

December 20, 2019

# iAnthus

## **iAnthus Closes on \$36 Million Senior Secured Convertible Notes in a Third Tranche of Funding Led by Gotham Green Partners**

NEW YORK and TORONTO, Dec. 20, 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 the closing of an additional \$36.15 million of senior secured convertible notes from Gotham Green Partners ("GGP") and additional co-investors. The investment by GGP and its co-investors is part of a broader \$100 million financing plan that was previously announced on September 30, 2019 to support the buildout of all existing markets in which the Company currently operates. In aggregate, including its original investment made in May 2018, GGP has led investments totaling over \$106 million into iAnthus.

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"In a limited financing market, the continued support from one of the cannabis sector's largest investors and a fully-financed capital plan are core differentiators for iAnthus," said Julius Kalcevic, Chief Financial Officer of iAnthus. "We are on the road to EBITDA positive and operational free cash flow positive in 2020, and the support from GGP will allow us to focus entirely on continued operational execution."

The notes have been issued by iAnthus Capital Management, LLC, the Company's wholly owned subsidiary, have an annual coupon of 13%, payable quarterly, will mature on May 14, 2021, subject to iAnthus' right to extend the maturity date by twelve months, and are exchangeable into common shares of the Company ("common shares") at a conversion price of \$1.61, which represents a 25% premium to the closing price of the common shares on Wednesday, December 18, 2019. The notes are being issued with \$18.08 million of attached three-year warrants with an exercise price of \$1.67. Additional notes issued under the remaining tranche of the financing plan will have substantially the same terms, including conversion price and warrant coverage as the notes issued today, provided such tranche is completed within 45 days hereof and subject to compliance with the policies of the CSE.

As previously disclosed in the Company's September 30, 2019 announcement, the issuance of the notes and any issuance of additional notes to GGP under the Company's financing plan are "related party transactions" as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") since GGP is a "related

party" (as defined in MI 61-101) of the Company. Pursuant to certain requirements of the Company being listed on the CSE, it has been determined that the fair market value of the transactions with GGP pursuant to the Company's financing plan did not exceed 25% of the Company's market capitalization when agreed and thus the Company is relying on the exemptions from the formal valuation requirement provided by sections 5.5(a) and 5.5(b) of MI 61-101 and is relying on the exemption from the minority approval requirement provided section 5.7(a) of MI 61-101.

The Company's board of directors has unanimously approved the transaction. The Company did not file a material change report 21 days prior to today's closing as the structure of the transaction and details of the participation of GGP had not been confirmed at that time.

### **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 29 dispensaries (FL-11, 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](http://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, as well as its expectations with respect to its financing plans. Statements regarding the issuance of the Notes and warrants related transactions, entry into the definitive documentation with respect thereto and the use of proceeds therefrom contain forward-looking statements.

Readers should not place undue reliance on forward-looking statements as such forward-looking statements are inherently uncertain, and shareholders and other potential investors must recognize that actual results may differ materially from the Company's expectations as a result of a variety of factors. Such forward-looking statements are based upon management's current expectations and include known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company's actual results, performance, or plans to differ materially from any future results, performance or plans expressed or implied by such forward-looking statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability of iAnthus to close and fund any further incremental offering of the additional notes or any tranche thereof; the ability of iAnthus to develop its brand and meet its growth objectives, the ability of iAnthus to complete

planned expansion and build out of retail locations, the ability of iAnthus to obtain and/or maintain licenses to operate in the jurisdictions in which it operates or in which it expects or plans to operate; changes in general economic, business and political conditions, including changes in the financial markets; and in particular the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws, including those related to taxation; the inability to locate and acquire suitable companies, properties and assets necessary to execute on the Company's business plans; and increasing costs of compliance with extensive government regulation.

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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