November 20, 2019

iAnthus Reports Fiscal Third Quarter 2019 Financial Results

Pro-Forma Revenues of $30.9 million[1], 23% Growth over Second Quarter

- Reported revenues of $22.3 million, up 16% from the prior quarter
- Pro-forma revenues were $30.9 million[1], up 23% from the prior quarter
- Retail revenues increased 28% from the second quarter, driven by new customer retention and acquisition programs
- Disciplined cost control initiatives led to an adjusted EBITDA[5] loss net of biological assets[4] of $3.6 million, compared to $6.9 million in the second quarter, representing a 48% improvement
- Continued momentum with four new dispensaries in Florida, bringing total to nine in the state and 27 system-wide as of the date of this report
- Announced agreement for up to $100 million in financing with Gotham Green Partners
- Announced Sierra Well acquisition, expanding presence in $640 million Nevada adult-use market

NEW YORK and TORONTO, Nov. 20, 2019 /PRNewswire/ -iAnthus Capital Holdings, Inc. ("iAnthus" or the "Company") (CSE: IAN, OTCQX: ITHUF), which owns, operates, and partners with best-in-class regulated cannabis operations across the United States, is pleased to report its financial results for the fiscal third quarter ended September 30, 2019. Amounts are in U.S. Dollars, unless stated otherwise.

Hadley Ford, CEO of iAnthus, provided the following statement on the Company's third quarter results and outlook:

"The iAnthus team made significant progress in the third quarter. In three of our greenfield states we are now generating well over a million dollars of revenue per month, our MPX brand is commanding a #1 market share position in several states and we are executing on our operating efficiency and lean initiative plans. We expect that we have arranged the necessary financing to continue our growth with a proposed $100 million financing plan and our business now generates adequate cash for operating expenses and maintenance capex in our more established markets. Access to the expected capital from Gotham Green will be used for additional high return investments such as our continued expansion in Florida, New Jersey and New York. I am very proud of the leadership of our operating teams who have worked tirelessly to develop lean initiative programs and internal controls for operating our business, which is reflected in our 48% adjusted EBITDA improvement quarter over quarter. I am confident that we are well on our way to positive EBITDA in 2020 and in our ability to generate operating cash flow and grow enterprise value."

Financial Highlights

Revenue & Gross Profit

- Total pro-forma revenues of $30.9 million[1], up 23% from the prior quarter
- Eastern Region revenues increased to $13.2 million, up 30% from the prior quarter as a result of the Company's expanded retail presence in Florida, increased demand for MPX branded products in Maryland and continued expansion into the CBD market; partially offset by lower wholesale revenues in Massachusetts due to the ongoing vaping products ban
- Western Region revenues increased to $9.1 million, up 1% from the prior quarter due to strong sales in Arizona, countered by lower wholesale in Nevada as the Company shifted away from bulk wholesale in anticipation of selling more MPX branded products going forward
- Retail revenues totaled $14.4 million, up 28% from the prior quarter
- Wholesale revenues totaled $6.2 million, down 17% from the prior quarter due primarily to a reduction in bulk wholesale orders related to the vaping products ban in Massachusetts

- Gross margin for the quarter was 48.1%, up from 47.9% in the prior quarter. The improvement was due primarily to gross margin improvements resulting from lean initiatives in Massachusetts, Arizona and Maryland
- Gross profit of $10.7 million, up 16.8% from $9.2 million in the prior quarter

See Tables 1 and 2 below for further detail

EBITDA and Net Income

- The Company maintained expense discipline in the quarter, and began to see the results of planned procurement and expense control initiatives; adjusted EBITDA[5] loss net of biological assets[4] was $3.6 million, compared to a loss of $6.9 million in the prior quarter;
- Before biological assets accounting, adjusted EBITDA[5] was positive $2.2 million in the quarter, compared to a loss of $4.7 million in the prior quarter
- The Company recorded a third quarter net loss of $15.3 million, compared to a loss of $9.3 million in the prior quarter

See Table 3 below for further detail

Balance Sheet and Cash Flow

- At September 30, 2019, total assets were $831.6 million, including cash of $27.9 million, an increase of $663.2 million (or 394%) in total assets from year end 2018
- Current fully dilutive share count of 266.2 million shares which includes 171.6 million common shares and 94.6 million dilutive securities
- Capital expenditures totaled $19.7 million in the third quarter, the majority (over 80%) of which was spent on the cultivation and store expansion in Florida
- On September 30, 2019, the Company announced an agreement for up to $100 million of senior secured convertible notes from Gotham Green Partners; the first $20 million closed on September 30, 2019

Expansion and Capacity Highlights

- Opened dispensaries in Miami, Gainesville, Lakeland and Bonita Springs during the quarter, bringing total to nine in the state; pending Florida Office of Medical Marijuana Use ("OMMU") and local permitting, the Company expects to open Deerfield Beach this month and have at least two additional dispensaries open before year-end, in Stuart and Ocala
- Brought an additional 27,000 square feet of cultivation space on-line at the Lake Wales, FL campus, doubling indoor canopy capacity; production footprint is now over 150,000 square feet
- To meet robust customer demand for MPX products, the Company invested in new equipment in Maryland to increase processing capacity to over 8,800 pounds by year-end
- Increased total production 11% sequentially to 5,900 pounds (dried, cured, fresh frozen) from 5,300 pound in the second quarter
- New Phoenix retail location opened, doubling points of sale and expanding retail square footage 30% vs. prior location

Customer and Market Share Highlights

- Wholesale penetration of iAnthus cultivated / formulated products has continued to be strong with dispensaries carrying our products as follows: Massachusetts 31% (23 dispensaries), Maryland 77% (66 dispensaries), Arizona 54% (66 dispensaries), Nevada 47% (31 dispensaries)
- Overall, the Company's THC products were wholesaled in 186 dispensaries in the quarter, up 12% from 166 in the second quarter. According to the weekly updates from the Florida OMMU, the Company is currently averaging about 3.5% market share in THC milligrams sales volume over the last three months, with a weekly high of 6%
- Arizona dollar market share of 5%+ consistently over-indexes store share of 3% due to the strength of the MPX wholesale business throughout the state
- Launched new products in Arizona and Nevada including MPX edibles, Black Label concentrates, and MPX cultivar pre-rolls
- In Arizona, MPX is ranked #1 in non-vape concentrates with 12% market share; in vapes, MPX is ranked #5 with a 5% share
- MPX wax is the top selling non-vape concentrate in Nevada year-to-date; MPX has four of the top twenty non-vape concentrate products in the state according to BDS Analytics
- Roll out of the Company's new toll-processing agreement with one of Nevada's vape cart market leaders

began in September and should drive incremental growth in the fourth quarter
- Construction continues at the Company's flagship Brooklyn Be. store, with a targeted opening in January 2020; post the Brooklyn launch new stores will be launched as Be. and the Company's other stores will be converted throughout 2020

Key Initiative Highlights

- Announced the conversion to a single class of shares, putting all shareholders on equal footing
- Announced plans to move to a Board of Directors with a majority of independent directors. This is subject to shareholder approval scheduled to occur during our next Annual General & Special Meeting to be held on December 5, 2019
- Completed CBD For Life e-commerce transition to BigCommerce SaaS platform and 3PL transition enabling several planned improvements in servicing its channels including a doubling of its conversion rate in the B2C channel post deployment
- Finalized the planned enterprise resource planning (ERP) selection in preparation for program deployment in the fourth quarter; the Company will deploy a multi-phase, multi-year program to improve operational transparency, cost reduction and business performance
- Newly deployed customer retention / loyalty and acquisition initiatives drove an increase in average daily transactions of over 28%
- Lean initiatives in Massachusetts, Maryland and Arizona led to yield gains of 10% and a gross margin improvement

Sierra Well Acquisition

- Announced the expected acquisition of Sierra Well, a premier Nevada operator with two dispensaries and two cultivation and production facilities, more than doubling the Company's presence in the market
- Sierra Well's last quarter annualized revenue was approximately $17.4 million with an EBITDA (non-IFRS) margin above 20% and positive net income
- The total consideration, to be paid upon closing of the transaction, is approximately $27.6 million, comprised of approximately $5.1 million to be paid in cash and $22.5 million to be paid in iAnthus shares priced at the 10-day volume-weighted average price prior to closing of the transaction
- The acquisition brings additional cultivation and processing capacity and strong retail presence in the northern part of the state
- The transaction is expected to close in 2020, subject to customary regulatory approvals including approval of the license transfers by the Nevada Department of Taxation

Table 1: Unaudited Reported Financial Highlights

in thousands of US$, except share and per share amounts (unaudited)	Q3 2019	Q3 2018
Reported revenues	$ **22,341**	$ **939**
Gross profit, excluding fair value items	10,742	610
Gross margin, excluding fair value items	48.1%	65.0%
Net loss	(15,270)	(10,022)
Net loss per share	-0.09	-0.15

Table 2: Unaudited Pro Forma Revenues

in thousands of US$ (unaudited)	Q3 2019	Q2 2019
Reported Revenues	$ **22,341**	$ **19,200**
Eastern Region	13,220	10,154
Western Region	9,121	9,046
Pro forma Adjustments(1):		
Pending Acquisitions	4,356	-
CBD For Life	-	1,206
Managed Revenues	4,170	4,610
Total Pro forma Revenues(1):	$ **30,867**	$ **25,016**

Table 3: Unaudited Adjusted EBITDA Highlights

in thousands of US$, except share amounts (unaudited)	Q3 2019	Q2 2019
Net Income (Loss)	$ **(15,270)**	$ **(9,290)**
Depreciation and amortization	5,294	5,915

Interest expense	3,722	3,470
Income tax expense	2,364	640
EBITDA (Non-IFRS)	**(3,890)**	**735**
Adjusting items:		
Fair value adjustment on inventory from acquisition (2)	392	864
Accretion expense	1,868	4,606
Fair market value adjustments	(10,223)	(22,781)
Profit from investment in associate	(67)	(75)
Adjustment for one-time costs (3)	4,547	2,362
Share-based compensation	9,537	9,586
Adjusted EBITDA (Non-IFRS)	**2,164**	**(4,703)**
Net impact of fair value of biological assets (4)	(5,809)	(2,248)
Adjusted EBITDA (Non-IFRS) net of impact of biological assets(5)	**$ (3,645)**	**$ (6,951)**

Conference Call Details

The Company will hold a conference call for financial analysts and investors at 8:30a.m. ET on November 21, 2019 to discuss the Company's third quarter financial results. The call will be archived and available on iAnthus' website for replay. Please visit https://www.ianthus.com/investors to access the archived conference call.

Dial-In Number: (888) 231-8191 or international: (647) 427-7450

A replay of the call will be available for 7 days by dialing: (855) 859-2056 and entering password 3981617

The Unaudited Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis for the three and nine months ended September 30, 2019 and 2018 may be accessed on the Company's website at www.ianthus.com and under the Company's SEDAR profile atwww.sedar.com

Non-IFRS Financial Measures Footnotes

1 Pro forma Adjustments: refers to full three months ended September 30, 2019 results, regardless of when an acquisition or management contract commenced. This also includes Managed Revenues, which are sales of cannabis products from entities for which management arrangements are in place but iAnthus cannot consolidate due to regulatory restrictions, or from equity investments in which results cannot be consolidated. Managed entities include iAnthus' involvement in certain Arizona operations, Colorado, and New Mexico.

2 Adjustment related to the fair value adjustments on inventory from acquisitions that are being released into cost of goods sold (COGS) for sales recognized during the period.

3 Adjustment for one-time acquisition costs include all advisory, professional, legal, consulting, and accounting fees incurred as part of the acquisitions incurred in the quarter. These costs alongside other one-time costs are added back to the total adjusted EBITDA (see footnote 5 below) as these expenses are non-recurring and are not part of ongoing operational activities of the Company. Adjustment to add back the fair value adjustments from the sale of inventory and growth of biological assets during the period.

4 Adjustment to add back the fair value adjustments from the sale of inventory and growth of biological assets during the period.

5 Adjusted EBITDA: One of the measures the Company uses to evaluate its objectives is adjusted EBITDA. Adjusted EBITDA is a non IFRS financial measure that does not have a standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates Adjusted EBITDA as net income (loss) before interest, taxes and depreciation and amortization, plus fair value adjustments on sale of inventory and on growth of biological assets, share-based compensation and payments, loss (gain) on equity investments, loss (gain) on foreign exchange, loss (gain) on short-term investments, transaction costs, listing fees and certain one-time non-operating expenses, as determined by management. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by (used for) operations.

The Company believes the pro forma results presented provide relevant and useful information for investors because they clarify the Company's actual operating performance, make it easier to compare the Company's results with those of other companies and allow investors to review performance in the same way as the Company's management. Since these measures are not calculated in accordance with IFRS, they should not be considered in isolation of, or as a substitute for, our reported results as indicators of the Company's performance, and they may not be comparable to similarly named measures from other companies.

About iAnthus

iAnthus. owns and operates best-in-class licensed cannabis cultivation, processing and dispensary facilities throughout the United States, providing investors diversified exposure to the U.S. regulated cannabis industry. Founded by entrepreneurs with decades of experience in operations, investment banking, corporate finance, law and health care services, iAnthus provides a unique combination of capital and hands-on operating and management expertise. iAnthus currently has operations in 11 states, and operates 27 dispensaries (AZ-4, MA-1, MD-3, FL-9, NY-2, CO-1, VT-1 and NM-6 where iAnthus has minority ownership). For more information, visit www.iAnthus.com.

Forward Looking Statements

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in iAnthus' periodic filings with Canadian securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should, our vision" and similar expressions, are forward-looking statements.

Forward-looking statements may include, without limitation, statements relating to the Company's future financial performance; business development; results of operations; the proposed additional senior secured convertible notes with Gotham Green Partners; the proposed opening of additional dispensaries in Florida, including, but not limited to a dispensary in Deerfield Beach and the proposed dispensaries in Stuart and Ocala; the construction of the Company's Brooklyn Be. Store; and the proposed acquisition of Sierra Well.

Readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. iAnthus disclaims any intention or obligation to update or revise such information, except as required by applicable law, and iAnthus does not assume any liability for disclosure relating to any other company mentioned herein.

The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.