

May 30, 2018

iAnthus

iAnthus Announces First Quarter 2018 Financial Results

NEW YORK and TORONTO, May 30, 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 first quarter of 2018 ("Q1 2018"). All amounts expressed are in USD.



Hadley Ford, CEO of iAnthus, provided the following statement on the Company's Q1 2018 results:

"With the continued development of licensed operations and assets, iAnthus has successfully transitioned to an owner and operator in the U.S. regulated cannabis sector. In the East Coast states of New York, Florida, Massachusetts, and Vermont, iAnthus now holds licenses to operate up to four cultivation and processing facilities and 34 dispensaries. The Company has made significant investments in building out its cultivation operations and dispensaries across each of these states, resulting in increased production capacity and competitive retail locations. As we look ahead to the next quarter, we expect iAnthus to continue to be aggressive in ramping up production and dispensary openings across each of our operations."

Financial Highlights

- The Company recorded \$3.2 million of revenues in Q1 2018, compared to \$0.3 million in Q1 2017. Total revenues include the Company's inaugural cannabis revenues totaling \$0.2 million, as the Company transitions to an owner and operator of licensed assets in the cannabis sector, in addition to \$2.6 million in fair value adjustment on biological assets, which represents results from the Company's cultivation operations;
- The net loss for the quarter ended March 31, 2018 was approximately (\$0.6 million), or (\$0.01) per share compared to a loss of approximately (\$1.9 million), or (\$0.07) per share for the quarter ended March 31, 2017. The decrease in the net loss for Q1 2018 compared to the prior period is primarily due to increases in deal related expenses including legal, professional and transaction fees relating to the acquisitions in Florida and New York, which were offset by a significant non-cash fair value adjustment on the derivatives attached to the debentures that were issued in January 2018;
- Assets increased to \$124.0 million at March 31, 2018 from \$45.8 million at December 31, 2017, an increase of 271% that was primarily due to the acquisitions of Citiva and GrowHealthy; and
- The Company received \$5.1 million representing two principal repayments of \$2.0 million each plus accrued interest from The Green Solution, LLC, in February and April 2018, respectively. The remaining \$3.5 million balance and accrued interest is expected to be received in July 2018.

Developments Subsequent to the Quarter

- On May 14, 2018, the Company received a \$50.0 million investment from Gotham Green Partners ("GGP"), of which \$40.0 million was in the form of high yield senior secured notes, which bear a 13% coupon and are exchangeable into shares of the Company ("HY Notes"). The Company concurrently issued \$10.0 million in the form of Class A shares. 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. Net cash proceeds to the Company were approximately \$46.0 million after deducting various fees and structuring costs.

Business Update

Massachusetts – Mayflower Medicinals Highlights:

- Mayflower received its final certificate of registration from the Department of Public Health and began operations at its 36,000 square-foot Holliston cultivation and processing facility; the facility has the capability of producing 2,625 kg of product annually;
- Mayflower received and planted its first shipment of clones in the first weeks of 2018, accelerating the production process and culminating in Mayflower's first harvest on April 20, 2018;
- At the close of Q1 2018, Mayflower was cultivating 2,670 plants, representing 15 different strains. The Company recorded a gain on transformation of biological assets of \$0.5 million for Q1 2018, compared to \$Nil for the same period in 2017;
- Mayflower's flagship dispensary in the popular Allston-Brighton neighborhood of Boston has received the Approval to Sell from the Massachusetts Department of Public Health and is expected to open in the summer of 2018;
- A second dispensary lease has been signed in another state-approved location, with a third dispensary location currently awaiting regulatory approval; and
- The Massachusetts recreational cannabis program is expected to begin in Q3 2018.

Florida – GrowHealthy Highlights:

- Revenue in Q1 2018 totaled \$15,783 through GrowHealthy's recently launched delivery program, compared to \$Nil for the same period in 2017;
- More than 25,000 square-feet of the cultivation and processing facility in Lake Wales has been built-out, with an additional 175,000 square-feet of space available for continued cultivation expansion, supporting approximately 18,000kg of annual cannabis production;
- At the close of Q1 2018, the cultivation facility housed over 2,400 plants representing 70 different strains. The gain on transformation of biological assets associated with GrowHealthy for the period totaled \$2.4 million, compared to \$Nil for Q1 2017;
- The Company signed leases for dispensary locations in West Palm Beach, Orlando, Tampa Bay, and Deerfield Beach, representing an aggregate retail space of 13,500 square feet; and
- On May 25, 2018, Judge Gievers of the Florida Circuit Court in Leon County ruled that Florida's current ban on smokable medical marijuana is unconstitutional. While the Florida Department of Health has appealed the ruling, resulting in an automatic stay, the Company believes that this is a step in a positive direction for increased patient access to medical marijuana and accelerated growth in the Florida market.

New York – Citiva Highlights:

- Acquired 8.5 acres of land in Warwick, NY, the location of the Company's planned 39,500 square-foot modular cultivation and processing facility, which will support in excess of 2,200 kg of annual production and which is expected to be completed in the first half of 2019;
- Signed a lease on the Company's flagship 2,000 square-foot dispensary in Brooklyn, located in the high-traffic area directly across from Barclays Center. The dispensary is expected to be one of only three competitors operating within Brooklyn, a borough of approximately 2.6 million residents; and
- Negotiating leasing agreements for dispensaries in Staten Island, Dutchess County, and Chemung County with a combined population of approximately 860,000 residents.

Vermont – Grassroots Vermont Highlights:

- Revenue for Q1 2018 totaled \$0.2 million, representing a 4% decrease compared to the same period last year. This was due to a facility-wide upgrade during Q1 2018 which resulted in approximately 50% of the cultivation

capacity going offline. The upgrades are now complete and include a new commercial kitchen, improved processing facilities, and additional grow space that has doubled capacity to allow an estimated production of 200kg annually;

- The Company recorded a gain on transformation of biological assets of \$150,696 for the period, compared to \$Nil for the comparable period in 2017; and
- A lease for a second dispensary location to be located in Williston, VT, has been executed and is pending state approval.

Colorado – Organix Highlights:

- Revenue in Q1 2018 totaled \$1.5 million, representing a 17% increase from Q1 2017;
- Achieved record sales of approximately \$0.6 million in the month of March 2018; 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:

- Revenue in Q1 2018 totaled \$3.2 million, representing a 32% increase from the comparable period in 2017; 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 Thursday, May 31, 2018 to discuss The Company's first 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/1677342/18165D3FC49109044A30048492E622F0>

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

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, interpretation of recent judicial decision 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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