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# 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, 2024**

**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.)** |
| **214 King Street, Suite 314 Toronto, Ontario M5H 3S6** | **M5H 3S6** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(646) 518-9418**
**(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 1, 2024 was 6,615,326,267.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form10-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.**
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**
*(In thousands of U.S. dollars or shares)*

| | March 31, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|---|---|
| **Assets** | | |
| Cash | $ 13,620 | $ 13,104 |
| Restricted cash | 108 | 71 |
| Accounts receivable, net of allowance for credit losses of $596 (December 31, 2023 - $384) | 6,554 | 4,609 |
| Prepaid expenses | 2,603 | 2,100 |
| Inventories, net | 24,763 | 25,382 |
| Other current assets | 1,516 | 243 |
| **Current Assets** | **49,164** | **45,509** |
| Investments | 876 | 735 |
| Property, plant and equipment, net | 92,219 | 94,003 |
| Operating lease right-of-use assets, net | 25,230 | 27,377 |
| Other long-term assets | 4,385 | 4,411 |
| Intangible assets, net | 101,902 | 105,372 |
| **Total Assets** | **$ 273,776** | **$ 277,407** |
| **Liabilities and Shareholders' (Deficit)** | | |
| Accounts payable | $ 14,446 | $ 14,399 |
| Accrued and other current liabilities | 106,572 | 103,261 |
| Current portion of long-term debt, net of issuance costs | 55 | 55 |
| Current portion of operating lease liabilities | 7,585 | 7,716 |
| **Current Liabilities** | **128,658** | **125,431** |
| Long-term debt, net of issuance costs | 168,358 | 165,221 |
| Deferred income tax | 17,914 | 20,412 |
| Long-term portion of operating lease liabilities | 27,001 | 28,009 |
| Uncertain tax position liabilities | 5,220 | — |
| **Total Liabilities** | **347,151** | **339,073** |
| **Commitments (Refer to Note 9)** | | |
| **Shareholders' (Deficit)** | | |
| Common shares - no par value. Authorized - unlimited number. 6,615,002 - issued and outstanding (December 31, 2023 - 6,510,527 - issued and outstanding) | — | — |
| Additional paid-in capital | 1,268,267 | 1,265,978 |
| Accumulated deficit | (1,341,642) | (1,327,644) |
| **Total Shareholders' (Deficit)** | **$ (73,375)** | **$ (61,666)** |
| **Total Liabilities and Shareholders' (Deficit)** | **$ 273,776** | **$ 277,407** |

*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)*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| **Revenues, net of discounts** | **$ 41,564** | **$ 36,753** |
| **Costs and expenses applicable to revenues** (exclusive of depreciation and amortization expense shown separately below) | **(24,363)** | **(21,241)** |
| **Gross profit** | **17,201** | **15,512** |
| | | |
| **Operating expenses** | | |
| Selling, general and administrative expenses | 17,518 | 17,869 |
| Depreciation and amortization | 5,883 | 6,454 |
| Write-downs and other charges, net | 397 | 516 |
| **Total operating expenses** | **23,798** | **24,839** |
| | | |
| **Loss from operations** | **(6,597)** | **(9,327)** |
| | | |
| Interest and other income | 652 | 565 |
| Interest expense | (4,152) | (3,735) |
| Accretion expense | (1,072) | (978) |
| Loss on debt extinguishment (Refer to Note 4) | (114) | (1,288) |
| Gains/(losses) from changes in fair value of financial instruments | 7 | (33) |
| **Loss before income taxes** | **(11,276)** | **(14,796)** |
| | | |
| Income tax expense | 2,722 | 3,799 |
| **Net loss** | **$ (13,998)** | **$ (18,595)** |
| | | |
| **Net loss per share - basic and diluted** | **$ (0.00)** | **$ (0.00)** |
| **Weighted average number of common shares outstanding - basic and diluted** | **6,573,595** | **6,419,395** |

*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)**
*(In thousands of U.S. dollars or shares)*

| | Three Months Ended March 31, 2024 | | | |
|---|---|---|---|---|
| | Number of Common Shares ('000) | Additional Paid-in-Capital | Accumulated Deficit | Total Shareholders' (Deficit) |
| **Balance – January 1, 2024** | **6,510,527** | **$ 1,265,978** | **$ (1,327,644)** | **$ (61,666)** |
| Share-based compensation | 25,461 | 434 | — | 434 |
| Shares settlement for taxes paid related to restricted stock units | (2,300) | (46) | — | (46) |
| Shares issued for legal settlement - (Refer to Note 10) | 20,000 | 320 | — | 320 |
| Shares issued for 2024 NJ Amendment | 61,314 | 1,581 | — | 1,581 |
| Net loss | — | — | (13,998) | (13,998) |
| **Balance – March 31, 2024** | **6,615,002** | **$ 1,268,267** | **$ (1,341,642)** | **$ (73,375)** |

| | Three Months Ended March 31, 2023 | | | |
|---|---|---|---|---|
| | Number of Common Shares ('000) | Additional Paid-in-Capital | Accumulated Deficit | Total Shareholders' Equity (Deficit) |
| **Balance – January 1, 2023** | **6,403,289** | **$ 1,262,012** | **$ (1,251,023)** | **$ 10,989** |
| Share-based compensation | 43,558 | 1,489 | — | 1,489 |
| Share settlement for taxes paid related to restricted stock units | (7,776) | (201) | — | (201) |
| Net loss | — | — | (18,595) | (18,595) |
| **Balance – March 31, 2023** | **6,439,071** | **$ 1,263,300** | **$ (1,269,618)** | **$ (6,318)** |

*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, | |
|---|---|---|
| | **2024** | **2023** |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net loss | **$** (13,998) | **$** (18,595) |
| Adjustments to reconcile net loss to net cash provided by (used in) operations: | | |
| Interest income | (1) | (4) |
| Interest expense | 4,152 | 3,735 |
| Accretion expense | 1,072 | 978 |
| Depreciation and amortization | 6,371 | 6,991 |
| Write-downs and other charges, net | 397 | 516 |
| Inventory reserve | (24) | 249 |
| Share-based compensation | 434 | 1,489 |
| (Gains)/losses from changes in fair value of financial instruments | (7) | 33 |
| Loss on debt extinguishment (Refer to Note 4) | 114 | 1,288 |
| Loss on equity method investments | 62 | — |
| Change in operating assets and liabilities (Refer to Note 12) | 2,935 | 2,533 |
| **NET CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES** | **$ 1,507** | **$ (787)** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | (878) | (1,002) |
| Acquisition of other intangible assets | (16) | (5) |
| Cash impact of deconsolidation of subsidiaries | — | (30) |
| **NET CASH USED IN INVESTING ACTIVITIES** | **$ (894)** | **$ (1,037)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repayment of debt | (14) | (13) |
| Taxes paid related to net share settlement of restricted stock units | (46) | (201) |
| **NET CASH USED IN FINANCING ACTIVITIES** | **$ (60)** | **$ (214)** |
| **CASH AND RESTRICTED CASH** | | |
| **NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH DURING THE PERIOD** | 553 | (2,038) |
| **CASH AND RESTRICTED CASH, BEGINNING OF PERIOD (Refer to Note 12)** | 13,175 | 14,406 |
| **CASH AND RESTRICTED CASH, END OF PERIOD (Refer to Note 12)** | **$ 13,728** | **$ 12,368** |

*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"), 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 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.

The Company's registered office is located at 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, V6E 4N7, Canada. The Company is listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "IAN" and on the OTCQB Tier of the OTC Markets Group Inc. under the symbol "ITHUF."

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, 2023, included in the Company's Annual Report on the Form 10-K filed with the SEC on March 28, 2024. 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 interim condensed consolidated financial statements. Actual results could differ from these estimates.

The results of operations for the three months ended March 31, 2024 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2024, or any other period.

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

### *(c) Consummation of Recapitalization Transaction*

On June 24, 2022 (the "Closing Date"), the Company completed its previously announced recapitalization transaction (the "Recapitalization Transaction") pursuant to the terms of the Restructuring Support Agreement (the "Restructuring Support Agreement") dated July 10, 2020, as amended on June 15, 2021, by and among the Company, all of the holders (the "Secured Lenders") of the 13.0% senior secured convertible debentures (the "Secured Notes") issued by iAnthus Capital Management, LLC ("ICM"), a wholly-owned subsidiary of the Company, and a majority of the holders (the "Consenting Unsecured Lenders") of the Company's 8.0% unsecured convertible debentures (the "Unsecured Debentures").

In connection with the closing of the Recapitalization Transaction, the Company issued an aggregate of 6,072,580 common shares to the Secured Lenders and the Unsecured Lenders. Specifically, the Company issued 3,036,290 common shares (the "Secured Lender Shares"), or 48.625% of the outstanding common shares of the Company, to the Secured Lenders and 3,036,290 common shares (the "Unsecured Lender Shares" and together with Secured Lender Shares, the "Shares"), or 48.625% of the outstanding common shares of the Company, to the Unsecured Lenders. As of the Closing Date, there were 6,244,298 common shares of the Company issued and outstanding. As of the Closing Date, the then existing holders of the Company's common shares collectively held 171,718 common shares, or 2.75% of the outstanding common shares of the Company.

**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 of the Closing Date, the outstanding principal amount of the Secured Notes (including the interim financing secured notes in the aggregate principal amount of approximately $14.7 million originally due on July 13, 2025) together with interest accrued and fees thereon were forgiven in part and exchanged for (A) the Secured Lender Shares, (B) the issuance of the 8.0% secured debentures (the "June Secured Debentures") by ICM to the New Secured Lenders (as defined below) in the aggregate principal amount of $99.7 million and (C) the issuance of the 8.0% unsecured debentures (the “June Unsecured Debentures”) by ICM to the Secured Lenders in the aggregate principal amount of $5.0 million. Also, as of the Closing Date, the outstanding principal amount of the Unsecured Debentures together with interest accrued and fees thereon were forgiven in part and exchanged for (A) the Unsecured Lender Shares and (B) the June Unsecured Debentures in the aggregate principal amount of $15.0 million. Furthermore, all existing options and warrants to purchase common shares of the Company, including certain debenture warrants and exchange warrants previously issued to the Secured Lenders, the warrants previously issued in connection with the Unsecured Debentures and all other Affected Equity (as defined in the amended and restated plan of arrangement (the "Plan of Arrangement"), were cancelled and extinguished for no consideration.

***(d) 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 for the foreseeable future. For the three months ended March 31, 2024, the Company reported a net loss of $14.0 million, operating cash inflow of $1.5 million, a working capital deficiency of $79.5 million, and an accumulated deficit of $1,341.6 million as of March 31, 2024.

The Company believes it may continue to generate positive cash flows from operations in the near future, notwithstanding the foregoing, the substantial losses and working capital deficiency cast substantial doubt on the Company’s ability to continue as a going concern for a period of 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.

***(e) Basis of Consolidation***

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

***(f) 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 judgments 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 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.

(Tabular U.S. dollar amounts and shares in thousands, unless otherwise stated)

***(g) Recently Issued FASB Accounting Standard Updates***

In November 2023, the FASB issued ASU 2023-07 Segment Reporting (Topic 280). All public entities will be required to report segment information in accordance with the new guidance starting in annual periods beginning after December 15, 2023. The amendments improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The Company is in the process of determining the effects adoption will have on its condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09 Income Taxes (Topic 740). For public business entities, the amendments are effective for annual periods beginning after December 15, 2024. The amendments address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This amendment also looks to improve the effectiveness of income tax disclosures. The Company is in the process of determining the effects adoption will have on its condensed consolidated financial statements.

The Company does not believe any other recently issued, but not yet effective, accounting standards will have a material effect on our condensed consolidated financial statements.

**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 operating lease right-of-use assets and operating lease liabilities based on the present value of future minimum lease payments over the lease term at commencement date and 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 one year to 15 years.

Maturities of lease liabilities for operating leases as of March 31, 2024, were as follows:

| | Operating Leases |
|---|---|
| 2025 | $ 7,585 |
| 2026 | 7,800 |
| 2027 | 7,694 |
| 2028 | 7,272 |
| 2029 | 7,186 |
| Thereafter | 47,171 |
| Total lease payments | $ 84,708 |
| Less: interest expense | (50,122) |
| Present value of lease liabilities | $ 34,586 |
| Weighted-average remaining lease term (years) | 10.7 |
| Weighted-average discount rate | 19% |

For the three months ended March 31, 2024, the Company recorded operating lease expenses of $2.2 million (March 31, 2023 – $1.9 million), which are included in costs and expenses applicable to revenues and 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 statements of operations. For the three months ended March 31, 2024, the Company recorded sublease income of $0.2 million (March 31, 2023 – $0.2 million), which is included in interest and other income on the unaudited interim condensed consolidated statements of operations.

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

Operating cash flows from operating leases for the three months ended March 31, 2024 was $1.9 million (March 31, 2023 - $2.0 million).

Supplemental balance sheet information related to leases are as follows:

| Balance Sheet Information | Classification | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Operating lease right-of-use assets, net** | Operating leases | $ 25,230 | $ 27,377 |
| **Lease liabilities** | | | |
| Current portion of operating lease liabilities | Operating leases | $ 7,585 | $ 7,716 |
| Long-term portion of operating lease liabilities | Operating leases | 27,001 | 28,009 |
| **Total** | | **$ 34,586** | **$ 35,725** |

**Note 3 - Inventories, net**

Inventories are comprised of the following items:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Supplies | $ 5,317 | $ 5,331 |
| Raw materials | 7,637 | 7,110 |
| Work in process | 5,720 | 6,351 |
| Finished goods | 6,089 | 6,614 |
| Inventory reserve | — | (24) |
| **Total** | **$ 24,763** | **$ 25,382** |

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, 2024, the Company recorded $Nil (March 31, 2023 – $0.9 million), related to spoiled inventory in costs and expenses applicable to revenues on the unaudited interim condensed consolidated statements of operations.

**Note 4 - Long-Term Debt**

The following table summarizes long term debt outstanding as of March 31, 2024:

| | Secured Notes | June Secured Debentures | Additional Secured Debentures | June Unsecured Debentures | Other | Total |
|---|---|---|---|---|---|---|
| **As of January 1, 2024** | **$ 15,565** | **$ 101,856** | **$ 28,247** | **$ 18,856** | **$ 752** | **$ 165,276** |
| Fair value of financial liabilities issued | 14,346 | — | — | — | — | 14,346 |
| Paid-in-kind interest | 239 | 2,279 | 571 | 457 | — | 3,546 |
| Accretion of balance | 94 | 735 | — | 243 | — | 1,072 |
| Debt extinguishment | (15,813) | — | — | — | — | (15,813) |
| Repayment | — | — | — | — | (14) | (14) |
| **As of March 31, 2024** | **$ 14,431** | **$ 104,870** | **$ 28,818** | **$ 19,556** | **$ 738** | **$ 168,413** |

As of March 31, 2024, the total and unamortized debt discount costs were $21.9 million and $15.0 million, respectively (December 31, 2023— $20.4 million and $14.6 million, respectively).

As of March 31, 2024, the total interest accrued on both current and long-term debt was $0.3 million (December 31, 2023 - $Nil).

***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 which initially matured 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 initially accrued interest at a rate of 14.0% per annum, decreasing to 8.0% upon the closing of the Recapitalization Transaction (increasing to 25.0% per annum in the event of default). “Qualified Financing” means a transaction or series of related transactions resulting in net proceeds to the ICH of not less than $10 million from the subscription of the ICH's securities, including, but not limited to, a private placement or rights offering.

On February 2, 2023, ICH and INJ entered into an amendment (the “Amendment”) to the Senior Secured Bridge Notes with all of the holders of the Senior Secured Bridge Notes. Pursuant to the Amendment, the maturity date of the Senior Secured Bridge Notes was extended until February 2, 2024, the interest on the principal amount outstanding was increased to a rate of 12.0% per annum, and an amendment fee equal to 10.0% of the principal amount outstanding of the Senior Secured Bridge Notes as of February 2, 2023 or $1.4 million in the aggregate, was added to such notes such that it will become due and payable on the extended maturity date.

On February 2, 2024, in order to facilitate the 2024 New Jersey Amendment, the parties agreed to a short-term extension of the maturity date from February 2, 2024 to February 16, 2024. On February 16, 2024, ICH and INJ entered into another amendment (the "2024 NJ Amendment") to the Senior Secured Bridge Notes. Pursuant to the 2024 NJ Amendment, the maturity date of the Senior Secured Bridge Notes was extended from February 16, 2024 to February 16, 2026 and the interest rate of the Senior Secured Bridge Notes remained at 12% per annum, but the interest accruing after February 16, 2024 will be payable in quarterly cash payments (the first interest payment being on May 16, 2024). In addition, the 2024 NJ Amendment provides for an amendment fee equal to 10% of the principal amount of the Senior Secured Bridge Notes as of the date of the 2024 NJ Amendment, or $1.6 million in the aggregate, which is satisfied through the issuance of ICH's common shares at a price per share equal to the volume-weighted average trading price of ICH's common shares on the CSE for the twenty (20) consecutive trading days immediately prior to the date of the 2024 NJ Amendment. Lastly, ICH and INJ agreed to utilize twenty-five percent (25%) of Non-Operational Receipts in excess of $5.0 million to make payments towards the principal amount outstanding under the Senior Secured Bridge Notes, without penalty. For purposes of the 2024 NJ Amendment, "Non-Operational Cash Receipts" means cash ICH received which is not derived from the sale of cannabis products in the ordinary course of business of ICH, whether through retail, wholesale or otherwise.

In accordance with debt extinguishment accounting guidance outlined in ASC 470, the terms of the Senior Secured Bridge Notes were materially modified pursuant to both the Amendment and 2024 NJ Amendment and as such, for the three months ended March 31, 2024 and 2023 the Company recorded a loss on debt extinguishment of $0.1 million and $1.3 million, respectively, on the unaudited interim condensed consolidated statements of operations.

The amended host debt, classified as a liability using the guidance of ASC 470, was recognized at the fair value of $14.3 million.

For the three months ended March 31, 2024, interest expense of $0.5 million (March 31, 2023 - $0.4 million), and accretion expense of $0.1 million (March 31, 2023 - less than $0.1 million), were recorded on the unaudited interim condensed consolidated statements of operations.

The Senior Secured Bridge Notes are secured by a security interest in certain assets of INJ. ICH 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 terms of the Senior Secured Bridge Notes as of March 31, 2024. The Senior Secured Bridge Notes are classified as long-term debt, net of issuance costs on the unaudited interim condensed consolidated balance sheets.

Certain of the Secured Lenders, including Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., Oasis Investments II Master Fund LTD., Senvest Global (KY), LP, Senvest Master Fund, LP and Hadron Healthcare and Consumer Special Opportunities Master Fund, held greater than 5.0% of the outstanding common shares of the Company upon closing of the Recapitalization Transaction. As principal owners of the Company, these lenders are considered to be related parties.

***(a) June Secured Debentures***

On June 24, 2022 in connection with the closing of the Recapitalization Transaction, the Company entered into the Secured Debenture Purchase Agreement (the "Secured DPA"), between ICM, the other Credit Parties (as defined in the Secured DPA), the Collateral Agent, and the lenders party thereto (the “New Secured Lenders”) pursuant to which ICM issued the June Secured Debentures in the aggregate principal amount of $99.7 million which accrue interest at the rate of 8.0% per annum increasing to 11.0% per annum upon the occurrence of an Event of Default (as defined in the Secured DPA), with a maturity date of June 24, 2027. The June Secured Debentures may be prepaid on a pro rata basis from and after the third anniversary of the Closing Date of the Recapitalization Transaction upon prior written notice to the New Secured Lenders without premium or penalty.

The host debt, classified as a liability using the guidance of ASC 470, was recognized at the fair value of $84.5 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 June 30, 2022) and such amount thereafter becoming part of the principal amount, which will accrue additional interest. Interest paid in kind will be payable on the date when all of the principal amount is due and payable.

For the three months ended March 31, 2024, interest expense of $2.3 million (March 31, 2023 - $2.1 million), and accretion expense of $0.7 million (March 31, 2023 - $0.7 million), were recorded on the unaudited interim condensed consolidated statements of operations.

The terms of the Secured DPA impose certain restrictions on the Company's operating and financing activities, including certain restrictions on the Company's ability to: incur certain additional indebtedness; grant liens; make certain dividends and other payment restrictions affecting the Company's subsidiaries; issue shares or convertible securities; and sell certain assets. The June Secured Debentures are secured by all current and future assets of the Company and ICM. The terms of the Secured DPAs do not have any financial covenants or market value test and ICM is in compliance with the terms of the June Secured Debentures as of March 31, 2024. The June Secured Debentures are classified as long-term debt, net of issuance costs on the unaudited interim condensed consolidated balance sheets.

Certain of the New Secured Lenders that hold the June Secured Debentures, including Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), Gotham Green Credit Partners SPV 1, L.P., Gotham Green Partners SPV V, L.P., L.P., and Parallax Master Fund, LP, held greater than 5.0% of the outstanding common shares of the Company upon the closing of the Recapitalization Transaction. As principal owners of the Company, certain of the New Secured Lenders are considered to be related parties.

***(b) June Unsecured Debentures***

On June 24, 2022 in connection with the closing of the Recapitalization Transaction, the Company entered into the Unsecured Debenture Purchase Agreement (the "Unsecured DPA"), pursuant to which ICM issued June Unsecured Debentures in the aggregate principal amount of $20.0 million which accrue interest at the rate of 8.0% per annum increasing to 11.0% per annum upon the occurrence of an Event of Default (as defined in the Unsecured DPA), with a maturity date of June 24, 2027. The June Unsecured Debentures may be prepaid on a pro rata basis from and after the third anniversary of the Closing Date of the Recapitalization Transaction upon prior written notice to the Unsecured Lender without premium or penalty.

The host debt, classified as a liability using the guidance of ASC 470, was recognized at the fair value of $14.9 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 June 30, 2022) and such amount thereafter becoming part of the principal amount, which will accrue additional interest. Interest paid in kind will be payable on the date when all of the principal amount is due and payable.

For the three months ended March 31, 2024, interest expense of $0.5 million (March 31, 2023 - $0.4 million), and accretion expense of $0.2 million (March 31, 2023 - $0.2 million), were recorded on the unaudited interim condensed consolidated statements of operations.

The terms of the Unsecured DPA impose certain restrictions on the Company's operating and financing activities, including certain restrictions on the Company's ability to: incur certain additional indebtedness; grant liens; make certain dividends and other payment restrictions affecting the Company's subsidiaries; issue shares or convertible securities; and sell certain assets. The terms of the Unsecured DPA do not have any financial covenants or market value test, and ICM is in compliance with the terms of the June Unsecured Debentures as of March 31, 2024. The June Unsecured Debentures are classified as long-term debt, net of issuance costs on the unaudited interim condensed consolidated balance sheets.

Certain of the Secured Lenders and Consenting Unsecured Lenders, including Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., Gotham Green Credit Partners SPV 1, L.P., Gotham Green Partners SPV V, L.P., Oasis Investments II Master Fund LTD., Senvest Global (KY), LP, Senvest Master Fund, LP, Parallax Master Fund, L.P. and Hadron Healthcare and Consumer Special Opportunities Master Fund, held greater than 5.0% of the outstanding common shares of the Company upon the closing of the Recapitalization Transaction. As principal owners of the Company, certain of the Consenting Unsecured Lenders are considered to be related parties.

***(c) Additional Secured Debentures***

Pursuant to the terms of the Secured DPA, ICM issued an additional $25.0 million of June Secured Debentures (the "Additional Secured Debentures") on June 24, 2022 which accrue interest at the rate of 8.0% per annum increasing to 11.0% per annum upon the occurrence of an Event of Default (as defined in the Secured DPA), with a maturity date of June 24, 2027.

The host debt, classified as a liability using the guidance of ASC 470, was recognized at the fair value of $25.0 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 June 30, 2022) and such amount thereafter becoming part of the principal amount, which will accrue additional interest. Interest paid in kind will be payable on the date when all of the principal amount is due and payable.

For the three months ended March 31, 2024, interest expense of $0.6 million (March 31, 2023— $0.5 million), was recorded on the unaudited interim condensed consolidated statements of operations.

The terms of the Secured DPA impose certain restrictions on the Company's operating and financing activities, including certain restrictions on the Company's ability to: incur certain additional indebtedness; grant liens; make certain dividends and other payment restrictions affecting the Company's subsidiaries; issue shares or convertible securities; and sell certain assets. The Additional Secured Debentures are secured by all current and future assets of the Company and ICM. The terms of the Secured DPAs do not have any financial covenants or market value test, and ICM is in compliance with the terms of the Additional Secured Debentures as of March 31, 2024. The Additional Secured Debentures are classified as long-term debt, net of issuance costs on the unaudited interim condensed consolidated balance sheets.

Certain of the New Secured Lenders that hold Additional Secured Debentures, including Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., Oasis Investments II Master Fund LTD., Senvest Global (KY), LP, Senvest Master Fund, LP and Hadron Healthcare and Consumer Special Opportunities Master Fund, held greater than 5.0% of the outstanding common shares of the Company upon the closing of the Recapitalization Transaction. As principal owners of the Company, certain of the New Secured Lenders are considered to be related parties.

**Note 5 - 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. The following is a summary of the common share issuances for the three months ended March 31, 2024:

- On January 2, 2024, the Company issued common shares totaling 20,000 for the Hi-Med Settlement Agreement (Refer to Note 10).
- On January 5, 2024, the Company issued 23,461 common shares for vested restricted stock units ("RSUs"). The Company withheld 2,300 common shares to satisfy employees' tax obligations of less than $0.1 million.
- On February 2, 2024, the Company issued common shares totaling 2,000 for vested RSUs.
- On February 27, 2024, the Company issued 61,314 common shares to the holders of the Senior Secured Bridge Notes to satisfy the amendment fee pertaining to the 2024 NJ Amendment.

The following is a summary of the common share issuances for the three months ended March 31, 2023:

- On January 3, 2023, the Company issued common shares totaling 15,628 for vested RSUs, out of which the Company withheld 7,776 shares to satisfy employees' tax obligations with respect thereto of $0.2 million.
- On March 3, 2023, the Company issued common shares totaling 27,930 for vested RSUs.

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***(b)Potentially Dilutive Securities***

The following table summarizes potentially dilutive securities, and the resulting common share equivalents outstanding as of March 31, 2024 and December 31, 2023:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Common share options | 7,877 | 7,877 |
| Restricted stock units | 287,646 | 325,643 |
| **Total** | **295,523** | **333,520** |

***(c)Equity Incentive Plans***

On December 31, 2021, the Board approved the Company's Amended and Restated Omnibus Incentive Plan (the "Omnibus Incentive Plan") dated October 15, 2018, whereas, the Company may award stock options or RSUs (the "Awards") to board members, officers, employees or consultants of the Company. The Omnibus Incentive Plan authorizes the issuance of up to 20% of the number of outstanding shares of common stock of the Company,

Awards generally vest over a three year period and the estimated fair value of the Awards at issuance is recognized as compensation expense over the related vesting period.

*Stock Options*

The Company's stock options are currently held by two former officers of the Company which have fully vested on July 10, 2023. Share-based compensation expense related to stock options for the three months ended March 31, 2024 was $Nil (March 31, 2023 - less than $0.1 million), and is presented in selling, general and administrative expenses on the unaudited interim condensed consolidated statements of operations.

The following table summarizes certain information in respect of option activity during the period:

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| | Three Months Ended March 31, 2024 | | | Year Ended December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Units | Weighted Average Exercise Price | Weighted Average Contractual Life | Units | Weighted Average Exercise Price | Weighted Average Contractual Life |
| Options outstanding, beginning | 7,877 | $ 0.05 | 7.78 | 7,877 | $ 0.05 | 7.78 |
| Granted | — | — | — | — | — | — |
| Cancellations | — | — | — | — | — | — |
| Forfeitures | — | — | — | — | — | — |
| Expirations | — | — | — | — | — | — |
| Options outstanding, ending [1] | **7,877** | **$ 0.05** | **6.78** | **7,877** | **$ 0.05** | **6.78** |

[1] As of March 31, 2024, 7,877 of the stock options outstanding were exercisable (December 31, 2023 - 7,877).

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following assumptions:

The expected volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. In accordance with SAB Topic 14, the Company uses the simplified method for estimating the expected term. The Company believes the use of the simplified method is appropriate due to the employee stock options qualifying as "plain-vanilla" options under the criteria established by SAB Topic 14. The risk-free rate was based on the United States bond yield rate at the time of grant of the award. Expected annual rate of dividends is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

There was no stock option activity for the three months ended March 31, 2024 and the year ended December 31, 2023.

*Restricted Stock Units*

On December 31, 2021, the Board approved a long-term incentive program, pursuant to which, on July 26, 2022, the Company issued certain employees of the Company and its subsidiaries, RSUs, under the Omnibus Incentive Plan. RSUs represent a right to receive a single common share that is both non-transferable and forfeitable until certain conditions are satisfied.

On December 31, 2021 and June 23, 2022, the Board approved the allocation of 363,921 and 26,881 RSUs, respectively, to Board members, directors, officers, and key employees of the Company. The RSUs granted by the Company vest upon the satisfaction of both a service-based condition of three years and a liquidity condition, the latter of which was not satisfied until the closing of the Recapitalization Transaction. As the liquidity condition was not satisfied until the closing of the Recapitalization Transaction, in prior periods, the Company had not recorded any expense related to the grant of RSUs. Share-based compensation expense in relation to the RSUs is recognized using the graded vesting method, in which compensation costs for each vesting tranche is recognized ratably from the service inception date to the vesting date for that tranche. The fair value of the RSUs is determined using the Company's closing stock price on the grant date.

Certain RSU recipients were also holders of the Original Awards, which were cancelled upon closing the Recapitalization Transaction. The RSUs granted to these employees have been treated as replacement awards (the "Replacement RSUs") and are accounted for as a modification to the Original Awards. As the fair value of the Original Awards was $Nil on the modification dates, the incremental compensation cost recognized is equal to the fair value of the Replacement RSUs on the modification date, which shall be recognized over the remaining requisite service period.

On May 17, 2023, the Board awarded 25,977 RSUs to employees and one Board member. Of the RSUs awarded, 5,587 were fully vested on issuance and 20,391 shall vest over a period of one to three years. The fair value of RSUs is determined on the grant date and is amortized over the vesting period on a straight-line basis.

On June 27, 2023, the Board awarded 12,950 RSUs to an employee. The RSUs shall vest over a period of three years. The fair value of RSUs is determined on the grant date and is amortized over the vesting period on a straight-line basis.

On August 31, 2023, the Board awarded 207,194 RSUs to two officers. The RSUs shall vest over a period of three years. The fair value of RSUs is determined on the grant date and is amortized over the vesting period on a straight-line basis.

On October 20, 2023, the Board awarded 15,487 RSUs to Robert Galvin, a former officer of the Company, for compensation owed. The fair value of the RSUs was determined on the grant date and became fully vested as of January 4, 2024 per the October Separation Agreement.

On November 15, 2023, the Board awarded 42,604 RSUs to four Board members, and an officer. The RSUs shall vest over a period of one to three years. The fair value of the RSUs is determined on the grant date and is amortized over the vesting period on a straight-line basis.

There was no RSUs awarded during the three months ended March 31, 2024.

During the three months ended March 31, 2024, the Company recognized $0.4 million of share-based compensation expense associated with the RSUs (March 31, 2023—$1.5 million). Share-based compensation expense is presented in selling, general and administrative expenses on the unaudited interim condensed consolidated statements of operations.

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As of March 31, 2024, there was approximately $4.2 million of total unrecognized compensation cost related to unvested RSUs which is expected to be recognized over a weighted-average service period of 2.13 years.

The following table summarizes certain information in respect of RSU activity during the period:

| | Three Months Ended March 31, 2024 | | Year Ended December 31, 2023 | |
|---|---|---|---|---|
| | Units | Weighted Average Grant Price | Units | Weighted Average Grant Price |
| Unvested balance, beginning | 315,668 | $ 0.02 | 129,671 | $ 0.07 |
| Granted | — | — | 304,212 | 0.02 |
| Vested | (15,974) | 0.02 | (108,021) | 0.08 |
| Forfeited | (12,536) | 0.02 | (10,194) | 0.07 |
| Unvested balance, ending | **287,158** | **$ 0.02** | **315,668** | **$ 0.02** |

**Note 6 - Income Taxes**

The following table summarizes the Company's income tax expense and effective tax rates for the three months ended March 31, 2024 and 2023:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Loss before income taxes | $ (11,276) | $ (14,796) |
| Income tax expense | 2,722 | 3,799 |
| Effective tax rate | -24.1% | -25.7% |

The Company's effective tax rate differs from the federal statutory rate of 21.0% primarily due to certain non-deductible items, state and local income taxes and the valuation allowance for deferred tax assets of both cultivator and non-cultivator entities.

The Company recognizes the effect of income tax positions only when it is more likely than not of being sustainable. The taxes are recorded in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. It is reasonable that the existing liabilities for the unrecognized tax benefits may increase or decrease over the next 12 months as a result of assessments, examinations and statute expirations; however, the ultimate timing of the resolution of these items is highly uncertain.

As of March 31, 2024, the Company had recorded total unrecognized tax position liabilities of $5.2 million that, if recognized, would impact the effective tax rate. This amount is classified as a long-term liability on the unaudited interim condensed consolidated balance sheets. The Company had no unrecognized tax benefits for the period ending March 31, 2023. The increase of $5.2 million in uncertain tax positions is primarily due to tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E. The Company records interest and penalties related to unrecognized tax benefits within the provision for income taxes.

The Internal Revenue Service filed Notices of Federal Tax Liens against certain subsidiaries of the Company in the aggregate amount of approximately $17.2 million and $24.4 million for the years ended December 31, 2020 and 2021, respectively. The Company is actively working to resolve these matters with the Internal Revenue Service.

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**Note 7 - Segment Information**

The below table presents results by segment for the three months ended March 31, 2024 and 2023:

***Reportable Segments***

| | Three Months Ended March 31, | |
|---|---|---|
| | **2024** | **2023** |
| **Revenues, net of discounts** | | |
| Eastern Region | $ 30,226 | $ 22,011 |
| Western Region | 11,338 | 14,565 |
| Other[(1)] | — | 177 |
| **Total** | **$ 41,564** | **$ 36,753** |
| **Gross profit (loss)** | | |
| Eastern Region | $ 13,356 | $ 10,621 |
| Western Region | 3,845 | 5,172 |
| Other | — | (281) |
| **Total** | **$ 17,201** | **$ 15,512** |
| **Depreciation and amortization** | | |
| Eastern Region | $ 4,007 | $ 4,472 |
| Western Region | 1,758 | 1,853 |
| Other | 118 | 129 |
| **Total** | **$ 5,883** | **$ 6,454** |
| **(Recoveries), write-downs and other charges, net** | | |
| Eastern Region | $ 16 | $ (1) |
| Western Region | 61 | — |
| Other | 320 | 517 |
| **Total** | **$ 397** | **$ 516** |
| **Net loss** | | |
| Eastern Region | $ (981) | $ (5,914) |
| Western Region | (635) | (440) |
| Other | (12,382) | (12,241) |
| **Total** | **$ (13,998)** | **$ (18,595)** |
| **Purchase of property, plant and equipment** | | |
| Eastern Region | $ 833 | $ 989 |
| Western Region | 39 | 10 |
| Other | 6 | 3 |
| **Total** | **$ 878** | **$ 1,002** |
| **Purchase of other intangible assets** | | |
| Other | 16 | 5 |
| **Total** | **$ 16** | **$ 5** |

(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. The Company has deconsolidated results from its Vermont and CBD operations as of March 8, 2023 and May 8, 2023, respectively.

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| | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Eastern Region | $ 213,700 | $ 215,743 |
| Western Region | 47,612 | 51,148 |
| Other | 12,464 | 10,516 |
| **Total** | **$ 273,776** | **$ 277,407** |

***Major Customers***

Major customers are defined as customers that each individually accounted for greater than 10.0% of the Company's annual revenues. For the three months ended March 31, 2024 and 2023, no sales were made to any one customer that represented in excess of 10.0% of the Company's total revenues.

***Geographic Information***

As of March 31, 2024 and 2023, 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 cash flows are affected by economic factors. For the three months ended March 31, 2024 and 2023, the Company disaggregated its revenues as follows:

| | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| **Revenues, net of discounts** | | |
| iAnthus branded products | $ 21,201 | $ 20,919 |
| Third party branded products | 15,868 | 13,678 |
| Wholesale/bulk/other products | 4,495 | 2,156 |
| **Total** | **$ 41,564** | **$ 36,753** |

**Note 8 — 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).

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.

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

| | As of March 31, 2024 | | | | As of December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| Long term investments - other [(1)] | $ 63 | $ — | $ 813 | **$ 876** | $ 56 | $ — | $ 679 | **$ 735** |

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

There were no transfers or change in valuation method between Level 1, Level 2, and Level 3 within the fair value hierarchy during the three months ended March 31, 2024 and 2023.

The Company's investment in 4Front Venture Corp. as of March 31, 2024 and December 31, 2023, 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 available.

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

Level 3 investment is comprised of an investment in which the Company exercises significant influence and is therefore recorded under the equity method. The investment was initially recognized at cost and the Company recognizes its proportionate share of earnings and losses from the investment each reporting period.

The following table summarizes the changes in Level 1 and Level 3 financial assets:

| | Financial Assets | |
|---|---|---|
| | 4Front Venture Corp. | Island Thyme LLC |
| **Balance as of December 31, 2023** | **$ 56** | **$ 679** |
| Additions | — | 196 |
| Revaluations | 7 | — |
| Loss on equity method investments | — | (62) |
| **Balance as of March 31, 2024** | **$ 63** | **$ 813** |

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 4) at their carrying value and fair value:

| | As of March 31, 2024 | | As of December 31, 2023 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| June Unsecured Debentures | $ 19,556 | $ 17,745 | $ 18,856 | $ 17,301 |
| June Secured Debentures | 133,688 | 120,325 | 130,103 | 118,118 |
| Secured Notes | 14,431 | 14,646 | 15,565 | 15,414 |
| Other | 738 | 747 | 752 | 772 |
| **Total** | **$ 168,413** | **$ 153,463** | **$ 165,276** | **$ 151,605** |

**Note 9 – Commitments**

In the ordinary course of business, the Company enters into contractual agreements with third parties that include non-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.

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The following table summarizes the Company's contractual obligations and commitments as of March 31, 2024:

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|
| Operating leases | $ 7,585 | $ 7,800 | $ 7,694 | $ 7,272 | $ 7,186 |
| Service and other contracts | 2,130 | 59 | — | — | — |
| Long-term debt | 57 | 17,742 | 76 | 216,386 | 101 |
| **Total** | **$ 9,772** | **$ 25,601** | **$ 7,770** | **$ 223,658** | **$ 7,287** |

The Company's commitments include payments to 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.

On February 9, 2024, ICH's wholly-owned subsidiary, Mayflower Medicinals Inc. ("Mayflower"), entered into an Asset Purchase Agreement (the "MA Purchase Agreement") with an unaffiliated third-party buyer (the "MA Buyer"), pursuant to which, Mayflower agreed to sell certain of its assets associated with its Holliston, Massachusetts cultivation and product manufacturing facility for $3.0 million (the "Purchase Price"). The Purchase Price will be paid as follows: $1.0 million payable in cash at closing and the remaining $2.0 million to be paid in equal monthly installments over 36 months with interest accruing at 7% per annum pursuant to a promissory note. The proceeds from the Purchase Price will be used by the Company to satisfy certain federal tax obligations. The closing of the MA Purchase Agreement is subject to, among other customary conditions, approval of the Massachusetts Cannabis Control Commission.

On February 23, 2024, the Company's wholly-owned subsidiary, GreenMart of Nevada NLV, LLC ("GMNV") entered into an Asset Purchase Agreement (the "NV Purchase Agreement") with an unaffiliated, third-party buyer (the "NV Buyer"), pursuant to which, GMNV agreed to sell substantially all of the assets of GMNV to the NV Buyer. GMNV currently operates a co-located medical and adult-use cultivation and production facility in North Las Vegas, Nevada and an adult-use dispensary in Las Vegas, Nevada and holds two conditional adult-use dispensary licenses to be located in Henderson and Reno, Nevada (the "Business"). The aggregate proceeds to be received from the sale are $6.5 million (the "Purchase Price"). The closing of the NV Purchase Agreement is subject to, among other customary conditions, receipt of approval of the Nevada Cannabis Compliance Board (the "NV CCB"). On February 23, 2024, GMNV also entered into a Management Agreement (the "NV Management Agreement"), pursuant to which, the NV Buyer's affiliated entity (the "Manager"), will assume full operational and managerial control of the Business, subject to the approval of the NV CCB, which remains pending. Of the total Purchase Price, $3.5 million is paid in cash at the closing of the NV Purchase Agreement ("Closing") and the remaining balance of the Purchase Price is paid on a quarterly basis, beginning three months after the Closing, over 36 months with interest accruing at 8% per annum.

**Note 10 - 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.

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, which occurred prior to the Company's closing of the MPX Bioceutical Corporation ("MPX") acquisition (the "MPX Acquisition") in February 2019, are as follows:

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•There was a claim by 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 December 31, 2023, $1.5 million was paid in full;

•There is a claim from two former noteholders against the Company and MPX Bioceutical 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:

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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 to GrowHealthy Holdings, which delivery was a condition precedent to receiving the Company 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 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 initial trial date of May 9, 2022 and 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. On May 19, 2022, the Roberts filed a second amended complaint against Mr. Maslow ("Amended Maslow Complaint"). On June 3, 2022, Mr. Maslow filed a motion to dismiss the Amended Maslow Complaint, which was denied on September 9, 2022. On April 12, 2023, the Circuit Court of Palm Beach County set this matter for a jury trial to occur sometime between June 5, 2023 and August 11, 2023. The court rescheduled the jury trial and no new trial date has been set yet. On April 14, 2023, the Roberts Plaintiffs filed a partial Motion for Summary Judgment on liability for the Roberts Plaintiffs' claims for breach of contract and the Company filed a competing Motion for Summary Judgment on all claims against the Company. On April 21, 2023, Mr. Maslow also filed a Motion for Summary Judgment. All of the motions remain pending. On February 27, 2024, the Roberts Plaintiffs filed a Notice for Jury Trial with the Circuit Court of Palm Beach County, notifying the court that the matter was ready to be set for trial. As of the date hereof, the court still has not set a new trial date. On April 19, 2024, the Roberts Plaintiffs filed a Motion for Speedy Trial due to the ages and health of the Roberts Plaintiffs. The motion remains pending.

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On May 19, 2020, Hi-Med LLC ("Hi-Med"), an equity holder and one of the Unsecured Lenders who held an Unsecured Debenture in the principal amount of $5.0 million prior to the closing of the Recapitalization Transaction, filed a complaint (the "Hi-Med 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 Lawsuit"). 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 Securities Exchange Act of 1934, as amended 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' replies 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. On September 28, 2022, the SDNY issued an opinion granting in part and denying in part the Motion to Dismiss Hi-Med's second Amended Complaint (the "Opinion"). On October 12, 2022, the parties filed a joint stipulation and proposed scheduling order (the "Joint Stipulation and Proposed Scheduling Order"), in which certain defendants indicated that they may be filing a motion seeking clarification of certain aspects of the court's Opinion. The parties proposed that the Company's answer would be due on November 21, 2022 and that the parties would submit a proposed discovery plan by December 12, 2022. The Joint Stipulation and Proposed Scheduling Order was ordered by the court on October 19, 2022. On December 12, 2023, the parties executed a settlement agreement (the "Hi-Med Settlement Agreement"), which fully settled all claims by and between the parties. The terms of the Hi-Med Settlement Agreement provides for, among other things, the issuance of 20,000 shares of the Company's common stock, no par value per share. In accordance with the terms of the Hi-Med Settlement Agreement, Hi-Med filed a Notice of Voluntary Dismissal with the SDNY, dismissing the Hi-Med Amended Complaint with prejudice. Separately, on June 29, 2020, Hi-Med filed a claim in the Court, which mirrors the Hi-Med Complaint, but the Company was never served. It is the Company's position that the release in the Hi-Med Settlement Agreement released the claims underlying the Hi-Med claim filed in the Court. Refer to Note 4 for further discussion of the Unsecured Debentures.

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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. On September 28, 2022, the SDNY issued an opinion granting in part and denying in part the Motion to Dismiss the Lead Plaintiff's second Amended Complaint. On October12, 2022, the parties filed the Joint Stipulation and Proposed Scheduling Order, which the SDNY so ordered on October 19, 2022, ordering that that the Defendants' answers are due on November 21, 2022; that the parties shall submit a proposed discovery plan by December 12, 2022; and that discovery in the Class Action Lawsuit shall be coordinated with discovery in the Hi-Med action referenced above, to the extent the two actions involved overlapping issues. The parties agreed to submit the matter, together with the Hi-Med action referenced above, to mediation, which took place on January 17, 2023. On January 31, 2023, the parties advised the SDNY that the Defendants and Lead Plaintiff reached a settlement in principle and anticipated filing a motion for preliminary approval of the settlement by March 9, 2023. Accordingly, the parties requested that the SDNY suspend all further deadlines and proceedings in the Class Action Lawsuit pending submission of the motion for preliminary approval. On March 7, 2023, the parties advised the SDNY that the parties required a short extension of the motion for preliminary approval of the settlement and such motion would be filed by March 21, 2023. On March 21, 2023, the parties executed a settlement agreement and filed the motion for preliminary approval of the settlement with the SDNY. On December 20, 2023, the SDNY preliminarily approved the settlement. On April 10, 2024, the SDNY held the final approval hearing. Following this hearing, the SDNY issued an order, requesting additional information regarding the allocation of settlement funds. The Lead Plaintiff submitted the additional information to the SDNY on April 26, 2024, and the parties are awaiting further direction from the SDNY.

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 Ontario Superior Court of Justice ("OSCJ") in Toronto, Ontario. 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. The parties have reached a settlement in principle, and November 16, 2023, the OSCJ certified the class for settlement purposes only. On February 20, 2024, the OSCJ held the settlement approval hearing and on March 8, 2024, issued its decision rejecting the proposed settlement.

On August 19, 2021, Arvin Saloum ("Saloum"), a former consultant of the Company, filed a Demand for Arbitration with the American Arbitration Association (the "Arbitration Action") 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. The parties are currently engaging in discovery. On April 25, 2023, the parties attended a mediation, which was unsuccessful. The parties are currently engaged in discovery.

On May 23, 2022, CGX Life Sciences, Inc. ("CGX"), a wholly-owned subsidiary of the Company, filed a demand for arbitration (the "CGX Arbitration") with the American Arbitration Association ("AAA") against LMS Wellness, Benefit LLC ("LMS") and its 100% owner, William Huber ("Huber" and together with LMS, the "Defendants") for various breaches under the option agreements entered into between CGX and LMS, on the one hand, and CGX and Huber on the other (collectively, the "Option Agreements"). Specifically, CGX is seeking: (i) an order finding the Defendants in breach of the Option Agreements and directing specific performance by the Defendants of their obligations under the Option Agreements to complete the sale and transfer of LMS to CGX; (ii) an order either tolling or extending the closing date under the Option Agreements; (ii) an order requiring Huber to restore LMS' bank account of all sums withdrawn for the payment of contracts entered into in breach of the Option Agreements; and (iii) an order prohibiting Huber from withdrawing any further funds from LMS' bank account. On June 8, 2022, the Defendants filed an Answering Statement, denying the allegations raised by CGX and sent a notice to CGX, purporting to terminate the Option Agreements. In addition, on June 8, 2022, LMS filed a demand for arbitration (the "S8 Arbitration") with the AAA against S8 Management, LLC ("S8"), alleging that S8 breached the Amended and Restated Management Services Agreement (the "MSA") entered into between LMS and S8 on March 12, 2018. On June 24, 2022, the Defendants filed a Motion to Consolidate the CGX Arbitration and S8 Arbitration. On July 5, 2022, CGX filed an opposition to the Defendants' Motion to Consolidate and a cross-Motion to Stay the S8 Arbitration to allow the CGX Arbitration to proceed first. On July 26, 2022, the parties attended a preliminary conference with the arbitrator, at which conference the arbitrator preliminarily granted the Defendants' Motion to Consolidate and denied CGX's cross-Motion to Stay the S8 Arbitration. On October 7, 2022, CGX filed a dispositive motion for specific performance of Defendants' obligations to complete the sale of LMS to CGX (claims (i) and (ii), above), which Defendants opposed. On October 31, 2022, the arbitrator granted CGX's dispositive motion and ordered Defendants to complete the sale of LMS to CGX. The remaining claims asserted in the CGX Arbitration (claims (iii) and (iv), above) and the S8 Arbitration remain pending. On November 30, 2022, Defendants filed a Petition to Vacate Arbitration Award. CGX's filed its response on January 30, 2023, and subsequently the Defendants filed a Request for Hearing on February 3, 2023. The Circuit Court for Baltimore County had a hearing on the Petition to Vacate Arbitration Award on February 21, 2024, and on March 4, 2024, the Circuit Court for Baltimore County denied Defendants' Petition to Vacate Arbitration Award. The hearing for the S8 Arbitration is currently scheduled to begin on July 15, 2024. On April 8, 2024, the Defendants submitted the required ownership transfer paperwork to the Maryland Cannabis Administration (the "MCA") to request approval of the transfer of ownership of LMS to CGX following the denial of the Defendants' Petition to Vacate Arbitration Award. Also on April 8, 2024, the Defendants requested that the MCA either deny the ownership transfer of LMS to CGX, or delay their consideration of the request until the S8 Arbitration is complete. On April 22, 2024, the MCA notified the parties that it will wait to consider the request to transfer ownership of LMS to CGX until the S8 Arbitration is complete.

On June 20, 2023, LMS filed a complaint in the United States District Court for the District of Maryland against the Company and three wholly-owned subsidiaries of the Company (the "iAnthus Defendants"), alleging conversion, RICO violations and unjust enrichment and seeking damages in excess of $4.5 million, plus treble damages (the "Federal Complaint"). The allegations in the Federal Complaint appear substantially similar to, and appear to arise from substantially the same operative facts as, those alleged by LMS in the CGX Arbitration, the S8 Arbitration, and in support of the Defendants' Petition to Vacate Arbitration Award. The iAnthus Defendants deny LMS's allegations alleging unlawful conduct. The iAnthus Defendants filed a Motion to Dismiss (Or Stay the Proceedings) the Federal Complaint on September 11, 2023. On March 12, 2024, the Court granted the iAnthus Defendants' motion and administratively stayed the Federal Complaint pending the outcome of the CGX Arbitration and the S8 Arbitration.

On June 20, 2022, Michael Weisser (“Weisser”) commenced a petition (the “Petition”) in the Court against ICH and ICH's former board of directors. In the Petition, Weisser sought: (i) a declaration that the affairs of ICH and its then-board of directors were being conducted or have been conducted in a manner that is oppressive and/or prejudicial to Weisser; (ii) an order that Weisser is entitled to call and hold ICH's annual general meeting for 2020 ( “2020 AGM”) on or before June 30, 2022 or a date set by the Court as soon as reasonably possible; (iii) alternatively, an order that ICH hold the 2020 AGM on or before June 30, 2022 or a date set by the Court as soon as reasonably possible; (iv) an order that ICH set the record date for the 2020 AGM; (v) an order that Weisser is entitled to appoint a chair for the 2020 AGM, or that the Court appoint an independent chair for the 2020 AGM; and (vi) an order that ICH be required to provide Weisser with an opportunity to review all votes and proxies submitted in respect of the 2020 AGM, no later than 24 hours in advance of the 2020 AGM. On June 22, 2022, Weisser was granted a short leave by the Court which permitted a return date for the Petition of June 28, 2022. On June 24, 2022, the Company closed the Recapitalization Transaction and ICH noticed the 2020 AGM, the annual general meeting for 2021 (“2021 AGM”) and the annual general meeting for 2022 (the “2022 AGM” and together with the 2020 AGM and 2021 AGM, the “AGMs”). As a result, Weisser’s Petition was rendered moot. On November 14, 2022, Weisser filed an application (the "Application") in the Petition proceeding, seeking to add the Secured Lenders and Consenting Unsecured Lenders as respondents to the Petition and to amend the Petition. Specifically, Weisser sought to amend the Petition to request: (i) a declaration that the affairs of the Secured Lenders, Consenting Unsecured Lenders, ICH and the powers of its then-directors have been and are continuing to be conducted in a manner that is oppressive and/or prejudicial to Weisser; (ii) an order setting aside and/or unwinding the closing of the Recapitalization Transaction; (iii) an order setting aside the results of ICH's annual general meeting held August 11, 2022; (iv) an order that the 2020 AGM be held by December 31, 2022; (v) an order that ICH set the record date for the 2020 AGM to hold the meeting by December 31, 2022; (vi) an order that for purposes of voting at the 2020 AGM, the shareholdings of ICH be those shareholdings that existed prior to the closing of the Recapitalization Transaction; (vii) an order that Weisser is entitled to appoint a chair for the 2020 AGM, or that the Court appoint an independent chair for the 2020 AGM; (viii) an order that ICH be required to provide Weisser with an opportunity to review all votes and proxies submitted in respect of the 2020 AGM, no later than 24 hours in advance of the 2020 AGM; and (ix) an order that pending the 2020 AGM, ICH's current board of directors be replaced by an interim slate of directors to be nominated by Weisser. On May 2, 2023, ICH and its former directors filed their response to the Petition, opposing all orders sought by Weisser, in part, as the Petition is barred by the releases in the Plan of Arrangement and constitutes a collateral attack on Justice Gomery's order approving the Plan. Weisser has not requested a hearing date on the Petition yet.

On October 29, 2021, the Florida Department of Health, Office of Medical Marijuana Use (the “OMMU”) approved the requested change of ownership and control of McCrory’s Sunny Hill Nursery, LLC ("McCrory's"), a wholly owned subsidiary of the Company (the “Variance Request”), resulting from the closing of the Recapitalization Transaction. On November 19, 2021, Weisser filed a petition (as amended, the “Florida Petition”) with the OMMU, challenging the OMMU’s approval of the Variance Request. On February 3, 2022, the Florida Division of Administrative Hearings (“DOAH”) issued a Recommended Order of Dismissal, recommending that the OMMU enter a final order dismissing the Florida Petition for lack of standing. On May 4, 2022, the OMMU issued a final agency order (the “Final Order”), which accepted the recommendation of the DOAH and dismissed the Florida Petition for lack of standing. Weisser appealed the Final Order with the District Court of Appeal in the First District of Florida ("Court of Appeal") and filed his initial brief on November 9, 2022, which seeks a reversal of the Final Order. On February 3, 2023, the Company filed a Motion to Dismiss the appeal, which the Court of Appeal denied on June 16, 2023. On July 6, 2023, McCrory's filed its answer brief in response to Weisser's appeal brief.

On April 5, 2023, Canaccord Genuity Corp. ("Canaccord") filed a Statement of Claim against the Company in the OSCJ pursuant to an engagement letter (as amended, the "Engagement Letter") entered into by and between Canaccord and the Company. Specifically, Canaccord alleges that it is owed a cash fee equal to approximately $2.2 million(the "Alleged Fee") pursuant to the Engagement Letter as a result of the closing of the Recapitalization Transaction. The Company filed its Statement of Defense on May 17, 2023 in which, the Company disputes that it owes the Alleged Fee on the basis that the Recapitalization Transaction closed outside of the tail period of the Engagement Letter, which expired on November 4, 2021. The Company also filed a counterclaim against Canaccord, seeking the repayment of $0.3 million payment mistakenly made by the Company towards the Alleged Fee in October 2022. On November 3, 2023, Canaccord filed a Motion for Summary Judgment, requesting that the court grant Canaccord's claim for the Alleged Fee. The hearing on Canaccord's Motion for Summary Judgment is scheduled for June 26, 2025.

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**Note 11 - Related Party Transactions**

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **Financial Statement Line Item** | | |
| Long-term debt, net of issuance costs [(1)] | 164,272 | 142,295 |
| Accrued and other current liabilities | 8,704 | 7,620 |
| **Total** | **$ 172,976** | **$ 149,915** |

[(1)] Upon the closing of the Recapitalization Transaction, certain of the Company's lenders held greater than 5.0% of the voting interests in the Company and therefore are classified as related parties. Refer to Note 4 for further discussion.

Effective as of October 11, 2023 (the "October Resignation Date"), Robert Galvin, the Company's then-Interim Chief Operating Officer, resigned from his executive positions, including all positions with the Company's subsidiaries and affiliates. In connection with the resignation, Mr. Galvin and the Company executed a separation agreement (the "October Separation Agreement"), pursuant to which, Mr. Galvin will receive certain compensation and benefits valued to substantially equal the value of entitlements he would have received under Section 4(f) of his employment agreement. Specifically, Mr. Galvin will receive: (i) total cash compensation in the amount of approximately $0.4 million, which is payable in a lump sum on January 5, 2024; (ii) a grant of RSUs with an aggregate fair market value of approximately $0.4 million, which shall fully vest on January 4, 2024. Under the terms of the October Separation Agreement, the Company will continue to pay the monthly premium for Mr. Galvin's continued participation in the Company's health and dental insurance benefits pursuant to COBRA for one year from the October Resignation Date. Mr. Galvin served in a consulting role for three months following the October Resignation Date at a base compensation rate of $25 per month. As of March 31, 2024, the total balance owed to Mr. Galvin is $Nil (December 31, 2023 - $0.4 million).

Effective as of April 5, 2024 (the "Faraut Resignation Date"), Philippe Faraut, the Company's Chief Financial Officer, resigned from his executive positions, including all positions with the Company's subsidiaries and affiliates. In connection with the resignation, Mr. Faraut and the Company executed a separation agreement (the "Faraut Separation Agreement"), pursuant to which, Mr. Faraut 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. Faraut will receive total cash compensation in the amount of approximately $0.2 million, which is payable in equal installments of approximately $25 per month over a period of 7 months following the Effective Date (as defined in the Faraut Separation Agreement). Under the terms of the Faraut Separation Agreement, the Company will continue to pay the monthly premium for Mr. Faraut's continued participation in the Company's health and dental insurance benefits pursuant to COBRA for one year from the Faraut Resignation Date. Mr. Faraut will serve in a consulting role for one month following the Faraut Resignation Date at a base compensation rate of $25 per month. Pursuant to the Faraut Separation Agreement, the RSUs granted to Mr. Faraut on November 23, 2022 and May 17, 2023 shall accelerate and fully vest upon satisfactory completion of Mr. Faraut's consulting services. Further, the RSUs granted to Mr. Faraut on September 1, 2023 and November 15, 2023 were forfeited as of the Faraut Resignation Date. As of March 31, 2024, the total balance owed to Mr. Faraut is $0.2 million (December 31, 2023 - $Nil)

Pursuant to the terms of the Secured DPA, the Company has a related party payable of $6.3 million due to certain of the New Secured Lenders, including Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., Oasis Investment Master II Fund LTD., Senvest Global (KY), LP, Senvest Master Fund, LP and Hadron Healthcare and Consumer Special Opportunities Master Fund, for certain out-of-pocket costs, charges, fees, taxes and other expenses incurred by the New Secured Lenders in connection with the closing of the Recapitalization Transaction (the "Deferred Professional Fees"). These New Secured Lenders held greater than 5.0% of the outstanding common shares of the Company upon the closing of the Recapitalization Transaction and are therefore considered to be related parties. The Company had until December 31, 2022, to pay the Deferred Professional Fees ratably based on the amount of each New Secured Lender's Deferred Professional Fees. The Deferred Professional Fees accrued simple interest at the rate of 12.0% from the Closing Date until December 31, 2022. Beginning with the first business day of the month following December 31, 2022, interest shall accrue on the Deferred Professional Fees at the rate of 20.0% calculated on a daily basis and is payable on the first business day of every month until the Deferred Professional Fees and accrued interest thereon is paid in full. As of March 31, 2024, the outstanding related party portion of the Deferred Professional Fees including accrued interest was $8.3 million (December 31, 2023 – $8.0 million). The related party balance is presented in accrued and other current liabilities on the unaudited interim condensed consolidated balance sheets.

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

Pursuant to the terms of 2024 NJ Amendment interest accruing after February 16, 2024 will be payable in cash on the last day of each fiscal quarter (the first such interest payment date being May 16, 2024). As of March 31, 2024 the outstanding related party portion of the interest payable was $0.3 million (December 31, 2023 - $Nil) presented in accrued and other current liabilities on the unaudited interim condensed consolidated balance sheets.

**Note 12 – Unaudited Interim Condensed Consolidated Statements of Cash Flows Supplemental Information**

*(a) Cash payments made on account of:*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Income taxes (including interest and penalties) | $ 958 | $ 49 |
| Interest | 47 | 32 |

*(b) Changes in operating assets and liabilities are comprised of the following:*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| **Decrease (increase) in:** | | |
| Accounts receivables, net | $ (2,157) | $ 384 |
| Prepaid expenses | (503) | (576) |
| Inventories, net | 642 | (2,784) |
| Other current assets | 21 | 5 |
| Other long-term assets | (22) | (32) |
| Operating leases | (370) | (359) |
| **(Decrease) increase in:** | | |
| Accounts payable | (154) | 1,025 |
| Accrued and other current liabilities | 258 | 4,870 |
| Uncertain tax position liabilities | 5,220 | — |
| | **$ 2,935** | **$ 2,533** |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Property, plant and equipment | $ 2,397 | $ 2,977 |
| Operating lease ROU assets | 487 | 537 |
| Intangible assets | 3,487 | 3,477 |
| | **$ 6,371** | **$ 6,991** |

*(d) Write-downs, (recoveries) and other charges, net are comprised of the following:*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Account receivable | $ 213 | $ (1) |
| Share issuance | 320 | — |
| Operating lease ROU assets | (136) | — |
| Property, plant and equipment | — | 517 |
| | **$ 397** | **$ 516** |

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| **Supplemental Cash Flow Information:** | | |
| Non-cash consideration for paid-in-kind interest | $ 3,546 | $ 3,384 |
| Non-cash issuance of shares from Senior Secured Bridge Notes Amendment | 1,581 | — |
| Assets classified as assets held for sale | 1,292 | 1,711 |
| Non-cash issuance of shares from Hi-Med settlement agreement | 320 | — |
| Non-cash issuance of Senior Secured Bridge Notes | 14,346 | — |
| Non-cash extinguishment of Senior Secured Bridge Notes | (15,813) | — |

***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.

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, 2024, the Company held $0.1 million as restricted cash (December 31, 2023—less than $0.1 million).

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, 2024 | December 31, 2023 |
|---|---|---|
| Cash | $ 13,620 | $ 13,104 |
| Restricted cash | 108 | 71 |
| **Total cash and restricted cash presented in the statements of cash flows** | **$ 13,728** | **$ 13,175** |

**Note 13 - Subsequent Events**

***Legal Proceedings***

Please refer to Note 10 for further discussion.

***Resignation of Chief Financial Officer***

Effective as of April 5, 2024 (the "Faraut Resignation Date"), Philippe Faraut, the Company's Chief Financial Officer, resigned from his executive positions, including all positions with the Company's subsidiaries and affiliates. In connection with the resignation, Mr. Faraut and the Company executed a separation agreement (the "Faraut Separation Agreement"), pursuant to which, Mr. Faraut 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. Faraut will receive total cash compensation in the amount of approximately $0.2 million, which is payable in equal installments of approximately $25 per month over a period of 7 months following the Effective Date (as defined in the Faraut Separation Agreement). Under the terms of the Faraut Separation Agreement, the Company will continue to pay the monthly premium for Mr. Faraut's continued participation in the Company's health and dental insurance benefits pursuant to COBRA for one year from the Faraut Resignation Date. Mr. Faraut will serve in a consulting role for one month following the Faraut Resignation Date at a base compensation rate of $25 per month. Pursuant to the Faraut Separation Agreement, the RSUs granted to Mr. Faraut on November 23, 2022 and May 17, 2023 shall accelerate and fully vest upon satisfactory completion of Mr. Faraut's consulting services. Further, the RSUs granted to Mr. Faraut on September 1, 2023 and November 15, 2023 were forfeited as of the Faraut Resignation Date. As of March 31, 2024, the total balance owed to Mr. Faraut is $0.2 million (December 31, 2023 - $Nil).

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

***Issuance of Common Shares***

On April 2, 2024, the Company issued 324 common shares for vested RSUs. The Company withheld 162 common shares to satisfy employees' tax obligations of less than $0.1 million.

## 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, 2023, 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 in the United States. Although we are committed to creating a national retail brand and portfolio of branded cannabis products recognized in the United States, cannabis currently remains illegal under U.S. federal law.

Through our subsidiaries, we currently own and/or operate 38 dispensaries and eight cultivation and/or processing facilities in six U.S. 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 five dispensary licenses and/or dispensary facilities in two states, plus an uncapped number of dispensary licenses in Florida, and up to 18 cultivation, manufacturing and/or processing facilities, and we have the right to manufacture and distribute cannabis products in seven U.S. states, all subject to the necessary regulatory approvals.

Our multi-state operations encompass the full spectrum of medical and adult-use cannabis 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 packaged flower and 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). 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 or cannabis-derived 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 13.0% 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 8.0% convertible unsecured debentures (the "Unsecured Debentures"). As a result, we defaulted on our obligations pursuant to the Secured Notes and Unsecured Debentures.

On July 10, 2020, we entered into a restructuring support agreement (as amended on June 15, 2021, the "Restructuring Support Agreement") with the Secured Lenders and certain of our Unsecured Lenders (the "Consenting Unsecured Lenders") to effectuate a recapitalization transaction (the "Recapitalization Transaction") which was consummated on June 24, 2022 (the "Closing Date").

In connection with the closing of the Recapitalization Transaction, we issued an aggregate of 6,072,579,705 common shares to the Secured Lenders and the Unsecured Lenders. Specifically, we issued 3,036,289,852 common shares (the "Secured Lender Shares"), or 48.625% of our outstanding common shares, to the Secured Lenders and 3,036,289,853 common shares (the "Unsecured Lender Shares" and together with Secured Lender Shares, the "Shares"), or 48.625% of our outstanding common shares, to the Unsecured Lenders. As of the Closing Date, we had 6,244,297,897 common shares issued and outstanding. As of the Closing Date, the holders of our common shares collectively held 171,718,192 common shares, or 2.75% of our outstanding common shares.

As of the Closing Date, the outstanding principal amount of the Secured Notes (including the interim financing secured notes in the aggregate principal amount of approximately $14.7 million originally due on July 13, 2025) together with interest accrued and fees thereon were forgiven in part and exchanged for (A) the Secured Lender Shares, (B) the issuance of the 8.0% secured debentures (the "June Secured Debentures") to the New Secured Lenders in the aggregate principal amount of $99.7 million and (C) the issuance of the 8.0% unsecured debentures (the “June Unsecured Debentures”) to the Secured Lenders in the aggregate principal amount of $5.0 million. Also, as of the Closing Date, the outstanding principal amount of the Unsecured Debentures together with interest accrued and fees thereon were forgiven in part and exchanged for (A) the Unsecured Lender Shares and (B) the June Unsecured Debentures in the aggregate principal amount of $15.0 million. Furthermore, all existing options and warrants to purchase our common shares, including certain debenture warrants and exchange warrants previously issued to the Secured Lenders, the warrants previously issued in connection with the Unsecured Debentures and all other Affected Equity (as defined in the amended and restated plan of arrangement (the "Plan of Arrangement"), were cancelled and extinguished for no consideration.

*Registration Rights Agreement*

In connection with the consummation of the Recapitalization Transaction, we entered into a registration rights agreement (the “RRA”), dated June 24, 2022, with ICM and certain holders of Registrable Securities (as defined in the RRA) (the “Holders”) pursuant to which we shall, upon receipt of written notice (the “Shelf Request”) from Holders of at least 15.0% of our outstanding common shares (the “Substantial Holders”), prepare and file (i) with the applicable Canadian Securities Regulators (as defined in the RRA), a Shelf Prospectus (as defined in the RRA) to facilitate a secondary offering of all of the Registrable Securities or (ii) with the Securities and Exchange Commission (the “SEC”), a registration statement on Form S-3 (the “S-3 Registration Statement”) covering the resale of all Registrable Securities. In addition, pursuant to the RRA and subject to certain exceptions, the Substantial Holders may request (the “Demand Registration Request”) that we file a Prospectus (as defined in the RRA) (other than a Shelf Prospectus) or a registration statement on any form that we are then eligible to use (the “Registration Statement”) to facilitate a Distribution (as defined in the RRA) in Canada or the United States of all or any portion of the Registrable Securities (the “Demand Registration”) held by the Holders requesting the Demand Registration. Moreover, pursuant to the RRA and subject to certain exceptions, if, at any time, we propose to make a Distribution for our own account, we shall notify the Holders of such Distribution (the “Piggyback Registration”) and shall use reasonable commercial efforts to include in the Piggyback Registration such Registrable Securities requested by the Holders be included in such Piggyback Registration.

*Investor Rights Agreement*

Furthermore, in connection with the closing of the Recapitalization Transaction, we entered into an Investor Rights Agreement (“IRA”), dated June 24, 2022, with ICH, ICM and certain investors (the “Investors”). Pursuant to the IRA, among other things, the Investors are entitled to designate nominees for election or appointment to our Board as follows:

- one investor (the “First Investor”) shall be entitled to designate director nominees as follows:
  - i. For so long as the First Investor’s Debt Exchange Common Share Percentage (as defined in the IRA) is at least 30.0%, the First Investor shall be entitled to designate up to three individuals as director nominees;
  - ii. For so long as the First Investor’s Debt Exchange Common Share Percentage is less than 30.0% but is at least 15.0%, the First Investor shall be entitled to designate up to two individuals as director nominees; and
  - iii. For so long as the First Investor’s Debt Exchange Common Share Percentage is less than 15.0% but is at least 5.0%, the First Investor shall be entitled to designate up to one individual as a director nominee.
- a second Investor (the “Second Investor”) shall be entitled to designate up to one individual as a director nominee for so long as such Investor’s Debt Exchange Common Share Percentage is at least 5.0%.
- a third Investor (the “Third Investor”) shall be entitled to designate up to one individual as a director nominee for so long as such Investor’s Debt Exchange Common Share Percentage is at least 5.0%.
- a fourth Investor (the “Fourth Investor”) shall be entitled to designate up to one individual as a director nominee for so long as such Investor’s Debt Exchange Common Share Percentage is at least 5.0%.

Pursuant to the IRA, the Secured Lenders appointed Scott Cohen, Michelle Mathews-Spradlin and Kenneth Gilbert to serve on our Board. Mr. Cohen and Ms. Mathews-Spradlin’s appointments were effective as of the Closing Date and Mr. Gilbert’s appointment was effective as of August 11, 2022. The Consenting Unsecured Lenders initially appointed Zachary Arrick, Alexander Shoghi and Marco D’Attanasio to serve on our Board effective as of the Closing Date. On September 15, 2022, Mr. D’Attanasio resigned as a member of our Board and audit committee. On February 21, 2023, Mr. Arrick resigned as a member of our Board, compensation, nominating and corporate governance committees. On April 20, 2023, John Paterson was appointed to our Board. Mr. Paterson was nominated as a replacement director for Mr. D'Attanasio by the Investor that initially nominated Mr. D'Attanasio. On March 9, 2024, Mr. Paterson

resigned as a member of our Board, audit committee and nominating and corporate governance committee. As of the date hereof, the Consenting Unsecured Lenders have not filled the vacancies on our Board created by Mr. Arrick's or Mr. Paterson's resignations. The directors appointed by the Secured Lenders and Consenting Unsecured Lenders will serve as our directors until our next annual general meeting of shareholders or until their successors are duly elected or appointed.

Pursuant to the IRA, we are required to hire a chief executive officer (and any successor thereto) who has been unanimously approved by the Investors. Upon the chief executive officer taking office (other than an interim chief executive officer), we are obligated to arrange for the chief executive officer to be appointed to our Board. Accordingly, we appointed Richard Proud as a member of our Board upon his appointment as Chief Executive Officer, which had been unanimously approved by the Investors.

**Dispositions**

*Certain Massachusetts Assets*

On February 9, 2024, our wholly-owned subsidiary, Mayflower, entered into the MA Purchase Agreement with MA Buyer, pursuant to which, Mayflower agreed to sell certain of its assets associated with its Holliston, Massachusetts cultivation and product manufacturing facility for the Purchase Price. The Purchase Price will be paid as follows: $1.0 million payable in cash at closing and the remaining $2.0 million to be paid in equal monthly installments over 36 months with interest accruing at 7% per annum pursuant to a promissory note. The proceeds from the Purchase Price will be used to satisfy certain federal tax obligations. The closing of the MA Purchase Agreement is subject to, among other customary conditions, approval of the Massachusetts Cannabis Control Commission.

*Nevada Assets*

On February 23, 2024, our wholly-owned subsidiary, GMNV entered into the NV Purchase Agreement with the NV Buyer, pursuant to which, GMNV agreed to sell substantially all of the assets of GMNV to the NV Buyer. GMNV currently operates the business. The aggregate proceeds to be received from the sale are $6.5 million. The closing of the NV Purchase Agreement is subject to, among other customary conditions, receipt of approval of the NV CCB. On February 23, 2024, GMNV also entered into the NV Management Agreement, pursuant to which, the Manager, will assume full operational and managerial control of the Business, subject to the approval of the NV CCB, which remains pending. Of the total Purchase Price, $3.5 million is paid in cash at the closing and the remaining balance of the Purchase Price is paid on a quarterly basis, beginning three months after the Closing, over 36 months with interest accruing at 8% per annum.

**Recent Developments**

*Resignation of Chief Financial Officer*

Effective as of April 5, 2024, Philippe Faraut, our Chief Financial Officer, resigned from his executive positions, including all positions with our subsidiaries and affiliates. In connection with the resignation, we executed the Faraut Separation Agreement, pursuant to which, Mr. Faraut 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. Faraut will receive total cash compensation in the amount of approximately $0.2 million, which is payable in equal installments of approximately $25 per month over a period of 7 months following the Effective Date (as defined in the Faraut Separation Agreement). Under the terms of the Faraut Separation Agreement, we will continue to pay the monthly premium for Mr. Faraut's continued participation in our health and dental insurance benefits pursuant to COBRA for one year from the Faraut Resignation Date. Mr. Faraut will serve in a consulting role for one month following the Faraut Resignation Date at a base compensation rate of $25 per month. Pursuant to the Faraut Separation Agreement, the RSUs granted to Mr. Faraut on November 23, 2022 and May 17, 2023 shall accelerate and fully vest upon satisfactory completion of Mr. Faraut's consulting services. Further, the RSUs granted to Mr. Faraut on September 1, 2023 and November 15, 2023 were forfeited as of the Faraut Resignation Date. As of March 31, 2024, the total balance owed to Mr. Faraut is $0.2 million (December 31, 2023 - $Nil).

*Issuance of Common Shares*

On April 2, 2024, the Company issued 324 common shares for vested RSUs. The Company withheld 162 common shares to satisfy employees' tax obligations of less than $0.1 million.

**Results of Operations for the Three Months ended March 31, 2024 and 2023**

**Revenues and Gross Profit**

| (in '000s of U.S. dollars) | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| **Revenues** | | |
| Eastern Region | $ 30,226 | $ 22,011 |
| Western Region | 11,338 | 14,565 |
| Other | — | 177 |
| **Total revenues** | **$ 41,564** | **$ 36,753** |
| **Costs and expenses applicable to revenues** (exclusive of depreciation and amortization expense) | | |
| Eastern Region | $ (16,870) | $ (11,390) |
| Western Region | (7,493) | (9,393) |
| Other | — | (458) |
| **Total Costs and expenses applicable to revenues** (exclusive of depreciation and amortization expense) | **$ (24,363)** | **$ (21,241)** |
| **Gross profit** | | |
| Eastern Region | $ 13,356 | $ 10,621 |
| Western Region | 3,845 | 5,172 |
| Other | — | (281) |
| **Total gross profit** | **$ 17,201** | **$ 15,512** |

The eastern region includes our operations in Florida, Maryland, Massachusetts, New York, and New Jersey. Results from our Vermont and CBD businesses were included until March 8, 2023 and May 8, 2023, respectively, when they were deconsolidated. The western region includes our operations in Arizona and Nevada. Results from our Colorado operations were included until November 14, 2023, the date at which our remaining assets and investments were sold.

**Expenses**

| (in '000s of U.S. dollars) | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| Total operating expenses | $ 23,798 | $ 24,839 |
| Total other expenses | (4,679) | (5,469) |
| Income tax expense | 2,722 | 3,799 |

**Selling, General and Administrative Expenses Details**

| (in '000s of U.S. dollars) | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| Salaries and employee benefits | $ 7,353 | $ 8,124 |
| Severance | 178 | — |
| Share-based compensation | 434 | 1,489 |
| Legal and other professional fees | 2,103 | 3,172 |
| Facility, insurance and technology costs | 3,361 | 3,286 |
| Marketing expenses | 894 | 1,190 |
| Travel and pursuit costs | 196 | 237 |
| Amortization on right-of-use assets | 487 | 537 |
| Interest and penalties on unpaid income taxes | 1,634 | — |
| Other general corporate expenditures | 878 | (166) |
| **Total** | **$ 17,518** | **$ 17,869** |

*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. After normalizing for one-time items, we expect total operating expenses to remain consistent over the remainder of 2024 as we continue to employ a disciplined capital allocation approach and continue to closely monitor operating expenditures and discretionary spending.

*Total other income and expenses*

Total other income and expenses include income and expenses that are not included in the ordinary day-to-day activities of our business. This includes the impact of any debt extinguishments, 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 the delivery of cannabis products.

*Income tax expense*

As a company 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 period, changes in our valuation allowance based on our recoverability assessments of deferred tax assets and favorable or unfavorable resolution of various tax examinations.

**Results of Operations for the Three Months Ended March 31, 2024 and 2023**

*Eastern region*

For the three months ended March 31, 2024, our sales revenues in the eastern region were $30.2 million as compared to $22.0 million for the three months ended March 31, 2023, which represents an increase of 37.3%. The main drivers for the increase in revenues are from the launch of our adult-use programs as of July 2023 in both Maryland and New Jersey. Further, retail revenues increased in Florida and New York from increased marketing and promotions offered in these markets during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. This was partially offset by lower revenues in Massachusetts, resulting from reduced production volumes of in-house products to be sold during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.

For the three months ended March 31, 2024, gross profit was $13.4 million, or 44.2% of sales revenues, as compared to a gross profit of $10.6 million, or 48.3% of sales revenues, for the three months ended March 31, 2023. The decrease in gross profit is primarily attributable to higher costs in Massachusetts, as we continue to optimize processes at the Fall River facility, following the consolidation of operational activity from our second Massachusetts facility in Holliston during Q3 2023. In addition, gross profit decreased due to higher sales discounts offered to customers in both Florida and New York, to remain competitive in those markets. This was partially offset by an increase in gross profit in Maryland as we continue to produce and sell more higher margin in-house products to meet adult-use demand during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.

During the three months ended March 31, 2024, approximately 10,730 pounds of plant material was harvested in the eastern region as compared to approximately 8,860 pounds harvested during the three months ended March 31, 2023. The increase in harvested plant material is primarily attributable to increased cultivation and production activities in Florida to meet increased demand during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, and in New Jersey following the start of adult-use operations in July 2023. In Massachusetts, harvested plant material decreased during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, as we continue to optimize operations at the Fall River facility, following the wind down of activities at the Holliston facility in Q3 2023.

*Western region*

For the three months ended March 31, 2024, our sales revenues in the western region were $11.3 million as compared to $14.6 million for the three months ended March 31, 2023, which represents a decrease of 22.2%. The decrease in revenues in the western region is

attributable to lower wholesale revenues in both Arizona and Nevada, as well as a decrease in net retail revenues in Arizona, attributed to higher discounts to improve customer retention during the three months ended March 31, 2024, compared to the three months ended March 31, 2023.

For the three months ended March 31, 2024, gross profit was $3.8 million, or 33.9% of sales revenues, as compared to a gross profit of $5.2 million, or 35.5% of sales revenues, for the three months ended March 31, 2023. The decrease in gross profit margin is attributable to higher discounts from increased promotional activities in Arizona during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

During the three months ended March 31, 2024, approximately 850 pounds of plant material was harvested in the western region as compared to approximately 1,850 pounds harvested during the three months ended March 31, 2023. The decrease is attributed to reduced production activity in Nevada, as the facility continues to operate at reduced capacity during the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Harvests in Arizona remained consistent between the three months ended March 31, 2024 and March 31, 2023.

*Other revenues and other gross profits*

For the three months ended March 31, 2024, other revenues was $Nil as compared to $0.2 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, other gross profits was $Nil as compared to a negative $0.3 million for the three months ended March 31, 2023. This decrease in other revenues and other negative gross profits is due to the deconsolidation of our CBD business as of May 8, 2023.

*Total operating expenses*

For the three months ended March 31, 2024, our total operating expenses were $23.8 million as compared to $24.8 million for the three months ended March 31, 2023, which represents a decrease of 4.2%.

The decrease in total operating expenses resulted from a decrease of $0.4 million in our selling, general, and administrative expenses which is attributable to: $1.1 million decrease in share-based compensation from the grant of restricted stock units to employees as the majority of outstanding employee RSUs have fully vested in July 2023; $0.8 million decrease in our salaries, severance and employee expenses from reduced headcount during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023; and a $1.1 million decrease of legal, marketing and other professional fees during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. This was partially offset by a $1.6 million increase in interest and penalties on unpaid income taxes during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, and a $1.0 million increase in other general corporate expenditures during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, where we had $1.2 million in insurance refunds.

The decrease in total operating expenses is also attributable to a $0.6 million decrease in our depreciation and amortization expenses during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. We had a lower depreciable fixed and intangible asset base, as certain property, plant and equipment were fully depreciated in 2023.

In addition, the decrease in total operating expenses was attributed to a $0.1 million reduction in write-downs and other charges, net. credit loss provisions and settlement costs totaled $0.4 million during the three months ended March 31, 2024 as compared to write-downs of $0.5 million from asset disposals during the three months ended March 31, 2023.

*Total other income and expenses*

For the three months ended March 31, 2024, our total other expenses were $4.7 million as compared to total other expenses of $5.5 million for the three months ended March 31, 2023, which represents a decrease of 14.4%.

The decrease in total other expenses between the three months ended March 31, 2024 and 2023 is primarily attributable to a $1.2 million decrease in loss on debt extinguishment. This decrease in loss on debt extinguishment relates to the February 16, 2024 amendment of the Senior Secured Bridge Notes (the "2024 NJ Amendment") which resulted in a loss of $0.1 million as compared to an amendment fee of $1.3M from the first amendment of the Senior Secured Bridge Notes in February 2023. The total decrease in total other expenses was partially offset by a $0.4 million increase in interest expense, attributable to the Secured and Unsecured Debentures interest which are paid-in-kind and therefore, each subsequent quarter will accrue higher interest as the principal balance increased during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

*Income tax expense*

For the three months ended March 31, 2024, our income tax expense was $2.7 million as compared to $3.8 million for the three months ended March 31, 2023, which represents a decrease of 28.3%. The decrease in income tax expense is attributable to certain non-deductible items and mix of our pre-tax income across various jurisdictions which decreased our effective tax rate from 24.1% during the three months ended March 31, 2024 as compared to 25.7% the three months ended March 31, 2023.

**Liquidity and Capital Resources**

As of March 31, 2024, we held unrestricted cash of $13.6 million (December 31, 2023—$13.1 million) and had an accumulated deficit of $1,341.6 million (December 31, 2023—$1,327.6 million) and a working capital deficit of $79.5 million (December 31, 2023—$79.9 million). In assessing our liquidity, we monitor our cash on-hand and our expenditures required to execute our day-to-day operations and our long-term strategic plans. To date, we have financed our operations through equity and debt financings and from our cash flows from operations and we anticipate that we will need to raise additional capital to fund our operations and capital plans in the future. We expect to finance these activities through a combination of additional financings, divestitures of certain assets and cash flows from our operations. However, we may be unable to raise additional funds when needed and 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, our outstanding debt instruments impose certain restrictions on our operating and financing activities, including certain restrictions on our ability to incur certain additional indebtedness, grant liens, make certain dividends and other payment restrictions affecting our subsidiaries, issue shares or convertible securities and sell certain assets. Even if we believe we have sufficient funds for our current or future plans, we may seek additional capital due to favorable market conditions and/or for strategic opportunities and initiatives.

*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.

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, 2024 as Compared to the Three Months Ended March 31, 2023**

Operating Activities

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

Net cash provided from operating activities during the three months ended March 31, 2024 was $1.5 million as compared to net cash used in operating activities of $0.8 million for the three months ended March 31, 2023. The increase in our net cash provided from operating activities during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, was due primarily to the following: our net loss of $14.0 million, partially offset by $6.4 million of depreciation and amortization expense, $4.2 million in interest expense, $0.4 million in share-based compensation expense, $1.1 million of accretion expense, $0.1 million in loss on debt extinguishment from the amendment of our Senior Secured Bridge Notes, a $0.1 million loss on our equity method investment; and $2.9 million from changes in operating assets and liabilities items during the three months ended March 31, 2024.

Changes in other operating assets for the three months ended March 31, 2024 include a decrease in inventory of $3.4 million due to higher sales in New Jersey and Maryland during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, an increase in accounts receivable of $2.5 million from higher wholesale revenues during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, and a decrease in prepaid expenses of $0.1 million during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

Changes in other operating liabilities for the three months ended March 31, 2024 include an increase in uncertain tax position liabilities of $5.2 million due to accrued income taxes being recognized as an uncertain tax position during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023 where accrued income taxes of $3.8 million were posted in accrued and other current liabilities, partially offset by a $1.6 million in accrued interest penalties on unpaid income taxes, and an increase in accounts payable of $1.2 million as compared to the three months ended March 31, 2023.

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 2024, 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, 2024, was $0.9 million as compared to $1.0 million during the three months ended March 31, 2023. The decrease in cash used in investing activities was primarily attributable to lower capital expenditures in funding cultivation and dispensary projects in Florida and New Jersey during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2024 was $0.1 million as compared to net cash used in financing activities of $0.2 million for the three months ended March 31, 2023. During the three months ended March 31, 2024, we paid less than $0.1 million on our employees' behalf as part of RSUs issuances as compared to $0.2 million during the three months ended March 31, 2023. Further, we repaid less than $0.1 million of debt during the three months ended March 31, 2024 and 2023.

**Related Party Transactions**

Upon the closing of the Recapitalization Transaction, certain of our lenders held greater than 5% of the voting interests in our Company and therefore are classified as related parties. For further discussion, refer to Note 4 of the unaudited interim condensed consolidated financial statements included in Item I of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.

Effective as of the October Resignation Date, Robert Galvin, our then-Interim Chief Operating Officer, resigned from his executive positions, including all positions with our subsidiaries and affiliates. In connection with the resignation, we executed the October Separation Agreement, pursuant to which, Mr. Galvin will receive certain compensation and benefits valued to substantially equal the value of entitlements he would have received under Section 4(f) of his employment agreement. Specifically, Mr. Galvin will receive: (i) total cash compensation in the amount of approximately $0.4 million, which was paid in a lump sum on January 5, 2024; (ii) a grant of RSUs with an aggregate fair market value of approximately $0.4 million, which vested fully vest on January 4, 2024. Under the terms of the October Separation Agreement, we will continue to pay the monthly premium for Mr. Galvin's continued participation in the Company’s health and dental insurance benefits pursuant to COBRA for one year from the October Resignation Date. Mr. Galvin served in a consulting role for three months following the October Resignation Date at a base compensation rate of $25 per month. As of March 31, 2024, the total balance owed to Mr. Galvin is $Nil (December 31, 2023 - $0.4 million).

Effective as of the Faraut Resignation Date, Philippe Faraut, our Chief Financial Officer, resigned from his executive positions, including all positions with our subsidiaries and affiliates. in connection with the resignation, Mr. Faraut and we executed the Faraut Separation Agreement, pursuant to which, Mr. Faraut 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. Faraut will receive total cash compensation in the amount of approximately $0.2 million, which is payable in equal installments of approximately $25 per month over a period of 7 months following the Effective Date (as defined in the Faraut Separation Agreement). Under the terms of the Faraut Separation Agreement, we will continue to pay the monthly premium for Mr. Faraut's continued participation in the Company's health and dental insurance benefits pursuant to COBRA for one year from the Faraut Resignation Date. Mr. Faraut will serve in a consulting role for one month following the Faraut Resignation Date at a base compensation rate of $25 per month. Pursuant to the Faraut Separation Agreement, the RSUs granted to Mr. Faraut on November 23, 2022 and May 17, 2023 shall accelerate and fully vest upon satisfactory completion of Mr. Faraut's consulting services. Further, the RSUs granted to Mr. Faraut on September 1, 2023 and November 15, 2023 were forfeited as of the Faraut Resignation Date. As of March 31, 2024, the total balance owed to Mr. Faraut is $0.2 million (December 31, 2023 - $Nil).

Pursuant to the terms of the Secured DPA, we have a related party payable of $6.3 million due to certain of the New Secured Lenders, including Gotham Green Fund 1, L.P., Gotham Green Fund 1 (Q), L.P., Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P., Oasis Investment Master II Fund LTD., Senvest Global (KY), LP, Senvest Master Fund, LP and Hadron Healthcare and Consumer Special Opportunities Master Fund, for certain out-of-pocket costs, charges, fees, taxes and other expenses incurred by the New Secured Lenders in connection with the closing of the Recapitalization Transaction (the "Deferred Professional Fees"). These New Secured Lenders held greater than 5.0% of the outstanding common shares of the Company upon the closing of the Recapitalization Transaction and are therefore considered to be related parties. We had until December 31, 2022, to pay the Deferred Professional Fees ratably based on the amount of each New Secured Lender's Deferred Professional Fees. The Deferred Professional Fees accrued simple interest at the rate of 12.0% from the Closing Date until December 31, 2022. Beginning with the first business day of the month following December 31, 2022, interest shall accrue on the Deferred Professional Fees at the rate of 20.0% calculated on a daily basis and is payable on the first business day of every month until the Deferred Professional Fees and accrued interest thereon is paid in full. As of March 31, 2024, the outstanding related party portion of the Deferred Professional Fees including accrued interest was $8.3 million (December 31, 2023 – $8.0 million). The related party balance is presented in accrued and other current liabilities on the unaudited interim condensed consolidated balance sheets.

Pursuant to the terms of 2024 NJ Amendment, interest accruing after February 16, 2024 will be payable in cash on the last day of each fiscal quarter (the first such interest payment date being May 16, 2024). As of March 31, 2024 the outstanding related party portion of the interest payable was $0.3 million (December 31, 2023 - $Nil) presented in accrued and other current liabilities on the unaudited interim condensed consolidated balance sheets.

**Critical Accounting Policies and Accounting Estimates**

The preparation of our unaudited interim condensed consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America 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, 2023 filed with the SEC on March 28, 2024 which describes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

There have been no material changes to our critical accounting policies and estimates from the date upon which we filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 with the SEC.

**JOBS Act**

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012 ("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, with respect to (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 $1.235 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities under an effective registration statement under the Securities Act; (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 Chief Executive Officer and our Interim Chief Financial Officer, have 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 Chief Executive Officer and our Interim Chief Financial Officer have concluded that as of March 31, 2024, our disclosure controls and procedures were not effective due to material weaknesses, which could adversely affect our ability to record, process, summarize, and report financial data. Such weaknesses include: (1) Our internal controls relating to financial reporting for inventory, including inventory valuation and consolidation of inventory, estimated useful lives and depreciation of long-lived assets, and expense cutoff for certain subsidiaries; (2) Information technology general controls related to access security were not designed and implemented for all financially relevant applications during the audit period. Additionally, we did not perform reviews of relevant Service Organization Control Reports for key third party service providers; (3) We did not perform an effective risk assessment or monitor internal controls over financial reporting. We lacked sufficient resources to adequately perform and monitor account reconciliation and review 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. In addition, we intend to dedicate accounting resources to assessing our existing internal controls and to develop a plan to remediate these material weaknesses.

### 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 in this Item 1 of Part II or in Item 1 of Part I, "Financial Statements Note 10 - Contingencies and Guarantees", or in Item 3 of Part I, "Legal Proceedings", of our 2023 Annual Report on Form 10-K, 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 Company 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 initial trial date of May 9, 2022. 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. On May 19, 2022, the Roberts filed a second amended complaint against Mr. Maslow ("Amended Maslow Complaint"). On June 3, 2022, Mr. Maslow filed a motion to dismiss the Amended Maslow Complaint, which was denied on September 9, 2022. On April 12, 2023, the Circuit Court of Palm Beach County set this matter for a jury trial to occur sometime between June 5, 2023 and August 11, 2023; however, the court rescheduled the jury trial and did not set a new trial date. On April 14, 2023, the Roberts Plaintiffs filed a partial Motion for Summary Judgment on liability for the Roberts Plaintiffs' claims for breach of contract and the Company filed a competing Motion for Summary Judgment on all claims against the Company. On April 21, 2023, Mr. Maslow also filed a Motion for Summary Judgment. All of the motions remain pending. On February 27, 2024, the Roberts Plaintiffs filed a Notice for Jury Trial with the Circuit Court of Palm Beach County, notifying the court that the matter was ready to be set for trial. As of the date hereof, the court still has not set a new trial date. On April 19, 2024, the Roberts Plaintiffs filed a Motion for Speedy Trial due to the ages and health of the Roberts Plaintiffs. The motion remains pending.

**U.S. Shareholder Class Action**

On April 20, 2020, Donald Finch, a shareholder of the Company, filed a putative class action lawsuit 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 in the United States District Court for the Southern District of New York ("SDNY") 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 Matter (as set forth 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. On October 28, 2021, the parties filed a Stipulation and Proposed Scheduling Order (the "Stipulation") regarding the Lead Plaintiff's Motion for Leave to File a second Amended Complaint. 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. On September 28, 2022, the SDNY issued an opinion granting in part and denying in part the Motion to Dismiss the Lead Plaintiff's second Amended Complaint. On October 12, 2022, the parties filed a joint stipulation and proposed scheduling order (the "Joint Stipulation and Proposed Scheduling Order"), which the SDNY so ordered on October 19, 2022, ordering that the Defendants answers are due on November 21, 2022; that the parties shall submit a proposed discovery plan by December 12, 2022; and that discovery in the Finch and Cedeno actions shall be coordinated with discovery in the Hi-Med action referenced below, to the extent the two actions involved overlapping issues. The parties agreed to submit the matter, together with the Hi-Med action referenced below, to mediation, which took place on January 17, 2023. On March 21, 2023, the parties executed a settlement agreement and filed the motion for preliminary approval of the settlement with the SDNY. On December 20, 2023, the SDNY preliminarily approved the settlement. On April 10, 2024, the SDNY held the final approval hearing. Following this hearing, the SDNY issued an order, requesting additional information regarding the allocation of settlement funds. The Lead Plaintiff submitted the additional information to the SDNY on April 26, 2024, and the parties are awaiting further direction from the SDNY.

**Claim by Maryland License Holder**

On May 23, 2022, CGX Life Sciences, Inc. ("CGX"), a wholly-owned subsidiary of the Company, filed a demand for arbitration (the "CGX Arbitration") with the American Arbitration Association ("AAA") against LMS Wellness Benefit LLC ("LMS") and its 100% owner, William Huber ("Huber" and together with LMS, the "Defendants") for various breaches under the option agreements entered into between CGX and LMS, on the one hand, and CGX and Huber on the other (collectively, the "Option Agreements"). Specifically, CGX is seeking: (i) an order finding the Defendants in breach of the Option Agreements and directing specific performance by the Defendants of their obligations under the Option Agreements to complete the sale and transfer of LMS to CGX; (ii) an order either tolling or extending the closing date under the Option Agreements; (ii) an order requiring Huber to restore LMS' bank account of all sums withdrawn for the payment of contracts entered into in breach of the Option Agreements; and (iii) an order prohibiting Huber from withdrawing any further funds from LMS' bank account. On June 8, 2022, the Defendants filed an Answering Statement, denying the allegations raised by CGX and sent a notice to CGX, purporting to terminate the Option Agreements.

In addition, on June 8, 2022, LMS filed a demand for arbitration (the "S8 Arbitration") with the AAA against S8 Management, LLC ("S8"), alleging that S8 breached the Amended and Restated Management Services Agreement (the "MSA") entered into between LMS and S8 on March 12, 2018. On June 24, 2022, the Defendants filed Motion to Consolidate the CGX Arbitration and S8 Arbitration. On July 5, 2022, CGX filed an opposition to the Defendants' Motion to Consolidate and a cross-Motion to Stay the S8 Arbitration to allow the CGX Arbitration to proceed first. On July 26, 2022, the parties attended a preliminary conference with the arbitrator, at which conference the arbitrator preliminarily granted the Defendants' Motion to Consolidate and denied CGX's cross-Motion to Stay the S8 Arbitration. On October 7, 2022, CGX filed a dispositive motion for specific performance of Defendants' obligations to complete the sale of LMS to CGX (claims (i) and (ii), above), which Defendants opposed. On October 31, 2022, the arbitrator granted CGX's dispositive motion and ordered Defendants to complete the sale of LMS to CGX. The remaining claims asserted in the CGX Arbitration (claims (iii) and (iv), above). On November 30, 2022, the Defendants filed a Petition to Vacate Arbitration Award and CGX filed its opposition on January 30, 2023. On February 3, 2023, the Defendants requested a hearing on the Petition to Vacate Arbitration Award.

The Circuit Court for Baltimore County scheduled a hearing on the Petition to Vacate Arbitration Award for February 21, 2024, and on March 4, 2024, the Circuit Court for Baltimore County denied Defendants' Petition to Vacate Arbitration Award. The hearing for the S8 Arbitration is currently scheduled to begin on July 15, 2024. On April 8, 2024, the Defendants submitted the required ownership transfer paperwork to the Maryland Cannabis Administration (the "MCA") to request approval of the transfer of ownership of LMS to CGX following the denial of the Defendants' Petition to Vacate Arbitration Award. Also on April 8, 2024, the Defendants requested that the MCA either deny the ownership transfer of LMS to CGX, or delay their consideration of the request until the S8 Arbitration is complete. On April 22, 2024, the MCA notified the parties that it will wait to consider the request to transfer ownership of LMS to CGX until the S8 Arbitration is complete.

On June 20, 2023, LMS filed a complaint in the United States District Court for the District of Maryland against the Company and three wholly-owned subsidiaries of the Company (the "iAnthus Defendants"), alleging conversion, RICO violations and unjust enrichment and seeking damages in excess of $4.5 million, plus treble damages (the "Federal Complaint"). The allegations in the Federal Complaint appear substantially similar to, and appear to arise from substantially the same operative facts as, those alleged by LMS in the CGX Arbitration, the S8 Arbitration, and in support of the Defendants' Petition to Vacate Arbitration Award. The iAnthus Defendants deny LMS's allegations alleging unlawful conduct. The iAnthus Defendants filed a Motion to Dismiss (Or Stay the Proceedings) the Federal Complaint on September 11, 2023. On March 12, 2024, the Court granted the iAnthus Defendants' motion and administratively stayed the Federal Complaint pending the outcome of the CGX Arbitration and the S8 Arbitration.

## 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 Form 10-K for the year ended December 31, 2023 ("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 Reports, which could materially affect our business, financial condition or future results. The risks described in our Reports 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.

None.

## ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

## ITEM 5. OTHER INFORMATION.

**Trading Arrangements**

During the quarterly period ended March 31, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

**Additional Information**

None.

**ITEM 6. EXHIBITS.**

| Exhibit No. | Description |
|---|---|
| 10.1[+*] | Separation Agreement and General Release, dated April 5, 2024, by and between the Company and Philippe Faraut |
| 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 With Embedded Linkbase Documents |
| 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, 2024 is formatted in Inline XBRL |

* Filed herewith.
** Furnished herewith.
[+] Indicates a management contract or any compensatory plan, contract, or arrangement.

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.

Date: May 14, 2024

By: /s/ Richard Proud

Richard Proud
Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 2024

By: /s/ Justin Vu

Justin Vu
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

**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**") and iAnthus Capital Management, LLC ("**ICM**" and together with Holdings, the "**Company**") and Philippe Faraut ("**Executive**"), who resides at 515 Ocean Avenue, 303S, Santa Monica, CA 90402. 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 2022 as Chief Financial Officer of the Company;

**WHEREAS**, the Company and Executive are parties to an Employment Agreement effective November 14, 2022 (the "**Employment Agreement**"); and

**WHEREAS**, the Parties 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 of Executive's Employment**. Executive and Company acknowledge and agree that Company hereby terminates Executive's employment as Chief Financial Officer of the Company (as defined by the Employment Agreement) effective as of April 5, 2024 (the "**Termination Date**"). Executive 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.

**2.Paid Time Off.** The Company shall pay Executive for any accrued and unused Paid Time Off per the terms of the Company's policies on the Termination Date. Executive has 156 hours of accrued and unused time that will be paid out on the Termination Date.

**3.Severance Payment; Restricted Stock Units; COBRA**.

(a) Severance Payment: In consideration of Executive's execution of this Agreement, the Company shall pay Executive a severance payment in the gross amount of One Hundred Seventy-Five Thousand Dollars and No Cents ($175,000.00) (the "**Severance Payment**"), which shall be subject to all applicable federal, state, local and other legally required withholdings and deductions. The Severance Payment shall be paid out in equal installments for seven (7) months on regular Company pay days, commencing the first full payroll cycle following the Effective Date (as defined herein) (the "**Severance Period**"), subject to: (i) Employee's execution of this Agreement; (ii) Employee not subsequently revoking this Agreement within the allotted time; and (iii) Employee's compliance with Section 14.

(b) Restricted Stock Units: Executive and Holdings entered into Restricted Stock Unit Award Agreements on November 23, 2022 (the "**Nov 2022 RSU Agreement**"), May 17, 2023 (the "**May 2023 RSU Agreement**"), September 1, 2023 (the "**September 2023 RSU Agreement**"), and November 15, 2023 (the "**Nov 2023 RSU Agreement**"), whereby under each of these RSU agreements, Holdings granted Executed Restricted Stock Units ("**RSUs**") pursuant to its Amended and Restated Omnibus Plan. Executive and Employer acknowledge and agree that the RSUs granted to Executive pursuant to the Nov 22 RSU

Agreement and the May 2023 RSU Agreement shall accelerate and fully vest upon satisfactory completion of the services under the Consulting Services Agreement, in the form attached hereto as Exhibit A of the Termination Date. Executive and Employer further acknowledge and agree that the RSUs granted to Executive pursuant to the September 2023 RSU Agreement and the Nov 2023 RSU Agreement shall be forfeited as of the Termination Date.

(c) COBRA: Executive's employer-sponsored health and dental insurance benefits shall terminate effective April 30, 2024, 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 and dental insurance benefits pursuant to COBRA for one (1) year from the Termination Date, provided that Executive and any covered dependents are eligible for and timely elect to enroll in COBRA coverage. Thereafter, Executive's continued participation in the Company's health and dental insurance benefits pursuant to COBRA shall be at Executive's sole expense. If Executive obtains employment that provides for comparable health insurance benefits, the Company's obligation under this section to pay the Executive's health and dental 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.

**4.Consultation Services**. Simultaneously with the execution of this Agreement, Executive and Company shall execute a Consulting Services Agreement.

**5.Cooperation**.

(a)Executive agrees to cooperate with the Company Releasees (as defined herein) in connection with: (i) any claims, complaints, charges, actions, lawsuits or similar proceedings that any of the Company Releasees is or may be involved with (including testimony where required); (ii) any matters relating to regulatory compliance, licensing proceedings and filings, and all operational matters affecting the Company Releasees, which exist as of the Termination Date or which may exist at any time subsequent to the Termination Date, including, without limitation, the transfer/substitution of the Executive on all state licenses when required by a change in control transaction; and/or (iii) any application, inspection, approval, or any other consent that any Company Releasee is seeking or may seek to assist. Executive will be available to cooperate fully with counsel or other representatives as needed, unless otherwise required by law. Executive acknowledges that there are currently several active litigations for which his cooperation will be required, and this provision applies to any future claim, cause of action, suit, litigation, investigation, or any other controversy to which he may have knowledge of.

(b)Executive agrees to promptly notify the Company's General Counsel, at Andrew.Ryan@ianthus.com, in writing of any contacts by an attorney or third party relating to any of the Company Releasees, including, without limitation, any legal proceedings commenced or to be commenced against any of the Company Releasees. Executive agrees not to cooperate directly or indirectly in any way with any party bringing a claim against a Company Releasee, unless Executive's action is required by law 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 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. Nothing in this Section 5 shall be construed to prohibit Employee from exercising Employee's rights as specified in Paragraph 9(c).

**6.Acknowledgement of Full Payments**. Executive agrees that the Company has paid to Executive all of the wages, fees, bonuses, RSUs, 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, 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.

**7.Benefits Not Otherwise Entitled To**. Executive acknowledges that the Severance Payment, COBRA payment, and RSU vesting provided for in Section 3 above, is 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.

**8.General Release**.

In consideration of the compensation and benefits set forth herein, including without limitation, the Severance Payment, the receipt and adequacy of which are hereby acknowledged by Executive, Executive and Executive's heirs, executors, representatives, administrators, agents insurers and assigns (collectively, the "**Releasors**") hereby releases and discharges the Company and each of their 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 (collectively, the "**Company Releasees**"), 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, including without limitation:

(a) any and all claims under the Age Discrimination in Employment Act of 1967, as amended, including by the Older Workers Benefit Protection Act, 29 U.S.C. § 621 *et seq.*; Title VII of the Civil Rights Act of 1964; Sections 1981 through 1988 of Title 42 of the United States Code; the Employee Retirement Income Security Act of 1974; the Civil Rights Act of 1991; the Equal Pay Act of 1963; the Americans with Disabilities Act of 1990; the Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Family Medical Leave Act of 1993; the Fair Labor Standards Act of 1938; the Rehabilitation Act of 1973; the Immigration Reform and Control Act of 1986; 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; the New York City Administrative Code; the California Fair Employment and Housing Act – Cal. Gov't Code § 12900 et seq.; the California Labor Code; the California Constitution; the California Family Rights Act – Cal. Gov't Code § 12945.2, all including any amendments and their respective implementing regulations, and any other federal, state, local, or foreign law (statutory, regulatory, or otherwise) that may be legally waived and released; however, the identification of specific statutes is for purposes of example only, and the omission of any specific statute or law shall not limit the scope of this general release in any manner;

(b) any and all claims arising under tort, contract, and quasi-contract law, including but not limited to claims of breach of an express or implied contract, wrongful or retaliatory discharge, fraud, defamation, negligent or intentional infliction of emotional distress, tortious interference with a contract or prospective business advantage, breach of the implied covenant of good faith and fair dealing, promissory estoppel, detrimental reliance, invasion of privacy, false imprisonment, nonphysical injury, personal injury or sickness, or any other harm;

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

(d) any and all claims for compensation of any type whatsoever, including but not limited to claims for wages, salary, bonuses, commissions, incentive compensation, vacation, sick pay, and severance that may be legally waived and released; and

(e) any and all claims for monetary or equitable relief, including but not limited to attorneys' fees, back pay, front pay, reinstatement, experts' fees, medical fees or expenses, costs and disbursements, punitive damages, liquidated damages, and penalties.

Executive agrees that this Agreement constitutes a knowing and voluntary waiver of all rights or claims he may have against the Company Releasees. To the extent any 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 9(c) or shall prevent Executive from enforcing the terms of this Agreement.

**9.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 any action, charge, complaint or other proceeding, subject to the provisions of Paragraph 9(c).

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

(c) Nothing in this Agreement shall be construed to prohibit Employee from filing a charge with or participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission, the Occupational Safety and Health Administration, the California Civil Rights Department or other government agency charged with the enforcement of any law. Notwithstanding the foregoing, Employee agrees to waive Employee'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, as well as with regard to any charge, complaint or lawsuit filed by anyone else on Employee's behalf, provided this shall not apply to any claim not releasable as a matter of law. Further, the tender back provision in Paragraph 9(b) above shall not apply to any administrative charges or filings referenced in this Paragraph 9(c). To the extent permissible by law, the Severance Payment will be credited against any sums received by Employee pursuant to a claim not releasable as a matter of law.

**10.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, 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 ANDREW.RYAN@IANTHUS.COM 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) Executive's acceptance of any portion of the Severance Payment described in Section 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

**11.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.

**12.Non-Disclosure of Confidential Information.** Executive agrees to continue to abide by Section 5 (Confidential Information) and Section 15 (Representation) 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 Consulting Services; (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 9(c).

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

**14.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.

**15.Restrictive Covenants**. Executive agrees to continue to abide by the restrictive covenants contained in Sections 6, 7 and 8 of the Employment Agreement, beginning on the Termination Date and through the period specified in the Employment Agreement.

**16.Waiver of California Civil Code Section 1542**. This Agreement is intended to be effective as a general release of and bar to all claims as stated in this Section. Accordingly, the Releasors specifically waive all rights under California Civil Code Section 1542, which states, "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." Thus, notwithstanding the provisions of section 1542, and to implement a full and complete release and discharge of the Company Releasees, Executive expressly acknowledges this Agreement is intended to include in its effect, without limitation, all claims Executive does not know or suspect to exist in Executive's favor at the time of signing this Agreement, and that this Agreement contemplates the extinguishment of any such claims. Executive warrants Executive has read this Agreement, including this waiver of California Civil Code section 1542, and that Executive has consulted with or had the opportunity to consult with counsel of Executive's choosing about this Agreement and specifically about the waiver of section 1542, and that Executive understands this Agreement and the section 1542 waiver, and so Executive freely and knowingly enters into this Agreement. Executive further acknowledges that Executive later may discover facts different from or in addition to those Executive now knows or believes to be true regarding the matters released or described in this Agreement, and even so Executive agrees that the releases and agreements contained in this Agreement shall remain effective in all respects notwithstanding any later discovery of any different or additional facts. Executive expressly assumes any and all risk of any mistake in connection with the true facts involved in the matters, disputes, or controversies released or described in this Agreement or with regard to any facts now unknown to Executive relating thereto.

**17.Non-Disclosure of Agreement Terms**. Executive agrees to keep all financial 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 as required by law or to members of Executive's immediate family, Executive's attorney, and accountant, if Executive assures that they will keep the terms strictly confidential. 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 paragraph shall be construed to prohibit Executive from exercising his rights as specified in Paragraph 9(c).

**18.No Hire/Rehire Obligation of Executive**. Executive confirms that he finds this term of the Agreement acceptable and acknowledges that it is in not an involuntary, discriminatory or retaliatory imposition upon him by the Company, as he has no intention to seek future employment with the Company. Executive agrees that the Company shall have no obligation to hire or rehire Executive. Executive agrees that any failure on the Company's part to not hire or rehire him shall not be deemed to constitute an act of retaliation under any law, rule or regulation.

**19.Review of Press Release**. Executive shall be entitled to review the Company's press release regarding his resignation and may offer feedback. However, the Company shall not be required to accept any of Executive's comments and retains full authority regarding the press release.

**20.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 the address identified in the opening paragraph of this Agreement, and to the Company to the attention of the Company's General Counsel, Andrew Ryan, Esq., iAnthus Capital Holdings, Inc., located at 214 King Street West, Suite 314, Toronto, Ontario M5H 3S6, or any other address or individual which the parties hereto shall subsequently advise the other parties of in writing.

**21.409A.** This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**") or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A.

**22.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 supersede Sections 5, 6, 7, 8, 9, 15 and Paragraph 16(b) and the arbitration provision set forth in Section 13 and Appendix A of the Employment Agreement. 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.

**23.Breach of this Agreement**. Executive acknowledges that any breach by him of paragraphs 5, 10 or 15 would cause the Company irreparable harm which cannot be remedied by an action at law. In any action where it is necessary to seek injunctive relief, Executive agrees the Company may do so without the posting of a bond or other security. The Company shall also have the full benefit of any restrictive period in the event of Executive's breach. The Company shall be entitled to recover its reasonable attorneys' fees, expert fees, and costs should it prevail in the litigation to enforce the terms of this Agreement in addition to any damages awarded by a court of law or equity or by an arbitrator. The rights and remedies set forth in this Section 23 or otherwise in this Agreement are cumulative and in addition to any other rights or remedies available to the Company at law or in equity, and not in substitution for them.

**24.Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts to be performed exclusively therein without regard to the choice of law provisions thereof. Any action to enforce the same shall be commenced in arbitration, pursuant to Section 13 and Appendix A of the Employment Agreement, except that 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 Los Angeles, in the State of California.

**25.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; that Executive had a period of at least twenty-one (21) days to review this Agreement with Executive's attorney 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 attorney; and that Executive has executed this Agreement voluntarily, knowingly and with such advice of an attorney as Executive has deemed appropriate.

*[Signature Page Follows]*

**ACKNOWLEDGED AND AGREED:**

_____ Date: _____
Philippe Faraut

**iANTHUS CAPITAL HOLDINGS, INC.**

**iANTHUS CAPITAL MANAGEMENT, LLC**

_____ Date: _____
Richard Proud

**Exhibit A**

*See attached – Form Consulting Services Agreement*

**CONSULTING SERVICES AGREEMENT**

This CONSULTING SERVICES AGREEMENT (the "**Agreement**") is entered into and effective on this 5th day of April, 2024 (the "**Effective Date**") by and between iAnthus Capital Management, LLC ("**ICM**") and iAnthus Capital Holdings, Inc. ("**ICH**" and together with ICM, the "**Company**") and Philippe Faraut (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 2022 and served as Chief Financial Officer;

WHEREAS, Consultant's employment with the Company terminated on April 5, 2024 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 on Exhibit 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 Chief Executive Officer and shall provide the Services only as requested by the Company in its sole discretion. At all times during Consultant's performance of the Services, Consultant shall act in all instances consistent with the best interests of the Company. The Company may 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 thirty (30) days (the "**Term**"). Notwithstanding the foregoing, the Company Party may terminate this Agreement at any time by providing written notice to Consultant.

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.

7.**Assignment of Inventions; Works of Authorship.**

(a)Consultant shall promptly disclose and hereby assigns to Company or its designee all of Consultant's right, title, and interest, if any, in and to any and all inventions, original works of authorship, developments, concepts, discoveries, and improvements conceived, created, developed, made, caused to be conceived, or developed, or reduced to practice by Consultant solely or jointly with others during the Term (as defined below) of Consultant's engagement with Company, or within three (3) months thereafter, which are (i) directly or indirectly related to the business, operations, or activities of Company or to Consultant's engagement with Company or (ii) based upon Confidential Information (collectively, "**Inventions**"), and shall communicate all information, details, and data pertaining to any Inventions, in such form as Company requests. Whenever Consultant is requested to do so by Company, during or after the term of Consultant's engagement with Company, Consultant shall assist Company or its designee in the filing of any and all applications, assignments, specifications, oaths, or other instruments reasonably deemed necessary by Company to secure Company's or its designee's rights in the Inventions and any Intellectual Property rights (defined below) relating thereto in any and all countries, including the disclosure to Company of all pertinent information and data with respect thereto. If Company is unable because of Consultant's mental or physical incapacity or for any other reason to secure Consultant's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or Works for Hire assigned to Company hereunder, then Consultant hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Consultant's agent and attorney in fact, to act for and on Consultant's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by Consultant. "**Intellectual Property**" shall mean all product and service designs, patents, trademarks, service marks, registered designs, utility models, domain names design rights, copyrights, topography rights, brand names, trade names, logos, and business names or applications for any of the foregoing and the right to apply therefore in any part of the world and all or any similar or equivalent rights arising or subsisting in any country in the world. Consultant hereby waives any moral rights Consultant may have in and to the Inventions. The obligations set forth in this Section 3(a) shall be binding upon the assigns, executors, administrators, and other legal representatives of Consultant.

(b)Any Inventions, including, without limitation, sales approaches, sales material, training material, computer software, documentation, other copyrightable works, or any other Intellectual Property made, conceived, created, developed, or contributed to by Consultant during Consultant's engagement with Company, or within three months thereafter, and which (i) directly or indirectly relate to the business, operations, or activities of Company or Consultant's engagement with Company, or (ii) are based upon Confidential Information, shall be considered "works made for hire" under the copyright laws of the United States (collectively "**Works For Hire**") and Consultant shall communicate all information, details, and data pertaining thereto to Company in such form as Company requests. To the extent that any such Works for Hire fail to qualify as "works made for hire" under the copyright laws of the United States or any other jurisdiction, Consultant hereby assigns each such Work for Hire and property and all rights therein in any jurisdiction to Company. Whenever Consultant is requested to do so by Company, during or after Consultant's engagement with Company, Consultant shall execute any assignments or other documents reasonably deemed necessary by Company to confirm or effectuate full and exclusive ownership of Works for Hire in Company, including, but not limited to, ownership of any moral rights under the copyright law of any nation, or any other rights under the intellectual property laws of any nation. The obligations set forth in this Section 3(b) shall be binding upon the successors, assigns, executors, administrators, and other legal representatives of Consultant.

(c)If Consultant is required to execute any document or instrument or otherwise assist Company or its designee in securing its rights in any Inventions or Works For Hire after the termination of Consultant's engagement with Company, Company shall pay reasonable compensation to Consultant for time spent by Consultant for such purpose.

(d)Consultant shall bear the burden of proof that any Invention conceived, created, developed, or made by Consultant was first conceived, created, developed, and made more than three (3) months after the termination of Consultant's engagement with Company. Consultant shall bear the burden of proof that any Invention conceived, created, developed, or made by Consultant during the term of this Agreement or within three (3) months following the termination of Consultant's engagement is unrelated to any of the business, operations, or activities of Company or to Consultant's engagement with Company and was not based upon Confidential Information.

(e)If in the course of Consultant's engagement with Company, Consultant incorporates into a Company product or process a prior invention owned by Consultant or in which Consultant has an interest, Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use, and sell such prior invention as part of or in connection with such product or process.

(f)Consultant shall never at any time have or claim any right, title, or interest in any Intellectual Property belonging to or used by Company and shall never have or claim any rights, title, or interest in any material or matter of any sort prepared for or used in connection with the business of Company or any part thereof or promotion of Company, whether produced, prepared, or published in whole or in part by Company.

(g)Consultant agrees to cooperate with Company at all times (including following termination of engagement for any reason) and shall be reasonably available to testify on behalf of Company, in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative and to assist Company in any such action, suit, or proceeding by providing information and meeting and consulting with Company or its representatives or counsel, as reasonably requested by Company or such representatives or counsel. Consultant shall be reimbursed by Company for any expenses (including, but not limited to, legal fees) reasonably incurred by Consultant in connection with Consultant's compliance with the foregoing.

(h)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.

8.**Compliance with Company Policies.** Consultant shall comply with all Company policies as established from time to time.

9.**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.

10.**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.

11.**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.

12.**Indemnification.** Consultant shall defend, indemnify, and hold harmless Company, its officers, directors, employees, agents, and representatives from and against any and all demands, claims, causes of action, losses, liabilities, obligations, fines, penalties, damages, costs, and expenses, including the costs of investigation, settlement, and attorneys' fees (collectively, "**Claims**") arising out of, attributable to or relating to any actual or alleged: (a) negligence or willful misconduct of Consultant; (b) breach of this Agreement by Consultant; and/or (c) misappropriation, violation, or infringement of any proprietary, contractual, or intellectual property right by Consultant. Company shall have the option and right, at its election to assume and control the defense of any Claim, provided that, if Consultant assumes and controls the defense of any Claim: (i) Company shall have the right to participate in such defense with its own counsel at its own cost and expense; and (ii) Consultant shall not settle any Claim without receipt of prior written approval from an authorized representative of Company.

13.**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. 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.

(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** **iAnthus Capital Management, LLC**
**iAnthus Capital Holdings, Inc.**

_____ _____

Name: Philippe Faraut Name: Richard Proud
Title: Chief Executive Officer

Address of Notice for Consultant Address of Notice for Company

515 Ocean Avenue, 303S, 214 King Street West
Santa Monica, CA 90402 Suite 314
E-mail: Philippe@ianthus.com Toronto, Ontario M5H 3S6
Tel. No: (310) Attn: Andrew Ryan
Email: Andrew.Ryan@ianthus.com

**EXHIBIT A**

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

(a)Ensure effective transition of all Consultant's duties, functions, and other matters he was responsible for as Chief Financial Officer; and

(b)Any other matters directed by the Company's Chief Executive Officer.

2.**Compensation and Reimbursement.** In consideration for the satisfactory performance of the Services, Consultant shall be paid Twenty-Five Thousand Dollars ($25,000.00).

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.

**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, Richard Proud, 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 14, 2024

/s/ Richard Proud

Richard Proud
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, Justin Vu, 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 14, 2024

/s/ Justin Vu

Justin Vu
Interim 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, Richard Proud, 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, 2024 (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 14, 2024

/s/ Richard Proud

Richard Proud
Chief Executive Officer
(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, Justin Vu, Interim 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, 2024 (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 14, 2024

/s/ Justin Vu

Justin Vu
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)