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Indus Holdings, Inc. Announces Closing of US\$15.1 Million Convertible Debenture Financing, Management and Board Changes

Financing to facilitate cultivation expansion and bring the business to profitability

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SALINAS, Calif., April 13, 2020 (GLOBE NEWSWIRE) -- Indus **Holdings, Inc.** ("**Indus**" or the "**Company**") (CSE: INDS; OTCQX: INDXF), a leading, California-focused cannabis company, announces that its subsidiary, Indus Holding Company ("**US Subco**"), has entered into a debenture and warrant purchase agreement (the "**Purchase Agreement**") and closed the previously announced financing with investors, including Geronimo Capital and Merida Capital Partners (the "**Financing**"), for gross proceeds of US\$12.6 million in excess of the previously announced US\$2.3 million (plus accrued interest) bridge financing. Pursuant to the Financing, US Subco issued an aggregate of US\$15.1 million of senior secured convertible debentures ("**Convertible Debentures**"), which are convertible into an aggregate of 75.3 million subordinate voting shares of the Company ("**Subordinate Voting Shares**"), and the Company issued warrants ("**Warrant**") to purchase an aggregate of 75.3 million Subordinate Voting Shares. A further US\$0.9 million of Convertible Debentures and associated Warrants may be issued in subsequent tranches pursuant to the Purchase Agreement.

"California is the largest market in the world for cannabis. Our investment in Indus represents a commitment to our shareholders, our employees and our customers that we will deliver the excellence at scale required to capitalize on this fantastic market," said George Allen, the managing member of Geronimo Capital, who will be joining the Indus board as Chairman.

"Over the last 12 months, the environment has changed dramatically for cannabis. The only

path to survival involves a commitment to focus, operational excellence, and financial discipline,” continued Mr. Allen. “Mark Ainsworth has a plan and a team that we believe in, he has our full support.”

Highlights of the Financing:

- The Convertible Debentures bear a fixed interest rate of 5.5% per annum and will mature 42 months after closing.
- The amounts due under the Convertible Debentures are secured by effectively all assets of the Company. The Convertible Debentures (including all accrued interest thereon) are convertible into Class C common shares of US Subco (“**Class C Share**”) at the option of the holder on or after July 1, 2020 at a conversion price of US\$0.20 (the “**Conversion Price**”). Each Class C Share is redeemable for one Subordinate Voting Share. US Subco may under certain circumstances force the conversion of the Convertible Debentures into Class C Shares as early as the 18-month anniversary of the closing.
- The Investors each receive five Warrants for each dollar invested in the Financing. Each Warrant has an exercise price of US\$0.28 and a 42-month term. The Company may under certain circumstances force the exercise of warrants as early as the 12-month anniversary of the closing.
- Indus may prepay the Convertible Debentures without penalty or premium anytime after the 24-month anniversary of the closing.
- The entire amount of all bridge loans previously announced by the Company will be repaid in full from the proceeds of the Financing yielding net cash to the Company of approximately US\$10.5 million after factoring in external transaction related expenses of approximately US\$0.6 million.
- In connection with the Financing, the Company and the Convertible Debenture lenders entered into a voting agreement pursuant to which, among other things, the Convertible Debenture lenders will have three director nominees, the directors of Indus immediately prior to the closing will have three director nominees and a seventh nominee will be mutually selected by the three Convertible Debenture lender nominees and the three Indus board nominees.
- In connection with the transaction, the Company has agreed to issue Beacon Securities Limited 250,000 Subordinate Voting Shares for providing financial advisory services to the Company.

Expansion of Operational Footprint Update

- The proceeds from the Financing are being used to fund the completion of all remaining greenhouse renovations and working capital needs for the Company to become profitable.
- Greenhouse renovations continue on schedule. The number of active grow rooms has increased from eight to 16 over the past six weeks and the Company is on track to complete 30 by Q3.
- Plans for state-of-the-art drying rooms and processing areas are well under way to handle the increased output.

Management Changes

Concurrently with the Financing, the following management and board changes occurred:

- Robert Weakley has announced his resignation as CEO and Chairman of the board of Indus and will remain on the board as a Director.
- Mark Ainsworth, COO & Executive Vice President, is appointed interim CEO of the Company.
- George Allen (founder of Geronimo Capital) is appointed Chairman of the board of Indus.
- Steve Neil is appointed Chief Financial Officer for the Company.
- Kelly Crampton is appointed Senior Vice President of Distribution for the Company.

“It has been the greatest honor of my career to co-found Indus Holding Company, and I have proudly watched it grow from start-up to one of the top recognised cannabis companies in the country,” says Mr. Weakley. “It is now time for me to step aside. I’m confident that incoming leadership will continue to break new ground in this industry.”

“We have been fortunate to have Robert Weakley as a guiding force behind Indus Holding Company. On behalf of myself and the organization, I would like to thank him for his leadership, and for putting this company in the best position to move forward,” say Mr. Ainsworth. “We are thrilled to be working with Geronimo Capital and Merida Capital Partners. This investment opens Indus up to opportunities and to our goal of becoming profitable.”

Other Items

- The Company’s 2019 stock and incentive plan has been amended to fix the aggregate number of Subordinate Voting Shares issuable under the plan to 8,205,932 Subordinate Voting Shares, which represents approximately 4.9% of the outstanding Subordinate Voting Shares assuming conversion of all of the Convertible Debentures and associated Warrants. This amendment was approved by written consent of the holder of the super voting shares of the Company.
- Arthur Maxwell and William Anton, directors of the Company, participated in the Financing for amounts of US\$305,219 and US\$205,219, respectively. Each such loan constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. The Company did not file a material change report in respect of such loans 21 days in advance because insider participation had not been confirmed. The shorter period was necessary given the circumstances in order to permit the Company to complete the Financing and improve the financial condition of the Company in a timely manner.

To be added to the Indus Holdings, Inc. email distribution list, please email ir@indusholdingco.com with Indus in the subject line.

About Indus Holdings, Inc

Indus Holdings, Inc. (CSE:INDS; OTCQX: INDXF) is a vertically-integrated cannabis company with advanced production capabilities, including cultivation, extraction, manufacturing, brand sales & marketing, and distribution. Founded in 2014 and based in Salinas, California, Indus offers services supporting every step of the supply chain and an extensive portfolio of award-winning brands, including Cypress Cannabis, House Weed, The Original Pot Co., MOON, Acme, and Kaizen Medicinals. Indus Distribution, a division of Indus Holdings, Inc., is a leading distributor of cannabis products, servicing an extensive portfolio of brands and licensed retailers.

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Forward Looking Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only Indus' beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Indus' control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved." The forward-looking information and forward-looking statements contained herein may include, but are not limited to, statements under "Expansion of Operational Footprint Update", the use of proceeds of the Financing and the issuance of additional Convertible Debenture and Warrants in subsequent tranches. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects Indus' current beliefs and is based on information currently available to Indus and on assumptions Indus believes are reasonable.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Indus to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; operating and development costs; competition; changes in legislation or regulations affecting Indus; the timing and availability of external financing on acceptable terms; the available funds of Indus and the anticipated use of such funds; favorable production levels and outputs; the stability of pricing of cannabis products; the level of demand for cannabis product; the availability of third-party service providers and other inputs for Indus' operations; lack of qualified, skilled labor or loss of key individuals; and risks and delays resulting from the COVID-19 pandemic. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Indus' disclosure documents, such as Indus'

listing statement filed on the SEDAR website at www.sedar.com. Although Indus has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur.

Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Indus as of the date of this news release and, accordingly, is subject to change after such date. However, Indus expressly disclaims any intention or obligation to update or revise any forward looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law. Neither the Canadian Securities Exchange nor its Regulation Service Provider has reviewed, or accepts responsibility for the adequacy or accuracy of, the content of this news release.