

Indus Holdings, Inc. Reports Record Revenue in the First Quarter 2019

Financial Results

Indus reports revenue of \$6.4 million, representing 180% revenue growth year over year

SALINAS, Calif., May 29, 2019 -- Indus Holdings, Inc. ("Indus") (CSE:INDS), a leading, vertically integrated cannabis company, today announced its first financial results as a public company for the fiscal first quarter ending March 31, 2019.

First Quarter and Subsequent Highlights

- First quarter record revenue of \$6.4 million with a 180% year-over-year growth
- Gross margin grew to 21% compared to 11% prior year first quarter and 10% in Q4 2018
- Completed a reverse takeover of a Canadian public company and began trading on the Canadian Securities under the symbol INDS, providing Indus with approximately \$40 million through a private placement
- Market penetration rate exceeded 84% of licensed California dispensaries
- Announced its acquisition of Humble Flower Co., a California-based, female-founded maker of cannabis-infused topical creams and oils
- Entered Nevada and Oregon markets through its pending acquisition of W Vapes, a licensed multi-state manufacturer and distributor of cannabis products

Robert Weakley, co-founder and chief executive officer of Indus Holdings, Inc., stated, "As consumer awareness and demand grows, for a company to be successful, it has to be strategic and adaptable with the capacity to scale up. We will selectively grow in a disciplined manner with smart and very accretive deals with an eye to high return – adding strategic and like-minded partners as we position ourselves as a multi-state operator."

Weakley added, "Our strategy for 2019 is to effectively leverage our current position to drive strong top line sales and EBITDA growth during this exciting juncture for Indus."

Financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and management's discussion and analysis for the period are available on Indus' SEDAR profile at [sedar.com](https://www.sedar.com). All figures are reported in U.S. dollars, unless otherwise indicated.

Fiscal First Quarter 2019 Earnings Call Details

Indus plans to host a conference call with management today at 5:00 p.m. ET. The call can be accessed using the following dial-in information:

U.S and Canadian Toll-free: +1 877-407-0789
International: +1 201-689-8562

Please dial-in at least 15 minutes before the call to register.

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

About Indus Holdings, Inc.

Indus Holdings, Inc. (CSE:INDS) is a vertically-integrated cannabis company with advanced production capabilities, including cultivation, extraction, manufacturing, brand sales & marketing, and distribution. Founded in 2014 by hospitality veteran Robert Weakley and based in Salinas, California, Indus offers services supporting every step of the supply chain and an extensive portfolio of award-winning brands, including House Weed, The Original Pot Co., MOON, Acme, Beboe, Dixie Elixirs & Edibles, and Orchid Essentials. 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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Additional Information

Additional information relating to the Company's first quarter 2019 results is available in the Company's Interim Financial Statements filed on SEDAR at www.sedar.com.

Indus refers to certain non-IFRS financial measures such as adjusted EBITDA (earnings defined as earnings before interest, taxes, depreciation, amortization, less changes in the fair value of biological assets). These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

Please see the supplemental information (unaudited) regarding non-IFRS financial measures at the end of this press release for more detailed information regarding non-IFRS financial measures.

Forward-Looking Information and 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, the ability of the Company to successfully achieve business objectives, and expectations for other economic, business, and/or competitive factors. 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; 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; and lack of qualified, skilled labor or loss of key individuals. 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.

INDUS HOLDING COMPANY AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

	March 31, 2019	December 31, 2018
(in thousands, \$US)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,734	\$ 10,310
Accounts Receivable—net of allowance for doubtful accounts of \$290 at		

March 31, 2018 and \$250 at December 31, 2018	5,248	2,965
Subscription Receivable	848	3,200
Inventory	13,584	13,608
Biological assets	2,287	576
Prepaid expenses and other current assets	1,837	2,086
Total current assets	26,539	32,745
Long-term investments	2,648	1,148
Property and equipment, net	28,294	4,063
Goodwill	357	357
Other intangibles, net	186	190
Other assets	615	454
Total assets	\$ 58,639	\$ 38,957
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,982	\$ 2,191
Accrued payroll and benefits	490	259
Current portion of long-term debt	2,109	147
Other current liabilities	883	1,838
Total current liabilities	7,464	4,436
Long-term debt, net	22,691	389
Other long-term liabilities	-	-
Total liabilities	30,155	4,824
STOCKHOLDERS' EQUITY		
Common stock, \$0.001 par value—35,0000 shares authorized, 10,762 and 10,762 shares issued and outstanding at March 31, 2019, and December 31, 2018, respectively	11	11
Series A preferred stock, \$0.001 par value—5,467 shares authorized, 5467 issued and outstanding at March 31, 2019, and December 31, 2018	5	5
Series A2 preferred stock, \$0.001 par value—2,359 shares authorized, 2,359 issued and outstanding at March 31, 2019, and December 31, 2018	2	2
Series B preferred stock, \$0.001 par value—10,096 shares authorized, 4,317 issued and outstanding at March 31, 2019, and December 31, 2018	10	10
Additional paid-in capital	54,436	54,305
Accumulated deficit	(25,981)	(20,201)
Total stockholders' equity	28,483	34,133
Total liabilities and stockholders' equity	\$ 58,639	\$ 38,957

See accompanying notes to consolidated interim financial statements.

INDUS HOLDING COMPANY AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

Periods Ended March 31, (in thousands, \$US)	Three Months	
	2019	2018
Net revenue	\$ 6,434	\$ 2,301
Cost of goods sold	5,086	2,038
Gross profit before biological asset adjustments	1,348	263
Net effect of change in fair value of biological assets	645	(1,521)

Gross profit	703	1,784
Operating expenses		
General and administrative	2,300	1,506
Sales and marketing	1,466	498
Depreciation and amortization	696	20
Total operating expenses	4,461	2,024
Loss from operations	(3,758)	(240)
Other income/(expense)		
Other income/(expense)	(393)	12
Interest expense	(783)	(509)
Total other income/(expense)	(1,176)	(497)
Loss before provision for income taxes	(4,934)	(738)
Provision for income taxes	-	(36)
Net loss	\$ (4,934)	\$ (774)

See accompanying notes to interim consolidated financial statements.

INDUS HOLDING COMPANY AND AFFILIATES
STATEMENTS OF CASH FLOWS
(Unaudited)

Periods Ended March 31, (in thousands, \$US)	Three Months	
	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ (4,934)	\$ (774)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation and amortization	842	66
Share-based compensation expense	131	34
Provision for doubtful accounts	290	-
Change in fair value of biological assets	1,518	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,573)	(514)
Inventory	(1,494)	(3,451)
Biological assets	(1,711)	(511)
Prepaid expenses and other current assets	88	(163)
Other assets	2,352	1,448
Accounts payable and accrued expenses	2,021	122
Other long-term liabilities	(872)	1,235
Net cash used in operating activities	(4,342)	(2,508)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,476)	-
Investment in corporate interests	(1,500)	-
Net cash used in investing activities	(2,976)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on lease obligations	(364)	-
Proceeds from notes payable	106	500
Proceeds from issuance of series B preferred stock, net of issuance costs	-	250
Net cash provided by financing activities	(258)	750

Change in cash and cash equivalents	(7,576)	(1,758)
Cash and cash equivalents—beginning of year	10,310	2,229
Cash and cash equivalents—end of year	\$ 2,734	\$ 472

See accompanying notes to interim consolidated financial statements.

INDUS HOLDING COMPANY AND AFFILIATES
ADJUSTED EBITDA
(Unaudited)

(in thousands, \$US)	Three Months Ended March 31,		December 31
	2019	2018	2018
Net loss	\$ (4,934)	\$ (774)	\$ (3,546)
Interest expense	(783)	(509)	5
Provision for income taxes	-	(36)	33
Depreciation and amortization	842	99	143
Net effect of change in fair value of biological assets	645	(1,521)	(613)
Adjusted EBITDA ⁽¹⁾	\$ (4,230)	\$ (2,740)	\$ (3,979)

⁽¹⁾ Non-IFRS measure