UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 000-56228

IANTHUS CAPITAL HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada	**98-1360810**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
420 Lexington Avenue, Suite 414 New York, NY	**10170**
(Address of principal executive offices)	**(Zip Code)**

(646) 518-9411
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of common shares outstanding as of May 12, 2022 was 171,718,192.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any statements in this Quarterly Report on Form 10-Q about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward- looking statements. These statements are often, but not always, made through the use of words or phrases such as "believe," "will," "expect," "anticipate," "estimate," "intend," "plan" and "would." For example, statements concerning financial condition, possible or assumed future results of operations, growth opportunities, industry ranking, plans and objectives of management, markets for our common shares and future management and organizational structure are all forward-looking statements. Forward-looking statements are not guarantees of performance. They involve known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to differ materially from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statements.

Any forward-looking statements are qualified in their entirety by reference to the risk factors discussed throughout our most recent Annual Report on Form 10-K and any updates described in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K as may be amended, supplemented or superseded from time to time by other reports we file with the U.S. Securities and Exchange Commission (the "SEC"). You should read this Quarterly Report on Form 10-Q and the documents that we referenced herein and have filed as exhibits to the reports we file with the SEC, completely and with the understanding that our actual future results may be materially different from what we expect. You should assume that the information appearing in this Quarterly Report on Form 10-Q is accurate as of the date hereof. Because the risk factors in our SEC reports could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the information presented in this Quarterly Report on Form 10-Q, and particularly our forward-looking statements, by these cautionary statements.

ITEM 1. FINANCIAL STATEMENTS

iANTHUS CAPITAL HOLDINGS, INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands of U.S. dollars or shares)

	March 31, 2022	December 31, 2021 (Revised)
Assets		
Cash	$ 14,078	$ 13,244
Restricted cash	2,641	3,334
Accounts receivable, net of allowance for doubtful accounts of $15 (December 31, 2021—$27)	3,687	3,595
Prepaid expenses	5,060	3,178
Inventories, net	31,950	28,692
Other current assets	1,462	1,603
Current Assets	**58,878**	**53,646**
Investments	536	568
Property, plant and equipment, net	109,716	112,634
Right-of-use assets	32,529	30,429
Other long-term assets	3,897	8,650
Intangible assets, net	154,139	139,062
Total Assets	**$ 359,695**	**$ 344,989**
Liabilities and Shareholder's Deficit		
Accounts payable	$ 17,296	$ 13,636
Accrued and other current liabilities	110,817	98,933
Current portion of long-term debt, net of issuance costs	178,562	165,381
Derivative liabilities	4	16
Current portion of lease liabilities	7,895	7,342
Current Liabilities	**314,574**	**285,308**
Long-term debt, net of issuance costs	16,336	27,999
Deferred income tax	31,597	27,507
Long-term portion of lease liabilities	29,465	27,814
Total Liabilities	**391,972**	**368,628**
Commitments and Contingencies		
Shareholders' Deficit		
Common shares—no par value. Authorized—unlimited number. 171,718—issued and outstanding (December 31, 2021 —171,718—issued and outstanding)	—	—
Shares to be issued	1,531	1,531
Additional paid-in capital	777,926	776,462
Accumulated deficit	(811,734)	(801,632)
Total Shareholders' Deficit	**$ (32,277)**	**$ (23,639)**
Total Liabilities and Shareholders' Deficit	**$ 359,695**	**$ 344,989**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

iANTHUS CAPITAL HOLDINGS, INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except per share amounts)

	For the Three Months Ended March 31,	
	2022	2021
Revenues, net of discounts	**$ 42,790**	**$ 51,805**
Costs and expenses applicable to revenues	**(20,298)**	**(22,084)**
Gross profit	**22,492**	**29,721**
Operating expenses		
Selling, general and administrative expenses	23,406	24,228
Depreciation and amortization	8,406	6,832
Write-downs, recoveries and other charges, net	57	259
Total operating expenses	31,869	31,319
Loss from operations	**(9,377)**	**(1,598)**
Interest income	60	124
Other income	11,266	274
Interest expense	(5,894)	(5,678)
Accretion expense	(766)	(4,852)
Provision for debt obligation fee	(414)	(414)
Losses from change in fair value of financial instruments	(102)	(17)
Loss before income taxes	**(5,227)**	**(12,161)**
Income tax expense	4,875	7,291
Net loss	**$ (10,102)**	**$ (19,452)**
Net loss per share—basic and diluted	**$ (0.06)**	**$ (0.11)**
Weighted average number of common shares outstanding—basic and diluted	**171,718**	**171,718**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

iANTHUS CAPITAL HOLDINGS, INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY
(In thousands of U.S. dollars or shares)

	Three Months Ended March 31, 2022				
	Number of Common Shares ('000)	Shares to be Issued	Additional Paid-in-Capital	Accumulated Deficit	Total Shareholders' Deficit
Balance – January 1, 2022 – (Revised)	**171,718**	**$ 1,531**	**$ 776,462**	**$ (801,632)**	**$ (23,639)**
Share-based compensation	—	—	1,464	—	1,464
Net loss	—	—	—	(10,102)	(10,102)
Balance – March 31, 2022	**171,718**	**$ 1,531**	**$ 777,926**	**$ (811,734)**	**$ (32,277)**

	Three Months Ended March 31, 2021				
	Number of Common Shares ('000)	Shares to be Issued	Additional Paid-in-Capital	Accumulated Deficit	Total Shareholders' Equity
Balance – January 1, 2021 – (Revised)	**171,718**	**$ 1,531**	**$ 769,940**	**$ (724,142)**	**$ 47,329**
Share-based compensation	—	—	1,634	—	1,634
Net loss	—	—	—	(19,452)	(19,452)
Balance – March 31, 2021	**171,718**	**$ 1,531**	**$ 771,574**	**$ (743,594)**	**$ 29,511**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

iANTHUS CAPITAL HOLDINGS, INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

	Three Months Ended March 31,	
	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	$ (10,102)	$ (19,452)
Adjustments to reconcile net loss to cash provided by operations:		
Interest income	(60)	(124)
Interest expense	5,894	5,678
Accretion expense	766	4,852
Debt obligation fees	414	414
Depreciation and amortization	9,029	7,374
Write-downs, recoveries and other charges, net	57	259
Share-based compensation	1,464	1,634
Losses from change in fair value of financial instruments	102	17
Gain from nonmonetary consideration from acquisition (Refer to Note 4)	(10,460)	—
Deferred income taxes	—	8
Change in operating assets and liabilities (Refer to Note 13)	4,647	4,792
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	**$ 1,751**	**$ 5,452**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,573)	(4,752)
Acquisition of other intangible assets	(61)	—
Proceeds from sale of property, plant and equipment	127	—
Issuance of related party promissory note	(92)	(375)
Purchase of subsidiaries, net of cash acquired	4	—
NET CASH USED IN INVESTING ACTIVITIES	**$ (1,595)**	**$ (5,127)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	—	11,000
Debt issuance costs	—	(694)
Repayment of debt	(15)	(14)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	**$ (15)**	**$ 10,292**
CASH AND RESTRICTED CASH:		
NET INCREASE IN CASH AND RESTRICTED CASH DURING THE YEAR	141	10,617
CASH AND RESTRICTED CASH, BEGINNING OF YEAR (Refer to Note 13)	16,578	11,510
CASH AND RESTRICTED CASH, END OF YEAR (Refer to Note 13)	**$ 16,719**	**$ 22,127**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

iANTHUS CAPITAL HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

Note 1 – Organization and Description of Business

(a) Description of Business

iAnthus Capital Holdings, Inc. ("ICH", or "iAnthus"), together with its consolidated subsidiaries (the "Company") was incorporated under the laws of British Columbia, Canada, on November 15, 2013. The Company is a vertically-integrated multi-state owner and operator of licensed cannabis cultivation, processing and dispensary facilities, and developer, producer and distributor of innovative branded cannabis and cannabidiol ("CBD") products in the United States. Through the Company's subsidiaries, licenses, interests and contractual arrangements, the Company has the capacity to operate dispensaries and cultivation/processing facilities, and manufacture and distribute cannabis across the states in which the Company operates in the U.S. Additionally, the Company distributes CBD products online and to retail locations across the United States.

The Company's business activities, and the business activities of its subsidiaries, which operate in jurisdictions where the use of marijuana has been legalized under state and local laws, currently are illegal under U.S. federal law. The U.S. Controlled Substances Act classifies marijuana as a Schedule I controlled substance. Any proceeding that may be brought against the Company could have a material adverse effect on the Company's business plans, financial condition and results of operations.

(b) Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and, therefore, certain information, footnotes and disclosures normally included in the annual financial statements, prepared in accordance with U.S. GAAP, have been condensed or omitted in accordance with SEC rules and regulations.

The financial data presented herein should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021, included in the Company's Annual Report on the Form 10-K filed with the SEC on March 18, 2022. In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented. These unaudited interim condensed consolidated financial statements include estimates and assumptions of management that affect the amounts reported on the unaudited condensed consolidated financial statements. Actual results could differ from these estimates.

The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2022, or any other period.

Except as otherwise stated, these unaudited interim condensed consolidated financial statements are presented in U.S. dollars.

(c) Going Concern

These unaudited interim condensed consolidated financial statements have been prepared under the assumption that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. For the three months ended March 31, 2022, the Company reported a net loss of $10.1 million, operating cash inflows of $1.8 million and an accumulated deficit of $811.7 million as of March 31, 2022. These material circumstances cast substantial doubt on the Company's ability to continue as a going concern for a period at least 12 months from the date of this report and ultimately on the appropriateness of the use of the accounting principles applicable to a going concern.

During the three months ended March 31, 2022, due to liquidity constraints, the Company did not make interest payments due to the lenders (the "Secured Lenders") of the Company's 13% senior secured convertible debentures (the "Secured Notes") and the lenders (the "Unsecured Lenders" and together with the Secured Lenders, the "Lenders") of the Company's 8% convertible unsecured debentures (the "Unsecured Debentures"). The Company is currently in default with respect to certain of its long-term debt, which, as of March 31, 2022, consists of $97.5 million and $60.0 million of principal amount and $34.8 million and $10.8 million in accrued interest with respect to the Secured Notes and Unsecured Debentures, respectively. In addition, as a result of the default, the Company has accrued additional fees and interest of $15.8 million in excess of the aforementioned amounts. Refer to Note 5 and Note 14 for further discussion.

iANTHUS CAPITAL HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

As a result of the March 31, 2020 default, the Board of Directors of the Company (the "Board" or the "Board of Directors") formed a special committee comprised of the Company's then five independent, non-management directors of the Company (the "Special Committee") to, among other matters, 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 the novel coronavirus known as COVID-19 ("COVID-19"), including, but not limited to:

- renegotiation of existing financing arrangements and other material contracts, including any amendments, waivers, extensions or similar agreements with the Lenders and/or stakeholders of the Company and/or its subsidiaries that the Special Committee determines are in the best interest of the Company and/or its subsidiaries;
- managing available sources of capital, including equity investments or debt financing or refinancing and the terms thereof;
- implementing the operational and financial restructuring of the Company and its subsidiaries and their respective businesses, assets and licensure and other rights; and
- implementing other potential strategic transactions.

The Special Committee engaged Canaccord Genuity Corp. as its financial advisor to assist the Special Committee in analyzing various strategic alternatives to address its capital structure and liquidity challenges.

On June 22, 2020, the Company received notice from Gotham Green Admin 1, LLC (the "Collateral Agent"), as collateral agent holding security for the benefit of the Secured Lenders, with a demand for repayment (the "Demand Letter") under the Amended and Restated Secured Debenture Purchase Agreement dated October 10, 2019 (the "Secured Notes Purchase Agreement") of the entire principal amount of the Secured Notes, together with interest, fees, costs and other allowable charges that had accrued or might accrue in accordance with the Secured Notes Purchase Agreement and the other Transaction Agreements (as defined in the Secured Notes Purchase Agreement). The Collateral Agent also concurrently provided the Company with a Notice of Intention to Enforce Security (the "BIA Notice") under section 244 of the Bankruptcy and Insolvency Act (Canada) (the "BIA").

On July 10, 2020, the Company and certain of its subsidiaries entered into a restructuring support agreement (as amended, the "Restructuring Support Agreement") with the Secured Lenders and certain of the Unsecured Lenders (the "Consenting Unsecured Lenders") to affect a proposed recapitalization transaction (the "Recapitalization Transaction"). Under the Restructuring Support Agreement, certain of the Secured Lenders agreed to provide interim financing in the amount of $14.7 million (the "Tranche Four Secured Notes"). Refer Note 14 for further details regarding the proposed transaction.

Subject to compliance with the Restructuring Support Agreement, the Secured Lenders and the Consenting Unsecured Lenders will forbear from further exercising any rights or remedies in connection with any events of default of the Company occurring under their respective agreements and will stop any current or pending enforcement actions with respect to the same, including as set forth in the Demand Letter.

Pursuant to the terms of the Restructuring Support Agreement, the Recapitalization Transaction would be implemented pursuant to arrangement proceedings ("Arrangement Proceedings") commenced under the British Columbia Business Corporations Act, or, only if necessary, the Companies' Creditors Arrangement Act (Canada) ("CCAA"). Completion of the Recapitalization Transaction through the Arrangement Proceedings is subject to, among other things, requisite stakeholder approval of the plan of arrangement (the "Plan of Arrangement").

iANTHUS CAPITAL HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

On September 14, 2020, the Company held meetings at which the stakeholders approved the Plan of Arrangement. Following the stakeholder vote, on September 25, 2020, the Company attended a court hearing before the Supreme Court of British Columbia (the "Court") to receive approval of the Plan of Arrangement. On October 5, 2020, the Company received final approval from the Court for the Plan of Arrangement. On November 5, 2020, the Company received a notice of appeal with respect to the final approval for the Plan of Arrangement by the Court, and on January 29, 2021, the appeal was dismissed by the British Columbia Court of Appeal. Because the Company received the necessary approvals of the Plan of Arrangement from the Court, Secured Lenders, Unsecured Lenders and the holders of the Company's common shares, options and warrants, the Recapitalization Transaction will be implemented through the British Columbia Business Corporations Act and not the CCAA.

The Company may be required to obtain other necessary approvals with respect to the Plan of Arrangement, including approvals by state-level regulators and the Canadian Securities Exchange (collectively, the "Requisite Approvals"). Specifically, certain of the transactions contemplated by the Recapitalization Transaction have triggered the requirement for an approval by state-level regulators in certain U.S. states with jurisdiction over the licensed cannabis operations of entities owned, in whole or in part, or controlled, directly or indirectly, by the Company in such states. On February 23, 2021, the Nevada Cannabis Compliance Board approved the proposed change of ownership and control of the Company's wholly-owned subsidiary, GreenMart of Nevada NLV, LLC ("GMNV"), contemplated by the Recapitalization Transaction. On June 17, 2021, the Massachusetts Cannabis Control Commission (the "CCC") approved the proposed change of ownership and control of the current licenses held by the Company's wholly-owned subsidiaries, Mayflower Medicinals, Inc. ("Mayflower") and Cannatech Medicinals, Inc. ("Cannatech"), contemplated by the Recapitalization Transaction (the "June 17 Approval"). On June 15, 2021, the Company and the Lenders agreed to amend the date by which the Recapitalization Transaction pursuant to the Plan of Arrangement is required to be implemented by from June 30, 2021 to August 31, 2021 (the "Outside Date").

On August 12, 2021, Mayflower's pending application for a Marijuana Establishment retail license for its Allston, Massachusetts retail location (the "Allston Retail License") was approved by the CCC at its August 2021 public meeting. As a result of such August 12, 2021 approval, Mayflower was required to submit a new change of ownership and control application to the CCC in connection with the Recapitalization Transaction with respect to the Allston Retail License (the "New COC Application"). The New COC Application was submitted by Mayflower on November 10, 2021 and is currently pending before the CCC. The New COC Application must be approved by the CCC before the June 17 Approval can be effectuated.

On August 20, 2021, Gotham Green Partners, LLC and Gotham Green Admin 1, LLC (the "Applicants") filed a Notice of Application (the "Application") with the Ontario Superior Court of Justice Commercial List ("OSCJ"), which sought, among other things, a declaration that the Outside Date be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On August 24, 2021, the Company and Applicants appeared for a case conference before the OSCJ at which the OSCJ issued an endorsement (the "Stay Order") that required the parties to the Restructuring Support Agreement to maintain the status quo until the hearing on September 23, 2021. Specifically, the Stay Order provided that the parties shall remain bound by the Restructuring Support Agreement and not take any steps to advance or impede the regulatory approval process for the closing of the Recapitalization Transaction or otherwise have any communication with the applicable state-level regulators concerning the Recapitalization Transaction or the other counterparties to the Restructuring Support Agreement. On September 23, 2021, the parties appeared before the OSCJ for a hearing on the Application. Following this hearing, the OSCJ issued an endorsement that extended the Stay Order from September 23, 2021 until 48 hours after the release of the OSCJ's decision on the merits of the Application. On October 12, 2021, the OSCJ issued its decision granting the Applicant's relief sought in the Application (the "Decision"). Specifically, the OSCJ granted the declaration sought by the Applicants and ordered that the Outside Date be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On November 10, 2021, the Company filed a Notice of Appeal with the Ontario Court of Appeal and a hearing on the appeal is scheduled for June 9, 2022.

On August 20, 2021, the Vermont Department of Public Safety (the "DPS") confirmed that the DPS does not require prior approval of the Recapitalization Transaction, except for background checks of the prospective new directors and Interim Chief Executive Officer of the Company to be appointed upon the closing of the Recapitalization Transaction, which background checks have been completed.

On October 29, 2021, the Florida Department of Health, Office of Medical Marijuana Use (the "OMMU") approved the proposed change of ownership and control of the Company's wholly-owned subsidiary, McCrory's Sunny Hill Nursery, LLC ("McCrory's") contemplated by the Recapitalization Transaction (the "Variance Request"). On November 19, 2021, a petition (as amended, the "Petition") was filed by certain petitioners (the "Petitioners") with the OMMU challenging the OMMU's approval of the Variance Request and requesting a formal administrative hearing before an administrative law judge ("ALJ") at the Florida Division of Administrative Hearings. As a result of the Petition, the OMMU informed the Company that the OMMU's prior approval of the Variance Request is not an enforceable agency order until such time that there is a final resolution of the Petition and a final agency order is issued by the OMMU. On May 4, 2022, the OMMU issued a final agency order, accepting the recommendation of the ALJ and dismissing the Petition.

iANTHUS CAPITAL HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

On April 1, 2022, the Maryland Medical Cannabis Commission (the "MMCC") approved the proposed change of ownership and control of the Company's wholly-owned subsidiary, S8 Management, LLC ("S8"), contemplated by the Recapitalization Transaction. S8 currently controls 4 licensed entities in Maryland through management services agreements.

State-level regulatory approvals remain outstanding in Massachusetts, New Jersey, and New York. On January 7, 2022, the New Jersey Cannabis Regulatory Commission ("CRC") approved the Company's acquisition of 100% of the equity interest in New Jersey license holder MPX New Jersey, LLC ("MPX NJ"). On February 1, 2022, the Company closed on its acquisition of MPX NJ, which resulted in a requirement for prior regulatory approval for the change of beneficial ownership of MPX NJ that would result from the Recapitalization Transaction to be required as a condition to closing under the Restructuring Support Agreement.

The Company believes that the financing transactions received to date should provide the necessary funding for the Company to continue as a going concern. However, there can be no assurance that capital, when needed, will be available on terms acceptable to the Company, or at all. As such, these material circumstances cast substantial doubt on the Company's ability to continue as a going concern for a period no less than 12 months from the date of this report. These unaudited interim condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

(d) Basis of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Company together with its consolidated subsidiaries, except for subsidiaries which the Company has identified as variable interest entities where the Company is not the primary beneficiary.

(e) Use of Estimates

The preparation of the unaudited interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of unaudited interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations regarding future events that are believed to be reasonable under the circumstances. Actual results may differ significantly from these estimates.

Significant estimates made by management include, but are not limited to: economic lives of leased assets; inputs used in the valuation of inventory; allowances for potential uncollectability of accounts and notes receivable; provisions for inventory obsolescence; impairment assessment of long- lived assets; depreciable lives of property, plant and equipment; useful lives of intangible assets; accruals for contingencies including tax contingencies; valuation allowances for deferred income tax assets; estimates of fair value of identifiable assets and liabilities acquired in business combinations; estimates of fair value of derivative instruments; and estimates of the fair value of stock-based payment awards.

(f) Change in Estimates

In January 2021, the Company completed an assessment of the yield per gram that is used as an input to value the Company's inventory. The timing of this review was based on a combination of factors accumulating over time that provided the Company with updated information to make a better estimate on the yield of its products. These factors included enhanced data gathering of crop production and yields into inventory. The assessment resulted in a revision of the Company's production yield estimates that are used to value ending inventory. The effect of this change was an increase in costs and expenses applicable to revenues of approximately $2.9 million in the first quarter of 2021.

iANTHUS CAPITAL HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

(g) Coronavirus Pandemic

In March 2020, the World Health Organization declared the global emergence of theCOVID-19 pandemic. The Company continues to monitor guidance and orders issued by federal, state, and local authorities with respect to COVID-19. As a result, the Company may take actions that alter its business operations as may be required by such guidance and orders or take other steps that the Company determines are in the best interest of its employees, customers, partners, suppliers, shareholders, and stakeholders.

Any such alterations or modifications could cause substantial interruption to the Company's business and could have a material adverse effect on the Company's business, operating results, financial condition, and the trading price of the Company's common shares, and could include temporary closures of one or more of the Company's facilities; temporary or long-term labor shortages; temporary or long-term adverse impacts on the Company's supply chain and distribution channels; and the potential of increased network vulnerability and risk of data loss resulting from increased use of remote access and removal of data from the Company's facilities. In addition, COVID-19 could negatively impact capital expenditures and overall economic activity in the impacted regions or depending on the severity, globally, which could impact the demand for the Company's products and services.

It is unknown whether and how the Company may be impacted if theCOVID-19 pandemic continues to persist for an extended period of time or it there are increases in its breadth or in its severity, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. The COVID-19 pandemic poses a risk that the Company or its employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period.

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, subject to the implementation of certain restrictions on adult-use cannabis sales in both Massachusetts and Nevada, which have since been lifted, 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 common shares of the Company.

(h) Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation. These reclassifications adjustment had no effect on the Company's previously reported unaudited interim condensed consolidated statement of operations.

The following table summarizes the effects of reclassification adjustment on the line items within the Company's unaudited interim condensed consolidated statements of operations:

Prior Year's Line item	Reclassified Amount	Current Year's Line item
Depreciation and amortization	$ 542	Selling, general and administrative expenses
Depreciation and amortization	(542)	Depreciation and amortization

(i) Revision of Prior Period Financial Statements

During the three months ended March 31, 2022, the Company determined that it had not appropriately recorded cost of inventory as of December 31, 2021. This resulted in an overstatement of the inventory balance, accrued and other current liabilities, income tax expense and accumulated deficit as of December 31, 2021, and an understatement of costs and expenses applicable to revenues for the year ended December 31, 2021.

Based on an analysis of Accounting Standards Codification ("ASC") 250 – "Accounting Changes and Error Corrections" ("ASC 250"), Staff Accounting Bulletin 99 – "Materiality" ("SAB 99") and Staff Accounting Bulletin 108 – "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), the Company determined that these errors were immaterial to the previously issued financial statements, and as such no restatement was necessary. Correcting prior period financial statements for immaterial errors would not require previously filed reports to be amended.

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The effect of the adjustments on the line items within the Company's consolidated balance sheet as of December 31, 2021 is as follows:

	December 31, 2021		
	As previously reported	Adjustment	As adjusted
Inventories	$ 30,447	$ (1,755)	$ 28,692
Current assets	55,401	(1,755)	53,646
Total assets	346,744	(1,755)	344,989
Accrued and other current liabilities	99,446	(513)	98,933
Current liabilities	285,821	(513)	285,308
Total liabilities	369,141	(513)	368,628
Accumulated deficit	(800,390)	(1,242)	(801,632)
Total shareholders' deficit	(22,397)	(1,242)	(23,639)
Total liabilities and shareholders' deficit	346,744	(1,755)	344,989

The effect of the adjustments on the line items within the Company's consolidated statement of operations as of December 31, 2021 is as follows:

	Year Ended December 31, 2021		
	As previously reported	Adjustment	As adjusted
Costs and expenses applicable to revenues	$ (91,735)	$ (1,755)	$ (93,490)
Gross profit	111,283	(1,755)	109,528
Loss from operations	(22,025)	(1,755)	(23,780)
Loss from operations before income tax	(53,999)	(1,755)	(55,754)
Income tax expense	22,249	(513)	21,736
Net loss	(76,248)	(1,242)	(77,490)
Earnings per share	(0.44)	(0.01)	(0.45)

The effect of the adjustments on the line items within the Company's interim condensed consolidated statements of changes in shareholders' deficit for the three months ended March 31, 2022 is as follows:

	March 31, 2022		
	As previously reported	Adjustment	As adjusted
Accumulated deficit – Balance January 1, 2022	$(800,390)	$ (1,242)	$(801,632)
Total Shareholders' deficit – Balance January 1, 2022	(22,397)	(1,242)	(23,639)

Note 2 – Leases

The Company mainly leases office space and cannabis cultivation, processing and retail dispensary space. Leases with an initial term of less than 12 months are not recorded on the unaudited interim condensed consolidated balance sheets. The Company recognizes lease expense for these leases on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The Company has determined that it was reasonably certain that the renewal options on the majority of its cannabis cultivation, processing and retail dispensary space would be exercised based on operating history and knowledge, current understanding of future business needs and the level of investment in leasehold improvements, among other considerations. The incremental borrowing rate used in the calculation of the lease liability is based on the rate available to the parent company. The depreciable life of assets and leasehold improvements are limited by the expected lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Certain subsidiaries of the Company rent or sublease certain office space to/from other subsidiaries of the Company. These intercompany subleases are eliminated on consolidation and have lease terms ranging from less than 1 year to 15 years.

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Maturities of lease liabilities for operating leases as of March 31, 2022, were as follows:

	Operating Leases
2023	$ 7,895
2024	7,892
2025	8,065
2026	8,161
2027	7,835
Thereafter	58,473
Total lease payments	$ 98,321
Less: interest expense	(60,961)
Present value of lease liabilities	$ 37,360
Weighted-average remaining lease term (years)	11.4
Weighted-average discount rate	20%

For the three months ended March 31, 2022, the Company recorded operating lease expenses of $2.2 million (March 31, 2021—$2.4 million), which are included in selling, general and administrative expenses on the unaudited interim condensed consolidated statements of operations.

The Company has entered into multiple sublease agreements pursuant to which it serves as lessor to the sublessees. The gross rental income and underlying lease expense are presented gross on the Company's unaudited interim condensed consolidated balance sheets. For the three months ended March 31, 2022, the Company recorded sublease income of $0.2 million (March 31, 2021—$Nil), which is included in other income on the unaudited interim condensed consolidated statements of operations.

Supplemental balance sheet information related to leases are as follows:

Balance Sheet Information	Classification	March 31, 2022	December 31, 2021
Right-of-use assets	Operating leases	$ 32,529	$ 30,429
Lease Liabilities			
Current portion of lease liabilities	Operating leases	$ 7,895	$ 7,342
Long-term lease liabilities	Operating leases	29,465	27,814
Total		**$ 37,360**	**$ 35,156**

Note 3—Inventories

Inventories are comprised of the following items:

	March 31, 2022	December 31, 2021 (Revised)
Supplies	$ 6,744	$ 6,188
Raw materials	8,059	5,641
Work in process	8,444	9,464
Finished goods	8,703	7,399
Total	**$ 31,950**	**$ 28,692**

Inventories are written down for any obsolescence or when the net realizable value considering future events and conditions is less than the carrying value. For the three months ended March 31, 2022, the Company recorded $0.3 million (March 31, 2021 – $0.2 million), related to spoiled inventory in costs and expenses applicable to revenues on the unaudited interim condensed consolidated statements of operations.

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Note 4 – Acquisitions

Acquisition of MPX New Jersey LLC

On February 1, 2022, the Company's wholly-owned subsidiary, iAnthus New Jersey, LLC ("INJ"), closed on its acquisition of MPX NJ, a New Jersey-based entity with a New Jersey medical cannabis permit. The acquisition consisted of INJ exercising its right to convert the principal balance of the loan and accrued interest owed pursuant to its loan agreement of $4.6 million into a 99% equity interest in MPX NJ. In addition, pursuant to an option agreement, INJ exercised its option to acquire the remaining 1% of MPX NJ for nominal consideration. The transaction with MPX NJ is a related party transaction due to the fact that Elizabeth Stavola, a former officer and director of iAnthus, is a former officer, director and majority owner of MPX NJ. The Company acquired MPX NJ to use its permit to build-out cultivation, production and retail operations within the state of New Jersey. The Company expects this acquisition to help establish a larger national footprint within the United States.

This transaction was treated as an asset acquisition under U.S. GAAP as substantially all of the fair value of the gross assets acquired were deemed to be associated with the acquired cultivation, production and retail licenses recognized as intangible assets in the table below.

The following table summarizes the allocation of the purchase price to the fair values assigned to the assets acquired and liabilities assumed:

Consideration	
Cash	$ 1
Settlement of pre-existing relationships	19,193
Fair value of consideration	**$19,194**
Assets acquired and liabilities assumed	
Cash	$ 5
Fixed assets	100
Other non-current assets	15
Intangible assets	19,100
Accounts payable	(15)
Accrued and other current liabilities	(11)
Net assets acquired	**$19,194**

The Company has determined that this acquisition is an asset acquisition underASC 805 Business Combinations whereby the total consideration is allocated to the acquired net tangible and intangible assets based on their estimated fair values as of the closing date. The Company determined the fair value of the net identifiable assets received from the asset acquisition was a more reliable measurement of the assets exchanged as part of this asset acquisition. The Company concluded that the consideration included a nonmonetary component of $14.5 million as noncash consideration exchanged for the net identifiable assets received from MPX NJ. The related tax impact of $4.1 million was netted against this gain. As a result, the Company recorded a $10.5 million gain within other income on the unaudited interim condensed consolidated statement of operations for the three months ended March 31, 2022.

Operating results have been included in these unaudited interim condensed consolidated financial statements from the date of the acquisition. Supplemental pro forma financial information has not been presented as the impact was not material to the Company's unaudited interim condensed consolidated financial statements. The Company recorded acquisition costs of $0.2 million and $Nil within selling, general and administrative expenses on the unaudited interim condensed consolidated statement of operations for the three months ended March 31, 2022 and 2021, respectively.

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Note 5—Long-Term Debt

	Secured Notes(1)	May 2019 Debentures	March 2019 Debentures	Other	Total
As of January 1, 2022	**$ 134,902**	**$ 24,033**	**$ 33,138**	**$ 1,307**	**$ 193,380**
Fair value of financial liabilities issued	767	—	—	—	767
Accretion of balance	193	200	373	—	766
Repayment	—	—	—	(15)	(15)
As of March 31, 2022	**$ 135,862**	**$ 24,233**	**$ 33,511**	**$ 1,292**	**$ 194,898**

(1) This amount includes the Company's obligation to pay an exit fee of $10.0 million that accrues interest at a rate of 13% per annum (the "Exit Fee") under the Secured Notes.

As of March 31, 2022, the total and unamortized discount costs were $30.3 million and $2.7 million, respectively (December 31, 2021—$30.3 million and $3.2 million, respectively). As of March 31, 2022, the total and unamortized debt issuance costs were $7.7 million and $2.2 million, respectively (December 31, 2021—$7.7 million and $2.5 million, respectively).

As of March 31, 2022, the total interest accrued on both current and long-term debt was $1.1 million (December 31, 2021—$45.6 million).

(a) Secured Notes

Tranche One

On May 14, 2018, the Company issued $40.0 million secured notes (the "Tranche One Secured Notes") with a maturity date of May 14, 2021. The principal amount of such notes will remain outstanding until the closing of the Recapitalization Transaction. Interest on the Tranche One Secured Notes will continue to accrue at the default rate of 16.0% per annum until such time. Due to the conversion price of $3.08 being less than the Company's closing stock price on the date of issuance, this gave rise to a beneficial conversion feature valued at $7.9 million. The Company recognized this beneficial conversion feature as a debt discount and additional paid in capital on the closing date. The discount to the Tranche One Secured Notes was being amortized to accretion expense until maturity or its earlier repayment or conversion. For the three months ended March 31, 2022, the amount of amortization recorded in accretion expense was $Nil (March 31, 2021—$0.7 million) on the unaudited interim condensed consolidated statement of operations. The terms also contain a financial covenant requiring the Company's asset value to be 1.75 times the total net debt at each quarter end and requires that the Company maintain a minimum cash balance of $1.0 million while the Tranche One Secured Notes remain outstanding (the "market value test").

For the three months ended March 31, 2022, interest expense and accretion expense of $1.7 million and $Nil, respectively, (March 31, 2021—$1.7 million and $2.3 million, respectively), were recorded on the unaudited interim condensed consolidated statements of operations.

As of March 31, 2020, the Company was not in compliance with the market value test and the Company did not make interest payments, therefore in breach of a financial covenant for the Tranche One Secured Notes, Tranche Two Secured Notes (as defined herein), and Tranche Three Secured Notes (as defined herein). Furthermore, the Company was in default on its Secured Notes as of March 31, 2020, and as a result, an event of default occurred on April 4, 2020. This default was triggered on the Company's long-term debt, which as of March 31, 2022, consisted of $97.5 million and $60.0 million of principal amount and $34.8 million and $10.8 million in accrued interest on the Secured Notes and the Unsecured Debentures, respectively. As a result of the default, the Company is classifying the Tranche One Secured Notes, Tranche Two Secured Notes, and Tranche Three Secured Notes as current liabilities on the unaudited interim condensed consolidated balance sheets. As of March 31, 2022, the Company is still in default on the Tranche One Secured Notes, Tranche Two Secured Notes, and Tranche Three Secured Notes. Further details on the default are disclosed in Note 14.

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For the three months ended March 31, 2022, interest expense of $0.4 million (March 31, 2021 – $0.4 million), was recorded in relation to the Exit Fee on the unaudited interim condensed consolidated statements of operations. As of March 31, 2022, the Company accrued $15.8 million (March 31, 2021—$14.2 million) related to the Exit Fee, comprised of an aggregate principal amount of $10.3 million and $5.5 million in accrued interest (March 31, 2021 – an aggregate principal amount of $10.3 million and $3.9 million in accrued interest). Furthermore, as a result of this default, the Company is classifying the Exit Fee as a current liability on the unaudited interim condensed consolidated balance sheets as of March 31, 2022.

Tranche Two

On September 30, 2019, the Company issued an additional $20.0 million of secured notes (the "Tranche Two Secured Notes"). The Tranche Two Secured Notes accrue interest at 13.0% per annum and had an original maturity date of May 14, 2021. The principal amount of such notes will remain outstanding until the closing of the Recapitalization Transaction. Interest on the Tranche Two Secured Notes will continue to accrue at the default rate of 16.0% per annum until such time.

For the three months ended March 31, 2022, interest expense and accretion expense of $0.8 million and $Nil, respectively, (March 31, 2021—$0.8 million and $0.5 million, respectively), were recorded on the unaudited interim condensed consolidated statements of operations.

All terms, restrictions and financial covenants applicable to the Tranche One Secured Notes are also applicable to Tranche Two Secured Notes.

Tranche Three

On December 20, 2019, the Company issued an additional $36.2 million of secured notes (the "Tranche Three Secured Notes"). The Tranche Three Secured Notes accrue interest at 13.0% per annum and had an original maturity date of May 14, 2021. The principal amount of such notes will remain outstanding until the closing of the Recapitalization Transaction. Interest on the Tranche Three Secured Notes will continue to accrue at default rate of 16.0% per annum until such time.

For the three months ended March 31, 2022, interest expense and accretion expense of $1.4 million and $Nil, respectively, (March 31, 2021—$1.4 million and $1.1 million, respectively), were recorded on the unaudited interim condensed consolidated statements of operations.

All terms, restrictions and financial covenants applicable to the Tranche One Secured Notes and Tranche Two Secured Notes are also applicable to Tranche Three Secured Notes.

Tranche Four

On July 13, 2020, as part of the Recapitalization Transaction, the Company issued an additional $14.7 million as the Tranche Four Secured Notes. The Tranche Four Secured Notes accrue interest at 8.0% per annum and mature on July 13, 2025.

For the three months ended March 31, 2022, interest expense and accretion expense of $0.3 million and $0.1 million, respectively, (March 31, 2021—$0.3 million and $0.1 million, respectively), were recorded on the unaudited interim condensed consolidated statements of operations.

All terms, restrictions, and financial covenants applicable to the Tranche One Secured Notes, Tranche Two Secured Notes, and Tranche Three Secured Notes discussed above, are also applicable to the Tranche Four Secured Notes. The Company remains in default with respect to the Tranche One Secured Notes, Tranche Two Secured Notes and Tranche Three Secured Notes, due to failure to remit applicable interest payments between March 2020 and March 2022. Therefore, all amounts owing on the Tranche One Secured Notes, Tranche Two Secured Notes and Tranche Three Secured Notes are classified as current liabilities on the unaudited interim condensed consolidated balance sheets. As interest on the Tranche Four Secured notes is paid in kind by adding the accrued amount to the principal amount, the Company is currently in compliance with the Tranche Four Secured Notes as of March 31, 2022. Therefore, the Tranche Four Secured Notes are classified as long-term liabilities on the unaudited interim condensed consolidated balance sheets.

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iAnthus New Jersey, LLC Senior Secured Bridge Notes

On February 2, 2021, INJ issued an aggregate of $11.0 million of senior secured bridge notes ("Senior Secured Bridge Notes") which mature on the earlier of (i) February 2, 2023, (ii) the date on which the Company closes a Qualified Financing (as defined below) and (iii) such earlier date that the principal amount may become due and payable pursuant to the terms of such notes. The Senior Secured Bridge Notes accrue interest at a rate of 14.0% per annum (increasing to 25.0% per annum in the event of default and decreasing to 8.0% per annum upon the completion of the Recapitalization Transaction). "Qualified Financing" means a transaction or series of related transactions resulting in net proceeds to the Company of not less than $10 million from the subscription of the Company's securities, including, but not limited to, a private placement or rights offering.

The host debt, classified as a liability, was recognized at the fair value of $10.3 million, net of issuance costs of $0.7 million.

Interest is to be paid in kind by adding the interest accrued on the principal amount on the last day of each fiscal quarter (the first such interest payment date being March 31, 2021) and such amount thereafter becoming part of the principal amount and will accrue interest. Interest paid in kind will be payable on the date that all of the principal amount is due and payable.

For the three months ended March 31, 2022, interest expense and accretion expense of $0.4 million and $0.1 million, respectively, (March 31, 2021—$0.2 million and $0.1 million, respectively), were recorded on the unaudited interim condensed consolidated statements of operations. As of March 31, 2022, the Company held $2.6 million (December 31, 2021—$3.3 million) of restricted cash in escrow from the Senior Secured Bridge Notes. Refer to Note 13 for further discussion.

The Senior Secured Bridge Notes are secured by a security interest in certain assets of INJ. The Company provided a guarantee in respect of all of the obligations of INJ under the Senior Secured Bridge Notes, and the Company is in compliance with the Senior Secured Bridge Notes as of March 31, 2022. The Senior Secured Bridge Notes are classified as current liabilities on the unaudited interim condensed consolidated balance sheets as they are set expire on February 2, 2023.

(b) March 2019 Debentures

On March 18, 2019, the Company completed a private placement of $35.0 million of unsecured convertible debentures (the "March 2019 Debentures") and corresponding warrants to purchase 2,177,291 common shares of the Company at an exercise price of $6.43 per share ("March 2019 Equity Warrants"). All of the March 2019 Equity Warrants expired on March 15, 2022. The March 2019 Debentures bear interest at a rate of 8.0%, per annum, payable quarterly on the last business day of each fiscal quarter, beginning on March 31, 2019. Interest is paid in cash, shares, or a combination of cash and shares, up to 50%, at the Company's election. The March 2019 Debentures mature on March 15, 2023.

For the three months ended March 31, 2022, interest expense and accretion expense of $0.7 million and $0.4 million, respectively, (March 31, 2021—$0.7 million and $0.4 million, respectively), were recorded on the unaudited interim condensed consolidated statements of operations.

The terms of the March 2019 Debentures impose certain restrictions on its operating and financing activities, including certain restrictions on the Company's ability to incur certain additional indebtedness at the subsidiary level. As of March 31, 2022, the Company is still in default on its interest obligations to the holders of the Secured Notes. This default triggered a cross-default on its interest obligations to the holders of the March 2019 Debentures. Further, as a result of this default the Company is classifying the debt as a current liability on the unaudited interim condensed consolidated balance sheets as the Unsecured Debentures are due on demand. The event of default is applicable to all amounts outstanding under the Unsecured Debentures.

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(c) May 2019 Debentures

On May 2, 2019, the Company completed a private placement of $25.0 million of unsecured convertible debentures (the "May 2019 Debentures") and corresponding warrants to purchase 1,555,207 common shares of the Company at an exercise price of $6.43 per common share ("May 2019 Equity Warrants"). All of the May 2019 Equity Warrants expired on March 15, 2022. The May 2019 Debentures bear interest at a rate of 8.0%, per annum, payable quarterly on the last business day of each fiscal quarter, beginning on June 30, 2019. Interest is paid in cash, shares, or a combination of cash and shares, up to 50%, at the Company's election. The May 2019 Debentures mature on March 15, 2023.

For the three months ended March 31, 2022, interest expense and accretion expense of $0.5 million and $0.2 million, respectively, (March 31, 2021 —$0.5 million and $0.2 million, respectively), were recorded on the unaudited interim condensed consolidated statements of operations.

The terms of the May 2019 Debentures impose certain restrictions on its operating and financing activities, including certain restrictions on the Company's ability to incur certain additional indebtedness at the subsidiary level. As of March 31, 2022 the Company is still in default on its interest obligations to the holders of the Secured Notes. This default triggered a cross-default on its interest obligations to the holders of the May 2019 Debentures. Further, as a result of this default the Company is classifying the debt as a current liability on the unaudited interim condensed consolidated balance sheets as the Unsecured Debentures are due on demand. The event of default is applicable to all amounts outstanding under the Unsecured Debentures.

Note 6—Share Capital

(a) Share Capital

Authorized: Unlimited common shares. The shares have no par value.

The Company's common shares are voting and dividend-paying. There were no common share issuances for the three months ended March 31, 2022 and 2021.

(b) Warrants

The following table summarizes certain information in respect of the Company's warrants:

	March 31, 2022	
	Units	Weighted Average Exercise Price (C$)
Warrants outstanding, beginning	22,640	$ 3.56
Granted	—	—
Exercised	—	—
Expired	(4,685)	7.53
Warrants outstanding, ending	**17,955**	**$ 2.49**

As of March 31, 2022 and December 31, 2021, warrants classified as derivative liabilities on the unaudited interim condensed consolidated balance sheets were revalued with the following inputs:

	March 31, 2022	December 31, 2021
Risk-free interest rate	0.9%	0.9%
Expected dividend yield	0.0%	0.0%
Expected volatility	124.0 -137.1%	93.7 -297.1%
Expected life	0.9 years	0.9 years

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The Company uses an expected volatility based on its historical trading data.

The revaluation of the warrants classified as derivative liabilities resulted in a fair value of less than $0.1 million for these instruments as of March 31, 2022 (December 31, 2021 – less than $0.1 million). As a result of the revaluation, the Company recognized a gain of less than $0.1 million for the three months ended March 31, 2022 (March 31, 2021 – loss of less than $0.1 million), on the unaudited interim condensed consolidated statements of operations.

Full share equivalent warrants outstanding and exercisable are as follows:

	March 31, 2022		December 31, 2021	
Year of expiration	Number Outstanding	Weighted Average Exercise Price (C$)	Number Outstanding	Weighted Average Exercise Price (C$)
2022	16,170	2.26	20,855	3.47
2023	1,785	4.57	1,785	4.57
Warrants outstanding	**17,955**	**$ 2.49**	**22,640**	**$ 3.56**

(c) Potentially Dilutive Securities

The following table summarizes potentially dilutive securities, and the resulting common share equivalents outstanding as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
Common share options	9,620	10,504
Warrants	17,955	22,640
Secured notes	46,458	46,458
Debentures	10,135	10,135
MPX dilutive instruments[(1)]	408	408
Total	**84,576**	**90,145**

(1) Prior to the acquisition of MPX Bioceutical Corporation ("MPX") on February 5, 2019 (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.

Total potentially dilutive securities does not include the shares that would potentially be issued upon conversion of the accrued interest on the Company's long-term debt. As of March 31, 2022, this would amount to 18.4 million common shares (December 31, 2021 –16.4 million common shares).

(d) Stock Options

The following table summarizes certain information in respect of option activity under the Company's stock option plan:

	March 31, 2022			December 31, 2021		
	Units	Weighted Average Exercise Price (C$)	Weighted Average Contractual Life	Units	Weighted Average Exercise Price (C$)	Weighted Average Contractual Life
Options outstanding, beginning	10,504	$ 4.95	—	11,510	$ 4.86	—
Granted	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited/Expired	(884)	4.79	—	(1,006)	3.96	—
Options outstanding, ending	**9,620**	**$ 4.96**	**5.97**	**10,504**	**$ 4.95**	**6.24**

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The related share-based compensation expense for the three months ended March 31, 2022 was $1.5 million (March 31, 2021—$1.6 million), and is presented in selling, general and administrative expenses on the unaudited interim condensed consolidated statements of operations.

As of March 31, 2022, the weighted average period over which compensation cost on non-vested stock options is expected to be recognized is 0.5 years and the unrecognized expense is $0.4 million.

Note 7—Income Taxes

The following table summarizes the Company's income tax expense and effective tax rates for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Loss before income taxes	$ (5,227)	$ (12,161)
Income tax expense	4,875	7,291
Effective tax rate	(93.3)%	(60.0)%

The effective tax rate may vary significantly from period to period and can be influenced by many factors. These factors include, but are not limited to, changes to the statutory rates in the jurisdictions where the Company has operations and changes in the valuation of deferred tax assets and liabilities. The difference between the effective tax rate and the federal statutory rate of 21% primarily relates to certain non-deductible items, state and local income taxes and the valuation allowance for deferred tax assets of non-cultivator entities.

The Internal Revenue Service filed a Notice of Federal Tax Lien against GHHIA Management Inc. on February 23, 2022. The lien is for corporate income taxes, penalties and interest owed by the Company for its tax year ended December 31, 2020.

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Note 8—Segment Information

The below table presents revenues by segment for the three months ended March 31, 2022 and 2021:

Reportable Segments

	Three Months Ended March 31,	
	2022	2021
Revenues		
Eastern Region	$ 24,785	$ 33,056
Western Region	17,716	18,302
Other[1]	289	447
Total	**$ 42,790**	**$ 51,805**
Gross profit (loss)		
Eastern Region	$ 16,068	$ 21,162
Western Region	6,411	8,580
Other	13	(21)
Total	**$ 22,492**	**$ 29,721**
Depreciation and amortization		
Eastern Region	$ 5,259	$ 5,876
Western Region	3,012	757
Other	135	199
Total	**$ 8,406**	**$ 6,832**
Write-downs, (recoveries) and other charges, net		
Eastern Region	$ 69	$ 259
Western Region	—	—
Other	(12)	—
Total	**$ 57**	**$ 259**
Net income (loss)		
Eastern Region	$ 7,328	$ 2,916
Western Region	(913)	335
Other	(16,517)	(22,703)
Total	**$ (10,102)**	**$ (19,452)**
Purchase of property, plant and equipment		
Eastern Region	$ 1,220	$ 4,745
Western Region	351	3
Other	2	4
Total	**$ 1,573**	**$ 4,752**
Purchase of intangibles		
Eastern Region	$ —	$ —
Western Region	—	—
Other	61	—
Total	**$ 61**	**$ —**

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(1) Revenues from segments below the quantitative thresholds are attributable to an operating segment of the Company that includes revenue from the sale of CBD products throughout the United States. This segment has never met any of the quantitative thresholds for determining reportable segments nor does it meet the qualitative criteria for aggregation with the Company's reportable segments.

	March 31, 2022	December 31, 2021 (Revised)
Assets		
Eastern Region	$240,291	$ 222,350
Western Region	103,441	106,485
Other	15,963	16,154
Total	**$359,695**	**$ 344,989**

Major Customers

Major customers are defined as customers that each individually accounted for greaterthan 10% of the Company's annual revenues. For the three months ended March 31, 2022 and 2021, no sales were made to any one customer that represented in excess of 10% of the Company's total revenues.

Geographic Information

As of March 31, 2022 and 2021, substantially all of the Company's assets were located in the United States and all of the Company's revenues were earned in the United States.

Disaggregated Revenues

The Company disaggregates revenues into categories that depict how the nature, amount, timing and uncertainty of the revenues and cashflows are affected by economic factors. For the three months ended March 31, 2022 and 2021, the Company disaggregated its revenues as follows:

	Three Months Ended March 31,	
	2022	2021
Revenue		
iAnthus branded products	$ 22,158	$ 31,182
Third party branded products	17,147	15,207
Wholesale/bulk/other products	3,485	5,416
Total	**$ 42,790**	**$ 51,805**

Note 9—Financial Instruments

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The levels of the fair value hierarchy are as follows:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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The carrying values of cash, receivables, payables and accrued liabilities approximate their fair values because of the short- term nature of these financial instruments. Balances due to and due from related parties have no terms and are payable on demand, thus are also considered current and short-term in nature, hence carrying value approximates fair value.

The component of the Company's long-term debt attributed to the host liability is recorded at amortized cost. Investments in debt instruments that are held to maturity are also recorded at amortized cost.

The following table summarizes the fair value hierarchy for the Company's financial assets and financial liabilities that arere-measured at their fair values periodically:

	March 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Long term investments—other[1]	$ 454	$ —	$ —	**$ 454**	$ 568	$ —	$ —	**$ 568**
Financial Liabilities								
Derivative liabilities	$ —	$ —	$ 4	**$ 4**	$ —	$ —	$ 16	**$ 16**

(1) Long-term investments – other are included in the investments balance on the unaudited interim condensed consolidated balance sheets.

There were no transfers between Level 1, Level 2, and Level 3 within the fair value hierarchy during the three months ended March 31, 2022 and 2021.

The Company's other investment as of March 31, 2022 is considered to be a Level 1 instrument because it is comprised of shares of a public company, and there is an active market for the shares and observable market data and inputs available.

All Level 1 investments are comprised of equity investments which arere-measured at fair value using quoted market prices.

The following table summarizes the changes in Level 1 financial assets:

	Financial Assets
Balance as of December 31, 2021	**$ 568**
Revaluations on Level 1 instruments	(114)
Balance as of March 31, 2022	**$ 454**

The derivative liabilities related to the convertible debt instruments and freestanding warrants are recorded at fair value estimated using the Black-Scholes option pricing model and is therefore considered to be a Level 3 measurement.

The following table summarizes the changes in Level 3 financial assets and liabilities:

	Derivative Liabilities
Balance as of December 31, 2021	**$ 16**
Revaluations on Level 3 instruments	(12)
Balance as of March 31, 2022	**$ 4**

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The Company's financial and non-financial assets such as prepayments, other assets including equity accounted investments, property, plant and equipment, and intangibles, are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized.

The following table summarizes the Company's long-term debt instruments (Note 5) at their carrying value and fair value:

	March 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Unsecured Debentures	$ 57,744	$ 67,566	$ 57,171	$ 64,596
Secured Notes	135,862	184,119	134,902	176,487
Other	1,292	1,021	1,307	1,021
Total	**$ 194,898**	**$252,706**	**$ 193,380**	**$242,104**

Note 10 – Commitments

In the ordinary course of business, the Company enters into contractual agreements with third parties that includenon-cancelable payment obligations, for which it is liable in future periods. These arrangements can include terms binding the Company to minimum payments and/or penalties if it terminates the agreement for any reason other than an event of default as described in the agreement.

The following table summarizes the Company's contractual obligations and commitments as of March 31, 2022:

For the twelve months ended March 31,	2023	2024	2025	2026	2027
Operating leases	$ 7,895	$ 7,892	$8,065	$ 8,161	$7,835
Service contracts	2,705	2	—	—	—
Long-term debt, principal[(1)]	168,205	12,969	68	16,987	81
Total	**$178,805**	**$20,863**	**$8,133**	**$25,148**	**$7,916**

(1) The payment schedule above shows amounts payable if the conversion options are not exercised by the lender of the Company's convertible debt instruments.

The Company's commitments include employees, consultants and advisors, as well as leases and construction contracts for offices, dispensaries and cultivation facilities in the U.S. and Canada. The Company has certain operating leases with renewal options extending the initial lease term for an additional one to 15 years.

Note 11—Contingencies and Guarantees

The Company is involved in lawsuits, claims, and proceedings, including those identified below, which arise in the ordinary course of business. In accordance with the Financial Accounting Standards Board ASC Topic 450 Contingencies, the Company will make a provision for a liability when it is both probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company believes it has adequate provisions for any such matters. The Company reviews these provisions in conjunction with any related provisions on assets related to the claims at least quarterly and adjusts these provisions to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other pertinent information related to the case. Should developments in any of these matters outlined below cause a change in the Company's determination as to an unfavorable outcome and result in the need to recognize a material provision, or, should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on the Company's results of operations, cash flows, and financial position in the period or periods in which such a change in determination, settlement or judgment occurs.

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The Company expenses legal costs relating to its lawsuits, claims and proceedings as incurred. The Company has been named as a defendant in several legal actions and is subject to various risks and contingencies arising in the normal course of business. Based on consultation with counsel, management and legal counsel is of the opinion that the outcome of these uncertainties will not have a material adverse effect on the Company's financial position.

The events that allegedly gave rise to the following claims occurred prior to the Company's closing of the MPX Acquisition in February 2019 are as follows:

- There is a claim from a former consultant against the Company, with respect to alleged consulting fees owed by MPX to the consultant, claiming the right to receive approximately $0.5 million and punitive damages. During the year ended December 31, 2021, the former consultant updated the claim to set forth the total damages claimed, which are $5.4 million, and provided supplemental disclosures which specify total damages sought, which are $167.0 million. On December 13, 2021, the Company and former consultant reached a full and final settlement of $1.5 million. As of March 31, 2022, $0.7 million was paid and the remaining balance of $0.8 million is presented as part of the accrued and other current liabilities line on the unaudited interim condensed consolidated balance sheets;
- There is a claim from two former noteholders against the Company and MPXBioceutical ULC ("MPX ULC"), with respect to alleged payments of $1.3 million made by the noteholders to MPX, claiming the right to receive $115.0 million; and
- There is a claim against the Company, MPX ULC and MPX, with respect to a prior acquisition made by MPX in relation to a subsidiary that was not acquired by the Company as part of the MPX Acquisition, claiming $3.0 million in connection with alleged contractual obligations of MPX.

In addition, the Company is currently reviewing the following matters with legal counsel and has not yet determined the range of potential losses:

In October 2018, Craig Roberts and Beverly Roberts (the "Roberts") and the Gary W. Roberts Irrevocable Trust Agreement I, Gary W. Roberts Irrevocable Trust Agreement II, and Gary W. Roberts Irrevocable Trust Agreement III (the "Roberts Trust" and together with the Roberts, the "Roberts Plaintiffs") filed two separate but similar declaratory judgment actions in the Circuit Court of Palm Beach County, Florida against GrowHealthy Holdings, LLC ("GrowHealthy Holdings") and the Company in connection with the acquisition of substantially all of GrowHealthy Holdings' assets by the Company in early 2018. The Roberts Plaintiffs' sought a declaration that iAnthus must deliver certain share certificates to the Roberts without requiring them to deliver a signed Shareholder Representative Agreement to GrowHealthy Holdings, which delivery was a condition precedent to receiving the iAnthus share certificates and required by the acquisition agreements between GrowHealthy Holdings and the Company. In January 2019, the Circuit Court of Palm Beach County denied the Roberts Plaintiffs' motion for injunctive relief, and the Roberts Plaintiffs signed and delivered the Shareholder Representative Agreement forms to GrowHealthy Holdings while reserving their rights to continue challenging the validity and enforceability of the Shareholder Representative Agreement. The Roberts Plaintiffs thereafter amended their complaints to seek monetary damages in the aggregate amount of $22.0 million plus treble damages. On May 21, 2019, the court issued an interlocutory order directing the Company to deliver the share certificates to the Roberts Plaintiffs, which the Company delivered on June 17, 2019, in accordance with the court's order. On December 19, 2019, the Company appealed the court's order directing delivery of the share certificates to the Florida Fourth District Court of Appeal, which appeal was denied per curiam. On October 21, 2019, the Roberts Plaintiffs were granted leave by the Circuit Court of Palm Beach County to amend their complaints in order to add purported claims for civil theft and punitive damages, and on November 22, 2019, the Company moved to dismiss the Roberts Plaintiffs' amended complaints. On May 1, 2020, the Circuit Court of Palm Beach County heard arguments on the motions to dismiss, and on June 11, 2020, the court issued a written order granting in part and denying in part the Company's motion to dismiss. Specifically, the order denied the Company's motion to dismiss for lack of jurisdiction and improper venue; however, the court granted the Company's motion to dismiss the Roberts Plaintiffs' claims for specific performance, conversion and civil theft without prejudice. With respect to the claim for conversion and civil theft, the Circuit Court of Palm Beach County provided the Roberts Plaintiffs with leave to amend their respective complaints. On July 10, 2020, the Roberts Plaintiffs filed further amended complaints in each action against the Company including claims for conversion, breach of contract and civil theft including damages in the aggregate amount of $22.0 million plus treble damages, and on August 13, 2020, the Company filed a consolidated motion to dismiss such amended complaints. On October 26, 2020, Circuit Court of Palm Beach County heard argument on the consolidated motion to dismiss, denied the motion and entered an order to that effect on October 28, 2020. Answers on both actions were filed on November 20, 2020 and the parties have commenced discovery. On September 9, 2021, the Roberts Plaintiffs filed a motion to consolidate the two separate actions, which motion was granted on October 14, 2021. On August 6, 2020, the Roberts filed a lawsuit against Randy Maslow, the Company's now former Interim Chief Executive Officer, President, and Director , in his individual capacity (the "Maslow Complaint"), alleging a single count of purported conversion. The Maslow Complaint was not served on Randy Maslow until November 25, 2021, and the allegations in the Maslow Complaint are substantially similar to those allegations for purported conversion in the complaints filed against the Company. On March 28, 2022, the court consolidated the action filed against Randy Maslow with the Roberts Plaintiffs' action for discovery and trial purposes. As a result, the court vacated the matter's current trial date of May 9, 2022. The case has not been reset for trial yet. On April 22, 2022, the parties attended a court required mediation, which was unsuccessful. On May 6, 2022, the Circuit Court of Palm Beach County granted Randy Maslow's motion to dismiss the Maslow Complaint. The Roberts have 30 days from the date of the court's order, or until June 6, 2022, to file a second amended complaint.

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On April 19, 2020, Hi-Med LLC ("Hi-Med"), an equity holder and one of the Lenders holding an Unsecured Debenture of the Company in the principal amount of $5.0 million, filed a complaint with the United States District Court for the Southern District of New York (the "SDNY") against the Company and certain of the Company's current and former directors and officers and other defendants (the "Hi-Med Complaint"). Hi-Med is seeking damages of an unspecified amount and the full principal amount of the Unsecured Debenture against the Company, for among other things, alleged breaches of provisions of the Unsecured Debentures and the related Debenture Purchase Agreement as well as alleged violations of Federal securities laws, including Sections 10(b), 10b-5 and 20(a) of the Exchange Act and common law fraud relating to alleged false and misleading statements regarding certain proceeds from the issuance of long-term debt that were held in escrow to make interest payments in the event of a default thereof. On July 9, 2020, the court issued an order consolidating the class action matter with the shareholder class action referenced below. On July 23, 2020, Hi-Med and the defendants filed a stipulation and proposed scheduling and coordination order to coordinate the pleadings for the consolidated actions. On September 4, 2020, Hi-Med filed an amended complaint (the "Hi-Med Amended Complaint"). On October 14, 2020, the SDNY issued a stipulation and scheduling and coordination order, which required that the defendants answer, move, or otherwise respond to the Hi-Med Amended Complaint no later than November 20, 2020. On November 20, 2020, the Company and certain of its current officers and directors filed a Motion to Dismiss the Hi-Med Amended Complaint. On January 8, 2021, Hi-Med filed an opposition to the Motion to Dismiss. The Company and certain of its current officers and directors' reply were filed on February 22, 2021. In a memorandum of opinion dated August 30, 2021, the SDNY granted the Company's and certain of its officers and directors' Motion to Dismiss the Hi-Med Amended Complaint. The SDNY indicated that Hi-Med may move for leave to file a proposed second amended complaint by September 30, 2021. On September 30, 2021, Hi-Med filed a motion for leave to amend the Hi-Med Amended Complaint. On October 28, 2021, the parties filed a Stipulation and Proposed Scheduling Order Regarding Hi-Med's Motion for Leave to File a Second Amended Complaint (the "Stipulation"). On November 3, 2021, the SDNY so-ordered the Stipulation and Hi-Med's Second Amended Complaint was deemed filed as of this date. On December 20, 2021, the Company and its current named officers and directors filed a Motion to Dismiss Hi-Med's Second Amended Complaint. Hi-Med's opposition to the Company's and its current named officers and directors' Motion to Dismiss was filed on February 3, 2022. The Company and its current named officers and directors' reply to Hi-Med's opposition was filed on March 21, 2022. The Motion to Dismiss Hi-Med's Second Amended Complaint remains pending before the SDNY. On June 29, 2020, Hi-Med filed a claim in the Court, which mirrors the Hi-Med Complaint. Refer to Note 5 for further discussion on the Unsecured Debentures.

On April 20, 2020, Donald Finch, a shareholder of the Company, filed a putative class action lawsuit with the SDNY against the Company (the "Class Action Lawsuit") and is seeking damages for an unspecified amount against the Company, its former Chief Executive Officer, its current Chief Financial Officer and others for alleged false and misleading statements regarding certain proceeds from the issuance of long-term debt, that were held in escrow to make interest payments in the event of default on such long-term debt. On May 5, 2020, Peter Cedeno, another shareholder of the Company, filed a putative class action against the same defendants alleging substantially similar causes of action. On June 16, 2020, four separate motions for consolidation, appointment as lead plaintiff, and approval of lead counsel were filed by Jose Antonio Silva, Robert and Sherri Newblatt, Robert Dankner, and Melvin Fussell. On July 9, 2020, the SDNY issued an order consolidating the Class Action Lawsuit and the Hi-Med Complaint referenced above and appointed Jose Antonio Silva as lead plaintiff ("Lead Plaintiff"). On July 23, 2020, the Lead Plaintiff and defendants filed a stipulation and proposed scheduling and coordination order to coordinate the pleadings for the consolidated actions. On September 4, 2020, the Lead Plaintiff filed a consolidated amended class action lawsuit against the Company (the "Amended Complaint"). On November 20, 2020, the Company and its Chief Financial Officer filed a Motion to Dismiss the Amended Complaint. On January 8, 2021, the Lead Plaintiff filed an opposition to the Motion to Dismiss the Amended Complaint. The Company and its Chief Financial Officer's reply to the opposition was filed on February 22, 2021. In a memorandum of opinion dated August 30, 2021, the SDNY granted the Company's and its Chief Financial Officer's Motion to Dismiss the Amended Complaint. The SDNY indicated that the Lead Plaintiff may move for leave to file a proposed second amended complaint by September 30, 2021. On October 1, 2021, the Lead Plaintiff filed a motion for leave to amend the Amended Complaint. The Lead Plaintiff's Motion for Leave to File a Second Amended Complaint was included as part of the Stipulation identified above. On November 3, 2021, the SDNY so-ordered the Stipulation and the Lead Plaintiff's Second Amended Complaint was deemed filed as of this date. On December 20, 2021, the Company and its Chief Financial Officer filed a Motion to Dismiss the Lead Plaintiff's Second Amended Complaint. The Lead Plaintiff's opposition to the Company's and its Chief Financial Officer's Motion to Dismiss was filed on February 3, 2022. The Company's and its Chief Financial Officer's reply to the Lead Plaintiff's opposition was filed on March 21, 2022. The Motion to Dismiss the Lead Plaintiff's Second Amended Complaint remains pending before the SDNY.

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On July 13, 2020, the Company announced the proposed Recapitalization Transaction. On September 14, 2020, at the meetings of Secured Lenders, Unsecured Lenders and the holders of the Company's common shares, options and warrants (collectively, the "Securityholders"), the Securityholders voted in support of the Recapitalization Transaction. On October 5, 2020, the Company received final approval from the Court for the Plan of Arrangement. Completion of the Recapitalization Transaction is subject to the Company obtaining the Requisite Approvals. As such, no amounts have been accrued with respect to the Recapitalization Transaction. On January 29, 2021, the notice of appeal with respect to the final approval for the Plan of Arrangement received by the Company on November 5, 2020 was dismissed by the British Columbia Court of Appeal. On June 15, 2021, the Company and the Lenders agreed to amend the date by which the Recapitalization Transaction pursuant to the Plan of Arrangement is required to be implemented by from June 30, 2021 to August 31, 2021. On August 20, 2021, the Applicants filed the Application with the OSCJ, which sought, among other things, a declaration that the Outside Date be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On August 24, 2021, the Company and Applicants appeared for a case conference before the OSCJ. At this conference, the OSCJ issued a Stay Order that required the parties to the Restructuring Support Agreement to maintain the status quo until the hearing on September 23, 2021. Specifically, the Stay Order provided that the parties shall remain bound by the Restructuring Support Agreement and not take any steps to advance or impede the regulatory approval process for the closing of the Recapitalization Transaction or otherwise have any communication with the applicable state-level regulators concerning the Recapitalization Transaction or the other counterparties to the Restructuring Support Agreement. On September 23, 2021, the parties appeared before the OSCJ for a hearing on the Application. Following this hearing, the OSCJ issued an endorsement that extended the Stay Order from September 23, 2021 until 48 hours after the release of the OSCJ's decision on the merits of the Application. On October 12, 2021, the OSCJ issued the Decision. Specifically, the OSCJ granted the declaration sought by the Applicants and ordered that the Outside Date in the Restructuring Support Agreement be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On November 10, 2021, the Company filed a Notice of Appeal with the Ontario Court of Appeal and a hearing on the appeal is currently scheduled for June 9, 2022.

On July 23, 2020, Blue Sky Realty Corporation filed a putative class action against the Company, the Company's former Chief Executive Officer, and the Company's Chief Financial Officer in the OSCJ in Toronto. On September 27, 2021, the OSCJ granted leave for the plaintiff to amend its claim ("Amended Claim"). In the Amended Claim, the plaintiff seeks to certify the proposed class action on behalf of two classes. "Class A" consists of all persons, other than any executive level employee of the Company and their immediate families ("Excluded Persons"), who acquired the Company's common shares in the secondary market on or after April 12, 2019, and who held some or all of those securities until after the close of trading on April 5, 2020. "Class B" consists of all persons, other than Excluded Persons, who acquired the Company's common shares prior to April 12, 2019, and who held some or all of those securities until after the close of trading on April 5, 2020. Among other things, the plaintiff alleges statutory and common law misrepresentation, and seeks an unspecified amount of damages together with interest and costs. The plaintiff also alleges common law oppression for releasing certain statements allegedly containing misrepresentations inducing Class B members to hold the Company's securities beyond April 5, 2020. No certification motion has been scheduled. The Amended Claim also changed the named plaintiff from Blue Sky Realty Corporation to Timothy Kwong. The hearing date for the motion for leave to proceed with a secondary market claim under the Securities Act (Ontario) has been vacated.

During the year ended December 31, 2020, the Company filed a statement of claim against Oasis Investments II Master Fund Ltd. ("Oasis"), an Unsecured Lender, in the OSCJ. On July 15, 2020, in connection with the proposed Recapitalization Transaction, the Company agreed to discontinue with prejudice its litigation claim which it made on February 27, 2020 against Oasis (regardless of whether the Recapitalization Transaction is consummated). In response to the Company's statement of claim, Oasis filed a statement of defense and counterclaim against the Company on March 13, 2020, alleging that the Company breached certain debt covenants and an order directing the Company to immediately repay Oasis its $25,000,000 investment plus applicable interest, expenses and fees, among other damages. In connection with the Recapitalization Transaction, Oasis has agreed, while the Restructuring Support Agreement is in effect, not to take any steps in connection with its counterclaim against the Company. In addition, the Company and Oasis have agreed that the counterclaim by Oasis against the Company will be dismissed as a condition of closing of the Recapitalization Transaction.

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On August 19, 2021, Arvin Saloum ("Saloum"), a former consultant of the Company, filed a Demand for Arbitration with the American Arbitration Association against The Healing Center Wellness Center, Inc. ("THCWC") and iAnthus Arizona, LLC ("iA AZ"), claiming a breach of a Consulting and Joint Venture Agreement (the "JV Agreement") for unpaid consulting fees allegedly owed to Saloum under the JV Agreement. Saloum is claiming damages between $1.0 million and $10.0 million. On September 7, 2021, THCWC and iA AZ filed Objections and Answering Statement to Saloum's Demand for Arbitration. On November 18, 2021, THCWC and iA AZ filed a Complaint for Declaratory Judgment ("Declaratory Judgment Complaint") with the Arizona Superior Court, Maricopa County ("Arizona Superior Court"), seeking declarations that: (i) the JV Agreement is void, against public policy and terminable at will; (ii) the JV Agreement is unenforceable and not binding; and (iii) the JV Agreement only applies to sales under the Arizona Medical Marijuana Act. On January 21, 2022, Saloum filed an Answer with Counterclaims in response to the Declaratory Judgment Complaint. The Declaratory Judgment Complaint remains pending before the Arizona Superior Court. The Arbitration Action is stayed, pending resolution of the Declaratory Judgment Complaint.

Note 12—Related Party Transactions

	March 31, 2022	December 31, 2021
Financial Statement Line Item		
Other long-term assets	—	4,552
Total	**$ —**	**$ 4,552**

As part of the MPX Acquisition, the Company acquired a related party receivable of $0.7 million due from a company owned by a former director and officer of the Company, Elizabeth Stavola. The related party receivable was converted into a loan facility of up to $10.0 million, which accrues interest at the rate of 16.0%, compounded annually. Interest is due upon maturity of the loan on December 31, 2021. During the year ended December 31, 2021, the Company exercised its right to convert the principal balance of the loan and accrued interest into a 99% equity interest in MPX NJ and exercised its option to acquire the remaining 1% of MPX NJ, which conversion and option exercise were subject to certain regulatory approvals. On January 7, 2022, the CRC approved the Company's acquisition of 100% of the equity interests in MPX NJ. The Company recorded acquisition costs of $0.2 million and $Nil within selling, general and administrative expenses on the unaudited interim condensed consolidated statement of operations for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, the balance of such facility was $ Nil (December 31, 2021 – $4.6 million), which includes accrued interest of $Nil (December 31, 2021—$0.9 million). The related party balances are presented in other long-term assets on the unaudited interim condensed consolidated balance sheets.

On June 30, 2017, the Company entered into a loan facility with a former director and officer of the Company, Hadley Ford ("Ford"). The total loan facility was up to C$0.5 million (equivalent to $0.4 million) and accrued interest at the rate of 2.5%. Interest was due upon maturity of the loan on June 30, 2021. As part of Ford's termination agreement, the total loan facility was offset by compensation owed to Ford of $0.5 million during the first quarter of 2021. As of March 31, 2022, the outstanding balance of the facility including accrued interest was $Nil (December 31, 2021 – $Nil).

Note 13 – Unaudited Interim Condensed Consolidated Statements of Cash Flows Supplemental Information

(a) Cash payments made on account of:

	For the Three Months Ended March 31,	
	2022	2021
Income taxes	$ 98	$ 657
Interest	23	24

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(b) Changes in other non-cash operating assets and liabilities are comprised of the following:

	For the Three Months Ended March 31,	
	2022	2021
Decrease (increase) in:		
Accounts receivables	$ (81)	$ (1,009)
Prepaid expenses	(1,809)	(1,028)
Inventories	(3,258)	(723)
Other current assets	201	(1,374)
Other long-term assets	(13)	647
Operating leases	(313)	(203)
Increase in:		
Accounts payable	3,561	1,599
Accrued and other current liabilities	6,359	6,883
	$ 4,647	**$ 4,792**

(c) Depreciation and amortization are comprised of the following:

	For the Three Months Ended March 31,	
	2022	2021
Property, plant and equipment	$ 4,396	$ 2,977
Operating lease right-of-use assets	623	542
Intangible assets	4,010	3,855
	$ 9,029	**$ 7,374**

(d) Write-downs and other charges are comprised of the following:

	For the Three Months Ended March 31,	
	2022	2021
Write-downs :		
Account receivable recoveries	$ (12)	$ —
Operating lease right-of-use assets	—	259
Property, plant and equipment	69	—
	$ 57	**$ 259**

(e) Significant non-cash investing and financing activities are as follows:

	For the Three Months Ended March 31,	
	2022	2021
Supplemental Cash Flow Information:		
Non-cash consideration for paid-in-kind interest	767	554
Non-cash consideration for asset acquisition	19,193	—

Cash and Restricted Cash

For purposes of the unaudited interim condensed consolidated balance sheets and the statements of cash flows, cash and restricted cash are held primarily in U.S. dollars.

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Restricted cash balances are those which meet the definition of cash and cash equivalents but are not available for use by the Company. As of March 31, 2022, the Company held $2.6 million as restricted cash (December 31, 2021—$3.3 million), which is mainly related to funds held in escrow from the Senior Secured Bridge Notes. The net proceeds from the Senior Secured Bridge Notes were placed in escrow, and the availability of the funds is subject to drawdown requests that must be approved by the Secured Lenders.

The following table provides a reconciliation of cash and restricted cash reported on the unaudited interim condensed consolidated balance sheets to such amounts presented in the statements of cash flows:

	March 31, 2022	December 31, 2021
Cash	$ 14,078	$ 13,244
Restricted cash	2,641	3,334
Total cash and restricted cash presented in the statements of cash flows	**$ 16,719**	**$ 16,578**

Note 14—Subsequent Events

Legal Proceedings

Please refer to Note 11 for further discussion.

Event of Default and Financial Restructuring

The Company is currently in default of the obligations under the Company's long-term debt as discussed in Note 1.

As part of the Restructuring Support Agreement with the Secured Lenders and a majority of the Unsecured Lenders, dated July 10, 2020, the Secured Lenders, the Unsecured Lenders and the existing holders of the Company's common shares at the closing of the Recapitalization Transaction ("Existing Shareholders") are to be allocated and issued, approximately, the amounts of Restructured Senior Debt (as defined below), Interim Financing (as defined below), 8% Senior Unsecured Debentures (as defined below) and percentage of the pro forma common equity, as presented in the following table:

(in '000s of U.S. dollars)	Restructured Senior Debt[1]	Interim Financing[2]	8% Senior Unsecured Debentures[3]	Pro Forma Common Equity[4]
Secured Lenders	$ 85,000	$ 14,737	$ 5,000	48.625%
Unsecured Lenders	—	—	15,000	48.625%
Existing Shareholders	—	—	—	2.75%
Total	**$ 85,000**	**$ 14,737**	**$ 20,000**	**100%**

(1) The principal balance of the Secured Notes will be reduced to $85.0 million, which will be increased by the amount of the Interim Financing, which has a first lien, senior secured position over all of the Company's assets, is non-convertible and non-callable for three years and includes payment in kind at an interest rate of 8% per year and a maturity date which will be five years after the consummation of the Recapitalization Transaction (the "Restructured Senior Debt").

(2) The Secured Lenders provided $14.7 million of interim financing ("Interim Financing") to iAnthus Capital Management, LLC ("ICM") on substantially the same terms as the Restructured Senior Debt, net of a 5% original issue discount. The amounts of the Interim Financing along with any accrued interest thereon is expected to be converted into, and the original principal balance will be added to, the Restructured Senior Debt upon consummation of the Recapitalization Transaction.

(3) The senior unsecured debentures include payment in kind at an interest rate of 8% per annum, a maturity date which will be five years after the consummation of the Recapitalization Transaction, are non-callable for three years and are subordinate to the Restructured Senior Debt but senior to the Company's common shares (the "8% Senior Unsecured Debentures").

(4) On January 6, 2022, the Company's Board of Directors approved the terms of a Long-Term Incentive Program recommended by the Board of Director's compensation committee and, pursuant to which, the Company will allocate to certain of its employees (including executive officers) restricted stock units and option awards up to, in the aggregate, 5.75% of the fully diluted equity of the Company under the Company's Amended and Restated Omnibus Incentive Plan dated October 15, 2018 ("LTIP Awards") in order to attract and retain such employees. The allocations of the LTIP Awards are contingent upon, and will occur within ten days following, the closing of the Recapitalization Transaction contemplated by the Restructuring Support Agreement. All of the Company's existing warrants and options will be cancelled and the Company's common shares may be consolidated pursuant to a consolidation ratio which has yet to be determined.

iANTHUS CAPITAL HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

Upon consummation of the Recapitalization Transaction, a new board of directors (the "New Board") will be composed of the following members: (i) three nominees will be designated by the Secured Lenders; (ii) three nominees will be designated by the Consenting Unsecured Lenders; and (iii) one nominee will be designated by the director nominees of the Secured Lenders and Consenting Unsecured Lenders to serve as a member of the Company's New Board and the Company's Chief Executive Officer.

Pursuant to the terms of the proposed Recapitalization Transaction, the Collateral Agent, the Secured Lenders and the Consenting Unsecured Lenders agreed to forbear from further exercising any rights or remedies in connection with any events of default that now exist or may in the future arise under any of the purchase agreements with respect of the Secured Notes and all other agreements delivered in connection therewith, the purchase agreements with respect of the Unsecured Lenders and all other agreements delivered in connection therewith and any other agreement to which the Collateral Agent, Secured Lenders, or Consenting Unsecured Lenders are a party to (collectively, the "Defaults") and shall take such steps as are necessary to stop any ongoing enforcement efforts in relation thereto. Upon consummation of the Recapitalization Transaction, the Collateral Agent, Secured Lenders and Consenting Unsecured Lenders are also expected to irrevocably waive all Defaults and take all steps required to withdraw, revoke and/or terminate any enforcement efforts in relation thereto.

State-level regulatory approvals remain outstanding in Massachusetts, New Jersey and New York. On January 7, 2022, the New Jersey CRC approved the Company's acquisition of 100% of the equity interest in New Jersey license holder MPX NJ. On February 1, 2022, the Company closed on its acquisition of MPX NJ, which resulted in a requirement for prior regulatory approval for the change of beneficial ownership of MPX NJ that would result from the Recapitalization Transaction will be required as a condition to closing under the Restructuring Support Agreement.

Completion of the Recapitalization Transaction is subject to receipt of the Requisite Approvals. If the Requisite Approvals are obtained, the Plan of Arrangement will bind all Secured Lenders, Unsecured Lenders and Existing Shareholders. The Plan of Arrangement was approved by the Court on October 5, 2020. On January 29, 2021, a notice of appeal with respect to the final approval for the Plan of Arrangement received by the Company on November 5, 2020 was dismissed by the British Columbia Court of Appeal. The Company is in progress of obtaining the remaining Requisite Approvals. Specifically, certain of the transactions contemplated by the Recapitalization Transaction have triggered the requirement for an approval by state-level regulators in certain U.S. states with jurisdiction over the licensed cannabis operations of entities owned, in whole or in part, or controlled, directly or indirectly, by the Company in such states. On February 23, 2021, the Nevada Cannabis Compliance Board approved the proposed change of ownership and control of the Company's wholly-owned subsidiary, GMNV, contemplated by the Recapitalization Transaction. On June 17, 2021, the CCC issued the June 17 Approval. On June 15, 2021, the Company and the Lenders agreed to amend the Outside Date by which the Recapitalization Transaction pursuant to the Plan of Arrangement is required to be implemented by from June 30, 2021 to August 31, 2021.

On August 12, 2021, Mayflower's pending application for its Allston Retail License was approved by the CCC at its August, 2021 public meeting. As a result of this August 12, 2021 approval, Mayflower was required to submit the New COC Application, which was submitted on November 10, 2021 and is currently pending before the CCC. The New COC Application must be approved by the CCC before the June 17 Approval can be effectuated.

iANTHUS CAPITAL HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

On August 20, 2021, the Vermont DPS confirmed that it does not require prior approval of the Recapitalization Transaction, except for background checks of the prospective new directors and Interim Chief Executive Officer of the Company to be appointed upon the closing of the Recapitalization Transaction, which background checks have been completed.

On October 29, 2021, the OMMU approved the proposed change of ownership and control of the Company's wholly-owned subsidiary, McCrory's, contemplated by the Recapitalization Transaction. On November 19, 2021, the Petition was filed by the Petitioners with the OMMU challenging the OMMU's approval of the Variance Request and requesting a formal administrative hearing before an ALJ at the Florida Division of Administrative Hearings. As a result of the Petition, the OMMU informed the Company that the OMMU's prior approval of the Variance Request is not an enforceable agency order until such time that there is a final resolution of the Petition and a final agency order is issued by the OMMU. On May 4, 2022, the OMMU issued a final agency order, accepting the recommendation of the ALJ and dismissing the Petition.

On August 20, 2021, the Applicants filed the Application with the OSCJ, which sought, among other things, a declaration that the Outside Date be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On October 12, 2021, the OSCJ issued his decision granting the Applicant's relief sought in the Decision. Specifically, the OSCJ granted the declaration sought by the Applicants and ordered that the Outside Date in the Restructuring Support Agreement be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On November 10, 2021, the Company filed a Notice of Appeal with the Ontario Court of Appeal and a hearing on the appeal is currently scheduled for June 9, 2022. See Note 11 for further discussion.

On April 1, 2022, the MMCC approved the proposed change of ownership and control of the Company's wholly-owned subsidiary, S8, contemplated by the Recapitalization Transaction. S8 currently controls 4 licensed entities in Maryland through management services agreements.

For the three months ended March 31, 2022, restructuring costs of $0.4 million (March 31, 2021 – $0.8 million), were incurred with respect to the Recapitalization Transaction. To date, the Company has incurred $14.6 million in restructuring costs. Restructuring costs are recorded in the selling, general and administrative expenses on the unaudited interim condensed consolidated statements of operations.

Resignation of Interim Chief Executive Officer

Effective as of May 6, 2022 (the "Resignation Date"), Randy Maslow, the Company's Interim Chief Executive Officer and President and a member of the Board of Directors, resigned from his executive positions with the Company, including all positions with the Company's subsidiaries and its affiliates, and from the Company's Board of Directors and committees. In connection with the resignation, Mr. Maslow and the Company executed a separation agreement (the "Separation Agreement"), pursuant to which, Mr. Maslow will receive certain compensation and benefits valued to substantially equal the value of entitlements he would have received under Section 4(g) of his Employment Agreement. Specifically, Mr. Maslow will receive total cash compensation in the amount of approximately $12.2 million (the "Separation Payment"), of which approximately $5.1 million was paid out on May 6, 2022 (made up, in part of a portion of severance payment of approximately $4.8 million, and unpaid 2021 bonus of $300,000). The remainder of the Separation Payment will be paid out in equal installments of approximately $0.9 million per month over the next eight months following the Resignation Date, which shall be accelerated upon the closing of the Recapitalization Transaction, a Material Financing or in the event of a Board Change, as such terms are described in the Separation Agreement. In addition, the Company shall pay the monthly premium for Mr. Maslow's continued participation in the Company's health and dental insurance benefits pursuant to COBRA for one year from May 6, 2022. Furthermore, Mr. Maslow's compensation and benefits includes, among other items, an extension of exercise period of options to acquire the Company's common shares which were held by Mr. Maslow until the earlier of (i) five years from the Resignation Date; (ii) the original expiration dates of the applicable option; or (iii) the closing of the Recapitalization Transaction. Finally, under the Separation Agreement, Mr. Maslow agreed to relinquish all entitlements to his right to receive a grant of restricted stock units under the long-term incentive plan that was announced on January 7, 2022, the issuance of which was contingent on the closing of the Recapitalization Transaction. Mr. Maslow will continue to serve the Company in a consulting role for a period of six months following the Resignation Date (provided that such period may be extended by additional six months by the Company) at a base compensation of $25,000 per month. Under the Separation Agreement, it was agreed that Mr. Maslow's non-competition covenant will expire upon termination of the consulting term. In consideration for receipt of these compensation and benefits, Mr. Maslow provided a release to the Company (and the Company provided a release to Mr. Maslow), agreed to provide certain cooperation to the Company, agreed to a certain confidentiality and return of property covenants, to mutual non-disparagement covenants and to negotiate in good faith a potential extension of Mr. Maslow's non-competition covenants.

Appointment of Interim Chief Executive Officer

The Board appointed Robert Galvin as the Company's Interim Chief Executive Officer and a member of the Board, effective May 6, 2022. Mr. Galvin has served as the Company's Interim Chief Operating Officer since November 2020. In addition, since February 2019, Mr. Galvin has served as an operations and administrative advisor to the Company. From February 2019 to December 2019, Mr. Galvin also served as a member of the Board. Prior to the Company, Mr. Galvin served as a member of the board of directors and as audit committee chair of MPX Bioceutical Corporation ("MPX") from November 2017 until the MPX Acquisition. Mr. Galvin will serve as Interim Chief Executive Officer of the Company pursuant to his employment agreement dated October 12, 2019 and effective as of January 1, 2019, as subsequently amended on April 4, 2020.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited interim condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as may be amended, supplemented or superseded from time to time by other reports we file with the SEC. All amounts in this report are in U.S. dollars, unless otherwise note.

Overview

We are a vertically-integrated, multi-state owner and operator of licensed cannabis cultivation, processing and dispensary facilities, and a developer, producer and distributor of innovative branded cannabis and CBD products in the United States. Although we are committed to creating a national retail brand and portfolio of branded cannabis and cannabidiol ("CBD") products recognized in the United States, cannabis currently remains illegal under U.S. federal law.

Through our subsidiaries, we currently own and/or operate 32 dispensaries and 10 cultivation and/or processing facilities in eight U.S. states. In addition, we distribute cannabis and CBD products to over 200 dispensaries and CBD products to over 1,500 retail locations throughout the United States. Pursuant to our existing licenses, interests and contractual arrangements, and subject to regulatory approval, we have the capacity to own and/or operate up to an additional 14 dispensary licenses and/or dispensary facilities in six states, plus an uncapped number of dispensary licenses in Florida, and up to 25 cultivation, manufacturing and/or processing facilities, and we have the right to manufacture and distribute cannabis products in nine U.S. states, all subject to the necessary regulatory approvals.

Our multi-state operations encompass the full spectrum of medical and adult-use cannabis and CBD enterprises, including cultivation, processing, product development, wholesale-distribution and retail. Cannabis products offered by us include flower and trim, products containing cannabis flower and trim (such as pre-rolls), cannabis infused products (such as topical creams and edibles) and products containing cannabis extracts (such as vape cartridges, concentrates, live resins, wax products, oils and tinctures). Our CBD products include topical creams, tinctures and sprays and products designed for beauty and skincare (such as lotions, creams, haircare products, lip balms and bath bombs). Under U.S. federal law, cannabis is classified as a Schedule I controlled substance under the U.S. Controlled Substances Act. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety use under medical supervision and a high potential for abuse. Other than Epidiolex (cannabidiol), a cannabis-derived product, and three synthetic cannabis-related drug products (Marinol (dronabinol), Syndros (dronabinol) and Cesamet (nabilone), to our knowledge, the U.S. Food and Drug Administration has not approved a marketing application for cannabis for the treatment of any disease or condition and has not approved any cannabis, cannabis-derived or CBD products.

Financial Restructuring

The significant disruption of global financial markets, and specifically, the decline in the overall public equity cannabis markets due to the COVID-19 pandemic negatively impacted our ability to secure additional capital, which caused liquidity constraints. In early 2020, due to the liquidity constraints, we attempted to negotiate temporary relief of our interest obligations with the lenders (the "Secured Lenders") of our 13% senior secured debentures (the "Secured Notes") issued by our wholly-owned subsidiary, iAnthus Capital Management, LLC ("ICM"). However, we were unable to reach an agreement and did not make interest payments when due and payable to the Secured Lenders or payments that were due to the lenders (the "Unsecured Lenders" and together with the Secured Lenders, the "Lenders") of our 8% convertible unsecured debentures (the "Unsecured Debentures"). We are in default of our obligations pursuant to the Secured Notes and Unsecured Debentures which, as of March 31, 2022, consists of $97.5 million and $60.0 million in principal amount plus accrued interest thereon of $34.8 million and $10.8 million with respect to the Secured Notes and Unsecured Debentures, respectively.

As a result of the default, all amounts, including principal and accrued interest, became immediately due and payable to the Lenders. Furthermore, as a result of the default, we also became obligated to pay an exit fee of $10.0 million that initially accrued interest at a rate of 13% annually and has since increased to 16% annually in relation to the Secured Notes (the "Exit Fee"), which Exit Fee as of March 31, 2022, is $15.8 million. Upon payment of the Exit Fee, the holders of our $40 million secured notes with a maturity date of May 14, 2021 (the "Tranche One Secured Notes") are required to transfer the 3,891,051 common shares issued under the $10.0 million equity financing that closed concurrently with the Tranche One Secured Notes to us. As of March 31, 2022, we have not paid the Exit Fee and such shares have not been transferred to us.

On June 22, 2020, we received a notice demanding repayment under the Amended and Restated Debenture Purchase Agreement dated October 19, 2019 of the entire principal amount of the Secured Notes, together with interest, fees, costs and other charges that have accrued or may accrue from Gotham Green Admin 1, LLC (the "Collateral Agent") holding security for the benefit of the Secured Notes. The Collateral Agent concurrently provided us with the Notice of Intention to Enforce Security under section 244 of the Bankruptcy and Insolvency Act (Canada).

On July 10, 2020, we entered into a restructuring support agreement (as amended, the "Restructuring Support Agreement") with the Secured Lenders and certain of our Unsecured Lenders (the "Consenting Unsecured Lenders") to effectuate a proposed recapitalization transaction (the "Recapitalization Transaction"). Pursuant to the terms of the Restructuring Support Agreement, the Recapitalization Transaction is to be implemented pursuant to arrangement proceedings ("Arrangement Proceedings") commenced under the British Columbia Business Corporations Act ("BCBCA"), or only if necessary, through the Companies' Creditors Arrangement Act ("CCAA"). Completion of the Recapitalization Transaction through the Arrangement Proceedings is subject to, among other things, approval by the Secured Lenders, Unsecured Lenders and existing holders of our common shares, warrants and options (collectively, the "Existing Securityholders") of the plan of arrangement (the "Plan of Arrangement"). Pursuant to Section 288(1) of the BCBCA, a company may propose an arrangement to its security holders (including shareholders and noteholders). To be effective, the arrangement must first be approved by security holders of the company and then by the Supreme Court of British Columbia (the "Court") pursuant to a final arrangement approval order. On September 14, 2020, our securityholders voted in support of the Recapitalization Transaction. Specifically, all of the Secured Lenders and Unsecured Lenders voted in favor of the Plan of Arrangement. In addition, Existing Securityholders voted in favor of the Plan of Arrangement. On October 5, 2020, the Plan of Arrangement was approved by the Court, subject to the receipt of the other necessary approvals with respect to the Plan of Arrangement, including approvals by state-level regulators and the Canadian Securities Exchange (collectively the "Requisite Approvals"). On November 3, 2020, Walmer Capital Limited, Island Investments Holdings Limited and Alastair Crawford collectively served and filed a Notice of Appeal with respect to the Court's approval of the Plan of Arrangement, which appeal was dismissed by the British Columbia Court of Appeal on January 29, 2021. Because we received the necessary approvals of the Plan of Arrangement from the Court and Existing Securityholders, the Recapitalization Transaction will be implemented under the BCBCA and not through CCAA proceedings.

Pursuant to the Recapitalization Transaction, the Secured Lenders, the Unsecured Lenders and the existing holders of our common shares at the closing of the Recapitalization Transaction (the "Existing Shareholders") are to be allocated and issued, approximately, such amounts of Restructured Senior Debt (as defined below), Interim Financing (as defined below), 8% Senior Unsecured Debentures (as defined below), and percentage of our pro forma common shares, as presented in the following table:

(in '000s of U.S. dollars)	Restructured Senior Debt[1]	Interim Financing[2]	8% Senior Unsecured Debentures[3]	Pro Forma Common Equity[4]
Secured Lenders	$ 85,000	$ 14,737	$ 5,000	48.625%
Unsecured Lenders	—	—	15,000	48.625%
Existing Shareholders	—	—	—	2.75%
Total	**$ 85,000**	**$ 14,737**	**$ 20,000**	**100%**

(1) The principal balance of the Secured Notes will be reduced to $85.0 million, which will be increased by the amount of the Interim Financing, which has a first lien, senior secured position over all of our assets, is non-convertible and non-callable for three years and includes payment in kind at an interest rate of 8% per year and a maturity date which will be five years after the consummation of the Recapitalization Transaction (the "Restructured Senior Debt").

(2) The Secured Lenders provided $14.7 million of interim financing (the "Interim Financing") to ICM on substantially the same terms as the Restructured Senior Debt, net of a 5% original issue discount. The amounts of the Interim Financing along with any accrued interest thereon is expected to be converted into, and the original principal balance will be added to, the Restructured Senior Debt upon consummation of the Recapitalization Transaction.

(3) The senior unsecured debentures include payment in kind at an interest rate of 8% per annum, a maturity date which will be five years after the consummation of the Recapitalization Transaction, are non-callable for three years and are subordinate to the Restructured Senior Debt but senior to our common shares (the "8% Senior Unsecured Debentures").

(4) On January 6, 2022, our Board of Directors approved the terms of a Long-Term Incentive Program ("LTIP") recommended by the Board of Directors compensation committee and, pursuant to which, we will allocate to certain of our employees (including executive officers) restricted stock units and option awards up to, in the aggregate, 5.75% of our fully diluted equity under our Amended and Restated Omnibus Incentive Plan dated October 15, 2018 in order to attract and retain such employees. The allocations of the LTIP Awards are contingent upon, and will occur within ten days following, the closing of the Recapitalization Transaction contemplated by the Restructuring Support Agreement. All of our existing warrants and options will be cancelled, and our common shares may be consolidated pursuant to a consolidation ratio which has yet to be determined.

Upon consummation of the Recapitalization Transaction a new board of directors (the "New Board") will be composed of the following members: (i) three nominees will be designated by Gotham Green Partners, LLC and each of its affiliates and subsidiaries on behalf of the Secured Lenders; (ii) three nominees will be designated by each of the Consenting Unsecured Lenders as follows: one by Oasis Investments II Master Fund Ltd., one by Senvest Global (KY), LP and Senvest Master Fund, LP, and one by Hadron Healthcare and Consumer Special Opportunities Master Fund; and (iii) one nominee will be designated by the director nominees of the Secured Lenders and Consenting Unsecured Lenders to serve as a member of the New Board and our Chief Executive Officer.

Pursuant to the terms of the proposed Recapitalization Transaction, the Collateral Agent, the Secured Lenders and the Consenting Unsecured Lenders agreed to forbear from further exercising any rights or remedies in connection with any events of default that now exist or may in the future arise under any of the purchase agreements with respect of the Secured Notes and all other agreements delivered in connection therewith, the purchase agreements with respect of the Unsecured Lenders and all other agreements delivered in connection therewith and any other agreement to which the Collateral Agent, Secured Lenders, or Consenting Unsecured Lenders are a party to (collectively, the "Defaults") and shall take such steps as are necessary to stop any current or pending enforcement efforts in relation thereto. Upon consummation of the Recapitalization Transaction, the Collateral Agent, Secured Lenders and Consenting Unsecured Lenders are also expected to irrevocably waive all Defaults and take all steps required to withdraw, revoke and/or terminate any enforcement efforts in relation thereto.

Consummation of the Recapitalization Transaction through the Plan of Arrangement is subject to certain conditions, including: approval of the Existing Securityholders, which has been obtained; approval of the Plan of Arrangement by the Court, which has been obtained; and the receipt of all the Requisite Approvals. Specifically, certain of the transactions contemplated by the Recapitalization Transaction have triggered the requirement for an approval by state-level regulators in the following U.S. states with jurisdiction over the licensed cannabis operations of entities owned, in whole or in part, or controlled, directly or indirectly, by us in such states. Specifically, we need approvals from Florida, Nevada, Maryland, Massachusetts, New Jersey, and New York.

On February 23, 2021, the Nevada Cannabis Compliance Board approved the proposed change of ownership and control of our wholly-owned subsidiary, GreenMart of Nevada, LLC, contemplated by the Recapitalization Transaction.

On June 17, 2021, the Massachusetts Cannabis Control Commission (the "CCC") approved the proposed change of ownership and control of the current licenses held by our wholly-owned subsidiaries, Mayflower Medicinals, Inc. ("Mayflower") and Cannatech Medicinals, Inc., contemplated by the Recapitalization Transaction (the "June 17 Approval").

On August 12, 2021, Mayflower's pending application for a Marijuana Establishment retail license for its Allston, Massachusetts retail location (the "Allston Retail License") was approved by the CCC at its August 2021 public meeting. As a result of this August 12, 2021 approval, Mayflower was required to submit a new change of ownership and control application to the CCC in connection with the Recapitalization Transaction with respect to the Allston Retail License (the "New COC Application"). The New COC Application was submitted on November 10, 2021, and its currently pending before the CCC. The New COC Application must be approved by the CCC before the June 17 Approval can be effectuated.

On August 20, 2021, the Vermont Department of Public Safety confirmed that it does not require prior approval of the Recapitalization Transaction, except for background checks of the prospective new directors and our Interim Chief Executive Officer to be appointed upon the closing of the Recapitalization Transaction, which background checks have been completed.

On October 29, 2021, the Florida Department of Health, Office of Medical Marijuana Use (the "OMMU") approved the proposed change of ownership and control of our wholly-owned subsidiary, McCrory's Sunny Hill Nursery, LLC ("McCrory's") contemplated by the Recapitalization Transaction (the "Variance Request"). On November 19, 2021, a petition (as amended, the "Petition") was filed by certain petitioners (the "Petitioners") with the OMMU challenging the OMMU's approval of the Variance Request and requesting a formal administrative hearing before an administrative law judge ("ALJ") at the Florida Division of Administrative Hearings. As a result of the Petition, the OMMU informed us that the OMMU's prior approval of the Variance Request is not an enforceable agency order until such time that there is a final resolution of the Petition and a final agency order is issued by the OMMU. On May 4, 2022, the OMMU issued a final agency order, accepting the recommendation of the ALJ and dismissing the Petition.

On August 20, 2021, Gotham Green Partners, LLC and Gotham Green Admin 1, LLC (the "Applicants") filed a Notice of Application (the "Application") with the Ontario Superior Court of Justice Commercial List (the "OSCJ"), which sought, among other things, a declaration that the Outside Date for closing the pending Recapitalization Transaction be extended from August 31, 2021 to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On August 24, 2021, we and Applicants appeared for a case conference before the OSCJ at which the OSCJ issued an endorsement (the "Stay Order") that required the parties to the Restructuring Support Agreement to maintain the status quo until the hearing on September 23, 2021. Specifically, the Stay Order provided that the parties shall remain bound by the Restructuring Support Agreement and not take any steps to advance or impede the regulatory approval process for the closing of the Recapitalization Transaction or otherwise have any communication with the applicable state-level regulators concerning the Recapitalization Transaction or the other counterparties to the Restructuring Support Agreement. On September 23, 2021, the parties appeared before the OSCJ for a hearing on the Application. Following this hearing, the OSCJ issued an endorsement that extended the Stay Order from September 23, 2021 until 48 hours after the release of the OSCJ's decision on the merits of the Application. On October 12, 2021, the OSCJ issued its decision granting the Applicant's relief sought in the Application (the "Decision"). Specifically, the OSCJ granted the declaration sought by the Applicants and ordered that the Outside Date be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On November 10, 2021, we appealed the Decision to the Ontario Court of Appeal and a hearing is scheduled for June 9, 2022.

On April 1, 2022, the Maryland Medical Cannabis Commission approved the proposed change of ownership and control of the Company's wholly-owned subsidiary, S8 Management, LLC ("S8"), contemplated by the Recapitalization Transaction. S8 currently controls 4 licensed entities in Maryland through management services agreements.

State-level regulatory approvals remain outstanding in Massachusetts, New Jersey and New York. On January 7, 2022, the New Jersey Cannabis Regulatory Commission (the "CRC") approved our acquisition of 100% of the equity interest in New Jersey license holder MPX New Jersey LLC ("MPX NJ"). On February 1, 2022, we closed our acquisition of MPX NJ, which resulted in a requirement for prior regulatory approval for the change of beneficial ownership of MPX NJ that would result from the Recapitalization Transaction.

Pursuant to the terms of the Recapitalization Transaction and subject to the closing thereof, we are required to issue an aggregate of 6,072,579,699 common shares upon the extinguishment of (i) $22.5 million of Secured Notes (including the Exit Fees) plus interest accrued thereon, (ii) $40.0 million of Unsecured Debentures plus interest accrued thereon, and (iii) interest accrued above the principal amount of $14.7 million of the Interim Financing provided by certain of the Secured Lenders.

Recent Developments

Resignation of Interim Chief Executive Officer

Effective as of May 6, 2022 (the "Resignation Date"), Randy Maslow, our Interim Chief Executive Officer and President and a member our Board of Directors (the "Board"), resigned from his executive positions with our Company, including all positions with our Company's subsidiaries and our affiliates, and from the Board and all committees. In connection with the resignation, we entered into a separation agreement (the "Separation Agreement") with Mr. Maslow, pursuant to which, Mr. Maslow will receive certain compensation and benefits valued to substantially equal the value of entitlements he would have received under Section 4(g) of his employment agreement effective as of January 1, 2019, as amended on April 4, 2020, which includes two years of salary continuance and an additional option grant, which we have agreed to pay the value of in a lump sum payment of cash and cash installments. Specifically, Mr. Maslow will receive total cash compensation in the amount of $12.2 million (the "Separation Payment"), of which $5.1 million was paid out on May 6, 2022. The remainder of the Separation Payment will be paid out in equal installments of $0.9 million over the next eight months following the Resignation Date, which may be accelerated upon the occurrence of certain events. In addition, under the Separation Agreement, Mr. Maslow agreed to relinquish all entitlements to his restricted stock units under the LTIP, the issuance of which was contingent on the closing of the Recapitalization Transaction. Furthermore, Mr. Maslow's compensation and benefits includes, among other items, an extension of exercise period of options to acquire our common shares which were held by Mr. Maslow until the earlier of (i) five years from the Resignation Date; (ii) the original expiration dates of the applicable option; or (iii) the closing of the Recapitalization Transaction. Mr. Maslow will continue to serve the Company in a consulting role for a period of six months following the Resignation Date.

Appointment of Interim Chief Executive Officer

The Board appointed Robert Galvin as our Interim Chief Executive Officer and a member of the Board, effective May 6, 2022. Mr. Galvin has served as our Company's Interim Chief Operating Officer since November 2020. In addition, since February 2019, Mr. Galvin has served as an operations and administrative advisor to our Company. From February 2019 to December 2019, Mr. Galvin also served as a member of the Board. Prior to joining us, Mr. Galvin served as a member of the board of directors and as audit committee chair of MPX from November 2017 until our acquisition of MPX on February 5, 2019 (the "MPX Acquisition"). Mr. Galvin will serve as our Interim Chief Executive Officer pursuant to his employment agreement dated October 10, 2019 and effective as of January 1, 2019, as subsequently amended on April 4, 2020.

Results of Operations for the Three Months Ended March 31, 2022 and 2021

Revenues and Gross Profit

(in '000s of U.S. dollars)	Three Months Ended March 31, 2022	2021
Revenues		
Eastern Region	$ 24,785	$ 33,056
Western Region	17,716	18,302
Other	289	447
Total revenues	**$ 42,790**	**$ 51,805**
Cost of sales applicable to revenues		
Eastern Region	$ (8,717)	$ (11,894)
Western Region	(11,305)	(9,723)
Other	(276)	(467)
Total cost of sales applicable to revenues	**$ (20,298)**	**$ (22,084)**
Gross profit		
Eastern Region	$ 16,068	$ 21,162
Western Region	6,411	8,580
Other	13	(21)
Total gross profit	**$ 22,492**	**$ 29,721**

The eastern region includes our operations in Florida, Maryland, Massachusetts, New York, New Jersey and Vermont. The western region includes our operations in Arizona and Nevada as well as our assets and investments in Colorado.

Eastern region

For the three months ended March 31, 2022, our sales revenues in the eastern region were $24.8 million as compared to $33.1 million for the three months ended March 31, 2021, which represents a decrease of 25.0%. The main drivers for the decrease in revenues are attributable to lower retail revenues in Florida, Maryland and Massachusetts from increased competition and pricing pressures. This was offset by an increase in retail revenues in New York attributable to the sale of whole flower which was recently approved for sale in the state of New York in October 2021.

For the three months ended March 31, 2022, gross profit was $16.1 million, or 64.9% of sales revenues, as compared to a gross profit of $21.2 million, or 64.0% of sales revenues, for the three months ended March 31, 2021. Gross profit has remained relatively consistent between the three months ended March 31, 2022 and 2021 in the eastern region.

During the three months ended March 31, 2022, approximately 8,860 pounds of plant material was harvested in the eastern region as compared to approximately 11,700 pounds harvested during the three months ended March 31, 2021. The decrease in harvests of plant material was due to lower yields in Florida due to poor weather conditions and introduction of new strains, partially offset by an increase in harvests in Massachusetts from the ramp up of our Fall River facility during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021.

Western region

For the three months ended March 31, 2022, our sales revenues in the western region were $17.7 million as compared to $18.3 million for the three months ended March 31, 2021, which represents a decrease of 3.3%. The decrease in revenue in the western region is attributable to lower wholesale revenues in Nevada during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. Sales revenues in Arizona have remained consistent between the three months ended March 31, 2022 and 2021.

For the three months ended March 31, 2022, gross profit was $6.4 million, or 36.2% of sales revenues, as compared to a gross profit of $8.6 million, or 47.0% of sales revenues, for the three months ended March 31, 2021. Gross margins decreased due to higher sales discounts offered in Arizona and from higher cultivation costs incurred in Nevada during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021.

During the three months ended March 31, 2022, approximately 1,660 pounds of plant material was harvested in the western region as compared to approximately 1,700 pounds harvested during the three months ended March 31, 2021. The slight decrease in harvests is attributable to smaller cultivation yields in Nevada during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021.

Other revenues

For the three months ended March 31, 2022, other revenues were $0.3 million as compared to $0.4 million for the three months ended March 31, 2021. This decrease is due lower sales from our CBD business.

Expenses

	Three Months Ended March 31,	
(in '000s of U.S. dollars)	2022	2021
Total operating expenses	$ 31,869	$ 31,319
Total other (income) expenses	(4,150)	10,563
Income tax expense	4,875	7,291

Total operating expenses

Total operating expenses other than those included in costs and expenses applicable to revenues consist of selling, general, and administrative expenses which are necessary to conduct our ordinary business operations. In addition, total operating expenses consist of marketing, technology, and other growth initiatives related expenses such as opening new dispensaries and building-out our facilities, as well as depreciation and amortization charges taken on our fixed and intangible assets, and any write-downs or impairment on our assets. We have taken the necessary measures to control our discretionary spending and employ capital as efficiently as possible. However, we expect total operating expenses to continue to increase as we continue to invest in our operations and capital projects, attract and retain top talent, and implement robust technology systems in our corporate, retail and cultivation and manufacturing facilities.

For the three months ended March 31, 2022, our total operating expenses were $31.9 million as compared to $31.3 million for the three months ended March 31, 2021, which represents an increase of 1.8%.

The increase in total operating expenses between the three months ended March 31, 2022 and 2021 is primarily attributable to an increase in our depreciation and amortization expenses of $1.6 million as our depreciable fixed asset base has increased from $105.5 million as of March 31, 2021, to $140.7 million as of March 31, 2022. Further, salaries and employee expenses increased $0.3 million as we now employ approximately 1,000 employees as of March 31, 2022, as compared to approximately 960 as of March 31, 2021. We also increased our marketing expenditures by $0.1 million during the three months ended March 31, 2022, as compared to March 31, 2021. These increases in operating expenses are offset by a decrease in our legal and other professional fees totaling $1.6 million as there were fewer ongoing litigation matters and settlements during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021.

For the three months ended March 31, 2022, excise taxes were $0.1 million as compared to $0.2 million for the three months ended March 31, 2021. Excise taxes are included as part of the selling, general, and administrative expenses on the unaudited interim condensed consolidated statements of operations.

Total other income and expenses

Total other income and expenses include income and expenses that are not included in the ordinaryday-to-day activities of our business. This includes interest and accretion expenses on our financing arrangements, fair value gains or losses on our financial instruments, and income earned from arrangements that are not from our ordinary revenue streams of retail, wholesale, or delivery of cannabis products.

For the three months ended March 31, 2022, our total other income was $4.2 million as compared to total other expenses of $10.6 million for the three months ended March 31, 2021, which represents an increase of 139%.

The increase in total other income and expenses between the three months ended March 31, 2022 and 2021 is primarily attributable to a fair value gain net of tax of $10.5 million from the noncash consideration provided as part of the MPX NJ acquisition. Further, accretion expense decreased by $4.1 million as our Tranche One Secured Notes, the additional $20.0 million of secured notes issued on September 30, 2019 and the additional $36.2 million of secured notes issued on December 20, 2019 have been fully accreted as of May 2021, as compared to full accretion expense for these instruments taken during the three months ended March 31, 2021. Furthermore, during the three months ended March 31, 2022, we received a payment of $0.4 million in Arizona from an early cancellation of a cultivation services agreement, which was recorded as other income on our unaudited interim condensed consolidated statement of operations. This was partially offset by an increase in interest expense of $0.2 million as we are now accruing three months of interest expense on the February 2021 financing as compared to two months of interest expense during the three months ended March 31, 2021.

Income tax expense

As a result of operating in the federally illegal cannabis industry, we are subject to the limitations of Internal Revenue Code Section 280E ("Section 280E") under which taxpayers are only allowed to deduct expenses directly related to sales of product and no other ordinary business expenses. Our effective tax rate differs from the statutory tax rate and varies from year to year primarily as a result of numerous permanent differences, the provision for income taxes at different rates in foreign and domestic jurisdictions, including changes in enacted statutory tax rate increases or reductions in the year, changes in our valuation allowance based on our recoverability assessments of deferred tax assets and favorable or unfavorable resolution of various tax examinations.

For the three months ended March 31, 2022, our income tax expense was $4.9 million as compared to $7.3 million for the three months ended March 31, 2021, which represents a decrease of 33.1%. The decrease in income tax expense is a result of our lower taxable income during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021.

Liquidity and Capital Resources

As of March 31, 2022, we held unrestricted cash of $14.1 million (December 31, 2021—$13.2 million), an accumulated deficit of $811.7 million (December 31, 2021—$801.6 million), and a working capital deficit of $255.7 million (December 31, 2021—$231.7 million). In assessing our liquidity, we monitor our cash on-hand and our operating expenditure commitments required to execute ourday-to-day operations and our long-term strategic plans. To date, we have financed our operations primarily through equity and debt financings and our cash flows from operations and anticipate that we will need to raise additional capital to fund our operations in the future. We expect to finance our operating activities through a combination of additional financings and cash flows from our operations. However, we may be unable to raise additional funds when needed on favorable terms, or at all, which may have a negative impact on our financial condition and could force us to curtail or cease our operations. Furthermore, the terms of certain of our debt instruments impose certain restrictions on our operating and financing activities, including, but not limited to, our ability to incur certain additional indebtedness and our ability to issue shares or convertible securities. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital due to favorable market conditions or strategic considerations.

Going Concern

The accompanying unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that we will continue to operate as a going concern, and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our ability to continue as a going concern is dependent upon our ability to raise additional capital, our ability to achieve sustainable revenues and profitable operations, and our ability to obtain the necessary capital to meet our obligations and repay our liabilities when they become due.

We are currently in default with respect to our Secured Notes and Unsecured Debentures which, as of March 31, 2022, amounted to $218.9 million, including interest accrued thereon. In February 2021, our wholly-owned subsidiary, iAnthus New Jersey, LLC issued $11.0 million of senior secured bridge notes. While we believe that we have funding necessary for us to continue as a going concern, we may need to raise additional capital and there can be no assurance that such capital will be available to us on favorable terms, if at all. As such, these material circumstances cast substantial doubt on our ability to continue as a going concern for a period of no less than 12 months from the date of this report, and our unaudited interim condensed consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently plan due to incorrect assumptions or due to a decision to expand our activities beyond those currently planned.

Cash Flow for the Three Months Ended March 31, 2022 as Compared to the Three Months Ended March 31, 2021

Operating Activities

Our net cash flows from operating activities are affected by a number of factors, including revenues generated by operations, increases or decreases in our operating expenses, including expenses related to new capital projects and development of newly acquired businesses and the level of cash collections received from our customers.

Net cash provided by operating activities during the three months ended March 31, 2022 was $1.8 million as compared to $5.5 million for the three months ended March 31, 2021. Net cash provided from operating activities was primarily attributable to our net loss of $10.1 million, partially offset by $10.5 million gain from nonmonetary consideration provided for the MPX NJ acquisition, $9.0 million of depreciation and amortization expense, $5.9 million in interest expense, $1.5 million in share-based compensation, $0.8 million of accretion expense, and $4.7 million from changes in operating assets and liabilities items during the three months ended March 31, 2022.

Changes in other operating assets for the three months ended March 31, 2022 include an increase in inventory of $3.2 million due to lower sales during the three months ended March 31, 2022, as compared to the three months ended March 31, 2021, and an increase of $2.1 million related to the recognition of right-of-use assets during the three months ended March 31, 2022.

Changes in other operating liabilities for the three months ended March 31, 2022 include an increase in accrued and other current liabilities of $6.4 million due to additional interest and income taxes accrued in the current period and increase of accounts payable of $3.6 million.

As we continue to expand our operations and as these operations become more established, we continue to expect cash flow to be provided from operations, and we intend to place less reliance on financing from other sources to fund our operations. Although we expect to continue to have positive cash flows from operations in 2022, no assurance can be given that we will have positive cash flows in the future.

Investing Activities

Net cash used in investing activities during the three months ended March 31, 2022, was $1.6 million as compared to $5.1 million during the three months ended March 31, 2021. The decrease in cash used in investing activities was primarily attributable to fewer cultivation and dispensary construction expenditures of $3.2 million compared to the three months ended March 31, 2022. In addition, during the three months ended March 31, 2022, we loaned $0.1 million to MPX NJ as compared to $0.4 million during the three months ended March 31, 2021.

There was a cash flow from investing activities during the three months ended March 31, 2022, from the sale of certain property, plant and equipment of $0.1 million. This is compared to $Nil from the sale of certain property, plant and equipment during the three months ended March 31, 2021.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2022, was less than $0.1 million as compared to net cash provided from financing activities of $10.3 million for the three months ended March 31, 2021. During the three months ended March 31, 2022, we had very minimal financing activities, including less than $0.1 million on repayment of debt. This compares to the issuance of the senior secured bridge notes in the principal amount of $11.0 million, offset by related debt issuance costs of $0.7 million during the three months ended March 31, 2021.

Related Party Transactions

As part of the MPX Acquisition, we acquired a related party receivable of $0.7 million due from a company owned by a former director and officer of the Company, Elizabeth Stavola. The related party receivable was converted into a loan facility of up to $10.0 million, which accrues interest at the rate of 16.0%, compounded annually. Interest is due upon maturity of the loan on December 31, 2021. During the year ended December 31, 2021, we exercised our right to convert the principal balance of the loan and accrued interest into a 99% equity interest in MPX NJ and exercised our option to acquire the remaining 1% of MPX NJ, which conversion and option exercise were subject to certain regulatory approvals. On January 7, 2022, the CRC approved our acquisition of 100% of the equity interests in MPX NJ. We recorded acquisition costs of $0.2 million and $Nil within selling, general and administrative expenses on the unaudited interim condensed consolidated statement of operations for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, the balance of such facility was $Nil (December 31, 2021 – $4.6 million), which includes accrued interest of $Nil (December 31, 2021 —$0.9 million). The related party balances are presented in other long-term assets on the unaudited interim condensed consolidated balance sheets.

On June 30, 2017, we entered into a loan facility with a former director and officer of the Company, Hadley Ford (“Ford”). The total loan facility was up to C$0.5 million (equivalent to $0.4 million) and accrued interest at the rate of 2.5%. Interest was due upon maturity of the loan on June 30, 2021. As part of Ford’s termination agreement, the total loan facility was offset by compensation owed to Ford of $0.5 million during the first quarter of 2021. As of March 31, 2022, the outstanding balance of the facility including accrued interest was $Nil (December 31, 2021 – $Nil).

Critical Accounting Policies and Accounting Estimates

The preparation of our unaudited interim condensed consolidated financial statements and related disclosures in conformity with GAAP and our discussion and analysis of our financial condition and operating results require our management to make judgments, assumptions and estimates that affect the amounts reported. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Our significant accounting policies and estimates are described in Note 2, "Summary of Significant Accounting Policies," of the Notes to Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on March 18, 2022 which describes the significant accounting policies and methods used in the preparation of our consolidated financial statements. We believe the following critical accounting policies govern the more significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Other than those noted below, there have been no material changes to our critical accounting policies and estimates as from the date upon which we filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 with the SEC.

Business Combinations

In accordance with the FASB ASC Topic 805 *Business Combinations* ("ASC 805"), we allocate the fair value of the purchase consideration to the tangible and intangible asset purchased and the liabilities assumed on the basis of their fair values at the date of acquisition. The determination of fair values of assets acquired and liabilities assumed requires estimates and the use of valuation techniques when a market value is not readily available. Any excess of purchase price over the fair value of net tangible and intangible assets acquired is allocated to goodwill. If we obtain new information about the facts and circumstances that existed as of the acquisition date during the measurement period, which may be up to one year from the acquisition date, we may record an adjustment to the assets acquired and liabilities assumed.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the accounting considerations on and after acquisition.

JOBS Act

On April 5, 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We have chosen to take advantage of the extended transition periods available to emerging growth companies under the JOBS Act for complying with new or revised accounting standards until those standards would otherwise apply to private companies provided under the JOBS Act. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates for complying with new or revised accounting standards.

Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions, including, without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended, and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of our initial public offering; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Interim Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Interim Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2022, our disclosure controls and procedures were not effective due material weakness, which could adversely affect our ability to record, process, summarize, and report financial data. Such weaknesses include valuation of inventory, sales and expense cutoff for certain subsidiaries, accounting for business combinations, and our provisioning of user access rights, password lengths, certain backup/recovery controls and change management controls.

We have developed a plan to remediate the material weaknesses, which includes implementing improved processes and internal controls to ensure the proper application of accounting practices and guidance. We also intend to increase our accounting staff as soon as economically feasible and sustainable to remediate this material weakness.

Changes in Internal Control

Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings. Litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. Except as set forth herein, we are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

Roberts Matter

In October 2018, Craig Roberts and Beverly Roberts (the "Roberts") and the Gary W. Roberts Irrevocable Trust Agreement I, Gary W. Roberts Irrevocable Trust Agreement II, and Gary W. Roberts Irrevocable Trust Agreement III (the "Roberts Trust" and together with the Roberts, the "Roberts Plaintiffs") filed two separate but similar declaratory judgment actions in the Circuit Court of Palm Beach County, Florida against GrowHealthy Holdings, LLC ("GrowHealthy Holdings") and the Company in connection with the acquisition of substantially all of GrowHealthy Holdings' assets by the Company in early 2018. The Roberts Plaintiffs sought a declaration that the Company must deliver certain share certificates to the Roberts without requiring them to deliver a signed Shareholder Representative Agreement ("SRA") to GrowHealthy Holdings, which delivery was a condition precedent to receiving the iAnthus share certificates and required by the acquisition agreements between GrowHealthy Holdings and the Company. In January 2019, the Circuit Court of Palm Beach County denied the Roberts Plaintiffs' motion for injunctive relief, and the Roberts Plaintiffs signed and delivered the SRA forms to GrowHealthy Holdings while reserving their rights to continue challenging the validity and enforceability of the SRA. The Roberts Plaintiffs thereafter amended their complaints to seek monetary damages in the aggregate amount of $22.0 million plus treble damages. On May 21, 2019, the court issued an interlocutory order directing the Company to deliver the share certificates to the Roberts Plaintiffs, which the Company delivered on June 17, 2019, in accordance with the court's order. On December 19, 2019, the Company appealed the court's order directing delivery of the share certificates to the Florida Fourth District Court of Appeal, which appeal was denied per curiam. On October 21, 2019, the Roberts Plaintiffs were granted leave by the Circuit Court of Palm Beach County to amend their complaints in order to add purported claims for civil theft and punitive damages, and on November 22, 2019, the Company moved to dismiss the Roberts Plaintiffs' amended complaints. On May 1, 2020, the Circuit Court of Palm Beach County heard arguments on the motions to dismiss, and on June 11, 2020, the court issued a written order granting in part and denying in part the Company's motion to dismiss. Specifically, the order denied the Company's motion to dismiss for lack of jurisdiction and improper venue; however, the court granted the Company's motion to dismiss the Roberts Plaintiffs' claims for specific performance, conversion and civil theft without prejudice. With respect to the claim for conversion and civil theft, the Circuit Court of Palm Beach County provided the Roberts Plaintiffs with leave to amend their respective complaints. On July 10, 2020, the Roberts Plaintiffs filed further amended complaints in each action against the Company including claims for conversion, breach of contract and civil theft including damages in the aggregate amount of $22.0 million plus treble damages, and on August 13, 2020, the Company filed a consolidated motion to dismiss such amended complaints. On October 26, 2020, Circuit Court of Palm Beach County heard argument on the consolidated motion to dismiss, denied the motion and entered an order to that effect on October 28, 2020. Answers on both actions were filed on November 20, 2020 and the parties commenced discovery. On September 9, 2021, the Roberts Plaintiffs filed a motion to consolidate the two separate actions, which motion was granted on October 14, 2021. On August 6, 2020, the Roberts filed a lawsuit against Randy Maslow, the Company's now former Interim Chief Executive Officer, President and director, in his individual capacity (the "Maslow Complaint"), alleging a single count of purported conversion. The Maslow Complaint was not served on Randy Maslow until November 25, 2021, and the allegations in the Maslow Complaint are substantially similar to those allegations for purported conversion in the complaints filed against the Company. On March 28, 2022, the court consolidated the action filed against Randy Maslow with the Roberts Plaintiffs' action for discovery and trial purposes. As a result, the court vacated the matter's current trial date of May 9, 2022. The case has not been reset for trial yet. On April 22, 2022, the parties attended a court required mediation, which was unsuccessful. On May 6, 2022, the Circuit Court of Palm Beach County granted Randy Maslow's motion to dismiss the Maslow Complaint. The Roberts have 30 days from the date of the court's order, or until June 6, 2022, to file a second amended complaint.

U.S. Shareholder Class Action

On April 20, 2020, Donald Finch, a shareholder of the Company, filed a putative class action lawsuit with the United States District Court for the Southern District of New York (the "SDNY") against the Company (the "Class Action Lawsuit") and is seeking damages for an unspecified amount against the Company, its former Chief Executive Officer, its current Chief Financial Officer and others for alleged false and misleading statements regarding certain proceeds from the issuance of long-term debt, that were held in escrow to make interest payments in the event of default on such long-term debt. On May 5, 2020, Peter Cedeno, another shareholder of the Company, filed a putative class action against the same defendants alleging substantially similar causes of action. On June 16, 2020, four separate motions for consolidation, appointment as lead plaintiff, and approval of lead counsel were filed by Jose Antonio Silva, Robert and Sherri Newblatt, Robert Dankner, and Melvin Fussell. On July 9, 2020, the SDNY issued an order consolidating the Class Action Lawsuit and the Hi-Med Complaint (as defined below) and appointed Jose Antonio Silva as lead plaintiff ("Lead Plaintiff"). On July 23, 2020, the Lead Plaintiff and defendants filed a stipulation and proposed scheduling and coordination order to coordinate the pleadings for the consolidated actions. On September 4, 2020, the Lead Plaintiff filed a consolidated amended class action lawsuit against the Company (the "Amended Complaint"). On November 20, 2020, the Company and its Chief Financial Officer filed a Motion to Dismiss the Amended Complaint. On January 8, 2021, the Lead Plaintiff filed an opposition to the Motion to Dismiss the Amended Complaint. The Company and its Chief Financial Officer's reply to the opposition was filed on February 22, 2021. In a memorandum of opinion dated August 30, 2021, the SDNY granted the Company's and its Chief Financial Officer's Motion to Dismiss the Amended Complaint. The SDNY indicated that the Lead Plaintiff may move for leave to file a proposed second amended complaint by September 30, 2021. On October 1, 2021, the Lead Plaintiff filed a motion for leave to amend the Amended Complaint. The Lead Plaintiff's Motion for Leave to File a Second Amended Complaint was included as part of the Stipulation identified above. On November 3, 2021, the SDNY so-ordered the Stipulation and the Lead Plaintiff's Second Amended Complaint was deemed filed as of this date. On December 20, 2021, the Company and its Chief Financial Officer filed a Motion to Dismiss the Lead Plaintiff's Second Amended Complaint. The Lead Plaintiff's opposition to the Company's and its Chief Financial Officer's Motion to Dismiss was filed on February 3, 2022. The Company's and its Chief Financial Officer's reply to the Lead Plaintiff's opposition was filed on March 21, 2022. The Motion to Dismiss the Lead Plaintiff's Second Amended Complaint remains pending before the SDNY.

U.S. Hi-Med Matter

On April 19, 2020, Hi-Med LLC ("Hi-Med"), an equity holder and one of the Lenders holding an Unsecured Debenture of the Company in the principal amount of $5.0 million, filed a complaint with the SDNY against the Company and certain of the Company's current and former directors and officers and other defendants (the "Hi-Med Complaint"). Hi-Med is seeking damages of an unspecified amount and the full principal amount of the Unsecured Debenture against the Company, for among other things, alleged breaches of provisions of the Unsecured Debentures and the related Debenture Purchase Agreement as well as alleged violations of Federal securities laws, including Sections 10(b), 10b-5 and 20(a) of the Exchange Act and common law fraud relating to alleged false and misleading statements regarding certain proceeds from the issuance of long-term debt that were held in escrow to make interest payments in the event of a default thereof. On July 9, 2020, the court issued an order consolidating the class action matter with the shareholder class action referenced above. On July 23, 2020, Hi-Med and the defendants filed a stipulation and proposed scheduling and coordination order to coordinate the pleadings for the consolidated actions. On September 4, 2020, Hi-Med filed an amended complaint (the "Hi-Med Amended Complaint"). On October 14, 2020, the SDNY issued a stipulation and scheduling and coordination order, which required that the defendants answer, move, or otherwise respond to the Hi-Med Amended Complaint no later than November 20, 2020. On November 20, 2020, the Company and certain of its current officers and directors filed a Motion to Dismiss the Hi-Med Amended Complaint. On January 8, 2021, Hi-Med filed an opposition to the Motion to Dismiss. The Company and certain of its current officers and directors' reply were filed on February 22, 2021. In a memorandum of opinion dated August 30, 2021, the SDNY granted the Company's and certain of its officers and directors' Motion to Dismiss the Hi-Med Amended Complaint. The SDNY indicated that Hi-Med may move for leave to file a proposed second amended complaint by September 30, 2021. On September 30, 2021, Hi-Med filed a motion for leave to amend the Hi-Med Amended Complaint. On October 28, 2021, the parties filed a Stipulation and Proposed Scheduling Order Regarding Hi-Med's Motion for Leave to File a Second Amended Complaint (the "Stipulation"). On November 3, 2021, the SDNY so-ordered the Stipulation and Hi-Med's Second Amended Complaint was deemed filed as of this date. On December 20, 2021, the Company and its current named officers and directors filed a Motion to Dismiss Hi-Med's Second Amended Complaint. Hi-Med's opposition to the Company's and its current named officers and directors' Motion to Dismiss was filed on February 3, 2022. The Company and its current named officers and directors' reply to Hi-Med's opposition was filed on March 21, 2022. The Motion to Dismiss Hi-Med's Second Amended Complaint remains pending before the SDNY.

Claim by Former Consultant

On August 19, 2021, Arvin Saloum ("Saloum"), a former consultant of the Company, filed a Demand for Arbitration with the American Arbitration Association against The Healing Center Wellness Center, Inc. ("THCWC") and iAnthus Arizona, LLC ("iA AZ"), claiming a breach of a Consulting and Joint Venture Agreement (the "JV Agreement") for unpaid consulting fees allegedly owed to Saloum under the JV Agreement. Saloum is claiming damages between $1.0 million and $10.0 million. On September 7, 2021, THCWC and iA AZ filed Objections and Answering Statement to Saloum's Demand for Arbitration. On November 18, 2021, THCWC and iA AZ filed a Complaint for Declaratory Judgment ("Declaratory Judgment Complaint") with the Arizona Superior Court, Maricopa County ("Arizona Superior Court"), seeking declarations that: (i) the JV Agreement is void, against public policy and terminable at will; (ii) the JV Agreement is unenforceable and not binding; and (iii) the JV Agreement only applies to sales under the Arizona Medical Marijuana Act. On January 21, 2022, Saloum filed an Answer with Counterclaims in response to the Declaratory Judgment Complaint. The Declaratory Judgment Complaint remains pending before the Arizona Superior Court. The Arbitration Action is stayed, pending resolution of the Declaratory Judgment Complaint.

Plan of Arrangement

On August 20, 2021, the Applicants filed the Application with the OSCJ, which sought, among other things, a declaration that the Outside Date be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On August 24, 2021, the Company and Applicants appeared for a case conference before the OSCJ at which the OSCJ issued the Stay Order that required the parties to the Restructuring Support Agreement to maintain the status quo until the hearing on September 23, 2021. Specifically, the Stay Order provided that the parties shall remain bound by the Restructuring Support Agreement and not take any steps to advance or impede the regulatory approval process for the closing of the Recapitalization Transaction or otherwise have any communication with the applicable state-level regulators concerning the Recapitalization Transaction or the other counterparties to the Restructuring Support Agreement. On September 23, 2021, the parties appeared before the OSCJ for a hearing on the Application. Following this hearing, the OSCJ issued an endorsement that extended the Stay Order from September 23, 2021 until 48 hours after the release of the OSCJ's decision on the merits of the Application. On October 12, 2021, the OSCJ issued its decision granting the Applicant's relief sought in the Application. Specifically, the OSCJ granted the declaration sought by the Applicants and ordered that the Outside Date be extended to the date on which any regulatory approval or consent condition to implementation of the Plan of Arrangement is satisfied or waived. On November 10, 2021, the Company filed a Notice of Appeal with the Ontario Court of Appeal, and a hearing on the appeal is scheduled for June 9, 2022.

ITEM 1A. RISK FACTORS.

Risk factors that affect our business and financial results are discussed in Part I, Item 1A "Risk Factors," in our Annual Report on Form10-K for the year ended December 31, 2021("Annual Report"). There have been no material changes in our risk factors from those previously disclosed in our Annual Report. You should carefully consider the risks described in our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

See Part I, Item 2, "Financial Restructuring" for information regarding the Company's default upon senior securities.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit No.	Description
10.1*	Separation Agreement and General Release by and among the Company, iAnthus Capital Management, LLC and Randy Maslow dated April 28, 2022
10.2*	Consulting Services Agreement by and among the Company, iAnthus Capital Management, LLC and Randy Maslow dated May 6, 2022
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File—the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 is formatted in Inline XBRL

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IANTHUS CAPITAL HOLDINGS, INC.

By: /s/ Robert Galvin
Robert Galvin
Interim Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 12, 2022

By: /s/ Julius Kalcevich
Julius Kalcevich
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (the "**Agreement**") is made and entered into by and between by and between iAnthus Capital Holdings, Inc. ("**Holdings**"), iAnthus Capital Management, LLC ("**ICM**" and together with Holdings, the "**Company**"), Randy Maslow ("**Executive**"), who resides at and, solely for purposes of Paragraphs 11, 12(a) and 18(b) hereof, each of the entities set forth under the "Lenders" heading on the signature page hereto (collectively the "**Lenders**"). Company and Executive may be referred to individually as a "Party" or collectively as the "Parties".

WHEREAS, Executive has been employed by the Company since 2014 and currently serves as Interim Chief Executive Officer and President of the Company and Director of the Board of Directors (the "**Board**") of Holdings;

WHEREAS, the Company and Executive are parties to an Employment Agreement effective January 1, 2019, as amended on April 4, 2020 (collectively the "**Employment Agreement**"); and

WHEREAS, the Parties and the Lenders have reached certain mutual agreements and understandings with respect to Executive's resignation from the Company, and desire to settle fully and finally any claims, disputes and obligations relating to Executive's employment with the Company and the termination thereof;

NOW, THEREFORE, IT IS HEREBY AGREED THAT:

1. Termination by Executive of His Employment for Good Reason and Resignation from the Board of Holdings Executive and Company acknowledge and agree that Executive hereby: (i) terminates his employment as Interim Chief Executive Officer and President of the Company For Good Reason (as defined by the Employment Agreement) effective as of the Effective Date (as defined in Paragraph 13(c) below) (which shall also mean, and which is used interchangeably herein with, "**Termination Date**"); and (ii) resigns from his position as Director of the Board of Holdings, effective as of the Termination Date. Executive further agrees that he resigns from all other positions held, whether as director, officer, manager, partner, representative or otherwise with respect to the Company and each of its subsidiaries and affiliates, effective as of the Termination Date. Executive shall promptly execute any necessary documents provided by the Company to effectuate Executive's resignations from the Company and each of its subsidiaries and affiliates. Company hereby waives any right to advance notice of termination under the Employment Agreement. Company shall not announce the existence of this Agreement until the Effective Date, unless otherwise required by applicable law.

2. Paid Time Off/Unreimbursed Expenses. The Company shall pay Executive for any accrued and unused Paid Time Off and reimburse Executive for any unreimbursed expenses. Executive has 65.2575 hours of accrued and unused time that equates to $21,592.55 and unreimbursed expenses equal to $2,482.35, which will be paid out on the next regular pay day following the Termination Date.

3. Severance Payment; COBRA; 2021 Performance Bonus; Extension of Option

(a) Severance Payment: In consideration of Executive's execution of this Agreement and agreeing to the potential modification of restrictive covenants discuss in Paragraph 19 below, the Company shall pay Executive a cash severance payment in the gross amount of Eleven Million Eight Hundred Seventy-Seven Thousand Two Hundred Eighty-Eight Dollars and Sixty Cents ($11,877,288.60) (the "**Severance Payment**"), which shall be subject to all applicable federal, state, local and other legally required withholdings and deductions and be paid as follows:

(i) Lump sum payment in the gross amount of Four Million Seven Hundred Fifty Thousand Nine Hundred Fifteen Dollars and Forty-Four Cents ($4,750,915.44) (the "**Lump Sum Payment**"), payable on the Effective Date; and

(ii) Eight (8) equal monthly installments in the gross amount of Eight Hundred Ninety Thousand Seven Hundred Ninety Six Dollars and Sixty-Five Cents ($890,796.65) (each, an "**Installment Payment**"), payable on the following dates: (1) May 16, 2022, (2) June 15, 2022, (3) July 15, 2022, (4) August 15, 2022, (5) September 15, 2022, (6) October 14, 2022, (7) November 15, 2022, and (8) December 15, 2022.

Executive's receipt of the Lump Sum Payment on the Effective Date is a condition precedent to the effectiveness of the resignation of Executive from the Board and as an officer and employee of the Company. In the event that the Company does not make the Lump Sum Payment to Executive on the Effective Date, this Agreement, including Executive's resignation, shall be null and void *ab initio.*

Notwithstanding Paragraph 3(a)(ii) above, upon the earlier of the Company or its affiliates (i) closing the pending recapitalization transaction (the "**Recapitalization Transaction**") contemplated by the Restructuring Support Agreement dated July 10, 2020, as amended on June 15, 2021; (ii) closing a sale-leaseback or similar transaction or any other financing transaction (excluding a sale-leaseback of the Company's cultivation facility in Warwick, New York), or series of such transactions (excluding a sale-leaseback of the Company's cultivation facility in Warwick, New York), that result or results in at least Twenty-Five Million Dollars ($25,000,000) in aggregate proceeds to the Company or its affiliates (a "**Material Financing**"); or (iii) any change in the majority of the existing Board as of the date of this Agreement prior to the closing of the Recapitalization Transaction (a "**Board Change**"), then any unpaid Installment Payments shall accelerate and be payable in a lump sum payment within twenty (20) days after the closing or occurrence of any of the Recapitalization Transaction, a Material Financing or a Board Change, as applicable.

(b) COBRA: Executive's employer-sponsored health and dental insurance benefits shall terminate effective as of the last day of the month in which the Termination Date occurs subject to Executive right to elect continuation health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**"). In further consideration of Executive's execution of this Agreement, the Company shall pay the monthly premium for Executive's continued participation in the Company's health, dental and vision insurance benefits pursuant to COBRA for one (1) year from the Termination Date, provided that Executive timely elects to enroll in COBRA coverage. Thereafter, Executive's continued participation in the Company's health, dental and vision insurance benefits pursuant to COBRA shall be at Executive's sole expense. If Executive obtains employment that provides for comparable health insurance benefits on or prior to the last day of the month which is twelve (12) months after the Termination Date, the Company's obligation under this section to pay the Executive's health, dental and vision insurance benefits shall expire. Pursuant to this Paragraph, Executive is required to provide the Company notice if he obtains new employment that offers comparable health insurance benefits. To the extent that the Company's health, dental or vision plans are self-insured, the payments contemplated by this Paragraph 3(b) shall be treated as a taxable payment to the Executive in order to avoid adverse tax consequences under Section 105(h) of the Internal Revenue Code (the "**Code**").

(c) 2021 Performance Bonus. In further consideration for Executive's execution of this Agreement, the Company agrees to pay Executive's deferred 2021 annual performance bonus in the gross amount of Three Hundred Thousand Dollars ($300,000.00) ("**2021 Performance Bonus**") in a lump sum payment on the Effective Date.

(d) Extension of Options. In further consideration for Executive's execution of this Agreement, Holdings agrees to amend, and hereby does amend, each of the Executive's stock option agreements so that all stock options held by Executive shall, notwithstanding any requirement that a stock option be exercised prior to termination of employment or service or within any specific period of time after termination of employment or service, expire upon the earlier of: (i) five (5) years from the Termination Date; (ii) the respective original expiration dates of the stock options; or (iii) the closing of the Recapitalization Transaction (the "**Option Extension**"). For the avoidance of doubt, the stock options covered by this extension are the stock options granted to Executive on May 11, 2016, November 21, 2017, March 2, 2018 and August 6, 2019 relating to an aggregate of 2,091,711 shares of common stock of Holdings (the "**Stock Options**").

4. Long-Term Incentive Plan. On or about December 31, 2021, the Board approved the implementation of a new employee long-term incentive program (the "**LTIP**") for certain employees of the Company, including Executive, which would be granted within ten (10) days after the closing of the Recapitalization Transaction. Upon the Effective Date of this Agreement, Executive's right to participate in the LTIP shall terminate immediately and Executive shall not receive any Restricted Stock Units or any other benefits as contemplated by the LTIP.

5. Consultation Services. On the Effective Date, Executive and Company shall execute a Consulting Services Agreement in the form mutually agreed upon (the "**Consulting Agreement**"), which shall become effective on the Effective Date.

6. Cooperation.

(a) Executive agrees to reasonably cooperate with the Company and its subsidiaries, Affiliates ("**Affiliates**" shall mean any entity in which the Company has a direct or indirect ownership interest; the Company and its subsidiaries and Affiliates, collectively, the "**Company Group**"), including their directors and officers, in connection with (i) any claims, complaints, charges, actions, lawsuits or similar proceedings that any member of the Company Group is or may become a party to (including testimony where required) and which involve matters about which Executive has knowledge; (ii) during the Term (as defined in the Consulting Agreement), reasonably cooperate with the Company in connection with any matters relating to regulatory compliance, licensing proceedings and filings and any operational matters related thereto, including, without limitation, the transfer or substitution of the Executive on all state licenses as may be required; and/or (iii) during the Term, any application, inspection, approval, or any other consent that any member of the Company Group is seeking or may seek to assist. The Company shall indemnify Executive, promptly reimburse Executive upon his presentation of appropriate receipts for his incurrence of reasonable expenses in connection with his services under this paragraph and hold Executive harmless from all out of pocket expenses he incurs in connection with the foregoing, including his own reasonable attorneys' fees in the event that a conflict of interest arises between the Company Group and Executive, making joint representation improper, or if Executive is otherwise entitled to engage separate representation under the Company's organizational documents. Executive will be reasonably available to cooperate the Company Group and their respective counsel and representatives as needed, unless otherwise required by law.

(b) Executive agrees to promptly notify the Company's General Counsel, at 420 Lexington Avenue, Suite 414, New York, NY 10170, (or any other address or individual which the Company shall subsequently advise the Executive of in writing), of any written notice received by Executive from an attorney or third party threatening legal proceedings against any member or employee of the Company Group. Executive agrees not to cooperate directly or indirectly in any way with any third party bringing a claim against a Company Releasee (as hereinafter defined) or otherwise investigating any purported wrongdoing by the Company, unless Executive's action is required by law, a court or governmental agency, in which case Executive shall promptly give notice to the Company of such legal requirement, so that the Company or its designee may seek a protective order or other appropriate remedy. Notice is not required where the action is required by a governmental agency that directs Executive to refrain from notifying the Company Group or in connection with a matter before the Securities and Exchange Commission. Nothing herein shall be construed to prohibit Executive from truthfully testifying in any legal proceeding or before any governmental agency. Nothing in this Paragraph 6 shall be construed to prohibit Employee from exercising Employee's rights as specified in Paragraph 12(c).

7. Acknowledgements. Executive agrees that the Company has paid to Executive all of the wages (other than accrued but unpaid salary for the current pay period and if applicable the immediately preceding payroll period), fees, bonuses, commissions, incentive compensation, wage deferrals, paid leave time and all other employee benefits due and owing to Executive as a result of his employment with the Company (other than benefits under ERISA plans), and that no other such compensation or benefits of any kind or nature is owed to Executive, other than as expressly provided for in this Agreement. The Company acknowledges Executive's ownership of the Stock Options and ownership of 2,732,500 shares of common stock of Holdings.

8. Benefits Not Otherwise Entitled To. Executive acknowledges that the Severance Payment, COBRA payment, 2021 Performance Bonus and Option Extension provided for in Paragraph 3 above, are provided in addition to and otherwise exceeds any payment, benefit or other thing of value to which Executive might otherwise be legally entitled to receive from the Company.

9. General Release by Executive. In consideration of the compensation and benefits set forth herein, including without limitation, the Severance Payment, the adequacy of which is hereby acknowledged by Executive, except as otherwise set forth in this Agreement, Executive hereby releases and discharges the Company and each of its respective present, former and future parents, subsidiaries, divisions, affiliates and related companies, as well as their shareholders, directors, trustees, officers, board members, employees, attorneys, heirs, successors, assigns, and agents in each case in their capacity as such, (collectively, the "**Company Releasees**"), and the Lenders, from any and all claims, causes of action, suits, debts, controversies, judgments, decrees, damages, liabilities, covenants, contracts and agreements, whether known or unknown, in law or equity, whether statutory or common law, whether federal, state, local or otherwise, including, but not limited to, any claims relating to, or arising out of any aspect of Executive's employment with the Company, or the termination of such employment, or arising out of any aspect of the Employment Agreement, arising through the date of this Agreement's execution by Executive and, upon re-execution by Executive, through the date ofre-execution by Executive, including without limitation:

(a) any and all claims arising under any federal, state, or local statute, including but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967 ("**ADEA**"), as amended, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Employee Retirement Income Security Act of 1974, the Family Medical Leave Act of 1993, the Fair Labor Standards Act of 1938, the Immigration Reform and Control Act of 1986, the Genetic Information Nondiscrimination Act, the New York State Executive Law, the New York State Human Rights Law, the New York Labor Law, the New York City Human Rights Law, and the New York City Administrative Code, the Florida Civil Rights Act, the Florida Labor Law, Florida Whistle Blower Act, Florida Wage Discrimination Law, Florida Equal Pay Law, Florida Wage Payment Laws, Florida's General Labor Regulations, The Palm Beach County Equal Employment Ordinance, all as amended;

(b) any and all claims arising under any other federal, state, or local labor law, civil rights law, or human rights law;

(c) any and all claims arising under any Canadian law, British Columbia law, or provincial or local Canadian law;

(d) any and all claims arising under common law, including, but not limited to, claims for defamation, libel, slander, false imprisonment, breach of contract, or tortious interference with business relations;

(e) any and all claims for monetary recovery, including but not limited to, severance pay, back pay, premium pay, front pay, liquidated, compensatory and punitive damages, attorneys' fees, disbursements and costs; and

(f) any and all claims relating to the LTIP, including, without limitation, Executive's non-participation in the LTIP,

(collectively, the "**Released Claims**").

Executive agrees that this Agreement constitutes a knowing and voluntary waiver of all rights or claims he may have against the Company Releasees and the Lenders relating to the Released Claims. To the extent any Released Claim is not releasable, Executive acknowledges that the payments and consideration received hereunder more than offset any monetary sums owing to Executive from any non-releasable claim. Nothing herein shall be construed to prohibit Executive from exercising Executive's rights as specified in Paragraph 12(c) or shall prevent Executive from enforcing the terms of this Agreement.

10. Non-Released Claims / Indemnification Rights.

a. Notwithstanding anything herein to the contrary, "Released Claims" by the Executive shall not include, and Executive is not releasing any rights or claims with respect to (i) indemnification as a current or former director, officer, manager, trustee, fiduciary or other position with respect to any member of the Company Group or any employee benefit plan of any member of the Company Group, without limitation, under any organizational documents, individual indemnification agreements or D&O or E&O insurance policies of any member of the Company Group, (ii) claims arising from any fraud or criminal activity by any Company Releasee or the Lenders, provided this exception to Executive's General Release of claims shall not apply if Executive caused, knew or should have known that the Company or the Lenders engaged in such fraud or criminal activity and/or if Executive caused or was responsible for such activity in his role as President and Interim CEO of the Company, (iii) any rights to vested benefits under the ERISA plans of the Company and its affiliates. The Executive represents and warrants that prior to entering into this Agreement, that Executive is not aware of any fraud or crime committed by the Company or Lenders as of the date of entering into this Agreement.

b. For avoidance of doubt, the Parties further agree that no party hereto is releasing their right to enforce the terms of this Agreement, file a claim that arises after their execution or re-execution of this Agreement, or to a claim that is otherwise not waivable as a matter of law. The release exclusions specified in Paragraphs 10(a), 10(b) and 11 shall constitute "**Non-Released Claims**".

c. The Company hereby agrees not to amend, and to not permit any other members of the Company Group to amend, the organizational documents or insurance policies of any member of the Company Group relating to current and former director and officer indemnification rights in a manner that treats Executive less favorably than other current and former directors and officers.

11. General Release by Company Releasees and Lenders. In consideration of Executive's cooperation under this Agreement and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the Company Releasees and the Lenders, the Company Releasees and the Lenders hereby release and discharge Executive and each of his heirs, family members and executors from any and all claims, causes of action, suits, debts, controversies, judgments, decrees, damages, liabilities, covenants, contracts and agreements, whether known or unknown, in law or equity, whether statutory or common law, whether federal, state, local or otherwise, including, but not limited to, any claims relating to, or arising out of any aspect of Executive's employment with the Company, or the termination of such employment, or arising out of any aspect of the Employment Agreement, or arising out of relating to Executive's status as a current or former director, officer or manager of any member of the Company Group; provided, however, this release shall not apply to claims arising from any fraud or criminal activity by Executive which could not have been discovered by the Company with reasonable inquiry prior to entering into this Agreement. The Company and the Lenders represent and warrant that prior to entering into this Agreement, they have made reasonable inquiry and are not aware of any fraud or crime committed by Executive as of the date of entering into this Agreement.

12. No Claims.

(a) Executive further represents and warrants that he has never commenced or filed and agrees not to commence, file, voluntarily aid or in any way prosecute or cause to be commenced or prosecuted against the Company Releasees or the Lenders any action, charge, complaint or other proceeding with respect to the Released Claims, subject to the provisions of Paragraph 12(c). The Company represents and warrants that no member of the Company Group has ever commenced or filed and, the Company agrees not to, and to not permit any other member of the Company Group to, commence, file, voluntarily aid or in any way prosecute or cause to be commenced or prosecuted any action, charge, complaint or other proceeding against Executive relating to any claim released by Paragraph 11. Each Lender represents and warrants that it has never commenced or filed and agrees not to commence, file, voluntarily aid or in any way prosecute or cause to be commenced or prosecuted any action, charge, complaint or other proceeding against Executive relating to any claim released by Paragraph 11.

(b) In the event Executive files any civil complaint, or commences any litigation of any kind, in each case that is prohibited by this Agreement, (i) Executive shall immediately tender back all consideration received under this Agreement and pay all of the reasonable attorney's fees, expenses and costs incurred by the Company Releasees or the Lenders in connection with the complaint or action filed, (ii) the Company Releasees shall also have the right of set-off against any obligation to Executive under this Agreement and (iii) in addition to the remedies noted above, the Company Releasees or the Lenders may pursue all other remedies available under law or equity to address Executive's breach of this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement or the Employment Agreement, nothing in either such agreement shall, or shall be construed to, prohibit Executive from (i) making any disclosure of information required by law or subpoena or protected by law or regulation, (ii) giving truthful testimony or providing truthful information in response to a subpoena from a court or governmental agency, or (iii) filing a charge with or participating in any investigation or proceeding conducted by, or providing information to or otherwise assisting, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission, the Occupational Safety and Health Administration or other government agency charged with the enforcement of any law. Notwithstanding the foregoing, Executive agrees to waive Executive's right to recover monetary damages or any personal relief (including, but not limited to, reinstatement, back pay, front pay, damages, and attorneys' fees) in connection with any such charge or complaint with respect to a Released Claim, as well as with regard to any charge, complaint or lawsuit filed by anyone else on Executive's behalf with respect to a Released Claim, provided this shall not apply to any claim not releasable as a matter of law. Further, the tender back provision in Paragraph 12(b) above shall not apply to any administrative charges or filings referenced in this Paragraph 12(c) to the extent they are impermissible. To the extent permissible by law, the Severance Payment will be credited against any sums received by Executive pursuant to a claim not releasable as a matter of law.

(d) Executive's acceptance of, and failure to promptly return, if applicable, any portion of the Severance Payment, 2021 Performance Bonus, Company-paid COBRA benefit and/or Option Extension described in paragraph 3 of this Agreement at any time subsequent to seven (7) days after Executive's execution of this Agreement, shall constitute an admission by Executive that he did not revoke this Agreement during the revocation period of seven (7) days, and shall further constitute an admission by Executive that this Agreement has become effective and enforceable on each of the dates in which Executive executes it.

13. Knowing and Voluntary Waiver. Notwithstanding any other provision of this Agreement to the contrary:

(a) Executive agrees that this Agreement constitutes a knowing and voluntary waiver of all rights or claims Executive may have against the Company Releasees or the Lenders with respect to the Released Claims, including without limitation, all rights or claims arising under ADEA, as amended.

(b) **EXECUTIVE RECOGNIZES THAT, IN SIGNING THIS AGREEMENT, EXECUTIVE IS WAIVING HIS RIGHT TO PURSUE ANY AND ALL CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT, 29 U.S.C. 626 ET SEQ. ARISING PRIOR TO THE DATE THAT EXECUTIVE EXECUTES THIS AGREEMENT. EXECUTIVE UNDERSTANDS THAT HE MAY TAKE TWENTY-ONE (21) DAYS FROM THE DATE THIS AGREEMENT IS PRESENTED TO EXECUTIVE TO CONSIDER WHETHER TO EXECUTE THIS AGREEMENT. EXECUTIVE IS ADVISED THAT HE MAY WISH TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTION OF THIS AGREEMENT. ONCE EXECUTIVE HAS EXECUTED THIS AGREEMENT, HE MAY REVOKE THE AGREEMENT AT ANY TIME DURING THE SEVEN (7) DAY PERIOD FOLLOWING THE EXECUTION OF THE AGREEMENT BY PROVIDING A LETTER TO THE COMPANY'S GENERAL COUNSEL AT STATING EXECUTIVE'S INTENT TO REVOKE THIS AGREEMENT**.

(c) **AFTER SEVEN (7) DAYS HAVE PASSED FOLLOWING EXECUTIVE'S EXECUTION OF THIS AGREEMENT, THE EXECUTION OF THIS AGREEMENT SHALL BE FINAL AND IRREVOCABLE.** The Agreement shall become effective on the eighth day after Executive executes this Agreement (the "**Effective Date**"), unless Executive revokes it prior to the conclusion of such period.

(d) Unless Executive revokes this Agreement in accordance with Section 13(b) above, Executive agrees tore-execute this Agreement on the Termination Date so that all Released Claims that could have arisen during the period between his execution of this Agreement and the Termination Date are likewise fully released and are included within the definition of Released Claims.

14. Non-Admission of Wrongdoing. This Agreement shall not in any way be construed as an admission by the Company of any liability, or of any unlawful, discriminatory, or otherwise wrongful acts whatsoever against Executive or any other person.

15. Non-Disclosure of Confidential Information. Subject to Paragraph 12(c), Executive agrees to continue to abide by Paragraph 5(b) (Covenant Against Disclosure) of the Employment Agreement. Executive additionally agrees that Executive will not, without the prior written consent of the Company, either directly or indirectly, transmit or disclose to any person or entity any Confidentiality Information or use any Confidential Information, for Executive's own benefit or the benefit of any other person or entity, or to the detriment of the Company, except in response to an order or subpoena of a court of competent jurisdiction or in response to any subpoena issued by a state or federal governmental agency. "Confidential Information" shall include any non-public information pertaining to the Company, its affiliates, or any of their current or former members, officers, directors, or employees, including, but without limitation: (i) information disclosed to Executive and information developed or learned by Executive during the course of or as a result of his employment with the Company or during the course of or as a result of the Services (as defined in the Consulting Agreement); (ii) information related to the finances or policies of the Company; (iii) information related to any Company client; and (iv) organization and marketing plans. This shall not prevent Executive from making statements to the extent required by applicable law to respond to an order or subpoena of a court of competent jurisdiction or in response to any subpoena issued by a state or federal governmental agency; provided that Executive will provide the Company with prompt notice of any such legal requirement so that the Company or its designee may seek a protective order or other appropriate remedy. Notice is not required where disclosure is required by the Securities and Exchange Commission or any governmental agency that directs Executive to refrain from notifying the Company.

Nothing in this Agreement is intended to or shall be interpreted to prohibit disclosure of information to the limited extent permitted by and in accordance with the federal Defend Trade Secrets Act of 2016 ("DTSA"). Stated otherwise, disclosures that are protected by the DTSA do not violate this Agreement. The DTSA provides that: "(1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that – (A) is made – (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." The DTSA further provides that: "(2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual – (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order." Nothing in this Paragraph shall be construed to prohibit Executive from exercising his rights as specified in Paragraph 12(c).

16. References. Upon inquiry, the Company shall provide a neutral employment reference for Executive, which includes dates of employment and position(s) held.

17. Return of Company Property. Executive agrees to return to the Company all items belonging to the Company in Executive's possession. Executive shall further return all Confidential Information, Company documentation, intellectual property and computer passwords and account information; provided, that Executive shall retain his personal laptop and cellular phone and, within five (5) days after the Term, provide the Company with a written certification confirming the deletion of all Confidential Information on such devices.

18. Non-Disparagement.

(a) **Executive Obligations**. Subject to Paragraph 12(c), beginning on the Termination Date and for twelve (12) months thereafter, Executive agrees that he will not, whether directly or indirectly, make, publish, communicate or facilitate the communication of any disparaging or defamatory remarks about any of the Company Releasees or the Lenders, nor any notes, memoranda, emails or other communications from or to or involving any Company Releasees or the Lenders that would tend to disparage, embarrass or harm any Company Releasees or the Lenders, except as may be required by law. Nothing in this paragraph shall be construed to prohibit Executive from exercising Executive's rights in connection with a Non-Released Claim or in accordance with Paragraph 12(c). Executive understands and agrees this is a material term of the Agreement and the Company would not enter into the Agreement but for this Paragraph.

(b) **Company and Lender Obligations**. Beginning on the Termination Date and for twelve (12) months thereafter, the directors and officers of each of the Company and the Lenders will not, whether directly or indirectly, make, publish, communicate or facilitate the communication of any disparaging or defamatory remarks about Executive, nor any notes, memoranda, emails or other communications from or to or involving Executive that would tend to disparage, embarrass or harm Executive, except as may be required by law. Likewise, neither the Company nor the Lenders will issue a disparaging press release about Executive.

19. Restrictive Covenants. Executive agrees to continue to abide by the restrictive covenants contained in Paragraph 5(c) and (d) of the Employment Agreement, beginning on the Termination Date and for twelve (12) months thereafter; provided, however, Executive's non-competition restrictive covenant as set forth in Paragraph 5(c) of the Employment Agreement relating to non-competition shall end upon the expiration or other termination of the term of the Consulting Agreement, as amended; provided, further, that Executive and the Company shall, during the thirty (30)-day period following the Termination Date, negotiate in good faith in an attempt to mutually agree upon an extension of the non-competition covenant to up to two (2) years following the Termination Date.

20. Non-Disclosure of Agreement Terms. Unless otherwise publicly disclosed by the Company, Executive agrees to keep all terms of this Agreement, and all facts and claims leading up to this Agreement's negotiation and execution, absolutely confidential and shall not divulge or discuss them with anyone, except (i) as required by law, (ii) to members of Executive's immediate family and Executive's attorneys, accountants and wealth advisers if Executive requests that they keep the terms strictly confidential, or (iii) to the Company Group and its directors, officers, employees, accountants, counsel and other service providers and representatives in connection with negotiating or implementing this Agreement. This shall not prevent Executive from making statements to the extent required by applicable law to respond to an order or subpoena of a court of competent jurisdiction or in response to any subpoena or request issued by a state or federal governmental agency, provided that Executive will provide the Company with prompt notice of any such legal requirement or request so that the Company or its designee may seek a protective order or other appropriate remedy. Notice is not required where disclosure is required by the Securities and Exchange Commission or any governmental agency that directs Executive to refrain from notifying the Company. Nothing in this paragraph shall, or shall be construed to, prohibit Executive from exercising his rights as specified in Paragraph 12(c) or from responding to any notice or inquiry from a governmental agency with a statement that Executive is not permitted to discuss Confidential Information without a subpoena.

21. Press Release. The Company shall issue a press release concerning the Executive's resignation in the form agreed upon by the Parties in writing prior to the Company's announcement of Executive's resignation.

22. Notice. Any notices required hereunder shall be sent by hand or by federal express or other overnight carrier or by electronic mail with proof of delivery, to Executive at , _____, with a copy (which shall not constitute notice) to Jonathan Sulds at _____, and to the Company to the attention of the Company's General Counsel, Andrew Ryan, Esq., iAnthus Capital Holdings, Inc., located at 420 Lexington Avenue, Suite 414, New York, NY 10170, or any other address or individual which the parties hereto shall subsequently advise the other parties of in writing.

23. 280G. The Company and the Executive agree to work together in good faith to (i) limit or avoid the impact of Sections 280G and 4999 of the Code, on the compensation and benefits provided under this Agreement and (ii) take such reasonable actions which are necessary, appropriate and reasonable to avoid or limit imposition of any excise taxes under Code Sections 280G and 4999. In no event will the Company or any affiliate reimburse, indemnify or hold harmless the Executive for any taxes, penalties and interest that may be imposed, or other cost that may be incurred, as a result of Code Sections 280G and 4999. The Company agrees to solicit a Section 280G analysis of this Agreement from Golden Parachute Tax Solutions ("**280G Solutions**"), to pay for such analysis, to provide all information reasonably requested for such analysis and to strive to cause 280G Solutions to complete such analysis within thirty (30) days after the Termination Date. The Company and Executive each agree to work together in good faith to limit or avoid the impact of Sections 280G and 4999 of the Code and to reasonably consider the conclusions and recommendations set forth in the analysis prepared by 280G Solutions.

24. 409A. This Agreement is intended to be exempt from Section 409A of the Code ("**Section 409A**") or, if not exempt from, to comply with and shall be construed and administered in accordance with Section 409A and such intention. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment.

25. Entire Contract/Severability/Modification. This Agreement sets forth the entire agreement between Executive and the Company and supersedes in its entirety any and all prior agreements, understandings or representations with any Company Releasee relating to Executive's employment or the subject matter hereof and may not be modified orally, except this Agreement shall not, except as expressly provided herein, supersede Paragraph 5(a) (Executive Acknowledgment), 5(b) (Covenant Against Disclosure), Paragraph 5(c) and (d) (Restrictive Covenants), 5(f) (Acknowledgment), 5(g) (Blue Penciling), 5(h) (Survival), Paragraph 6 (Inventions, Patents and Copyrights) and the arbitration provision set forth paragraph 8 and Appendix A of the Employment Agreement, all of which shall remain in full force and effect in accordance with their terms except as expressly provided herein. Should any provision of this Agreement be found to be overbroad or declared or determined by a court to be illegal or invalid, the court shall have the power to modify this Agreement so that it conforms with prevailing law and the validity of the remaining parts, terms or provisions shall not be affected thereby. Executive represents that in executing this Agreement, Executive does not rely on any statement or fact not set forth herein. This Agreement may not be modified except by a writing signed by both Parties hereto.

26. Breach of this Agreement.

a. Executive acknowledges that paragraphs 1, 4, 6, 9,12, 15, 17, 18(a), 19 and 20 are material terms of this Agreement but for which the Company would not have agreed to provide Executive with the consideration set forth in Section 3 hereof. Executive further acknowledges that the breach of paragraphs 15, 17, 18(a), 19 and 20 would cause the Company irreparable harm that cannot be remedied by an action at law.

b. The Company acknowledges that Paragraphs 3, 11, 12(a) and 18(b) are material terms of this Agreement but for which the Executive would not have agreed to provide the Company with the consideration set forth in this Agreement. The Company further acknowledges that if it or the Lenders' breach of Paragraph 18(b) would cause the Executive irreparable harm that cannot be remedied by an action at law.

c. In any action where it is necessary to seek injunctive relief, each Party agrees that the other may do so without the posting of a bond or other security. Each Party shall also have the full benefit of any restrictive period in the event of the other Party's breach. The rights and remedies set forth in this Paragraph 26 or otherwise in this Agreement are cumulative and in addition to any other rights or remedies available to the Company or Executive at law or in equity, and not in substitution for them. Without limiting the foregoing, in the event that the Company willfully fails to provide all of the payments and benefits required by this Agreement, and such failure is not cured within thirty (30) days after written notice of such failure from Executive, Paragraph 9 of this Agreement shall automatically be null and void *ab initio*; provided, however, that, if the failure to make a payment is the result of legitimate liquidity constraints that the Company cannot cure with commercially reasonable efforts, then Paragraph 9 shall not be null and void unless and until the Company fails to make the past due payments within ten (10) days after the legitimate liquidity constraints are resolved.

27. Governing Law/ Arbitration. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts to be performed exclusively therein without regard to the choice of law provisions thereof. Any action to enforce the same or any other dispute between the parties shall be commenced in arbitration, pursuant to paragraph 8 and Appendix A of the Employment Agreement, except that (1) an action filed for injunctive relief for breach of any material provisions of this Agreement or any action to compel or stay arbitration or to enforce or vacate an arbitration award shall be brought in a court of appropriate jurisdiction sitting within Manhattan, in the State of New York and (2) Executive shall be permitted to bring any action related to the Company failing to pay or provide all of the payments and benefits required by this Agreement in a court of appropriate jurisdiction sitting within Manhattan, in the State of New York.

28. Acknowledgement. Executive expressly acknowledges, represents and warrants that Executive has carefully read this Agreement; that Executive fully understands the terms, conditions and significance of this Agreement; that the Company has advised Executive of Executive's right to consult with an attorney concerning this Agreement and that Executive in fact was represented by and consulted with Greenberg Traurig, LLP in the negotiation of this Agreement; that Executive had a period of at least twenty-one (21) days to review this Agreement with Executive's attorneys before executing it; that Executive had a period of seven (7) days following execution of the Agreement to revoke this Agreement; that Executive has obtained full advice of his attorneys; and that Executive has executed this Agreement voluntarily, knowingly and with such advice of his attorneys as Executive has deemed appropriate.

[Signature Page Follows]

ACKNOWLEDGED AND AGREED:

Date: _____

Randy Maslow

RE-EXECUTION ON TERMINATION DATE:

Date: _____

Randy Maslow

iANTHUS CAPITAL HOLDINGS, INC.

_____ Date: _____

Name:
Its:

iANTHUS CAPITAL MANAGEMENT, LLC

_____ Date: _____

Name:
Its:

LENDERS, SOLELY FOR THE PURPOSES of PARAGRAPHS 11, 12(a) AND SECTION 18(b):

GOTHAM GREEN PARTNERS, LLC

_____ Date: _____

Name:
Its:

GOTHAM GREEN ADMIN 1, LLC

_____ Date: _____

Name:
Its:

GOTHAM GREEN FUND 1, L.P.

_____ Date: _____

Name:
Its:

GOTHAM GREEN FUND 1 (Q), L.P.

_____ Date: _____

Name:
Its:

GOTHAM GREEN FUND II, L.P.

_____ Date: _____

Name:
Its:

GOTHAM GREEN FUND II (Q), L.P.

_____ Date: _____

Name:
Its:

GOTHAM GREEN CREDIT PARTNERS SPV I, L.P.

_____ Date: _____

Name:
Its:

GOTHAM GREEN PARTNERS SPV V, L.P.

Date: _____

_____

Name:
Its:

OASIS INVESTMENTS II MASTER FUND LTD.

_____ Date: _____

Name:
Its:

HADRON ALPHA PLC- HADRON ALPHA SELECT FUND

_____ Date: _____

Name:
Its:

HADRON HEALTHCARE AND CONSUMER SPECIAL OPPORTUNITIES MASTER FUND

_____ Date: _____

Name:
Its:

SENVEST GLOBAL (KY), LP

_____ Date: _____

Name:
Its:

SENVEST MASTER FUND, L.P.

_____ Date: _____

Name:
Its:

PURA VIDA MASTER FUND, LTD.

_____ Date: _____

Name:
Its:

PURA VIDA PRO SPECIAL OPPORTUNITY MASTER FUND, LTD.

_____ Date: _____

Name:
Its:

PARALLAX MASTER FUND, L.P.

_____ Date: _____

Name:
Its:

Exhibit 10.2

CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (the "**Agreement**") is entered into and effective on this 6th day of May 2022 (the "**Effective Date**") by and between iAnthus Capital Management, LLC ("**ICM**") and iAnthus Capital Holdings, Inc. ("**ICH**" and together with ICM, the "**Company**") and Randy Maslow (the "**Consultant**"). Company and Consultant may be referred to individually as a "Party" or collectively as the "Parties".

RECITALS

WHEREAS, Consultant was employed by the Company since 2014 as President and Director on the Board of Directors and served as Interim Chief Executive Officer since April 2020;

WHEREAS, Consultant resigned his employment from the Company on May 6, 2022 and the Company desires to engage Consultant to provide certain transitional consulting services, as needed;

WHEREAS, Consultant has agreed to perform consulting work for the Company in providing support for certain transitional services defined by the Company;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agrees as follows:

1. **Status of Consultant.** This Agreement does not constitute a hiring by either Party. The Parties agree and acknowledge that Consultant shall have an independent contractor status and shall not be deemed an employee of Company for any purpose. This Agreement shall not be considered or construed to be a partnership or joint venture, and Company shall not be liable for any obligations incurred by Consultant unless otherwise agreed upon by Company in writing.

2. **Services**. Consultant shall perform the services and provide the deliverables set forth onExhibit A, which is attached hereto and incorporated herein by reference (collectively, the "**Services**"). During the Term (as defined herein), Executive shall report directly to the Company's Board of Directors and shall provide the Services only as requested by the Company's Board of Directors consistent with this Agreement. At all times while performing the Services, Consultant shall act reasonably and in good faith. The Company may reasonably request the Consulting Services by phone, email or otherwise.

3. **Compensation**. In consideration for Consultant's satisfactory performance of the Services, Company agrees to pay Consultant the compensation set forth on Exhibit A (the "**Compensation**").

4. **Term and Termination**. The term of this Agreement shall be for six (6) months (the "**Term**"); provided, however, the Company may unilaterally extend the Term for up to an additional six (6) months.

5. **Tools and Instruments**. Consultant will be responsible for supplying all tools, equipment, and supplies required to perform the Services under this Agreement, including, without limitation, any computer equipment needed to perform the Services.

6. **Nondisclosure.**

(a) Consultant agrees and acknowledges that Company's Confidential Information (as defined below) is valuable, special, and unique to Company's business, and that access to and knowledge of the Confidential Information are essential to the performance of Consultant's duties to Company. At all times during Consultant's engagement and thereafter, Consultant shall hold in strictest confidence and shall not disclose, use, or publish any Confidential Information, except as such disclosure, use, or publication is required in connection with Consultant's work for Company, or unless otherwise agreed upon by Company in writing. Consultant shall obtain Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to Consultant's work at Company and/or incorporates or in any way references any Confidential Information. Consultant hereby irrevocably, assigns, conveys and transfers to Company any rights Consultant may have or acquire in such Confidential Information and agrees that all Confidential Information shall be the sole and exclusive property of Company and its assigns.

(b) For the purposes of this Agreement, the term "**Confidential Information**" shall mean any and all confidential, and/or proprietary knowledge, data, information or materials relating to the business and activities of Company, its clients, customers, suppliers, partners, and any other entities with whom Company does business including, without limitation (i) information relating to the Inventions or Works Made for Hire (as defined below); (ii) any information regarding plans for research, development, new products, marketing and selling, business plans, business methods, budgets and financial statements, licenses, prices and costs, suppliers, and customers; (iii) information about software programs and subroutines, source and object code, databases, database criteria, user profiles, scripts, algorithms, processes, designs, methodologies, technology, know-how, data, ideas, techniques, inventions, processes, improvements (whether patentable or not), modules, features and modes of operation, internal documentation, works of authorship, and technical plans; (iv) any information regarding the strengths and weaknesses, skills and compensation of employees or other Consultants of Company; (v) any information about Company's security, including, without limitation, access codes, passwords, security protocols, system architecture, and or Consultant or user identification; and (vi) any information about Company's financing or assets or financial condition, or capital sources or partners, including strategic partners, or companies which Company is financing, helping to finance or considering financing, or any company or individuals on which Company is conducting due diligence in any manner whatsoever and for any reason whatsoever. The parties agree and acknowledge that Confidential Information shall not include any knowledge, data, information, or materials which: (1) is in or comes into the public domain other than as a result of a breach of this Agreement; (2) is obtained in good faith by Consultant from a third party which is not in breach of any agreement with Company; or (3) is developed by Consultant independent of Consultant's engagement by Company as evidenced by the records of Consultant.

(c) Consultant acknowledges that Company has received and in the future shall receive from third parties certain confidential or proprietary knowledge, data, information, or materials ("**Third Party Information**") subject to a duty on Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of Consultant's engagement and thereafter, Consultant shall hold Third Party Information in the strictest confidence and shall not disclose to anyone (other than Company personnel who need to know such information in connection with Consultant's work for Company) or use, except in connection with Consultant's work for Company, Third Party Information, unless otherwise agreed upon by Company in writing.

(d) During Consultant's engagement by Company and thereafter, Consultant shall not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom Consultant has an obligation of confidentiality, and Consultant shall not bring onto the premises of Company any unpublished documents or any property belonging to any former employer or any other person to whom Consultant has an obligation of confidentiality unless consented to in writing by such former employer or person.

(e) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall, or shall be construed to, prohibit Consultant from (i) making any disclosure of information required, or protected by law or subpoena or protected by law or regulation, (ii) giving truthful testimony or providing truthful information in response to a lawful notice or subpoena from a court or governmental agency, or (iii) filing a charge with or participating in any investigation or proceeding conducted by, providing information to or otherwise assisting the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission, the Occupational Safety and Health Administration or other government agency charged with the enforcement of any law.

7. **E-mail Systems.** Consultant agrees that any e-mail address provided to Consultant or used by Consultant under a domain name of Company is and will remain the property of Company. Consultant agrees to use Company e-mail reasonably and acknowledges that Consultant has no expectations of privacy in any e-mails received by or sent from Consultant's Company e-mail address. Company agrees to allow Consultant to continue using the e-mail address for a period of thirty (30) days from commencement of the Term, unless otherwise extended in the discretion of the Company, to provide adequate time to Consultant to transition to a new email address established by the Consultant.

8 . **No Conflicting Obligations.** Consultant represents and warrants that (a) Consultant's compliance with the terms of this Agreement and Consultant's performance as a Consultant of Company does not and shall not breach any agreement, including any agreement to keep in confidence information acquired by Consultant in confidence or in trust prior to Consultant's engagement by Company; and (b) Consultant has not entered into, and Consultant agrees not to enter into, any agreement either written or oral in conflict herewith.

9. **Return of Company Documents.** When Consultant's engagement terminates, Consultant shall deliver promptly to Company (and shall not keep in Consultant's possession, recreate, or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, together with all copies thereof (in whatever medium recorded) belonging to Company, its successors, or assigns. Consultant further agrees that any property situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets, or other work areas, is subject to inspection by Company personnel at any time with or without notice.

10. **Legal and Equitable Remedies.** Because Consultant's Services are personal and unique, because Consultant may have access to and become acquainted with the Confidential Information of Company, and Company may not have an adequate remedy at law in the event of a breach of this Agreement, Company and any of its successors or assigns shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance, or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach of this Agreement.

11. **Indemnification**. The Company shall defend, indemnify, and hold harmless Consultant from any and all demands, claims, causes of action, losses, liabilities, obligations, fines, penalties, damages, costs, and expenses arising out of the Consultant's Services on the same terms as if Consultant were providing such Services as a director or officer of Holdings and the Company and covered by the D&O indemnification provisions in the Company's and its affiliates' organizational documents and insurance policies, *mutatis mutandis*. The Consultant shall defend, indemnify, and hold harmless Consultant from any and all demands, claims, causes of action, losses, liabilities, obligations, fines, penalties, damages, costs, and expenses arising out of the Consultant's fraud or criminal activity and with respect to any tax withholdings, FICA or similar employer tax payments attributable to Consultant's compensation hereunder (but not penalties, interest or other damages) upon a determination by a taxing authority that Executive was misclassified under this Agreement.

12. **General Provisions.**

(a) Consultant agrees and understands that nothing in this Agreement shall confer any right with respect to continuation of engagement by Company, nor shall it interfere in any way with Consultant's right or Company's right to terminate Consultant's engagement at any time, with or without cause.

(b) The validity and construction of this Agreement or any of its provisions shall be determined under the laws of the State of New York, United States of America, without giving effect to its conflicts of laws provisions, and without regard to its place of execution or its place of performance. The Parties irrevocably consent and agree to the exclusive jurisdiction of the courts of the State of New York located in the County of New York and to service of process for it and on its behalf by certified mail, for resolution of all matters involving this Agreement or the transactions contemplated hereby.

(c) This Agreement sets forth the final, complete, and exclusive agreement and understanding between Company and Consultant relating to Consultant's relationship as a consultant to Company and the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements relating to its subject matter. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the party to be charged.

(d) If one or more of the provisions in this Agreement are deemed unenforceable by law, then the remaining provisions shall continue in full force and effect.

(e) This Agreement may be assigned by Company to any successor in interest, affiliate, or any other assignee designated by Company in its sole discretion provided that Company shall remain liable for the compensation payable hereunder. Consultant's responsibilities may not be assigned without Company's prior written consent.

(f) This Agreement shall be binding upon Consultant's heirs, executors, administrators, and other legal representatives and shall be for the benefit of Company, its successors, and assigns.

(g) The provisions of this Agreement shall survive the termination of Consultant's engagement and the assignment of this Agreement by Company to any successor in interest or other assignee in accordance with its terms.

(h) No waiver by Company of any breach of this Agreement shall be a waiver of any preceding or subsequent breach. No waiver by Company of any right under this Agreement shall be construed as a waiver of any other right. Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

[*Signature Page Follows*]

CONSULTANT UNDERSTANDS THAT THIS AGREEMENT RESTRICTS CONSULTANT'S RIGHTS TO DISCLOSE OR USE COMPANY'S CONFIDENTIAL INFORMATION DURING AND SUBSEQUENT TO CONSULTANT'S ENGAGEMENT.

CONSULTANT HAS READ THIS AGREEMENT CAREFULLY AND FULLY UNDERSTANDS ITS TERMS.

IN WITNESS WHEREOF, the Parties have executed as of the Effective Date.

CONSULTANT

Name: Randy Maslow

Address of Notice for Consultant

E-mail:
Tel. No:

iAnthus Capital Management, LLC

Name:
Title:

iAnthus Capital Holdings, Inc.

Name:
Title:

Address of Notice for Company

420 Lexington Avenue
Suite 420
New York, NY 10170
Attn: Andrew Ryan
Email:

EXHIBIT A

1. **Services.** Consultant shall perform the following Services:

(a) Assistance with the oversight and management of overall strategy, trial preparation and outside counsel in the matters of CRAIG ROBERTS and BEVERLY ROBERTS v. GROWHEALTHY HOLDINGS, LLC and iANTHUS CAPITAL HOLDINGS, INC.; GARY W. ROBERTS IRREVOCABLE TRUST AGREEMENT I; GARY W. ROBERTS IRREVOCABLE TRUST AGREEMENT II; GARY W. ROBERTS IRREVOCABLE TRUST AGREEMENT III v. GROWHEALTHY HOLDINGS, LLC and IANTHUS CAPITAL HOLDINGS, INC., and CRAIG ROBERTS and BEVERLY ROBERTS, as Tenants by the Entireties v. RANDY MASLOW (collectively, the "Roberts Litigation"), as well as reasonable assistance with other material litigations that Consultant was actively involved in or otherwise has significant knowledge of; and

(b) Representation of the Company on all federal and state cannabis boards that Consultant currently serves on, as aided by other Company employees consistent with past practice.

2. **Compensation and Reimbursement.** In consideration for the satisfactory performance of the Services, Consultant shall be paid Twenty-Five Thousand Dollars ($25,000.00) per month, which shall be paid on the first (1st) of every month following the Effective Date of this Agreement. In the event that Company fails or refuses to pay Consultant the required amount, and such failure continues for more than fifteen (15) days after written notice from Consultant, Consultant may by written notice to Company terminate the Agreement with immediate effect.

In addition, Company shall reimburse Consultant for all reasonable expenses Consultant incurs in connection with performing the Services and in accordance with Company's Travel and Expense policy. To obtain reimbursement for expenses incurred during the execution of Consultant's work, Consultant shall submit to Company an invoice listing all expenses along with any and all receipts. Company shall provide Consultant with the Travel and Expense policy. Company shall pay to Consultant invoiced undisputed amounts within thirty (30) after the date of invoice.

3. **Time Commitment.** The parties acknowledge and agree that it is their understanding that in consideration of the monthly fee, Consultant will provide Services as reasonably required but is expected to devote no more than approximately 60 hours per month on average over the Term to such matters. The parties further agree that if Consultant is asked to spend substantially more time in providing the services in the aggregate over the Term, the parties will reasonably discuss a proportionate retroactive increase in the compensation provided to Consultant.

Exhibit 31.1

Certification of Chief Executive Officer of iAnthus Capital Holdings, Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert Galvin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iAnthus Capital Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

/s/ Robert Galvin
Robert Galvin
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer of iAnthus Capital Holdings, Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Julius Kalcevich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iAnthus Capital Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

/s/ Julius Kalcevich
Julius Kalcevich
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Robert Galvin, Interim Chief Executive Officer of iAnthus Capital Holdings, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

1. The Company's quarterly report on Form 10-Q for the period ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

/s/ Robert Galvin
Robert Galvin
Interim Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Julius Kalcevich, Chief Financial Officer of iAnthus Capital Holdings, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

1. The Company's quarterly report on Form 10-Q for the period ended March 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

/s/ Julius Kalcevich
Julius Kalcevich
Chief Financial Officer
(Principal Financial and Accounting Officer)