

September 19, 2019

iAnthus

iAnthus Expands Nevada Footprint with Agreement to Acquire Vertically Integrated Northern Nevada Operator

- *Acquisition expands iAnthus' presence across the state of Nevada, adding six total licenses (two retail, two cultivation, one processing, one distributorship)*
- *Two premier Nevada dispensaries currently operating under the Sierra Well store brand, including the first dispensary in Reno and one of only two dispensaries operating in Carson City*
- *Two cultivation/production facilities totaling over 20,000 square feet, nearly doubling iAnthus' production capacity in Nevada*
- *Approximately 100 full-time, dedicated employees with experience manufacturing, marketing, and delivering quality cannabis products*

NEW YORK and TORONTO, Sept. 19, 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 its U.S. subsidiary has entered into an agreement to acquire WSCC, Inc. ("[Sierra Well](#)"), a leading Nevada-based vertically licensed cannabis company with two dispensary locations and over 20,000 square feet of cultivation/production facilities in Reno and Carson City.

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The acquisition will enhance iAnthus' presence and accelerate growth efforts in Nevada, which represents an approximately US\$640 million adult-use and medical cannabis market growing at over 20% annually, based on data made publicly available by the Nevada Department of Taxation. In conjunction with its current operations, iAnthus' footprint will be as follows:

- 6 dispensary Nevada licenses across the state, which includes two currently operating dispensaries under the Sierra Well brand.
- 50,000 square feet of Nevada cultivation and processing capabilities to further capitalize on strong production and distribution capabilities in the state (MPX-branded products, including award-winning concentrates and recently launched edibles, are currently sold in over 40% of dispensaries in Nevada).
- Pro forma open dispensary count of 29 stores nationwide.

Sierra Well was founded in 2014, and opened its Reno location in 2015 and its Carson City

location in 2016. On an unaudited standalone basis (prepared in accordance with US GAAP), Sierra Well's last quarter annualized revenue was approximately US\$16 million with an EBITDA (non-IFRS) margin above 20% and positive net income.

The transaction is expected to close in the first half of 2020, subject to customary regulatory approvals including approval of the license transfers by the Nevada Department of Taxation. Upon closing of the transaction, the Sierra Well dispensaries will be renamed under the Company's Be. brand, which is being launched nationwide in October 2019.

"Strengthening our foothold in one of the most successful adult-use cannabis markets is consistent with our strategy to deliver iAnthus' nationally recognized products in premier markets," said Hadley Ford, CEO of iAnthus. "This strategic transaction will allow us to scale our Nevada operations, add talent, and solidify both our retail and brand presence in both the Northern and Southern portions of the state."

"We're excited to join the iAnthus team and look forward to expanding our business with the expertise of a tried and tested multi-state operator," said Steven Nightingale, Chairman of the Board of Sierra Well. "We at Sierra Well see this partnership as a perfect fit, one that will allow our dynamic workforce to deepen their ability to provide top-notch service and products to the communities of Reno and Carson City."

Transaction Details

The total consideration, to be paid upon closing of the transaction, is approximately US\$27.6 million, comprised of approximately US\$5.1 million to be paid in cash and US\$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 terms of the transaction described in this news release are those set out in a merger agreement between the Company, a wholly owned merger subsidiary of the Company established to execute the transaction, and Sierra Well. Cormark Securities Inc. acted as financial advisor to Sierra Well.

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 27 dispensaries (FL-9, 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.

Non-IFRS Financial Measures

To calculate EBITDA for Sierra Well, the Company added back to Net Income: Interest Expense, Income Tax Expense, Depreciation and Amortization to provide a more accurate indication of performance. Since EBITDA is not calculated in accordance with IFRS, it should not be considered in isolation of, or as a substitute for, profitability metrics calculated in accordance with IFRS as an indicator of Sierra Well's performance, and it may not be comparable to similarly named measures from other companies.

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 including the expected date that iAnthus and Sierra Well will close the transaction, the final terms of the definitive agreement with Sierra Well and other statements of fact.

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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