

August 14, 2020



## iAnthus Reports Fiscal First Quarter 2020 Financial Results

NEW YORK and TORONTO, Aug. 14, 2020 /PRNewswire/ -[iAnthus Capital Holdings, Inc.](#) ("iAnthus" or the "Company") (CSE: IAN) (OTCQX: ITHUF), which owns, operates, and partners with regulated cannabis operations across the United States, reports its financial results for the first quarter ended March 31, 2020. The Company's condensed interim financial statements for the first quarter ended March 31, 2020 and the related management's discussion & analysis can be accessed on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and on the Company's website. Amounts are in U.S. Dollars, unless stated otherwise.

### First Quarter 2020 Financial Updates

- Reported revenues of \$30.4 million, up 12% from the prior quarter
- Gross margin for the quarter was 49.2%, down from 56.4% in the prior quarter
- Net loss of \$237.3 million, or a loss of \$1.38 per share, which included a \$199.4 million impairment loss
- Due to liquidity constraints experienced by the Company, the Company did not make applicable interest payments due on its Secured Notes (as defined below) and Unsecured Debentures (as defined below) due on March 31, 2020. This non-payment of interest triggered an event of default with respect to these components of the Company's long-term debt, consisting of principal amounts at face value of \$97.5 million and \$60.0 million and accrued interest amounts at March 31, 2020 of \$3.2 million and \$1.2 million on the Secured Notes and Unsecured Debentures, respectively. In addition, as a result of the default, the Company has accrued additional fees and interest of \$12.5 million in excess of the aforementioned amounts that are further detailed in the Company's Financial Statements.

Table 1: Q1 2020 Financial Results

<i>in thousands of US\$, except share and per share amounts (unaudited)</i>			
	Q1 2020	Q4 2019	Q1 2019
Reported revenues	\$ 30,426	\$ 27,221	\$ 9,620
Gross profit, excluding fair value items	14,979	15,344	974
Gross margin, excluding fair value items	49.2%	56.4%	10.1%
Net loss	(237,318)	(258,427)	(22,996)
Net loss per share	(1.38)	(1.63)	(0.19)

### Proposed Recapitalization Transaction

On August 7, 2020, the Company announced that the Supreme Court of British Columbia (the "Court") had issued an interim order (the "Interim Order") authorizing, among other things, the holding of the following meetings (the "Meetings"): (i) a meeting (the "Secured Noteholders' Meeting") of holders (the "Secured Noteholders") of 13% senior secured

convertible debentures (the "Secured Notes") issued by iAnthus Capital Management, LLC ("ICM"), the Company's wholly-owned US subsidiary; (ii) a meeting (the "Unsecured Debenture Holders' Meeting") of holders (the "Unsecured Debentureholders") of 8% convertible unsecured debentures (the "Unsecured Debentures") issued by the Company; and (iii) a meeting (the "Equityholders' Meeting") of holders of the Company's common shares (the "Common Shares"), options (the "Options") and warrants (the "Warrants") (collectively, the "Existing Equityholders"), in each case to consider and vote upon a corporate plan of arrangement under the *British Columbia Business Corporations Act* (the "Plan of Arrangement") to implement the previously announced recapitalization transaction (the "Recapitalization Transaction"). As disclosed in the Company's news release dated July 13, 2020 (a copy of which is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com)), the Recapitalization Transaction will be implemented pursuant to the Plan of Arrangement, or, only if necessary, the *Companies' Creditors Arrangement Act* ("CCAA"). If the Recapitalization Transaction is completed through the Plan of Arrangement, the existing holders of Common Shares at the time of completion (the "Existing Shareholders") will retain approximately 2.75% of the ownership of the Common Shares (the "Common Shareholder Interest").

**If the Recapitalization Transaction does not obtain the required support from the Company's shareholders, the Recapitalization Transaction will be implemented through proceedings under the CCAA ("CCAA Proceedings"). If implementation of the Recapitalization Transaction occurs through CCAA Proceedings, Existing Shareholders will not retain any ownership of Common Shares or receive any recovery (i.e., 0% of the ownership of the Common Shares) and the Common Shareholder Interest will instead be allocated equally as among the Secured Noteholders and the Unsecured Debentureholders.**

## **Q2 2020 Filing Extension**

The Company is relying on the general order of the Ontario Securities Commission (the "OSC") made under Ontario Instrument 51-505 entitled "Temporary Exemption from Certain Corporate Finance Requirements" ("OSC Instrument 51-505"), dated May 20, 2020, to postpone the filing of its financial statements and related filings for the second quarter ended June 30, 2020 (the "Interim Filings"), as a result of logistical issues and delays caused by the COVID-19 pandemic. The OSC and other securities regulatory authorities in Canada have granted coordinated blanket exemptions allowing issuers an additional 45-day period to complete their regulatory filings that will otherwise be due during the period from June 2, 2020 to August 31, 2020. Under OSC Instrument 51-505, the Interim Filings are due on or before October 15, 2020.

As required by OSC Instrument 51-505, the Company discloses the following:

- The Company expects to file the Interim Filings on or before October 15, 2020; and
- In the interim, the Company's management and other insiders will be subject to a trading black-out policy that reflects the principles in Section 9 of National Policy 11-207 - Failure-to-File Cease Trade Orders.

The Company confirms that since the filing of its financial statements and related management discussion and analysis for the year ended December 31, 2019, there have been no material business developments other than those disclosed through news releases.

## **Cease Trade Order Update**

The OSC issued a cease trade order against the Company on June 22, 2020 for failure to file financial statements (the "CTO"). The CTO affects trading in all securities of the Company by securityholders of the Company, in each jurisdiction in Canada in which the Company is a reporting issuer. Now that the Company has filed its financial results for the first quarter ended March 31, 2020 and related filings, such filing constitutes the Company's application to have the CTO revoked.

## **About iAnthus**

iAnthus owns and operates 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 healthcare services, iAnthus provides a unique combination of capital and hands-on operating and management expertise. iAnthus currently has a presence in 11 states and operates 36 dispensaries (AZ-4, MA-1, MD-3, FL-16, NY-3, CO-1, VT-1 and NM-7 where iAnthus has minority ownership). 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, 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 financial performance, business development and results of operations, the expectations of management with respect to the anticipated filing of the Interim Filings.

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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