October 15, 2020

iAnthus Reports Fiscal Second Quarter 2020 Financial Results

NEW YORK and TORONTO, Oct. 15, 2020 /PRNewswire/ -iAnthus Capital Holdings, Inc. ("iAnthus" or the "Company") (CSE: IAN) (OTCQX: ITHUF), which owns, operates, and partners with regulated cannabis operations across the United States, reports its financial results for the second quarter ended June 30, 2020. The Company's Financial Statements for the second quarter ended June 30, 2020 and the related Management's Discussion & Analysis can be accessed on the Company's SEDAR profile at www.sedar.com and on the Company's website. Amounts are in U.S. Dollars, unless stated otherwise.

Second Quarter 2020 Financial Updates

- Net loss of $20.9 million, or a loss of $0.12 per share
- Reported revenues of $34.6 million, up 14% from the prior quarter
- Gross margin for the quarter was 54.8%, up from 49.2% in the prior quarter
- Due to liquidity constraints experienced by the Company, the Company did not make applicable interest payments due on its 13% senior secured convertible debentures ("Secured Notes") and its 8% convertible unsecured debentures ("Unsecured Debentures") due on March 31, 2020 or June 30, 2020. As previously disclosed, the non-payment of interest in March 2020 triggered an event of default with respect to these components of the Company's long-term debt, consisting of principal amounts at face value of $97.5 million and $60.0 million and accrued interest amounts at June 30, 2020 of $7.1 million and $2.4 million on the Secured Notes and Unsecured Debentures, respectively. In addition, as a result of the default, the Company has accrued additional fees and interest of $12.9 million in excess of the aforementioned amounts that are further detailed in the Company's Financial Statements.

Table 1: Q2 2020 Financial Results

in thousands of US$, except share and per share amounts (unaudited)	**Q2 2020**	**Q1 2020**	**Q2 2019**
Reported revenues	**$ 34,646**	**$ 30,426**	**$ 19,200**
Gross profit, excluding fair value items	18,994	14,979	9,197
Gross margin, excluding fair value items	54.8%	49.2%	47.9%
Net loss	(20,927)	(257,353)	(9,290)
Net loss per share	(0.12)	(1.50)	(0.06)

Recapitalization Transaction

On October 5, 2020, the Company received final approval from the Supreme Court of British Columbia (the "Court") for the Company's plan of arrangement approved by securityholders on September 14, 2020 (the "Plan of Arrangement") to implement the Company's previously announced recapitalization transaction (the "Recapitalization Transaction").

Further to the Company's news release dated October 6, 2020 (a copy of which is available under the Company's SEDAR profile at www.sedar.com), iAnthus amended and restated the

Plan of Arrangement (the "Revised Plan") to remove a proposed injunction provision and to provide for a narrower scope of release of claims. The Court issued its Reasons for Judgment on October 5, 2020 and approved the Revised Plan. A copy of the Court's decision is available online at: https://www.bccourts.ca/jdb-txt/sc/20/14/2020BCSC1484.htm.

Securityholder approval and Court approval were the two primary conditions precedent for closing the Recapitalization Transaction, both of which conditions have been satisfied. The closing of the Recapitalization Transaction remains subject to certain other customary closing conditions set out in the previously disclosed Restructuring Support Agreement and the Arrangement Agreement, copies of which are available under the Company's SEDAR profile at www.sedar.com (and filed on July 20, 2020 and August 17, 2020, respectively). A copy of the Revised Plan has also been filed under the Company's SEDAR profile as of October 7, 2020.

Certain of the transactions contemplated by the Recapitalization Transaction may trigger a review and approval requirement by state-level regulators in certain U.S. states with jurisdiction over the licensed cannabis operations of entities owned in whole or in part or controlled directly or indirectly by iAnthus. Where required, iAnthus has either commenced or intends to promptly commence the review and approval process.

About iAnthus

iAnthus owns and operates licensed cannabis cultivation, processing and dispensary facilities throughout the United States. For more information, visit www.iAnthus.com.

COVID-19 Risk Factor

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing could adversely impact the Company by causing operating, manufacturing, supply chain, and project development delays and disruptions, labor shortages, travel, and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how the Company may be affected if such a pandemic persists for an extended period of time, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. Although the Company has been deemed essential and/or has been permitted to continue operating its facilities in the states in which it cultivates, processes, manufactures, and sells cannabis during the pendency of the COVID-19 pandemic, there is no assurance that the Company's operations will continue to be deemed essential and/or will continue to be permitted to operate. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results, financial condition, and the trading price of the Company's common shares.

Forward Looking Statements

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties, including concerning COVID-19 and 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 financial performance, business development and results of operations and the timing and outcome of closing of the Recapitalization Transaction.

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.

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