth plan as described above.

Non-GAAP Measurement

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

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

- interest income and interest expense;
- income tax provision;
- depreciation and amortization of property and equipment;
- amortization of acquired intangible assets;
- impairments or write-downs of acquired intangible assets;
- stock-based compensation;
- acquisition-related and other;
- legal settlements;
- other income (expense), net; and
- discontinued operations.

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

Management believes that investors and analysts benefit from considering Adjusted EBITDA in assessing our financial results and our ongoing business, as it allows for meaningful comparisons and analysis of trends in the business. Adjusted EBITDA is used by many investors and analysts themselves, along with other metrics, to compare financial results across accounting periods and to those of peer companies.

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

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

The table below reconciles Net income to Adjusted EBITDA for the three months ended March 31, 2023 and 2022 (in thousands):

	Three months ended	
	March 31, 2023	March 31, 2022
GAAP Income from operations	$ 5,135	$ 7,049
Depreciation and amortization of property and equipment	986	702
Amortization of acquired intangible assets	557	140
Stock-based compensation	208	2,471
Acquisition-related and other	190	—
Adjusted EBITDA	$ 7,076	$ 10,362

Off-Balance Sheet Arrangements

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

Inflation

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

Seasonality

In the opinion of management, our 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

The Company's management, with the participation of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of the Company's disclosure controls and procedures (defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended (the "Exchange Act")), as of March 31, 2023 (the "Evaluation Date"). Based upon that evaluation, the CEO and CFO concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act (i) are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) are accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

Over the past several years, the Company implemented significant measures to remediate past instances of ineffectiveness of the Company's internal control over financial reporting. The remediation measures consisted of the hiring of a new CFO, the engagement of accounting consultants as needed to provide expertise on specific areas of the accounting guidance, the hiring of individuals with appropriate experience in internal controls over financial reporting, and the modification to the Company's accounting processes and enhancement to the Company's financial control. Further, the

Company expanded its board of directors to include a majority of independent disinterested directors; established an audit, compensation, and nominating and governance committee of the board of directors.

Other than as described above, there was no change to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Exchange Act that occurred during the fiscal quarter ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

As a smaller reporting company, the Company is not required to provide the information contained in this item pursuant to Regulation S-K. However, information regarding the Company's risk factors appears in Part I, Item 1A. of its Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report"). These risk factors describe some of the assumptions, risks, uncertainties, and other factors that could adversely affect the Company's business or that could otherwise result in changes that differ materially from management's expectations. There have been no material changes to the risk factors contained in the Annual Report.

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

On January 20, 2023, the Company issued 1,793 shares of restricted common stock, with an aggregate fair value of approximately $1,000, under a royalty agreement. On January 13, 2023, the Company issued 6,580,390 shares of restricted common stock, with a fair value of $3.0 million, as purchase consideration for the Ermont Acquisition. On March 29, 2023, the Company issued an aggregate of 70,000 shares of restricted common stock to two employees, with a fair value of approximately $39,000.

The issuance of the shares of common stock described above were deemed to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon Sections 4(a)(2) and/or 4(a)(5) of the Securities Act. A legend restricting the sale, transfer, or other disposition of 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 (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 10-12G, File No. 000-54433, filed on June 9, 2011 with the SEC).

3.1.1	Certificate of Amendment to the Certificate of Incorporation of the Company as filed with the Secretary of State of Delaware on March 9, 2017 (incorporated by reference to Exhibit 3.1.1 to the Company's Annual Report on Form 10-K filed on April 17, 2017 with the SEC).
3.1.2	Series B Convertible Preferred Stock Certificate of Designation as filed with the Secretary of State of Delaware on February 27, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on February 28, 2020 with the SEC).
3.1.3	Certificate Eliminating the Series A Preferred Stock as filed with the Secretary of State of Delaware on February 27, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed on February 28, 2020 with the SEC).
3.1.4	Series C Convertible Preferred Stock Certificate of Designation as filed with the Secretary of State of Delaware on March 1, 2021 (incorporated by reference to Exhibit 3.1.4 to the Company's Current Report on Form 8-K, filed on March 2, 2021 with the SEC).
3.1.5	Certificate of Amendment to the Certificate of Incorporation of the Company as filed with the Secretary of State of Delaware on April 25, 2017, effective as of May 1, 2017 (incorporated by reference to Exhibit 3.1.5 to the Company's Quarterly Report on Form 10-Q, filed on November 15, 2021 with the SEC).
3.1.6	Certificate of Amendment to the Certificate of Incorporation of the Company as filed with the Secretary of State of Delaware on September 24, 2021 (incorporated by reference to Exhibit 3.1.6 to the Company's Quarterly Report on Form 10-Q, filed on November 15, 2021 with the SEC).
3.2 *	Amended By-Laws, amended as of February 28, 2023.
4.1	Form of Common Stock Purchase Warrant, dated January 24, 2023, issued by MariMed Inc. to the Lenders (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on January 24, 2023 with the SEC.
10.1	Loan and Security Agreement dated as of January 24, 2023, by and among MariMed Inc., certain subsidiaries of MariMed Inc. from time-to-time party thereto, certain lenders from time-to-time party thereto, and Chicago Atlantic Admin, LLC, a Delaware limited liability company, as administrative agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-L, filed on January 24, 2023 with the SEC).
10.2 ***	Amended and Restated Employment Agreement, effective as of February 28, 2023, between the Registrant and Jon R. Levine (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K, as amended, filed on March 3, 2023 with the SEC).
10.3 ***	Amended and Restated Employment Agreement, effective as of February 28, 2023, between the Registrant and Susan M. Villare (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K, as amended, file on March 3, 2023 with the SEC).
10.4 ***	Amended and Restated Employment Agreement, effective as of February 28, 2023, between the Registrant and Timothy Shaw (incorporated by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K, as amended, file on March 3, 2023 with the SEC).
31.1 *	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2 *	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1 **	Section 1350 Certification of Chief Executive Officer
32.2 **	Section 1350 Certification of Chief Financial Officer
101.INS XBRL *	Instance Document
101.SCH XBRL *	Taxonomy Extension Schema
101.CAL XBRL *	Taxonomy Extension Calculation Linkbase
101.DEF XBRL *	Taxonomy Extension Definition Linkbase
101.LAB XBRL *	Taxonomy Extension Label Linkbase

101.PRE XBRL *	Taxonomy Extension Presentation Linkbase
104 *	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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

SIGNATURES

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

Date: May 9, 2023

MARIMED INC.

By: */s/ Susan M. Villare*

Susan M. Villare
Chief Financial Officer
(Principal Financial Officer)

Exhibit 3.2

AMENDED BY-LAWS

OF

MARIMED INC.
(hereinafter called the "Corporation")

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II
MEETING OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meetings of Stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting. Written notice of the Annual Meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Special Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman, if there be one, or (ii) the President, (iii) any Vice President, if there be one, (iv) the Secretary, or (v) any Assistant Secretary, if there be one, and shall be called by any such officer at the request in writing of a majority of the Board of Directors or at the request in writing of stockholders owning a majority of the capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. Written notice of a Special Meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 4. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, of the time and place of the adjourned meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 5. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat. Each stockholder represented at a meeting of shareholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 6. Consent of Stockholders in Lieu of Meeting Unless otherwise provided in the Certificate of Incorpo-ration, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the

Corporation, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. The written consents shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which the proceedings are recorded. Delivery to the registered officer shall be by hand or certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shill be given to those stockholders who have not consented in writing.

Section 7. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 8. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stock-holders entitled to examine the stock ledger, the list required by Section 7 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

ARTICLE III
DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of one or more members, the exact number of which shall initially be fixed by the Incorporator and thereafter from time to time by the Board of Directors. Except as provided in Section 2 of this Article, directors shall be elected by a plurality of the votes cast at Annual Meetings of Stockholders, and each director so elected shall hold office until the next Annual Meeting and until his successor is duly elected and qualified, or until his earlier resignation or removal. Any director may resign at any time upon written notice to the Corporation. Directors need not be stockholders.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, or until their earlier resignation or removal.

Section 3. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or any one (1) director. Notice thereof stating the place, date and hour of the meetings shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Quorum. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 6. Actions of Board. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 7. Meetings by Means of Conference Telephone. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to the Section 7 shall constitute presence in person at such meeting.

Section 8. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 9. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid for attendance at each meeting of the Board of Directors or a stated annual salary as director. Compensation may also consist of such options, warrants rights, shares of capital stock or any other form of remuneration approved by the Board of Directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like reimbursement of expenses for attending committee meetings.

Section 10. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or their committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV
OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President and a Secretary. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director), Treasurer and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon an-other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. During the absence or disability of the President, the Chairman of the Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors. [As amended February 28, 2023]

Section 5. President. The President shall also be the Chief Executive Officer of the Corporation. Subject to the control of the Board of Directors, the President shall have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and the Board of Directors. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors. [As amended February 28, 2023]

Section 6. Vice-Presidents. At the request of the President or in his absence or in the event of his inability or refusal to act (and if there be no Chairman of the Board of Directors), the Vice-President or the Vice-Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice-President shall perform such other-duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice-President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any' other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by Law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render unto the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the

Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 9. Assistant Secretaries. Except as may be otherwise provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice-President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice-President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V
STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice-President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 2. Signatures. Any or all of the signatures on the certificate may be by facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be canceled before a new certificate shall be issued.

Section 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI
NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII
GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII
INDEMNIFICATION AND DIRECTORS' LIABILITY

Section 1. Indemnification of Directors and Officers. The Corporation shall be required, to the fullest extent authorized by Section 145 of the General Corporation Law of the State of Delaware (the "GCL"), as the same may be amended and supplemented, to indemnify any and all directors and officers of the Corporation.

ARTICLE IX
AMENDMENTS

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice' of such meeting of stockholders or Board of Directors, as the case may be. All such amendments must be approved by either the holders of a majority of the outstanding capital stock entitled to vote thereon or by a majority of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

EXHIBIT 31.1

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

I, Jon R. Levine, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2023

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

EXHIBIT 31.2

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

I, Susan M. Villare, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2023

/s/ Susan M. Villare

Susan M. Villare

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 March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon R. Levine, 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: May 9, 2023

/s/ Jon R. Levine

Jon R. Levine
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 March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan M. Villare, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

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

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

Date: May 9, 2023

/s/ Susan M. Villare

Susan M. Villare
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.