

iAnthus Announces Third Quarter 2018 Financial Results

NEW YORK and TORONTO, Nov. 27, 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 third quarter of 2018 ("Q3 2018"). All amounts expressed are in USD unless stated otherwise.



Hadley Ford, CEO of iAnthus, provided the following statement on the company's Q3 2018 results:

"iAnthus continues to execute. The Company has expanded its footprint and added to its industry leading-team while maintaining a prudent balance sheet throughout the process. We are now generating revenue in five of the six markets in which we operate, with a significant number of dispensaries expected to open within the next few months. Assets are up 344% year-over-year as we grow the iAnthus platform across the United States. This performance, combined with the outlook for our Massachusetts, New York and Florida operations and the pending acquisition of MPX, position us very well for 2019."

Third Quarter 2018 Financial Highlights

- Assets increased to \$137.3 million at September 30, 2018, up from \$45.8 million at December 31, 2017, 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.
- With the full scale launch of the Company's Massachusetts operation, iAnthus is now fully operational and successfully generating revenue in five of its six markets. With the anticipated opening of its Brooklyn dispensary by year end 2018, all six of the Company's markets are expected to generate revenue.
- The Company showed significant revenue growth during the quarter. Consolidated revenues for the Company increased 101% quarter-over-quarter, increasing to \$1,074,398 in Q3 from \$533,545 in Q2. System-wide revenues, including the revenues from iAnthus' investments in New Mexico and Colorado, were \$5,139,769 in Q3, up 16% quarter-over-quarter from \$4,415,368 in Q2. System-wide revenues from New Mexico and Colorado are unaudited and are not consolidated by the Company at present due to certain regulatory restrictions.
- The net loss for the three months ended September 30, 2018 was approximately \$10.0 million. After adjusting for non-cash expenses, our adjusted net loss was approximately \$4.9 million for the quarter. These non-cash expenses include \$1.7 million from share-based compensation, \$2.1 million from accretion expenses, and \$1.0 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.
- The Company has continued to strengthen its balance sheet. During the quarter, iAnthus elected the right to convert its outstanding convertible debentures early and issue shares for the repayment of its convertible promissory notes outstanding. As a result, the Company has one long-term debt instrument outstanding from the May 2018 Gotham Green Partners financing.
- On October 10, 2018, the Company closed its bought deal offering of 5,188,800 common shares of the Company at CAD\$6.65 per common share for aggregate gross proceeds of CAD\$34,505,520 (equivalent to \$26,558,900).
- The Company's cash balance is currently \$24.3 million. As of November 26, 2018, the Company had

20,933,995 warrants outstanding, all of which are currently in the money. The Company would receive approximately \$54.5 million if all outstanding warrants were exercised.

iAnthus and MPX Bioceutical Announce Transformational Combination

- On October 18, 2018, the Company and MPX Bioceutical Corporation ("MPX") signed an arrangement agreement pursuant to which the Company will combine with MPX, excluding a new entity to be named MPX International, which will hold all of the non-U.S. businesses of MPX.
- This transaction will position the Company as one of the largest U.S. regulated cannabis operators and expand the Company's footprint to 10 states. The 10 states combined are projected to generate approximately \$16.2 billion in yearly cannabis sales by 2022, according to Arcview Market Research and BDS Analytics.

	iAnthus	MPX	Pro Forma
Footprint	6 States	5 States	10 States ¹
Addressable Population	56 million	63 million	112 million
Cultivation/Processing Facilities	8	6	14
Dispensaries	46	10	56

(1) The combined entity will be in 10 states because both the Company and MPX have operations in Massachusetts

- This transaction represents the first public to public merger transaction in U.S. cannabis history. The arrangement agreement provides that existing MPX shareholders will be entitled to receive 0.1673 common shares of iAnthus for each common share of MPX held, representing a consideration of approximately CAD\$1.28 (equivalent \$0.98) per MPX common share. In addition, each MPX shareholder will receive common shares of the newly formed MPX International.
- It is anticipated that on or before December 13, 2018, MPX will mail its information circular to MPX shareholders and pending shareholder approval (which is scheduled for January 15, 2018), the transaction is expected to close by the end of January 2019.

Annual General and Special Meeting of Shareholders

- The Company held its 2018 Annual General and Special Meeting of shareholders (the "Meeting") on November 26, 2018.
- 59.41% of the outstanding securities were represented, in person or by proxy, at the Meeting.
- All five director nominees listed in the Management Proxy Circular prepared for the Meeting were elected as directors of iAnthus and iAnthus increased the size of its board of directors from five seats to seven seats (such director positions to be filled upon, and subject to, closing the transaction with MPX).
- At the Meeting, all proposed motions as more particularly described in the Management Proxy Circular were approved by iAnthus shareholders.

Business Highlights

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. Since opening, Mayflower reached its 1,000-unique patient mark on November 1, 2018. In addition to the retail sales, Mayflower began selling wholesale products during the quarter.
- Mayflower has partnered with Azuca – founded by Ron Silver, chef of popular New York City restaurant Bobby's – to introduce a fast-acting cannabis infused edibles line created in Mayflower's commercial kitchen.
- At the close of Q3 2018, Mayflower was cultivating over 4,200 plants, consisting of 37 unique varieties and processing various CO2 oils and distillates. Mayflower has achieved annual production capacity of approximately 2,600kg plant material.
- Total harvested dry plant material increased from 91 kg in Q2 to 491 kg in Q3, reflecting a 440% increase. Our

cultivation team anticipates that there will be a continued increase in yields in subsequent quarters.

- The Massachusetts adult-use cannabis program began on July 1, 2018 and the Commonwealth's first adult-use dispensaries opened on November 20, 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 to over \$1.0 billion in annual revenues by 2020.
- Mayflower has signed a Host Community Agreement ("HCA") with the Town of Holliston for an adult-use permit for its cultivation and processing facility and is currently awaiting approval for adult-use cultivation and processing licenses. Concurrently, Mayflower is also in the application process for an adult-use license for its medical dispensary location in Boston.
- With a provisional certificate of registration for a second dispensary, Mayflower has signed a lease for a location in Lowell, Massachusetts. Mayflower is currently negotiating an HCA for adult-use 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.
- For its third expected dispensary, Mayflower is in the Request for Proposal process with the municipality of Worcester, seeking an HCA for an adult-use cannabis dispensary. Multiple community meetings have been hosted in Worcester and Mayflower is awaiting the outcome of the selection process.

Florida — GrowHealthy Highlights:

- GrowHealthy continues the rapid expansion of its retail footprint and has signed 16 leases to-date, including major cities such as Miami, Oakland Park (Fort Lauderdale), West Palm Beach, Tampa, and Orlando, which have a combined population of 3.7 million residents. In addition, the Company's 14 additional locations are being aggressively pursued in strategically located cities and towns across the state. GrowHealthy anticipates opening its first two dispensaries in December 2018.
- GrowHealthy's delivery program served 748 unique patients in Q3 2018, which represents a 361.7% increase from 162 unique patients in Q2. Success of the pilot program highlights the growing demand of medical marijuana in the state and interest in the quality products that GrowHealthy has to offer.
- On October 23, 2018, GrowHealthy launched delivery from its new hub in Deerfield Beach, allowing patients residing throughout South Florida to place and receive orders within 24 hours, seven days a week. The addition of this second delivery hub, in conjunction with deliveries from its Lake Wales facility, contributes to the Company's goal of improving delivery routes and shortening wait times for its patients across Florida
- As of September 30, 2018, the cultivation facility housed over 2,600 plants consisting of 30 different strains. Upgrades to the cultivation facility are also underway and are expected to be completed in the first quarter of 2019.
- Construction has begun on the build-out of a 15,000 sq. ft. processing and extraction lab, which includes a commercial kitchen and resulting in increased processing capabilities. This will allow for a wider array of products including edibles, metered flower, capsules, and topicals. Construction is expected to be completed in Q1 2019.
- GrowHealthy is currently in the design phase of an external shade house, adding 60,000 sq. ft. of cultivation capacity allowing the Company to bolster inventory levels to meet the demand at its dispensaries.
- Since the implementation of a medical cannabis program in June 2017, the Florida market continues to show strong growth. As of November 16, 2018, the program has registered 193,083 patients and 1,839 qualified physicians. The program is adding approximately 13,000 patients and 60 physicians per month. In terms of patients, Florida is now the fourth largest medical cannabis market in the U.S.

New York – Citiva Highlights:

- Site work at Citiva's Warwick cultivation and processing facility is now complete and Phase 1 of the facility is on target to be completed in the first half of 2019. This now includes 49,700 sq. ft. of modular design and will employ cutting-edge grow technology. Annual output will be approximately 2,400kg of plant material. The remaining acreage in Warwick can support future expansion of up to 125,000 sq. ft. of total cultivation and processing space, which supports annual output of 12,000kg of plant material. Development of further module

phases will coincide with the expansion of market demand in New York State.

- Construction is in the final stages of completion at Citiva's flagship 2,000 sq. ft. dispensary in Brooklyn and is expected to open in December 2018. The dispensary is anticipated to be the first medical dispensary to open in New York City's most populous borough of 2.6 million residents. The dispensary is located directly across from Barclays Center and is expected to be one of only three dispensaries that will be medically licensed in Brooklyn. Citiva has entered into a wholesale agreement to supply the dispensary with a wide range of products ahead of production at the Warwick facility.
- The Company executed a lease in Q3 for its dispensary in Wappingers Falls, one of only two dispensaries to be located in Dutchess County. Construction is underway with an expected opening date in early Q1 2019. Lease discussions for the remaining two New York dispensary locations in Staten Island and Chemung County are ongoing.
- Citiva's medical outreach program continues to engage with the medical community in New York State. Over 150 office engagements have been initiated to develop relationships with physicians in order to explain the benefits of medical cannabis use, and to build brand awareness in advance of dispensary openings.
- Governor Cuomo has formed 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."

Vermont – Grassroots Vermont Highlights:

- Following significant upgrades to its cultivation and processing facility in Brandon, VT, Grassroots Vermont has increased its plant count by 84.3% at the end of Q3 2018 from the end of Q2 2018, consisting of 29 different strains. The facility is now capable of producing up to 200kg 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 400kg.
- Pending state approval of the location, Grassroots Vermont plans to begin construction on its second dispensary in Williston, VT, in Q1 2019. 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:

- Revenues during Q3 2018 were \$884,664 compared to \$626,930 in Q3 2017, which represents an increase of 41.1%.
- The number of transactions in Q3 2018 increased by 77.4% compared to Q2 2018 and by 156.6% compared to Q1 2018.
- Overall revenues increased by 31.2% from \$2,202,603 in the first nine months of 2017 to \$2,889,135 in the same period in 2018.
- The Company realizes certain revenues through rental and leasing arrangements with Organix, however current state regulatory restrictions prevent iAnthus from consolidating the financial results of Organix. However, there is substantial momentum behind certain proposed legislative changes in Colorado that may permit the Company to consolidate the financial results of Organix in the future.

New Mexico – Reynold Greenleaf & Associates (RGA) Highlights:

- Revenues from RGA's managed licenses were \$3.1 million during Q3 2018, compared to \$1.9 million in Q3 2017, which represents an increase of 166.5%.
- Overall revenues under its managed licenses were \$9.7 million for the first nine months of 2018, compared to \$5.8 million for the first nine months of 2017. This represents an increase of 67.4%.
- The Company has invested \$2.3 million to-date and currently has an equity interest of 24.6% in 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, November 28, 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/1889512/1562D59327CD38BF301362408447E66F>

A replay of the call will be available for 7 days by dialing: (855) 859-2056 and entering password 9087447

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, expected revenue generation from all of the Company's dispensaries, harvest yields, the various milestone dates for the transaction with MPX, the number of license dispensaries in Brooklyn, NY, 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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