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iAnthus Announces US\$50 Million Senior Secured Debt Financing to Support Growth Initiatives

NEW YORK and TORONTO, Aug. 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 announce that it has entered into a term sheet and is actively negotiating definitive documents for a senior secured term loan of up to US\$50 million (the "Term Loan") from one or more investment funds managed by Torian Capital Partners (collectively, "Torian Capital"), an investor in the global cannabis industry. The Term Loan is expected to be made available in two tranches of US\$25 million, each with substantially similar terms.



The net proceeds of the Term Loan, when completed, will be used to support iAnthus' near-term growth efforts, which are expected to include ongoing expansion of iAnthus' Florida footprint and the build-out of new Be. retail locations in Nevada, New Jersey and New York.

"Reducing our cost of capital has been one of our key goals for this year. We believe this is a great opportunity to add strength to our balance sheet as we continue to invest in our key expansion initiatives, along with people, systems and brands," said Hadley Ford, CEO of iAnthus. "This transaction will position us well as we continue our strategic investments to take advantage of the once-ever opportunity presented by the cannabis industry."

Pursuant to the term sheet, the Term Loan will be secured by a first-priority lien on all current and future assets of the Company and its affiliates, subject to certain exceptions, including applicable cannabis regulations, and will be guaranteed by all current and future affiliates of the Company. Each tranche of the Term Loan will bear interest at a rate of 9.0% per annum, payable quarterly in arrears during their respective terms and each tranche will mature 36 months from the date of its advance. Following the 12-month anniversary from the date of advance of each tranche, iAnthus may prepay the outstanding principal amount of the such tranche: (i) in year two, upon payment of 109% of the principal amount outstanding and (ii) in year three, upon payment of 104.5% of the principal amount outstanding.

Further, upon completion of each tranche, Torian Capital will be issued share purchase warrants ("Warrants") from iAnthus in an amount equal to 20% coverage of each tranche. Each Warrant will entitle Torian Capital to purchase one common share for a period of 36 months from the date of issue. The Warrants issued will, subject to the policies of the

Canadian Securities Exchange ("CSE"), have an exercise price equal to a 25% premium to the closing price of iAnthus' common shares on the CSE on the day prior to the applicable closing of the relevant tranche. The Warrants may be called by iAnthus if the volume-weighted average price of iAnthus' common shares on the CSE exceeds 2.0x the exercise price for 20 days within any 30-day period, and the daily average trading volume of iAnthus' common shares on the CSE equals or exceeds 25% of the Warrants then outstanding.

The general terms of the Term Loan described in this press release are those set out in a non-binding term sheet between the Company and Torian Capital. Completion of the Term Loan discussed herein is subject to, among other things, the parties executing definitive agreements in respect of the financing transaction, on mutually acceptable terms, and the terms and conditions set out therein. The terms of the Term Loan and the Warrants are subject to change as the parties negotiate these definitive documents. The closing of each tranche of the Term Loan will be subject to the satisfaction of certain conditions including, but not limited to, the receipt of all necessary approvals and consents, including any approval of the CSE, the completion of an intercreditor agreement with certain existing debt holders, and the absence of material adverse changes. There can be no assurance that the parties will enter into definitive documentation such that the Term Loan will be available to the Company, or if definitive documentation is entered into, that the terms of the Term Loan and the Warrants and the conditions to receiving the proceeds of any of the tranches of the Term Loan will be as disclosed above.

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, including 23 dispensaries (FL-5, AZ-4, MA-1, MD-3, 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, and results of operations. Statements regarding the completion of the Term Loan and issuance of the warrants and related transactions, entry into the definitive documentation with respect thereto and the use of proceeds therefrom contain forward-looking statements.

Readers should not place undue reliance on forward-looking statements as such forward-looking statements are inherently uncertain, and shareholders and other potential investors must recognize that actual results may differ materially from the Company's expectations as

a result of a variety of factors. Such forward-looking statements are based upon management's current expectations and include known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company's actual results, performance, or plans to differ materially from any future results, performance or plans expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the ability to complete the Term Loan from Torian Capital. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability of iAnthus and Torian Capital to negotiate, close and fund the Term Loan or any tranche thereof; the ability of iAnthus to develop its brand and meet its growth objectives, the ability of iAnthus to complete planned expansion and build out of Be. retail locations, the ability of iAnthus to obtain and/or maintain licenses to operate in the jurisdictions in which it operates or in which it expects or plans to operate; changes in general economic, business and political conditions, including changes in the financial markets; and in particular the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws, including those related to taxation; the inability to locate and acquire suitable companies, properties and assets necessary to execute on the Company's business plans; and increasing costs of compliance with extensive government regulation.

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.

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