

April 6, 2020

iAnthus

iAnthus Announces Default of Interest Obligations to Debenture Holders on March 31, 2020

- Forms Special Committee to Oversee Strategic Alternatives Review Process and to Investigate Alleged Related Party Transactions

- Appoints Canaccord Genuity as Financial Advisor

- Postpones Filing of 2019 Year End Financial Statements and Corresponding Investor Call

NEW YORK and TORONTO, April 6, 2020 /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, announced today that the Company did not make applicable interest payments due on its 13.0% Senior Secured Debentures ("Secured Debentures") and 13.0% Unsecured Convertible Debentures ("Unsecured Debentures") due on March 31, 2020. As of March 31, 2020, the aggregate principal amount outstanding on iAnthus' debt obligations total \$159.2 million, including \$97.5 million of Secured Debentures, \$60.0 million of Unsecured Debentures and \$1.7 million of other debt obligations.

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The decline in the overall public equity cannabis markets, coupled with the extraordinary market conditions that began in Q1 2020 due to the novel coronavirus known as COVID-19 ("COVID-19") pandemic, have negatively impacted the financing markets and have caused liquidity constraints for the Company. Despite its best efforts as of this date, the Company has not been able to secure a further round of financing since December 20, 2019, whether as part of the larger financing plan previously announced on September 30, 2019 or from other sources.

iAnthus attempted in good faith to negotiate with the holders of the Secured Debentures for temporary relief of interest payments, but the parties were not able to reach a satisfactory agreement. As a result, iAnthus and its subsidiaries did not fund the March 31, 2020 interest payment totaling \$4.4 million to the holders of the Secured Debentures and Unsecured Debentures, and the applicable cure period prior to triggering an event of default of the Secured Debentures has lapsed. The Company is currently in default of the obligations to its Secured Debenture holders and the existence of such default triggers a cross-default of the

obligation to its Unsecured Debenture holders.

"It was a difficult decision to not make the interest payment when it was due, but management and the board decided it was in the best interest of the Company and our stakeholders to spend our cash to maintain the inherent value of our business operations," said Hadley Ford, CEO of iAnthus. "We have moved aggressively over the past few months to reduce headcount and overhead spend in addition to other cost savings. Our business has never been stronger, and iAnthus is on track to achieve positive adjusted EBITDA and operational cash flow in 2020 as previously planned."

Despite the challenging conditions, the Company will continue to pursue expansion opportunities in retail, cultivation and manufacturing, as well as further development of its retail and product brands. Deploying these efforts with a ruthless focus on the customer experience and the patient journey, iAnthus remains committed to its mission to create the most valuable cannabis brands and network of cannabis operations and distribution nationally.

Formation of Special Committee to Investigate Alleged Related Party Transactions and to Oversee Strategic Alternatives Review Process

The Board of Directors (the "**Board**") has formed a Special Committee, comprised of the five independent, non-management directors. The Special Committee was formed to:

1. investigate any potential conflicts of interest and/or required disclosures with respect to the Company's CEO and certain related parties; and
2. with a view to the best interests of the Company, explore and consider strategic alternatives available to the Company in light of the prospective liquidity requirements of the Company, the condition of the capital markets affecting companies in the cannabis industry and the rapid change in the state of the economy and capital markets generally caused by COVID-19, including but not limited to:
 - a. renegotiation of existing financing arrangements and other material contracts, including any amendments, waivers, extensions or similar agreements with the lenders to and/or stakeholders of the Company and/or its subsidiaries that the Special Committee determines are in the best interests of the Company and/or its subsidiaries;
 - b. managing available sources of capital, including equity investments or debt financing or refinancing and the terms thereof;
 - c. implementing the operational and financial restructuring of the Company and its subsidiaries and their respective businesses, assets and licensure and other rights; and
 - d. implementing other potential strategic transactions.

Hiring of Financial Advisor

The Special Committee has engaged Canaccord Genuity Corp. as its financial advisor to assist the Special Committee in analyzing various strategic alternatives to address its capital structure and to position the Company for further success. With the assistance of its financial advisor, iAnthus will continue to be actively engaged in discussions with holders of the Secured Debentures and Unsecured Debentures to maximize value for all stakeholders. Additionally, the Company will continue to pursue financing options to infuse additional cash

into the business, while also exploring other strategic and financial opportunities. At present, there can be no assurance as to what, if any, alternative might be pursued by the Company and there can be no assurance that the Company will reach any solution with the Company's holders of the Secured Debentures and Unsecured Debentures, or as to the terms of any solution, if achieved.

Postponement of Filing and Release of Fourth Quarter and Full Year 2019 Financial Results

iAnthus will temporarily postpone the filing of its annual financial statements for the year ended December 31, 2019 to incorporate subsequent event disclosures as they relate to the Company's financial position. As a result of a change to the Company's filing date, the Company's earnings news release for the fourth quarter and full year 2019, as well as the conference call for financial analysts and investors previously scheduled for April 7, 2020, will also be rescheduled. As soon as possible, the Company will issue a news release announcing a revised date for the fourth quarter and fiscal year ended December 31, 2019 conference call and earnings news release.

All references to currency in this news release are in US dollars.

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 a presence in 11 states, and operates 31 dispensaries (AZ-4, MA-1, MD-3, FL-12, NY-3, CO-1, VT-1 and NM-6 where iAnthus has minority ownership). For more information, visit 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.

Non-GAAP Measures

One of the measures the Company uses to evaluate its objectives is EBITDA. EBITDA is a non IFRS financial measure that does not have a standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates EBITDA as net income (loss) before interest, taxes and depreciation and amortization. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by (used for) operations.

Forward Looking Statements

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning COVID-19, 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, results of operations, and financing and recapitalization opportunities, as well the evaluation of strategic alternatives.

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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