

August 28, 2018

iAnthus

iAnthus Announces Second Quarter 2018 Financial Results

NEW YORK and TORONTO, Aug. 28, 2018 /PRNewswire/ - iAnthus Capital Holdings, Inc. ("iAnthus" or the "Company"), (CSE: [IAN](#), OTCQB: ITHUF), which owns, operates, and partners with licensed cannabis operations throughout the United States, is pleased to announce its financial and operating results for the second quarter of 2018 ("Q2 2018"). All amounts expressed are in USD.



Hadley Ford, CEO of iAnthus, provided the following statement on the Company's Q2 2018 results:

"The iAnthus team had its hard hats on during Q2 2018, putting in place the foundation for rapid growth going forward. We continued to make significant investments in scaling our operations, including breaking ground on a state-of-the-art cultivation facility in New York State, acquiring additional space adjacent to our flagship dispensary in Brooklyn, expanding our Florida cultivation and processing facility, and signing dispensary leases ahead of schedule in seven Florida communities with another eight in the pipeline by the end of the year. We also opened our flagship dispensary in Boston, our first Massachusetts location. As iAnthus' multi-state operations continue to scale, our regional management teams have developed strong synergies, sharing expertise and experiences that will make the entire company stronger as we come to market."

Financial Highlights

- Assets increased to \$142.2 million at June 30, 2018 from \$45.8 million at December 31, 2017, an increase of 310%, as a result of the acquisitions in Florida and New York as well as the continued build-out of cultivation facilities and dispensaries across the operating entities;
- The Company recorded \$4.9 million of revenues for the six months ended June 30, 2018. Total revenues include the Company's cannabis revenues from Florida and Vermont totaling \$0.5 million, in addition to \$3.9 million in fair value adjustments on biological assets, which represents results from the Company's cultivation operations;
- The net loss for the six months ended June 30, 2018 was approximately \$36.2 million. There were significant non-cash expenses totaling approximately \$26.1 million in the net loss for the six months ended June 30, 2018. Non-cash expenses include \$13.3 million

from accretion expenses primarily due to the early repayment of the \$20.0 million January 2018 debentures, and \$8.2 million from revaluations on the fair value of derivative instruments as a result of the significant increase in the Company's share price since the issuance of the instruments;

- On May 14, 2018, the Company received a \$50.0 million investment from Gotham Green Partners. The proceeds of the financing were allocated to repay principal and interest on the \$20.0 million of unsecured debentures issued in January 2018. In addition, the proceeds will be allocated to continued cultivation and dispensary build-outs in the Company's key markets of New York and Florida, with the remainder to be utilized for potential expansion activities consistent with the Company's strategic objectives; and
- On June 13, 2018, The Green Solution, LLC repaid the balance of its loan facility with a final principal payment to the Company of \$3.5 million and accrued interest.

Developments Subsequent to the Quarter

- On July 16, 2018, the Company elected to convert all of the principal amount outstanding on the February 2017 debentures and unpaid accrued interest up to July 13, 2018, into common shares of the Company. On August 16, 2018, the remaining balance of February 2017 debentures and accrued interest were converted into common shares of the Company.

Business Update

Massachusetts – Mayflower Medicinals Highlights:

- Mayflower opened its flagship dispensary on July 19, 2018 in the Allston-Brighton neighborhood of Boston. The dispensary offers a full spectrum of cannabis products in the form of flower, tinctures, concentrates, oils, vaporizers, and edibles;
- Mayflower has signed a lease for a second dispensary location in Lowell, MA, and is currently pursuing permitting at the site. Lowell is the fourth-largest city in Massachusetts and the second-largest in the Boston metropolitan statistical area. Lowell is also home to two universities and receives 2 million visitors annually;
- At the close of Q2 2018, Mayflower was cultivating 4,243 plants, consisting of 38 different strains, compared to 2,670 plants cultivated as of Q1 2018. The Company recorded a gain on transformation of biological assets of \$1.2 million for Q2 2018, compared to \$0.5 million for Q1 2018;
- Mayflower has achieved the desired perpetual harvest cycle of harvesting 550 plants every ten days. Yields have continued to improve throughout 2018, with the most recent harvest yielding over 63,500 grams of usable plant material. Management expects yields will continue to increase up to approximately 90,000 grams of usable plant material every harvest;
- The Massachusetts adult use cannabis program began on July 1, 2018. Management estimates that the current statewide medical market size is already well over \$100.0

million in annual revenue and, with a full adult use program in place, the market size is estimated to grow over \$1.0 billion in annual revenues by 2020; and

- Mayflower has signed a Host Community Agreement with the Town of Holliston for an adult use permit for its cultivation and processing facility and will shortly begin the application process of applying for adult use cultivation and processing licenses. As recreational licensing processes are initiated by local regulatory officials, Mayflower will begin the application process for appropriate adult use licenses for its medical dispensary locations.

Florida – GrowHealthy Highlights:

- GrowHealthy continues to expand its retail footprint and has signed seven leases to-date, with eight additional leases currently in the pipeline. Signed leases include Miami, Deerfield Beach, West Palm Beach, Brandon, Tampa, Orlando and Sarasota. The company is targeting 15 signed leases by the end of 2018 and expects to open its first three dispensaries in Q4 2018. Starting in 2019, the company projects to open approximately two dispensaries per quarter;
- As of August 24, 2018, GrowHealthy's pilot delivery program is serving 546 unique patients. The delivery program serves as a test market in preparation for the Company's upcoming dispensary openings;
- GrowHealthy currently utilizes its Lake Wales facility as its delivery hub and intends to add the Deerfield Beach dispensary location as its second hub in September 2018, allowing for improved delivery routes and shorter wait times for its patients across Florida. Three additional delivery vans have been purchased and are being retrofitted for use. Once complete, GrowHealthy's fleet will increase to a total of five vans, allowing the Company to expand the frequency and geographic reach of its delivery program;
- At June 30, 2018, the cultivation facility housed over 2,900 plants consisting of 36 different strains. GrowHealthy is currently in the process of expanding its current 890 sq. ft. lab space to 15,000 sq. ft., including a commercial kitchen and increased processing capabilities and allowing for a wider array of products including edibles, metered flower, capsules, and topicals, which is expected to be complete in 2019;
- Since the implementation of a medical cannabis program in June 2017, the Florida market continues to show strong growth. As of August 24, 2018, the program has registered 153,884 patients and 1,653 qualified physicians. The program is adding approximately 12,000 patients and 80 physicians per month. In terms of patients, Florida is now the fourth largest medical cannabis market in the U.S.

New York – Citiva Highlights:

- Governor Cuomo has created a task force to draft legislation for the legalization of adult use marijuana in New York. The formation of this task force follows closely behind the release of a Department of Health report that recommended the full legalization of marijuana in New York, stating that "the positive effects of a regulated marijuana market in New York state outweigh the potential negative impacts";

- On July 31, 2018, the Company held a ground-breaking ceremony to commemorate the start of construction at the site of Citiva's future cultivation and processing facility in Warwick, NY, with Phase 1 encompassing 39,500 sq. ft. of modular design and employing cutting-edge grow technology. The remaining acreage in Warwick can support future expansion of up to 125,000 sq. ft. of total cultivation and processing space, and the development of further module phases will coincide with the expansion of market demand in New York State;
- Citiva's Phase 1 cultivation footprint is expected to be able to support an annual output of approximately 2.4 million grams of plant material, and the fully built out 125,000 sq. ft. facility will be able to support in excess of 12 million grams of plant material;
- Construction is underway for Citiva's flagship 2,000 sq. ft. dispensary in Brooklyn, located in the high-traffic area directly across from the Barclays Center. This dispensary is expected to be one of only three medical dispensaries in New York City's most populous borough of 2.6 million residents. It is anticipated that the dispensary will open in the Q4 2018;
- Leases for the remaining three New York dispensary locations in Staten Island, Dutchess County and Chemung County are currently under negotiation. The Staten Island location is expected to be the only dispensary on the island of approximately 500,000 residents and is slated to open in early 2019. The remaining two dispensaries are expected to open in Q1 and Q3 2019, respectively; and
- In Q2 2018, the Company formed a medical outreach program to engage with the medical community in New York State. The goal of the outreach program is to develop physician relationships, create patient and physician educational programs and materials, and build brand awareness for Citiva products in advance of dispensary openings.

Vermont – Grassroots Vermont Highlights:

- Following significant upgrades to its cultivation and processing facility in Brandon, VT, Grassroots Vermont has increased its plant count by 155%, consisting of 25 different strains. The facility is now capable of producing up to 200,000 grams of plant material annually. Grassroots Vermont plans to further expand the cultivation space at the existing facility in Brandon, which would double the current production capacity to 400,000 grams; and
- Pending state approval of the location, Grassroots Vermont plans to begin construction on its second dispensary location in Williston, VT, in Q4 2018. The expected 2,400 sq. ft. dispensary is located in Chittenden County, the state's most populous county with approximately one-third of the population of Vermont. It is also within a 5-mile radius of four of the five most populous municipalities in the state, including Burlington, South Burlington, Essex and Colchester.

Colorado – Organix Highlights:

- Overall revenues increased by 27% to \$2.0 million for the six months ended June 30, 2018 from \$1.6 million for the same period in 2017;

- Sales increased by 37% to \$0.7 million in Q2 2018 from \$0.5 million for Q2 2017. The number of transactions increased by 120% in the month of June 2018 in comparison to May 2018, the highest increase of month-over-month traffic in Organix's history; and
- Current state regulatory restrictions prevent the Company from consolidating the financial results of Organix. However, pending legislation in Colorado, if passed and signed into law, may permit the Company to consolidate Organix's financial results in the future.

New Mexico – Reynold Greenleaf & Associates Highlights:

- The total medical cannabis spending in New Mexico is estimated to be approximately \$200 million in 2018;
- Reynold Greenleaf & Associates' ("RGA") four managed license holders generated approximately \$6.5 million in aggregate revenue for the six months ended June 30, 2018; and
- The Company has invested \$2.3 million to-date and currently owns 24.6% of RGA. As this does not represent a controlling interest in RGA, the financial results of RGA or its affiliates have not been consolidated into iAnthus' financial statements.

Conference Call and Webcast Details

The Company will hold a conference call for financial analysts and investors at 8:45am ET on Wednesday, August 29, 2018 to discuss The Company's second quarter financial results. The call will be archived and available on iAnthus' website for replay. Please visit <http://ir.ianthuscapital.com/> to access the archived conference call.

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

Webcast: <https://event.on24.com/wcc/r/1821966/5A289B907DC2DDA928EC0EADFDDFAC57>

A replay of the call will be available for 7 days by dialing: (855) 859-2056 and entering password 9188516.

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

About iAnthus Capital Holdings, Inc.

iAnthus Capital Holdings, Inc. 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. The Company uses these skills to support operations across six states. For more information, visit www.iAnthusCapital.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," and similar expressions, are forward-looking statements.

Forward-looking statements may include, without limitation, statements including dispensary locations and build-outs, harvest yields, and other statements of fact.

Although iAnthus has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under US Federal laws; change in laws; limited operating history; reliance on management; requirements for additional financing; competition; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry and; regulatory or political change.

There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.

Accordingly, 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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