

May 30, 2019

iAnthus

iAnthus Reports Fiscal First Quarter 2019 Financial Results

Pro Forma Revenues of \$18.5 Million, up 22% From Previous Quarter

- Revenue generating in nine of 11 states and a footprint allowing for up to 68 dispensaries
- Pro forma revenues¹ for the first quarter were \$18.5 million, up 22% sequentially from the prior quarter
- Pro forma revenues in April were approximately \$8.5 million
- Increased wholesale distribution to 110+ doors across 3 states
- CBD For Life acquisition expected to close in June; currently distributed in more than 1,000 retail locations across 46 states
- Hired acclaimed brand-builder Neil Calvesbert as Chief Marketing Officer to lead brand building effort and announced the unveiling of our national retail brand *Be. The Cannabis Store*

NEW YORK and TORONTO, May 30, 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 first quarter ended March 31, 2019. Amounts are in U.S. Dollars, unless stated otherwise.

iAnthus

On February 5, 2019, the Company closed the plan of arrangement with MPX. The landmark transaction was the first public-to-public merger and the largest closed transaction to date for a multi-state operator in the US cannabis sector. The transaction expanded the Company's platform to 11 states.

Hadley Ford, CEO of iAnthus, provided the following statement on the Company's first quarter results and outlook for 2019:

"2019 is off to a great start for team iAnthus, and I want to thank all of our dedicated employees for their hard work as we fully integrate the MPX and iAnthus operations. Revenues in the first quarter are up 22% sequentially on a pro forma basis for the combined company and that pace has accelerated into April and May. We are excited to be moving forward on our branding initiatives and look forward to opening our first flagship Be. store in Brooklyn this fall. Momentum is continuing across all our markets, particularly in our greenfield operations in Maryland, Massachusetts, and Florida. We expect to close the CBD For Life acquisition shortly and can't wait to share some of the exciting plans in store for that business. Managing growth is our number one focus, and we remain committed to investing prudently in our business to take advantage of this once ever opportunity. We will continue to be opportunistic in our approach to M&A and will maintain a strong focus on reducing our overall cost of capital. We are very excited about 2019 and look forward to continuing to deliver for our shareholders."

Financial Highlights

Revenue

- Total pro forma revenues of \$18.5 million¹, up 22% from the prior quarter
- First quarter reported revenues of \$9.6 million, which has increased 384% from \$1.9 million in the prior quarter. (MPX results consolidated as of February 5, 2019)
- Preliminary April 2019 pro forma revenues of approximately \$8.5 million¹

See Tables 1 and 2 below for further detail

Gross Profit

- Adjusted gross profit of \$3.4 million, up \$2.0 million (or 134%) from the prior quarter. Adjusted gross profit

includes adjustments related to realized fair value adjustments on biological assets and a one-time fair value adjustment on inventory acquired from MPX. Adjusted gross margin for the quarter was 36%

See Table 3 below for further detail

EBITDA and Net Income

- Adjusted EBITDA⁷ loss of \$5.1 million, compared to an adjusted EBITDA loss of \$6.5 million in the prior quarter
- As a result of the MPX transaction during the quarter, iAnthus incurred several acquisition related expenses totaling \$5.2 million. These expenses include advisory, professional, legal, consulting, and accounting fees which have been added back to arrive at adjusted EBITDA as these costs are non-recurring and are not part of ongoing operational activities of the Company
- iAnthus recorded a first quarter net loss of \$18.3 million, compared to a net loss of \$15.9 million in the prior quarter

See Table 3 below for further detail

Balance Sheet

- As at March 31, 2019, total assets were \$797.6 million, including cash and cash equivalents of \$42.3 million. This represents an increase of \$629.2 million (or 374%) from the prior quarter
- The Company also has the potential to receive over \$116 million from the exercise of warrants and options by the first quarter of 2022
- The Company closed \$35.0 million and \$25.0 million of financing through the issuance of convertible debentures on March 18, 2019 and May 1, 2019, respectively. The debentures are convertible at a price of \$5.92 and bear 40% warrant coverage, which resulted in the issuance of 3,732,498 warrants with an exercise price of \$6.43
- On April 24, 2019, iAnthus issued 8,891,016 shares and 4,445,504 warrants to satisfy all remaining OID Loan holders that were eligible for conversion
- Current fully dilutive share count of 245.5 million shares which includes 154.5 million common shares, 15.5 million class A shares and 76.4 million dilutive securities

Operational and Branding Updates

Be. The Cannabis Store

On May 14, 2019, the Company announced its new retail brand "Be." The first flagship Be. store is under construction in Brooklyn, and the Company anticipates a grand opening in the fall of this year. New flagship stores in Miami, Las Vegas and Atlantic City will follow. iAnthus' existing stores will be prioritized and gradually retrofit to Be. stores. Please see the Be. [press release](#) and [announcement video](#).

MPX

MPX's award winning products are distributed in over 110 stores across the US. Our MPX concentrate and resin product lines continue to attract acclaim from both wholesale and retail customers. In addition to the Company's core MPX product lines, the Company is preparing to launch several complementary product lines. The Company is in the final stages of developing a "fighter brand" concentrate product line that will be marketed to both retail patients and wholesale clients. Within Arizona, the Company is also about to launch a live resin collaboration with one of the most renowned cultivators within the state and will continue to keep the market informed as to new product developments. The Company anticipates opening a second cultivation and processing facility in Massachusetts in late 2019 that will include hydrocarbon extraction equipment and enable the production of MPX products in the state.

CBD For Life

iAnthus expects to close the acquisition of CBD For Life, a top-ranked, national CBD brand in the U.S in early June. CBD For Life is now available in over 1,000 doors nationwide including new distribution relationships with national and specialty retailers such as Urban Outfitters (online and 6 flagship stores), Of a Kind, and Exhale Spa. In addition, CBD For Life will be rolling out a premium product line and an adult line during this summer.

Massachusetts

The Company's Holliston cultivation facility has continued to see operational efficiencies and recorded current cash cultivation cost of \$1.24⁸ per gram during the quarter. The Company recorded over \$2.0 million of revenue during the month of April 2019, surpassing the revenue for the first three months combined. Wholesale demand remains strong, with products sold in 15 dispensaries throughout the state. The Company is currently in negotiations with Allston (situated within the City of Boston) over terms of its host agreement for an adult use license at its existing medical-only facility and the Company continues to expect that dispensary will be operating under an adult-use license in 2019. Further, two additional dispensaries, in Worcester and Lowell, are targeted to open under adult-use licenses later this year.

Florida

The Company's Lake Wales cultivation facility now has approximately 120,000 square feet in operation, of which 70,000 square feet is in a lower cost cultivation environment. The 33-acre campus has significant room for expansion, in both indoor and outdoor capabilities that will be announced throughout 2019. The Company is operating three dispensaries and is planning to open an additional three dispensaries within the next 45 days. Based on the latest reports of state-wide sales from the Office of Medical Marijuana Use, the Company is ranked third of all Florida operators in terms of THC milligrams sold per dispensary.

Maryland

Driven by its market leading processing capabilities and products, the Company continues to show strength in both its retail and wholesale operations. The Company's extraction footprint is being increased to over 3,000 square feet, which will increase its production capabilities over 200% from current levels. In Maryland, MPX products are now available in 51 of 72 retail dispensaries.

Arizona and Nevada

In the Southwest region, the Company's wholesale offerings continued to be strongly received in both markets, selling to approximately 40 dispensaries per month in the first quarter, and 46 in April 2019. Average size of wholesale orders has increased by 100% in Nevada and 25% in Arizona since the first quarter of 2018. On May 29, 2019, the Arizona Supreme Court ruled in favor of the medical marijuana industry and patients who choose to use cannabis extracts such as vape cartridges, edibles, waxes and tinctures. Extracts form a significant portion of the Arizona medical use market and the court's 7-0 ruling reflects the overwhelming support in the market for continued access to these products. The Company's four Arizona dispensaries are also preparing for the launch of several new concentrate product lines.

New York

The Company opened two dispensaries in the first quarter of 2019, and has signed a lease for its third dispensary, located on Staten Island. This will be the only licensed dispensary serving Staten Island's 500,000 residents and is expected to open in the fourth quarter of this year. The Company eagerly awaits further clarity as to the development of both the medical and recreational programs within the state in order to refine its capital expenditure program.

Table 1: Unaudited Reported Financial Highlights

<i>in thousands of US\$, except share and per share amounts (unaudited)</i>		
	Q1 2019	Q1 2018
Reported revenues	\$ 9,620	\$ 225
Gross profit, excluding fair value items	540	185
Gross margin, excluding fair value items	5.6%	82.3%
Net loss	(18,265)	(645)
Net loss per share	(0.15)	(0.01)

Table 2: Unaudited Pro Forma Revenues

<i>in thousands of US\$ (unaudited)</i>		
	Q1 2019	Q4 2018
Reported Revenues	\$ 9,620	\$ 1,986
Pro forma Adjustments⁽¹⁾:		
MPX Bioceutical Corporation ⁽²⁾	3,149	11,640
CBD For Life	714	632
Managed Revenues ⁽¹⁾	5,061	993
Total Pro forma Revenues⁽¹⁾:	\$ 18,544	\$ 15,251

Table 3: Unaudited Adjusted EBITDA Highlights

in thousands of US\$, except share and per share amounts (unaudited)

	Q1 2019	Q4 2018
Reported Revenues	\$ 9,620	1,986
Cost of Sales	(9,080)	(1,353)
Fair value adjustment on inventory from acquisition ⁽³⁾	1,709	-
Realized fair value adjustment on biological assets ⁽⁴⁾	1,198	842
Adjusted gross profit	3,447	1,475
Adjusted gross margin	35.8%	74.3%
Unrealized fair value adjustment on biological assets	3,821	1,285
Total adjusted gross profit	7,268	2,759
Operating expenses	(23,165)	(15,652)
Other Items	(659)	(3,033)
Adjusted net loss	(16,556)	(15,926)
Income tax expense	668	608
Interest expense	2,346	1,331
Depreciation and amortization	2,636	4,553
EBITDA (Non-IFRS)	(10,906)	(9,434)
Adjusting items:		
Share-based compensation	1,646	1,841
Accretion expense	1,515	812
Fair market value adjustments	(3,210)	(559)
Foreign exchange loss	-	1,055
Profit from investment in associate	(73)	(170)
Adjustment for one-time acquisition costs ⁽⁵⁾	5,173	-
Non-cash inventory adjustment ⁽⁶⁾	720	-
Adjusted EBITDA⁽⁷⁾	(5,135)	(6,455)
Adjusted EBITDA⁽⁷⁾ per share	(0.04)	(0.05)

Conference Call Details

The Company will hold a conference call for financial analysts and investors at 8:30a.m. ET on May 31, 2019 to discuss the Company's first 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 9183953.

Additional information about iAnthus may be accessed on the Company's website at www.ianthus.com and under the Company's SEDAR profile at www.sedar.com

Non-IFRS Financial Measures Footnotes

¹ Pro forma revenues: refers to full three months ended March 31, 2019 results, as if the acquisition or management contract commenced as of the beginning of the period regardless of the acquisition or management contract date. 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 Includes the January 1 - February 4, 2019 unaudited revenue of MPX, as iAnthus consolidated performance when the MPX Acquisition closed on February 5, 2019.

³ Adjustment related to the fair value adjustment on inventory acquired as part of the MPX transaction that is being released into COGS for sales recognized during the period.

⁴ Adjustment to add back the realized fair value adjustments from biological assets to represent cost of sales recognized in the period.

⁵ Adjustment for one-time acquisition costs include all advisory, professional, legal, consulting, and accounting fees

incurred as part of the MPX acquisition during the quarter. These costs are added back to the total adjusted EBITDA as these expenses are non-recurring and are not part of ongoing operational activities of the Company.

⁶Adjustments related to inventory write-downs recognized during the period caused from abnormal one-time events during the quarter. The Company does not expect recurring adjustments as this was an abnormal event during the period.

⁷Adjusted EBITDA: The Company adds back the following non-cash items to provide a more accurate indication of performance for the period. This is a Non-IFRS metric:

1. Income Tax Expense
2. Interest Expense
3. Depreciation and Amortization
4. Share-based compensation
5. Accretion expense
6. Change in fair value on instruments
7. Foreign exchange gains/losses

⁸Cost per gram is calculated as the total weight of dried and cured cannabis divided by the total cash costs of cultivation during the quarter, including labor, materials (nutrients and other cultivation supplies) and overhead (rent and utilities).

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 21 dispensaries (AZ-4, MA-1, MD-3, FL-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.

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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