

**iAnthus Capital Holdings Inc.  
ITHUF  
Investment Notes**

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## One Company, One Brand Strategy



*Mayflower*



**From many retail brands, one: Create a focused brand approach**

Single National **Retail** Brand

Leading National **Product** Brands

**Build brands that will define the category and last 100 years**

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iAnthus

*“iAnthus Capital Holdings, Inc., through its 100% owned subsidiary, iAnthus Capital Management, LLC, owns and operates licensed cannabis cultivators, processors and dispensaries throughout the United States. Founded by entrepreneurs with decades of experience in operations, capital markets, corporate finance, law and healthcare services, iAnthus provides a unique combination of capital and hands-on operating and management expertise to create unparalleled value for its shareholders. iAnthus allocates resources to each step of the operational process to achieve maximum growth. The Issuer has been focusing on growing its pipeline of cannabis industry investments in order to maximize value for its shareholders.” iAnthus February 2019*

*“The combined company (iAnthus and MPX), now has operations in 11 states that will permit iAnthus to operate 63 retail locations and 15 cultivation/processing facilities. As a result of the*

*business combination, iAnthus has added retail and/or production capabilities in Arizona, Maryland, Nevada, California, Massachusetts and New Jersey. These additional licenses complement iAnthus' existing assets in New York, Florida, Massachusetts, Vermont, Colorado, and New Mexico, forming superregional footprints in both the eastern and western United States reaching over 121 million potential customers."* **iAnthus February 2019**

**All amounts are in USD unless mentioned otherwise!**

## **August 27, 2019 (\$2.46) 2Q19 Results released**

**Fully diluted shares outstanding are ~250M. Using a share price of \$2.46, the market capitalization is \$615M. If we project F2020 revenues at \$200M, the forward F2020 Price to Revenues is 3.1X.**

This quarter was their first complete quarter with MPX and iAnthus as one company. MPX products are carried across 3 states and over 110 stores, and their CBD For Life brand is now carried in over 1,100 stores nationwide.

The company reiterated their intent to secure a \$50 million term loan with Torian Capital Partners in 2 tranches of \$25 million. The loan is expected to bear interest rate of 9% per year with interest payable quarterly, have a duration of 3 years, an option to prepay the loan after 12 months and 20% warrant coverage. The warrants are expected to be struck at a price equal to 25% premium to the closing price on the date of the closing and can be called by the company.

Shareholders' equity is \$623M. Tangible equity is \$2.7M.

During the quarter, the Company raised gross proceeds of \$25 million through the issuance of convertible note units.

During the quarter, the Company produced approximately 4,600 pounds of dried and cured cannabis (flower and trim) and approximately 700 pounds of fresh frozen cannabis.

As of June 30, 2019, the Company had a total of 26 dispensaries open and expects to have approximately 40 open by year end.

As of June 30, 2019, 248,000 square feet of space (including approximately 178,300 of indoor square footage and 69,700 of outdoor square footage) has been fully built-out and an additional 373,200 square feet is under construction.

The Company expects sales revenues to continue to increase in future periods as its wholesale program continues to expand and new dispensaries are opened in Nevada, Florida, New York, New Jersey and Massachusetts.

The Eastern region includes the Company's operations in Florida, Maryland, Massachusetts, New York, New Jersey, Vermont, and its CBD business. The Western region includes the Company's operations in Arizona, California, Colorado, New Mexico and Nevada. During the second quarter, the Eastern region generated 53% of total revenues.

As of June 30, 2019, the Eastern region maintains licenses to operate up to a total of 53 dispensaries and seven cultivation/processing facilities. Two dispensaries were opened in Q1 2019 and two

additional dispensaries were opened in Daytona, FL and Orlando, FL in Q2 2019. Subsequent to quarter end, three more dispensaries were opened in North Miami, FL, Gainesville, FL, and Lakeland, FL.

As of June 30, 2019, the Western region holds licenses to operate up to eight dispensaries and four cultivation and processing facilities. Prior to the MPX Acquisition on February 5, 2019, the Company did not consolidate operations in the Western region. Therefore, no comparative financial disclosures of the Western region exist prior to this date.

	Note	Jun 30, 2019	Dec 31, 2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	17	\$ 30,517	\$ 15,295
Restricted cash	17	-	5,272
Receivables and prepaid assets		8,723	3,847
Inventory	5	24,968	11,560
Biological assets	6	11,278	4,744
Other current assets		3,309	1,283
		<b>\$ 78,795</b>	<b>\$ 42,001</b>
<b>Non-current Assets</b>			
Long-term investments	7	2,821	2,632
Fixed assets	8	105,912	29,578
Intangible assets	9	179,111	56,493
Goodwill	9	440,690	37,454
Other assets		3,669	234
		<b>\$ 732,203</b>	<b>\$ 126,391</b>
<b>TOTAL ASSETS</b>		<b>\$ 810,998</b>	<b>\$ 168,392</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Payables and accrued liabilities		\$ 16,048	\$ 6,509
Current portion of long-term debt	10	10,845	-
Derivative liabilities	14	12,174	1,255
Other current liabilities	11	2,094	553
		<b>\$ 41,161</b>	<b>\$ 8,317</b>
<b>Non-current Liabilities</b>			
Long-term debt	10	77,040	31,231
Deferred tax liabilities		50,368	17,589
Other liabilities	11	19,885	-
		<b>\$ 147,293</b>	<b>\$ 48,820</b>
<b>Total Liabilities</b>		<b>\$ 188,454</b>	<b>\$ 57,137</b>
<b>Shareholders' Equity</b>			
Share capital		659,652	158,365
Shares to be issued		1,602	2,130
Reserves		72,578	33,190
Accumulated deficit		(111,365)	(82,507)
Accumulated other comprehensive income		77	77
<b>Total Shareholders' Equity</b>		<b>\$ 622,544</b>	<b>\$ 111,255</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 810,998</b>	<b>\$ 168,392</b>

Revenues for the six months ended June 30, 2019 were \$29M. Interest expense was \$6M, or 20.7% of revenues.

Revenues for the three months ended June 30, 2019, were \$19.2M.

They have collected \$34.6M for the sale of warrants and options to their insiders. This is greater than their reported cash balance of \$30.5M.

Their cash burn is material and concerning. Net loss, adding Depreciation and subtracting Capex totals a burn of \$43.6M.

The company obviously can't sustain itself without outside financing of some sort, be it loans or stock.

The following table presents the Company's share capital information as at August 26, 2019.

	Number Outstanding
Common Shares issued and outstanding	156,114,139
Class A Common Shares issued and outstanding	15,528,928
Options to purchase Common Shares	16,289,165
Options to purchase Class A Common Shares	2,215,500
Warrants	36,103,265
MPX dilutive instruments <sup>(1)</sup>	407,876
Convertible Debentures	10,135,130
HY Notes	12,970,169
<b>Fully diluted shares outstanding</b>	<b>249,764,172</b>

(1) Prior to the MPX Acquisition, MPX had instruments outstanding that were potentially dilutive and as a result of the MPX Acquisition, the Company assumed certain of these instruments.

The CBD For Life acquisition is a related party transaction due to Elizabeth Stavola being an officer and director of the Company and an officer and significant shareholder of CBD For Life.

In the loss press release, the company stated they had Pro forma revenues for the second quarter of \$25.0 million, up 35% sequentially from the prior quarter. This is not at all identified in the financial statements or the MD&A. Pro forma revenues are alleged to include for the quarter, \$1.2M of CBD for life, and \$4.6M of Managed Revenues. The company claims that Managed Revenues *"are sales of cannabis products from entities for which management arrangements are in place but iAnthus cannot consolidate due to regulatory restrictions, or from equity investments in which results cannot be consolidated. Managed entities include iAnthus' involvement in certain Arizona operations, Colorado, and New Mexico."*

### **Conference Call Notes and/or Quotes:**

#### **Quotes from Hadley C. Ford - Co-Founder, CEO, MD & Director:**

*"Bear markets are no fun. I hate them, you hate them, republicans hate them, democrats, progressive, technical traders, fundamental value investors, even my dog hates bear markets. We all hate them. In the strange world of quantum physics, a particle may be in 2 places at once, and that's what's happening in the cannabis market today. The business of cannabis is fine. We look at the business of cannabis and our revenues are up 35% from our last earnings call. We look at our stock and it's down 60%. Our peers have put up good numbers so far during the earnings season, but their stocks are off as well. This is where we are today. The business of cannabis is doing fine, the stocks not at all. Two separate realities existing at the same time. And like quantum physics, I can read the words, I can see the facts, but I just don't understand it."*

*"There's a reason El Chapo was one of the richest men in Mexico. You make money selling marijuana."*

*“You make money selling something people want. You make money selling into a proven demand curve. New York State alone has been estimated to have as much as a \$4 billion illegal market today. And the existing customer base today only represents 11% or 12% penetration of that whole population across the U.S. In every market that is legalized to the adult use of cannabis, the penetration rate has gone up dramatically, 20%, 25%, even 30%. You've heard me say in the past that the ultimate revenue opportunity in cannabis in the U.S. may be north of \$200 billion and that the market valuation of the sector will be north of \$1 trillion. The opportunity to invest in cannabis is one of the great investment opportunities ever.”*

### **Other quotes from the CC:**

*“For the second quarter of 2019, our reported revenue was \$19.2 million, up 100% from our first quarter of 2019 and up more than [7,400%] from Q2 2018. Our pro forma revenue, which is a more accurate reflection of the quarter, was over \$25 million for the quarter, up 35% from the previous quarter. This pro forma number, which is detailed in table 2 of the press release, includes the full impact of our CBD For Life transaction as if it was consolidated as of the beginning of the quarter as well as managed revenues in the states of Arizona, Colorado and New Mexico.”* Personally, I am not at all a fan of Pro forma reporting.

*“During the quarter, we deployed approximately \$24.6 million of capital in support of continued build out of operations in key markets, especially in Florida. As of June 30, 2019, total assets amounted to \$810 million. The company's cash balance was \$30.5 million at the end of the quarter. The company also has the potential to receive over \$120 million from the exercise of outstanding warrants and options, of which approximately \$10 million is expected to be received by the end of the year based on strike prices and expiry dates. Our fixed asset and real estate base also are at approximately \$106 million, which we believe is beneficial as we continue to seek out and explore nondilutive financing sources to fund our expansion plans and preserve shareholder value.”*

*“And finally, our capital structure. Our current fully dilutive share count is 249.7 million shares, which includes 156 million common shares, 15.5 million Class A shares and 78.1 million dilutive securities.”* This leads to a fully diluted valuation of \$615M (250M X \$2.46).

Seaport Global in a report from August 27, 2019 projects F2020 revenue at \$248.0M (previously \$252.0M). They do not offer a F2021 revenue projection. They project F2019 revenue to be \$98.2M, down from a previous projection of \$108.1M.

PI Financial in a report dated August 27, 2019, materially reduced their F2020 revenue projection to \$230M, from a previous projection of \$299M. They also reduced F2019 revenue projection to \$92.3M, from a previous projection of \$131M.

If we project F2020 revenues at \$200M, the forward F2020 Price to Revenues is 3.1X.

Thesis from July 30, 2019 remains unchanged as of this writing.

### **July 30, 2019 (\$2.65)**

**Increased our position to ~1% portfolio position. This purchase was for ~\$2.71 per share. We now own a touch over 200K shares. Our average cost is now ~\$3.75 per share.**

**Fully diluted shares outstanding 245.3M, hence market capitalization of \$650M.**

## **2-Minute Drill and Thesis:**

As of this writing we own 200,009 shares, with an average cost of \$3.75 per share USD. The current allocation is ~1% of a managed portfolio.

The company claims to want to create the most valuable network of cannabis operations and distributions in the United States. There is no merit to investing this company on traditional fundamentals of any sort. They are burning a ton of cash, and of course they have a Going Concern letter from the auditors. I am not writing that as a bad thing, just mentioning that any type of fundamental analysis in my opinion would be absurd.

Reasons to invest would include believing their corporate goal, as well as the management team is praised. iAnthus has 23 locations open and has licenses to open a total of 63 locations in 11 states. Yet, revenues are still immaterial on their financials. If one is to invest, they would have to expect or weigh the possibilities of material revenues or hyper-revenue growth.

Very risky cannabis company, which as with all the licensed producers carries great risk of both valuation and execution. Of course, they also have the inherent risk of cannabis being Federally illegal in the United States.

I am using potential F2021 revenues of \$275M USD. Hence, they are selling at about 2.4X F2021 projected revenues. It is certainly possible, if not probable, that the company will not reach these revenue projections. As a matter of fact, they have not given revenue guidance, and my estimate is merely based on several other analysts out there. Management seems capable and honest. iAnthus is known as a top-tier vertically integrated cannabis company. Management seems capable and honest. Our thesis is basically a pure play cannabis investment, with a company that will potentially grow their revenues to commensurate their current market capitalization of \$650M USD. At this point financial statement analysis and projections are rather meaningless. We must wait and see if they can increase revenues in a meaningful fashion, of their vertically integrated operation.

Insiders own less than 4% of the company. This is weak, and potentially concerning. As you can see from our notes below, determining ownership, especially with Gotham Green and Jason Adler is difficult at best. We will have to wait for the management circular, which should be issued during October 2019. I like seeing management have skin in the game, as often their interests are aligned with shareholders'. There has been a touch of recent insider buying. If you look at my notes below, you will see that Hadley Ford did sell 110,000 shares between December 2018 and April 2019. Not mentioned in the notes below were option repricing's for management during June 2019. I like companies with high morale and have no great issues with this repricing.

Management compensation appears excessive. We will have to wait for the circular to see how much cash versus option grants was, etc. to determine if management compensation was cash excessive in F2018. Compensation of \$4.3M was greater than annual revenues for F2018 of \$3.4M.

They do not have a big 4 auditor. I like to see a company commitment to quality with a Big 4 auditor. The auditors are a large recognized and respected firm, of Marcum LLP. The prior auditors were another well respected firm 'BDO Canada LLP.' We are not certain of why the change was made. Yet, we are fairly comfortable with either firm as the auditors.



As in all our cannabis research, we expect eventual world-wide legalization of cannabis, like the alcohol industry today. Canada is the first G-7 nation to legalize cannabis, and we expect other G-7's to follow suit, including the USA.

Again, this is a speculative investment, in a speculative industry, and cannabis is Federally illegal in the USA. The company could have execution risks, which are also inherent in the industry. The industry is in its infant stages, and there could be several catalysts to increase the share price over time. These catalysts could include legalization in the USA, and greater acceptance of cannabis as a long-term future industry in the USA and the world.

### Other Notes:

iAnthus was given approval on July 26<sup>th</sup> to open a dispensary in Worcester MA. MA currently only has ~22 recreational dispensaries. iAnthus still needs state approval, yet historically most of the difficulty has been on a municipal and not a state level.

iAnthus has 23 locations open and has licenses to open a total of 63 locations in 11 states.

There has been some recent insider buying. The buying is not large, but something to watch, nevertheless.

Filing Date	Transaction Date	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value	Price
Jul 23/19	Jul 23/19	Stavola, Elizabeth M.	Indirect Ownership	Common Shares	10 - Acquisition in the public market	10,000	\$2.58 USD
Jul 19/19	Jul 18/19	Stavola, Elizabeth M.	Indirect Ownership	Common Shares	10 - Acquisition in the public market	10,000	\$2.87 USD
Jul 24/19	Jul 15/19	Tiernan, Patrick	Indirect Ownership	Common Shares	10 - Acquisition in the public market	5,000	\$2.79 USD
Jul 15/19	Jul 15/19	Maslow, Randy	Indirect Ownership	Common Shares	10 - Acquisition in the public market	20,000	\$2.80 USD
Jul 12/19	Jul 11/19	Kalceovich, Julius John	Indirect Ownership	Common Shares	10 - Acquisition in the public market	20,000	\$3.80
Jul 12/19	Jul 10/19	Stavola, Elizabeth M.	Indirect Ownership	Common Shares	10 - Acquisition in the public market	20,000	\$2.83 USD

GMP in a report from June 3, 2019 projects F2021 revenue at \$311.1M.

PI Financial in a report from June 3, 2019 projects F2021 revenue at \$298.8M. They also project F2021 EPS of \$0.21.

Seaport Global in a report from June 7, 2019 projects F2020 revenue at \$252.0M. They do not offer a F2021 revenue projection.

Auditors are "Marcum LLP, they are a well-respected firm. The prior auditors were 'BDO Canada LLP.'

Gotham Green owns 3.89M shares or 2.49% of the company, from a filing on May 31, 2018.

Insiders own less than 4% of the company. This is weak, and potentially concerning.

HOLDERS (10) <span style="color: red;">f</span>								
Filer Name	Title	Direct Holdings	Indirect Holdings	Total Holdings	% O/S	Filing Date	Filing Type	
Stavola (Elizabeth M)	Director of Issuer	4,159,279	40,000	4,199,279	2.69%	23-07-2019	SEDI	
Ford (Hadley C)	Director of Issuer	264,000	N/A	264,000	0.17%	02-04-2019	SEDI	
Boxer (Richard M.D.)	Director of Issuer	174,008	N/A	174,008	0.11%	21-11-2017	SEDI	
Rosen (Paul Bradley)	Director of Issuer	166,100	N/A	166,100	0.11%	29-03-2018	SEDI	
Galvin (Robert R)	Director of Issuer	162,526	N/A	162,526	0.10%	27-06-2019	SEDI	
Gotham Green Partners, LLC	10% Security Holder...	N/A	49,994	49,994	0.03%	10-10-2018	SEDI	
Maslow (Randy)	10% Security Holder...	N/A	20,000	20,000	0.01%	15-07-2019	SEDI	
Kalceovich (Julius John)	Director of Issuer	N/A	20,000	20,000	0.01%	11-07-2019	SEDI	
Tieman (Patrick)	Senior Officer of Iss...	0	5,000	5,000	0.00%	15-07-2019	SEDI	
Calvesbert (Neil Scott)	Senior Officer of Iss...	0	N/A	0	0%	15-04-2019	SEDI	

## Management Compensation appears excessive:

Compensation of \$4.3M was greater than annual revenues for F2018 of \$3.4M.

### Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to key management is as follows:

	2018	2017
Salaries and bonuses	\$ 1,178,294	\$ 1,086,711
Share-based payments	3,015,216	1,206,467
Directors' fees	58,000	37,317
<b>Total</b>	<b>\$ 4,251,510</b>	<b>\$ 2,330,495</b>

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## April 9, 2019 (\$5.12) – Trying to determine how many shares Hadley Ford owns, as he has sold 110,00 shares from December 2018 through April 8, 2019

To the knowledge of the directors and executive officers of the Corporation, the following are all the persons who beneficially owned, directly or indirectly, or exercised control or direction over, Class A Shares carrying more than 10% of the voting rights attached to all issued and outstanding Class A Shares as at October 9, 2018:

Shareholder Name <sup>(1)</sup>	Number of Class A Shares Held	Percentage of Issued Class A Shares <sup>(2)</sup>
Hadley C. Ford	1,812,500	11.3%
Randy Maslow	2,712,500	16.8%

### Notes:

- (1) The above information was obtained from SEDI.
- (2) If converted to Common Shares this beneficial ownership would be approximately 3.5% for Hadley Ford and 5.2% for Randy Maslow.

According to [www.canadianinsider.com](http://www.canadianinsider.com), From the table below, and I don't know if it is all-inclusive, Mr. Ford sold 110,000 shares since December. This equates to 6.1% of his holdings listed above.



Hiling Date	Transaction Date	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value	Price
Apr 4/19	Apr 2/19	Ford, Hadley	Direct Ownership	Common Shares	10 - Disposition in the public market	-30,000	\$7.18
Apr 4/19	Apr 2/19	Ford, Hadley	Direct Ownership	Common Shares	10 - Disposition in the public market	-20,000	\$7.16
Jan 18/19	Jan 15/19	Ford, Hadley	Direct Ownership	Common Shares	10 - Disposition in the public market	-20,000	\$6.25
Dec 13/18	Dec 11/18	Ford, Hadley	Direct Ownership	Common Shares	10 - Disposition in the public market	-5,000	\$6.42
Dec 13/18	Dec 11/18	Ford, Hadley	Direct Ownership	Common Shares	10 - Disposition in the public market	-5,000	\$6.40
Dec 7/18	Dec 7/18	Ford, Hadley	Direct Ownership	Common Shares	10 - Disposition in the public market	-15,000	\$5.87

The ownership gets confusing for me, as the Circular filed during October 2018, to own 750,000 shares, yet a further footnote indicating the 1,812,500 shares.

[https://d1io3yogoox5.cloudfront.net/\\_18e84b748c471d5f8d4350b877f3cab/ianthuscapital/db/479/2771/pdf/Circular.pdf](https://d1io3yogoox5.cloudfront.net/_18e84b748c471d5f8d4350b877f3cab/ianthuscapital/db/479/2771/pdf/Circular.pdf)

Nominee Position with the Corporation and Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Corporation	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Hadley C. Ford Chief Executive Officer ("CEO") and Director New York, USA	Current CEO and Director of the Corporation. Founder, CEO and Board member, ProCure Treatment Centers	Since August 12, 2016	750,000 <sup>(3)</sup>

Notes:

- (1) The information as to principal occupation, business or employment and the Common Shares and Class A Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective proposed nominees.
- (2) Member of the Audit Committee.
- (3) Mr. Ford holds 1,812,500 Class A Shares convertible into Common Shares, 270,000 Options to purchase Common Shares and 150,000 Options to purchase Class A Shares.

The following are some quotes from Hadley Ford's Reddit AMA from April 4, 2019  
[https://www.reddit.com/r/weedstocks/comments/b8aszw/ianthus\\_ama\\_april\\_4\\_4\\_p\\_m\\_est\\_with\\_ceo\\_hadley\\_ford/](https://www.reddit.com/r/weedstocks/comments/b8aszw/ianthus_ama_april_4_4_p_m_est_with_ceo_hadley_ford/)

*"While past performance is no certain indicator of future success, we have shown we are disciplined on price, able to use our stock in a tax efficient manner and every single person who has ever taken a share from us in an offering or merger has made money. A prudent investor, therefore, might expect we would continue to look at opportunities."*

*"Management, financial strength, liquidity, and operational execution – we are focused on what matters -- Building scale while focusing on costs and building a foundation that can support the accelerating growth and challenges that come with it. And our stock is on sale!"* **This seems unusual since within several days he had sold 50,000 shares.**

*"No one will be completely vertically integrated 10 years from now (except for growing craft-oriented flower) any more than P&G grows corn."*

*“We don’t anticipate becoming a large industrial grower of cannabis. If and when we can ship product across state lines, we anticipate consolidating our purchasing and manufacturing to the most cost-effective solution – whether that is importing biomass or distillate from South America or Humboldt County, or using a contract manufacturer that meets our standards of production. We wouldn’t expect a large indoor grow to be the most cost-effective grow method globally 10 years from now, which is why we are prudently investing in capital in our grow and processing facilities today (we hate stranded capital!) – we need them now, but likely won’t 10 years from now. Perhaps for crafty, local high-end flower products, but not for bulk biomass.”*

*“We don’t give revenue guidance -- but it will be higher in 2019 than it was in 2018 and higher in 2020 than 2019.”*

*“I start off to the sounds of classical music, while I meditate on the glorious day ahead and have a no-carb breakfast. Then I go out and rip our competition’s face off.”* **Not sure I am thrilled with a CEO of a company I am invested in communicating that way.**

*“Stock performance: Up and to the right*

*Market cap: Number one*

*Revenue: Most profitable*

*The shareholders will be happy because they own our stock. If they aren’t happy, I assume they will have sold. You get the shareholders you deserve. Which is why all our shareholders are smart, hardworking and better than average.”*

*“End of the day we will all be judged on the cash we generate from the assets we manage. That’s a few years away. Today, it’s more mundane things like store openings, revenue growth and expense lines such as how much cash burn someone has at the parent - a good indicator of corporate culture.”*

**April 2, 2019 (\$5.62) F2018 earnings release (without any financials!)**

Fully diluted shares outstanding of 233.3M. Market cap of \$1.3B.

**Capital Structure****Basic Shares Outstanding:**

Common Shares (Voting)	(mm)	142.6
Common Shares (Non-Voting)	(mm)	15.4
<b>Total Basic Shares Outstanding</b>	<b>(mm)</b>	<b>158.1</b>

**Dilutive Securities:**

Options	(mm)	10.6
Warrants <sup>1</sup>	(mm)	36.5
Convertible Securities <sup>1</sup>	(mm)	28.2
<b>Total Dilutive Securities</b>	<b>(mm)</b>	<b>75.2</b>

**Total Fully Diluted Shares O/S** (mm) **233.3**

Pro forma revenue\* for the fourth quarter was \$14.8 million and \$49.3 million for the full year fiscal 2018.

“The Company's current cash balance is approximately \$45 million. The Company also has the potential to receive over \$125 million from the exercise of warrants that have been issued by the Company.”

“iAnthus currently generates revenue in 9 out of 11 states across its footprint. It is anticipated that sales will launch in California in the next 60 days, which will be the 10th state for revenue generation.”

“The Company and its various subsidiaries and investments operate 21 dispensaries throughout the U.S. It is anticipated that the Company will continue to open dispensaries across Florida, Massachusetts, New York, Nevada, and New Jersey throughout the remainder of 2019.”

“iAnthus currently has cultivation and processing facilities in 9 states. The current footprint of these facilities total over 200,000 sq. ft with an additional 380,000 sq. ft of planned expansion.”

**Conference call notes:**

*“We currently have 21 open dispensaries, 4 in Arizona, 3 in Maryland, 3 in Florida, 2 in New York, 1 in Massachusetts, 1 in Vermont, 1 in Colorado and 6 in New Mexico with 63 available dispensary licenses we will continue to build and then launch dispensaries throughout the remainder of 2019.”*

The conference call and “loss release” was a total waste of time. Here is a list of my questions, I would like to have asked, but they didn’t recognize me in the queue.

1. It is over 3 months since the end of the fiscal year. Why can't we be supplied with a summary balance sheet and income statement. Are there any unresolved issues with the auditors?
2. You indicate you own and operate 21 dispensaries. How many are fully owned? What is the breakdown of those, if any, not fully owned?
3. You indicated in March that your run rate was \$85M CAD. What is the current run rate? What guidance will you supply for F2020 and forward?
4. Do you have any debt? If so, what is the breakdown between short-term and long-term debt. You supplied us with the current cash balance of \$45M, but not supplying debt levels makes the cash claim to be somewhat irrelevant.

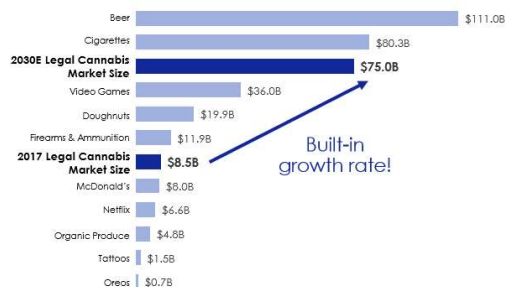
**March 7, 2019 (\$5.13) Post MPX merger info. We currently have a ~1.15% position, with ~55K shares, with an average cost of \$4.49.**

iAnthus currently has operations in 11 states, and operates 21 dispensaries (AZ-4, MA-1, MD-3, FL-3, NY-2, CO-1, VT-1 and NM-6 where iAnthus has minority ownership).



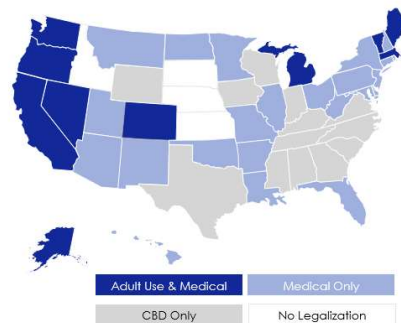
## U.S. Market: Large, Proven and Growing

**Cannabis is poised to surpass many prominent U.S. industries<sup>1</sup>**



NOTES  
 1) 2018 Marijuana Business Daily; Cowen Research; Arcview Market Research / BDS Analytics  
 2) Ackrell Capital 2018 Cannabis Investment Report

**92% of all states have some form of legalized cannabis<sup>2</sup>**



iAnthus

## Proven Ability to Scale Quickly

iAnthus 2017 <sup>1</sup>		iAnthus Today <sup>1</sup>
— 4 states	2.8x	— 11 states
— 12 dispensaries	5.1x	— 63 dispensaries
— 6 cultivation / processing	2.5x	— 15 cultivation / processing
— 40 employees	11.3x	— 450 employees
— <C\$1 million run rate <sup>2</sup>	85.0x	— C\$85 million run rate <sup>3</sup>
— Assets: C\$41 million <sup>2</sup>	10.0x	— Assets: C\$412 million <sup>2</sup>

NOTES  
<sup>1</sup> Dispensary and cultivation / processing numbers reflect allowable build-out based on state licenses  
<sup>2</sup> 2017 figures reflect iAnthus September 30, 2017 financial filings; current figure reflects combination of iAnthus and MPX September 30, 2018 financial filings  
<sup>3</sup> Run rate for January 2019

15

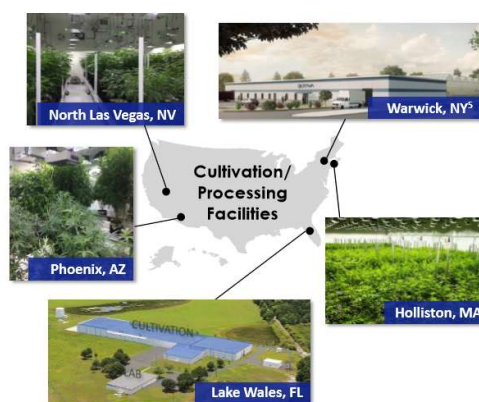
iAnthus

## A Leader in Cultivation and Processing

State	Current <sup>1</sup> sq. ft.	Expansion sq. ft.	Total sq. ft.
Arizona	32,800	--	32,800
Colorado <sup>2</sup>	5,900	--	5,900
Florida <sup>3</sup>	25,000	218,600	243,600
Maryland	3,200	--	3,200
Massachusetts	36,000	20,500	56,500
Nevada	21,000	11,800	32,800
New Jersey	--	40,000	40,000
New Mexico <sup>4</sup>	32,000	15,000	47,000
New York	49,700	75,300	125,000
Vermont	6,500	--	6,500
<b>Total</b>	<b>212,100</b>	<b>381,200</b>	<b>593,300</b>

NOTES  
<sup>1</sup> Currently operational or under construction  
<sup>2</sup> iAnthus is 100% owner of key organic assets in Colorado  
<sup>3</sup> Expansion plans include a one-acre greenhouse  
<sup>4</sup> iAnthus has a 25% ownership in Reynold Greenleaf & Associates in New Mexico  
<sup>5</sup> Artistic rendering

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iAnthus

## Cap Table

Capital Structure			iAnthus
<b>Basic Shares Outstanding:</b>			
Common Shares (Voting)	(mm)	134.6	
Common Shares (Non-Voting)	(mm)	15.4	
<b>Total Basic Shares Outstanding</b>	<b>(mm)</b>	<b>150.1</b>	
<b>Dilutive Securities:</b>			
Options	(mm)	13.1	
Warrants	(mm)	36.7	
Convertible Securities	(mm)	26.2	
<b>Total Dilutive Securities</b>	<b>(mm)</b>	<b>75.9</b>	
<b>Total Fully Diluted Shares O/S</b>	<b>(mm)</b>	<b>225.9</b>	

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iAnthus



Market capitalization is \$1,159B USD. This assumes 226M shares, and a price of \$5.13. The current annual run rate is \$85M CDN (or \$63.2M USD with conversion rate of 74.3%), which according to a discussion with iAnthus, doesn't include anything other than currently operating dispensaries. Hence, the current Price/Sales ratio is 18.33X.

### **September 18, 2018 (\$6.40) Trimmed to a 0.40% position at ~\$6.40**

I find ITHUF as described in the notes, incredibly over-valued. I trimmed, rather than eliminate. Yet, I will try and hold this for a long time. I just don't know if it can ever grow into our value parameters, and will keep an eye on this, along with research.

### **September 14, 2018 (\$5.15) Thesis**

#### **All amounts are in USD unless mentioned otherwise**

The company claims to want to create the most valuable network of cannabis operations and distributions in the United States. There is no merit to investing this company on traditional fundamentals of any sort. They are burning a ton of cash, and of course they have a Going Concern letter from the auditors. I am not writing that as a bad thing, just mentioning that any type of fundamental analysis in my opinion would be absurd.

Reasons to invest would include believing their corporate goal, as well as the management team is praised. The company has exposure to MA, NY, VT, CO, and NM. Yet, revenues are still are immaterial on their financials. If one is to invest, they would have to expect or weigh the possibilities of material revenues or hyper-revenue growth. The most recent guidance I have seen ranges from \$3M to \$10M. My notes indicate that management previously indicated F2018 revenues of \$20M to \$30M. I don't recall where I saw that, and I could be mistaken.

Concerns are those of any typical cannabis company, including material cash burn, related party transactions, and of course, potentially material over-valuation.

I previously thought the market cap seems absurd at almost \$300M USD, whereas now it is >\$500M USD.

As of this writing we own a tad over 90K shares, with an average cost of \$2.37 USD. The current allocation is ~1% of a managed portfolio.

### **September 14, 2018 (\$5.15) Review of 2Q18 loss release**

#### **All amounts are in USD unless mentioned otherwise**

"The Company recorded \$4.9 million of revenues for the six months ended June 30, 2018. Total revenues include the Company's cannabis revenues from Florida and Vermont totaling \$0.5 million, in addition to \$3.9 million in fair value adjustments on biological assets, which represents results from the Company's cultivation operations."

Calculation of shares for valuation purposes. I am using companies amounts. I am not certain these are all inclusive but looks fair enough.

## SHARE CAPITAL

The following table presents the Company's share capital information as at August 28, 2018.

	NUMBER OUTSTANDING
Common Shares issued and outstanding	51,634,219
Class A Common Shares issued and outstanding	16,893,614
Options to purchase Common Shares	3,534,500
Options to purchase Class A Common Shares	1,200,000
Class A Convertible Restricted Voting Share Options	1,125,500
Warrants	21,344,659
High yield notes	12,970,169
Fully diluted shares outstanding	108,702,661

Valuation of \$560M USD.

Fairly healthy balance sheet, especially with debt conversions in August.

Cash drain is enormous. Only way to tackle that would be via revenues. How long can the company hold out without material increases in revenues?

Subsidiary	Jurisdiction	Interest
iAnthus Capital Management, LLC ("ICM")	Delaware, USA	100%
Scarlet Globemallow, LLC ("Scarlet")	Colorado, USA	100%
Bergamot Properties, LLC ("Bergamot")	Colorado, USA	100%
Grassroots Vermont Management Services, LLC ("GVMS")	Vermont, USA	100%
FWR, Inc. ("FWR") <sup>(1)</sup>	Vermont, USA	100%
Pakalolo, LLC ("Pakalolo")	Vermont, USA	100%
Pilgrim Rock Management, LLC ("Pilgrim")	Massachusetts, USA	100%
Mayflower Medicinals, Inc. ("Mayflower") <sup>(1)</sup>	Massachusetts, USA	100%
iAnthus Florida Holdings, LLC ("IFH")	Florida, USA	100%
GrowHealthy Properties, LLC ("GHP")	Florida, USA	100%
GHHIA Management, Inc. ("GHHIA")	Florida, USA	100%
McCrory's Sunny Hill Nursery, LLC ("McCrory's") <sup>(1)</sup>	Florida, USA	100%
iAnthus Empire Holdings, LLC ("IEH")	New York, USA	100%
Citiva Medical, LLC ("Citiva")	New York, USA	100%

<sup>(1)</sup> Refer to Note 4 for discussion of acquisitions and analysis of the Company's controlling interest in these subsidiaries

iAnthus operates best-in-class licensed cannabis facilities throughout the United States providing investors with diversified industry exposure.

**THE iANTHUS OPPORTUNITY<sup>(1)</sup>**

6 States

8 Cultivation Facilities

46 Dispensaries

~50 Million Addressable Market

Proven First Mover

NOTES

(1) Accounting build out of Florida, New York, Vermont and Massachusetts.

**iAnthus**  
CHXK:IAN | CTOQB:ITHUF

## iAnthus is Operating in Six States

Vertically Integrated Operations

	Florida	New York	Massachusetts	Vermont	Other Assets
					
Population:	21.2 million	19.9 million	6.9 million	0.6 million	
Cultivation:	200,000 ft <sup>2</sup>	39,500 ft <sup>2</sup>	36,000 ft <sup>2</sup>	6,900 ft <sup>2</sup>	
Dispensaries:	30	4	3	2 <sup>(1)</sup>	
NOTES	(1) Recent legislation allows Cannabis Vermont to open an additional dispensary (2 total).				
			9		
					
					
					CNSX: IAN   OTCQB: ITHUF

### Q3 2018

 Boston Dispensary Open

### Q4 2018

 Brooklyn Dispensary Open  West Palm Beach, Orlando and Brandon Dispensaries Open

### 1H 2019

 Lowell Dispensary Open  Tampa and Deerfield Beach Dispensary Open  
 Staten Island and Wappingers Falls Dispensaries Open; Completion of Cultivation and Processing Facility

## \$30M CAD financing announced on September 13, 2018

4,512,000 common shares at a price of \$6.65 per Common Share (or \$5.10 per share USD using conversion rate of .76701) for aggregate gross proceeds to iAnthus of \$30,004,800 CAD.

Over-allotment of 676,800 shares as well.

A price of USD \$3 would still lead to a valuation of \$341M if using 113.9M shares outstanding. You could easily see that price, or even half that. Personally, I would love to see an 80% drop in price in all these companies, without an impairment to the long-term thesis, for more accumulation. Yet, I remind myself, I do own a portfolio position of ~5% cannabis, when excluding SMG.

## iAnthus has not given guidance, yet here are some projections I found:

	F2018	F2019	F2020
<b>PI Financial</b>	\$3.1M	\$54M	\$141M
<b>Echelon</b>	\$10.7M	\$115.5M	N/A

In the table above, PI Financial materially reduced projected F2018 and F2019 from their previous projections.

## June 19, 2018 (\$5.88)

Not a lot of news. Price has accelerated and thinking of cutting to a 0.40% position. Market cap using 108M shares is \$635M.

## June 8, 2018 (\$4.26) 1Q18 earnings recap. All financials are in USD, unless otherwise noted

Using 108M shares outstanding and a market price of \$4.26 is a market cap of \$460M. I calculated this below on April 30, 2018, "Using 80M shares and price of \$3.60, market cap is \$288M." This was prior to the Gotham Investment.

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.

Current Ratio is < 1, as current portion of Long-term debt is \$19M. Long-term debt is now nil. The debt was paid off on May 17, 2018, from the Gotham proceeds.

Derivative liabilities increased from \$593K to \$6M.

Shareholder's equity is \$88.9M. Tangible equity is \$8.5M.

Sales of \$225K for quarter.

Inventory of \$2.43M. Biological assets of \$3.2M.

### From June 2018 Presentation:

## Corporate Information

Capital Structure		Funds Raised	
<u>Basic Shares Outstanding</u>		Funds raised to date: ~C\$162.3 million	
Common (Voting)	48.95 M	<ul style="list-style-type: none"> <li>US\$9.0 million (Private; Pre-IPO)</li> <li>C\$21.0 million (Public; November 2016)</li> <li>C\$20.0 million (Public; February 2017)</li> <li>US\$3.0 million (Private; October 2017)</li> <li>C\$15.7 million (Public; November 2017)</li> <li>US\$20.0 million (Private; January 2018)</li> <li>US\$50.0 million (Gotham Green; May 2018)</li> </ul>	
Common (Class A: Non-Voting)	17.12 M		
<b>Total Basic Shares Outstanding</b>	<b>66.08 M</b>		
<u>Dilutive Securities</u>			
Options (Strike C\$1.34 – C\$3.56)	5.40 M		
Warrants (Strike C\$1.70 – C\$4.92)	21.51 M		
Convertible Notes (US\$1.65)	0.59 M		
Unsecured Convertible Debentures (Strike C\$3.10)	1.48 M		
Convertible High Yield Notes (Strike US\$3.08)	12.97 M		
<b>Total Dilutive Securities</b>	<b>41.95 M</b>		
<b>Total Fully Diluted Shares Outstanding</b>	<b>108.03 M</b>		
Insider Ownership %	9%		
		Stock Performance	
		52 week range	
		<ul style="list-style-type: none"> <li>IAN: C\$1.70 – C\$6.39</li> <li>ITHUF: US\$1.32 – US\$5.08</li> </ul>	
		YTD return: 87%	



On May 14, 2018, the Company received a \$50.0 million investment from GGP, of which \$40.0 million was in the form of high yield senior secured notes ("HY Notes"). The Company concurrently issued \$10.0 million in the form of Class A shares.

The HY Notes mature in three years and accrue interest at 13%, which may be paid in cash or in-kind for the first year. The HY Notes are exchangeable into Class A Shares of the Company at \$3.08 per share and include warrants to purchase, in aggregate, up to 6,670,372 shares of the Company at \$3.60 per share. Beginning May 14, 2019, iAnthus may force the exchange of the HY Notes into common shares if the daily volume weighted average trading price of the Company's common shares is greater than \$5.14 per share for any 20 consecutive trading days.

The 3,891,051 Class A Shares were issued at a price of \$2.57 per share and include warrants to purchase, in aggregate, up to 3,891,051 Class A Shares at a price of \$3.86 per share. GGP has the right to convert the Class A shares into common shares beginning on July 2, 2018.

On June 4, 2018, Echlon Partners initiated a 'speculative buy, with a \$7.50 CAD price target. Using exchange rate of 77.31%, USD price target of \$5.80. They project F2019 revenues of \$15.4M, and F2019 of \$115.5M.

### **May 15, 2018 (\$3.89) Gotham Green Invests \$50M**

The company's fully diluted share count will increase to ~108M shares outstanding. Cash should increase by about \$46M.

**This was an investment led by Jason Adler. the Company plans to allocate the proceeds of this financing in the following manner:**

1. Repayment of US\$20 million one-year note and accrued interest to VCP Bridge LLC; Continued cultivation and dispensary buildouts in New York and Florida markets; and Potential expansion activities consistent with iAnthus' strategic objectives.
2. The remaining expenditures for completing iAnthus' Massachusetts and Vermont operations will be funded with current cash on hand.
3. iAnthus has issued \$40M 13% notes, which can be paid in cash or in-kind for the first year. The notes are exchangeable at US\$3.08 per share.
4. The HY Notes include warrants to purchase, in the aggregate, up to 6,670,372 shares of the Company at US\$3.60 per share, which amount was reserved by price reservation with the Canadian Securities Exchange. Beginning one year from today, iAnthus Capital Management may force the exchange of the HY Notes into common shares if the daily volume weighted average trading price of the Company's common shares is greater than US\$5.14 for any 20 consecutive trading days.
5. The Company has concurrently issued US\$10 million aggregate number of Units, with each Unit comprised of one Class A share of the Company at US\$2.57 per share and a warrant to purchase one share of the Company at a price of US\$3.86 per share, which amount was reserved by price reservation with the Canadian Securities Exchange.



6. Net cash proceeds to the Company are approximately US\$46 million after the deductions of various fees and structuring costs. Pro forma for the repayment to VCP Bridge LLC, the Company will have a cash balance of approximately US\$32 million.

**May 1, 2018 (3.47) We trimmed our position by ~41% today at a price of \$3.5032 per share**

We sold just under 84K shares, and it took most of the day, and we had about 9% of our order not executed. The positive is we were able to sell with relative ease and pricing strength an amount that is about 11.2% of average daily volume. I suspect most our shares were bought by cannabis ETF's. I believe these ETF's are fueling the sector. I plan to keep the remaining positions for some time, but you never know. I do like having exposure to the USA sector.

**April 30, 2018 (\$3.60) – Review of December 31, 2017 financials**

IANthus released the year end financials on April 30, 2018. As the company is in an alleged hyper-growth mode, it is very difficult to analyze data that is 4 months old. Of course, we need to see March 31, 2018 financials.

Using 80M shares and price of \$3.60, market cap is \$288M.

Auditors are 'BDO Canada LLP,' a very well-respected firm.

Balance sheet is clean.

Shareholders' Equity of \$21.8M, and tangible equity is \$10.2M.

F2017 revenues of \$2.4M. Essentially very little of the revenue is cannabis related.

	Note	2017	2016
<b>Revenues:</b>			
Management fee income	\$	150,576	\$ 67,461
Investment income		269,159	17,726
Interest income		1,978,727	306,465
Other income		8,767	-
<b>Total revenues</b>		<b>2,407,229</b>	<b>391,652</b>

An impairment loss of \$3.4M.

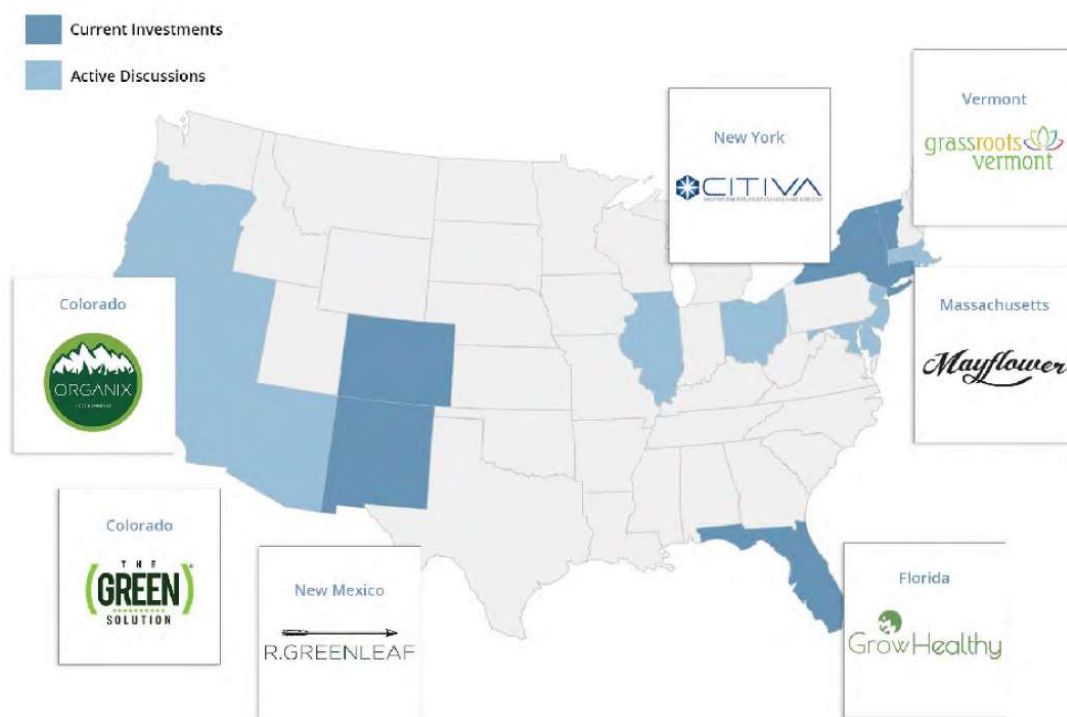
Other items total a net expense of \$2.8M, which included Interest expense, Accretion expense, Change in fair value of derivative liability, Losses from an investment in associate, Loss on settlement of debt, Foreign exchange loss, and Other.

Reported a loss of (\$0.48 per share). I think more meaningful, because of weighted average share count being materially lower than actual, is the total net loss, which was \$13.9M.

Cash drain is material.

Of course, a Going Concern opinion is issued. This is merely letting the investor know that without additional funding, the company would be insolvent.

*“Our vision is to create the most valuable network of cannabis operations and distribution in the United States. We have prioritized long-term, sustainable growth that provides immediate and future value to our investors, customers, and industry partners. To that end, we have focused on building out state-of-the-art, highly automated cultivation facilities in Massachusetts, New York, and Florida that we anticipate will greatly reduce our future cultivation and production costs, while providing a superior and more consistent product to our patients and customers. Our dispensary locations in Florida, Massachusetts, and New York, have prioritized ease of access for our patients and customers and the designs have relied on their feedback and engagement. Our approach should result in dispensaries located in high traffic locations in densely populated areas and allow us to develop a loyal following of patients and customers with whom we will foster meaningful, long-term relationships.”* **Hadley Ford, Chief Executive Officer**



### Thesis:

The company claims to want to create the most valuable network of cannabis operations and distributions in the United States. There is no merit to investing this company on traditional fundamentals of any sort. They are burning a ton of cash, and of course they have a Going Concern letter from the auditors. I am not writing that as a bad thing, just mentioning that any type of fundamental analysis in my opinion would be absurd.

Reasons to invest would include believing their corporate goal, as well as the management team is praised. The company has exposure to MA, NY, VT, CO, and NM. Yet, revenues are still non-existent on their financials. I don't understand that at all, and I am hoping that 1Q18 would have better identification of such. If one is to invest, they would have to expect or weigh the possibilities of

material revenues or hyper-revenue growth. The most recent guidance I have seen from management indicated F2018 revenues of \$20M to \$30M.

Concerns are those of any typical cannabis company, but here you also have debt, material cash burn, related party transactions, and of course, potentially material over-valuation.

The market cap seems absurd at almost \$300M USD.

**April 5, 2018 (\$2.36) Initiated purchase of ~203K shares at average price of \$2.38. This took several days to fully execute.**

**March 29, 2018 (\$2.50)**

According to 420i:

The management team is deep. Hadley Ford, CEO is a former Goldman analyst in healthcare.

Owns Mayflower Medicinals in MA. Has exposure to VT, CO, and NM. Recent exposure to NYC.

Owns 6% of GrowHealthy in FL.

At \$1.48, the market cap is \$56M. Yet, if you look at table below, published in January 2018, market cap would be \$118.4M.

Pro-forma Capital Structure	
Capital Structure	
<b>Basic Shares Outstanding</b>	
Common (Voting)	26.75 M
Common (Class A: Non-Voting)	11.26 M
Pro forma GrowHealthy Acquisition <sup>(1)</sup>	12.10 M
Pro forma Citiva Acquisition <sup>(2)</sup>	5.60 M
Pro forma Mayflower Option <sup>(3)</sup>	1.73 M
<b>Total Basic Shares Outstanding</b>	<b>57.44 M</b>
<b>Dilutive Securities</b>	
Options (Strike C\$1.34 – C\$3.10)	3.82 M
Warrants (Strike C\$1.70 – C\$2.65)	11.69 M
Convertible Notes (US\$1.65)	0.77 M
Unsecured Convertible Debentures (Strike C\$3.10)	5.75 M
<b>Total Dilutive Securities</b>	<b>22.03 M</b>
<b>Total Fully Diluted Shares Outstanding (Pro forma)</b>	<b>79.47 M</b>

NOTES

(1) Assumes share price of US\$2.50

(2) Assumes share price of US\$2.50

(3) Assumes share price of US\$2.50

iAnthus

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Using price of \$2.50, and 80M shares O/S, market cap would be \$200M. ITHUF projected revenues for 2018 to be ~\$20M - \$30M.

“AB loves at 1.63. At least he mentioned to pare it off. Look at TRTC board on 11/9/17. dr\_ed wrote at \$2.58, " I think it fits your investment model and the price is pretty good. Has the usual DOJ risk."

Notes and observations from reading 3Q17 Financials:

1. FWR note is in arrears. \$915K. Due to commence on December 15, 2017. 4Q17 results will discuss this. If still in arrears, management has misguided. Keep in mind that Net Income is





increased from the interest income which at this point is a non-cash item, and of course could indicate a quality of earnings issue.

2. I think these guys started as a BDC, and now transitioning to an owner operator. I need to verify this. If a BDC, then of course historically I have seen a discount to Book Value (CSWC as one example). On the other hand, we see BAM sell at say 2X book (IFRS), which would of course make valuation more realistic. Nevertheless, with Shareholder's Equity of \$15M, you have a trailing Price to Book of > 13X. Tangible Book would be >15X.
3. Company has loaned \$6.5M to Pilgrim Rock Management, a related party. There are no formalized terms of interest, repayment, or security on the loan. This is potentially concerning. This has to do with Mayflower investment, yet, why own Mayflower and not all associated with it, especially when taking great risk on \$6.5M?

I believe there was a PR released in January, explaining that ITHUF now owns full boat, or near so.

4. Why would the company give a facility of \$500K CDN, of which \$425K is tapped, to a director with interest at 2.50%? It also looks like the interest on this shareholder unfriendly loan is being accrued and not paid. Company claims the loan is expected to be repaid on or before September 30, 2018.
5. Balance sheet is clean, other than dilution. Yet, lots of loans without anything other than interest income to benefit, and no ownership. I certainly don't dig that, and I very well could be incorrect on that.
6. Revenues are mostly from management fee income. I need to confirm that this is no longer the case, as company now claims to be primarily an owner/operator with vertical integration. I again, could be very wrong on this. Company projected in a video I saw F2018 revenues of \$20M to \$30M.
7. As I dig into this company, I think of a quote from our website about how bull markets end, *"One fairly dependable sign of the approaching end of a bull swing is the fact that new common stocks of small and nondescript companies are offered at prices somewhat higher than the current level for many medium sized companies with a long market history."*  
**Benjamin Graham** <https://rbcpa.com/commentary-archive/notes-to-benjamin-grahams-book-the-intelligent-investor/>
8. Does company benefit from Mayflower other than from potential note collection with interest?
9. Much of this grid shows that company loans to industry, without full participation, yet company claims to be an owner/operator. Why is that?

## SUMMARY OF INVESTMENTS

	Massachusetts	Vermont	New Mexico	Colorado		New York	Florida
	Mayflower Medicinals, Inc.	FWR Inc. d/b/a Grassroots Vermont	Reynold Greenleaf & Associates LLC	Organix, LLC	The Green Solution, LLC	Citiva Medical, LLC	GrowHealthy Holdings, LLC
 Type of Investment	Loan <sup>(2)</sup>	Loan <sup>(2)</sup>	24.6% Equity Ownership	Note 2	Strategic Partnership and Loan	Loan <sup>(1)</sup>	Loan <sup>(1)</sup>
 Investment Amount (\$US)	\$9.8 million <sup>(3)</sup>	\$0.9 million <sup>(4)</sup>	\$2.4 million	\$5.2 million	\$7.5 million	\$0.5 million	\$1.0 million
 Facilities	3 dispensaries 1 cultivation 1 processing	2 dispensaries 1 cultivation 1 processing	Nil <sup>(6)</sup>	1 dispensary 1 cultivation	12 dispensaries 3 cultivation 1 processing	4 dispensaries 1 cultivation	25 dispensaries 1 cultivation 1 processing
 2018E Market Size (\$US) <sup>(4)</sup>	~\$457 million	~\$22.4 million	~\$61.0 million	~\$1.64 billion	~\$1.64 billion	~\$94.0 million	~\$152 million
 2020E Market Size (\$US) <sup>(4)</sup>	~\$1.02 billion	~\$32.7 million	~\$74.6 million	~\$1.76 billion	~\$1.76 billion	~\$236 million	~\$727 million
 Competition <sup>(5)</sup>	1 of ~35 licenses	1 of 5 licenses	Nil <sup>(6)</sup>	1 of 4 local licenses	12 of over 1000	1 of 10 licenses	1 of 17 licenses

(1) The Company currently has loans to Grassroots Vermont, Mayflower Medicinals, Inc., Citiva Medical, LLC and GrowHealthy Holdings, LLC.

(2) On December 5, 2016, iAnthus acquired certain assets of Organix, LLC, the owner and operator of a Colorado medical and adult use marijuana operation with a cultivation facility in Denver and a fully-integrated medical and adult use dispensary located in the ski town of Breckenridge. The assets acquired include all real estate holdings of Organix LLC's affiliate, DB Land Holdings, Inc., consisting of a 12,000 sq. ft. cultivation facility in Denver, as well as all equipment and other tangible and intangible assets and all of the intellectual property of Organix, LLC, including its brands.

(3) Total investment amount contributed to date includes funds transferred to Mayflower Medicinals, Inc. and its affiliate, Pilgrim Rock Management, LLC, a related party owned by an officer of the Company, Randy Maslow. Pilgrim Rock Management, LLC was formed to manage the construction of the cannabis cultivation facility in Holliston, Massachusetts and a dispensary in Boston, Massachusetts in connection with the Company's investment in Mayflower.

(4) The Cannabis Industry Annual Report; 2017 Legal Marijuana Outlook – New Frontier; company estimates.

(5) State data and company estimates.

(6) RGA currently manages three cultivation operations in Albuquerque, New Mexico totalling 13,200 square feet and four dispensary locations, also in Albuquerque, New Mexico.

For additional information, refer to table on page 23 of the Management's Discussion and analysis.

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