

February 2, 2021



## **iAnthus Closes \$11 Million Bridge Note Financing to Build-Out New Jersey Facilities**

NEW YORK and TORONTO, Feb. 2, 2021 /PRNewswire/ - iAnthus Capital Holdings, Inc. ("iAnthus" or the "Company") (CSE: IAN) (OTCPK: ITHUF), which owns, operates and partners with regulated cannabis operations across the United States, announces that it has closed an \$11 million bridge financing (the "Financing") funded by certain lenders (collectively, the "Lenders") affiliated with the counterparties to the previously announced restructuring support agreement dated July 10, 2020, being the holders of all of the 13% senior secured convertible debentures issued by iAnthus Capital Management, LLC ("ICM") and the holders of 91% of the principal amount of 8% convertible unsecured debentures issued by the Company.

The Company's wholly-owned subsidiary, iAnthus New Jersey, LLC ("iAnthus NJ"), has issued \$11 million aggregate principal amount of senior secured bridge notes (the "Secured Notes"), due February 2, 2023, subject to an earlier maturity in the event the Company completes an equity financing resulting in at least \$10 million in net proceeds to the Company. The Secured Notes will accrue interest at the rate of 14.0% per annum (decreasing to 8.0% upon completion of the Company's previously announced recapitalization transaction (the "Recapitalization Transaction")), payable quarterly, in kind, commencing on March 31, 2021. The Secured Notes are secured by a security interest in all of the assets of iAnthus NJ. The Company has provided a guarantee in respect of all of the obligations, indebtedness and liabilities of iAnthus NJ under the Secured Notes.

The proceeds of the Financing, net of fees, costs and expenses related to the Financing, will be used primarily for the construction and improvements of certain New Jersey facilities leased and/or owned by iAnthus NJ. Upon completion of construction and prior to commencement of operations, such facilities are expected to be subleased to MPX New Jersey, LLC ("MPX NJ"), a medical cannabis permit holder in New Jersey with which the Company has entered into several contractual agreements as described below. These facilities include the cultivation and manufacturing facility currently under construction in Pleasantville and the current dispensary located in Atlantic City, as well as two prospective satellite dispensaries expected to be leased and/or purchased and improved by iAnthus NJ pursuant to satellite approval applications filed with the New Jersey Department of Health on December 31, 2020.

Randy Maslow, Interim Chief Executive Officer and President of the Company stated: "We are very pleased to have closed this bridge note financing. The net proceeds from the financing will be used exclusively for our operations in New Jersey for the continued construction and completion of improvements at our New Jersey cultivation, manufacturing and dispensary facilities. We expect to sublease these facilities to MPX NJ once construction is complete and the facilities are ready to commence licensed operations."

The Company's iAnthus NJ subsidiary, pursuant to a loan agreement with MPX NJ dated October 24, 2018, has the right to convert the principal balance of the loans and accrued interest thereon into a 99% equity interest in MPX NJ subject to certain regulatory approvals. In addition, pursuant to an option agreement of the same date with MPX NJ and its then current equityholders, iAnthus NJ has an option to acquire the remaining 1% of MPX NJ for nominal consideration, subject to certain conditions and approvals.

All references to currency in this news release are in U.S. dollars.

Certain of the Lenders (funds affiliated with Gotham Green Partners, LLC) may be considered "related parties" as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Accordingly, the Financing may be a "related party transaction" as defined in MI 61-101. The Company will rely on the exemption from the formal valuation requirement at Section 5.5(b) of MI 61-101 (Issuer Not Listed on Specified Markets) in respect of the Financing, and the exemption from minority approval requirement at Section 5.7(1)(f) of MI 61-101 (Loan to Issuer, No Equity or Voting Component) in respect of the Financing. The Company did not file a material change report 21 days prior to the expected closing of the Financing as the structure of the transaction and details of the participation of the Lenders had not been confirmed at that time. Due to the Company's liquidity constraints, the Company believes it is reasonable and necessary in the circumstances to complete the Financing within the available financing windows.

### **About iAnthus**

iAnthus owns and operates licensed cannabis cultivation, processing and dispensary facilities throughout the United States. For more information, visit [www.iAnthus.com](http://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", "hope", "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 related to: the Company's financial performance, business development and results of operations, the use of proceeds from the Financing and the sublease of facilities to MPX NJ.

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.**

*The securities to be issued pursuant to the Restructuring Transaction 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. This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.*

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