

FOR IMMEDIATE RELEASE



INDUS HOLDINGS, INC. REPORTS THIRD QUARTER 2019 FINANCIAL RESULTS

Vertically-integrated cannabis leader charts path to self-sustaining profitability with operational upgrades, managerial changes, and funding strategy

SALINAS, Calif., Nov. 30, 2019 – Indus Holdings, Inc. ("Indus") (CSE:INDS; OTCQX: INDXF), a leading, vertically-integrated cannabis company, today announced its financial results for the fiscal third quarter ending September 30, 2019. All figures stated are in US Dollars.

Third Quarter and Year to Date Financial and Business Highlights

- Revenue generated for the three-month period ending September 30, 2019, was \$10.1 million; 94% year-over-year growth. Revenue for the nine-month period ending September 30, 2019, was \$26.2 million; 140% year-over-year growth.
- EBITDA for the three-month period ending September 30, 2019, was (\$16.8 million), EBITDA for the nine-month period ending September 30, 2019, was (\$22.9 million). EBITDA included (\$5.4 million) in write-offs of certain inventory in net loss, foregoing any future remediation, labor, and sales costs required. The inventory adjustments included revaluation and write-offs driven by the Company's decision to discontinue certain emending processes as a result of enhancing internal quality metrics, changes in materials requirements, inconsistent laboratory testing in California, and the overall economics of re-blending and reprocessing.
- Revenue split per segment for the three-month period ending September 30, 2019, was 42% of revenue generated from Owned brands, 40% from Agency, and 18% from Distributed brands.
- Revenue for the three segments grew 38% for Owned brands year over year, Agency brand revenues grew 354% and Distributed brand revenues grew 47% compared to the prior year.
- Operating expenses were \$12.4 million for the three-month period ending September 30, 2019, compared to \$2.9 million in the same period last year. On a sequential basis, operating expenses at \$12.4 million were up \$4.0 million from the second quarter.
- Added 21 new dispensaries during the quarter servicing over 500 licensed dispensaries in California.
- Increased deliveries per day by 56% going from 46 to 72 deliveries while covering approximately 90% of the licensed dispensaries in California.
- Had over 12 days in Q3 with 100 or more deliveries compared to just one day in Q2.
- Increased average delivery value by 10%.
- Launched new owned brand Kaizen; and launched recently acquired Humble Flower with new packaging and CBD online ordering capabilities, including mainstream retail.

- Owned-brand Cypress Cannabis became number 18 selling brand in the state of California up from 98 in Q2.
- The Company had a cash position of \$12.7 million for the period ended September 30, 2019, of which \$10 million has been escrowed for the announced Nevada and Oregon acquisition.

Chief Executive Officer, Robert Weakley, stated, “The Company achieved a new revenue record – \$10.1 million in Q3. While that represents a 94 percent year-over-year increase, we did expect more. Our projections were impacted by a cultivation contract that was not fulfilled in Q3 – we had contracted for 2,000 pounds of flower in the quarter, which did not pass our lab tests and pricing agreement, resulting in more than a \$3 million negative revenue impact. At the same time, our own harvest, which we planned to have two weeks of sales in Q3, got pushed to the beginning of Q4.”

Weakley further commented, “The issues that we had with our contractors further reinforce the need for Indus to become independent and self-sustaining for the company to achieve profitability. We have not had an issue selling our flower and concentrates, however we have had a supply chain issue in meeting the demand, which will be solved with the completion of our greenhouse in 2020.”

Subsequent events to the fiscal third quarter ending September 30, 2019

Indus Holdings, Inc. announces a strategic plan including leadership changes, funding strategy, and operational improvements that will place the organization on a path to self-sustainability and profitability in the first half of 2020.

Leadership Changes:

- Mark Ainsworth, Co-Founder and Executive Vice President, has been appointed to the role of Chief Operating Officer effective immediately. Ainsworth has been instrumental to Indus’ brand development and growth strategy since inception and will focus on taking a hands-on approach in successfully executing the company’s new operational plan to get to profitability in the first half of 2020.
- Chief Financial Officer Tina Maloney will be retiring from her position as Chief Financial Officer and Director of Indus. Maloney has agreed to remain engaged with the company during the transition. The company would like to thank Maloney for her contributions and wishes her the very best in her retirement.
- President Joe Bayern will be leaving the company. The company would like to thank Bayern for his contributions and wishes the best in his future endeavors.

“With the infrastructure we have in place and final operational improvements underway we will put Indus on the path to profitability with greater efficiency, improved profit margins, and regenerative revenues that will take us over the finish line,” stated Mark Ainsworth, newly appointed Chief Operating Officer.

Funding Requirements:

- Indus Holdings, Inc. is exploring additional cap-ex funding sources to assist in the organization's 2020 plan to become EBITA and cash flow positive in the first half of 2020.

Operational Plan and Initiatives Underway:

The Company remains focused on the most profitable parts of its business where infrastructure is built with the ability to grow. Top priorities are finishing the improvements at its cultivation facilities, installing an automated packaging line, and exploring opportunities to reduce expenses and preserve cash. Operational improvement initiatives will be dedicated to the Company's core operating states of California, Nevada, and Oregon.

Key initiatives the Company aims to achieve in 2020:

- **California Cultivation Facility Build-out:**
 - complete renovation of two additional greenhouses, adding 110,000 square feet of additional cultivation, and increase flower production from 1,000 pounds per month to 4,000 pounds per month, while reducing cost of growing flower by 40%. The Company expects the cap-ex required to complete the renovation to be \$4.2 million.
 - increase trim production from 1,000 pounds per month to 4,000 pounds per month, reducing dependence on purchasing outside trim and improve margins in all company owned brands.
- **Production Capacity:** the company aims to achieve full production by Q2 2020, increasing its overall production from eight grow rooms and four and half turns a year to 30 grow rooms six turns a year. The company plans to grow its production from 11,000 pounds in fiscal 2019 to 30,000 pounds in fiscal 2020, and 45,000 lbs in fiscal 2021.
- **Infrastructure Upgrade:** in August of 2019, the Company received an upgrade to its Power, Gas & Electricity (PG&E) service – from 400 amps to 4,000 amps – to power the new greenhouses, increasing product output while decreasing cost per pound. Additional greenhouses have been renovated with new roofs, sides, and blackout shades that are nearly completed and now the focus can be on the final stages of adding the lights and the positive pressure to complete the renovations.
- **Packaging Efficiency Improvement:** the Company aims to install a new \$1.6 million flower packaging line in Q1 2020, doubling the capacity packaged per day.
- **Labor Cost Reduction:** the installation of the automated flower packaging line in combination with streamlining its operations is expected to reduce packaging labor requirements from 80 temporary employees to eight employees. The Company expects labor costs savings of more than \$2 million on an annual basis.
- **Brand Development and Expansion:** the Company continues to expand its brand portfolio and focus on improving sales. Humble Flower (both CBD and THC) began sales in late Q3 2019, Kaizan (High-end concentrates) began sales in Q3, Canna Stripe (Gummies) will be released in December 2019, the Shredables (CBD Protein Bar) brand will be released in Q1 2020.
- **Restructuring Selling Expenses:** the Company has implemented a re-configuration of its commission structure, re-organizing its sales structure, and focusing on reducing the

amount of trade discounts. The Company believes that on a pro forma basis for 2020 this could result in as much as \$11 million in savings.

- **Packaging and Raw Material Cost Reduction:** the Company has implemented an analysis of opportunities to reduce costs, having already identified 2020 savings in excess of \$300,000.

“Indus Holdings, Inc. has seen tremendous growth since we launched with a handful of employees in 2014, and now our destiny is in our hands,” said Weakley. “We are focused on placing the right people in the right roles and putting our portfolio of original, owned products front-and-center as we edge closer to becoming a sustainable, profitable enterprise.”

Fiscal Third Quarter 2019 Earnings Call Details

Indus Holdings, Inc. plans to host a conference call with management Dec. 2 at 8:30 a.m. EST. 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. The conference call will be [webcast live](#) and archived on the investor relations section of the Indus Holdings, Inc. website at <https://ir.indusholdingco.com>.

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) 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 House Weed, The Original Pot Co., MOON, Acme, Beboe, and Dixie Elixirs & Edibles. 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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Use of Non-IFRS Financial Information

To supplement the Company's financial results presented in accordance with International Financial Reporting Standards ("IFRS"), Indus uses non-IFRS measures to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company's financial performance. These non-IFRS financial measures are adjusted EBITDA, adjusted gross profit, adjusted gross margin, and non-IFRS net earnings (loss). Management believes that these non-IFRS financial measures reflect the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. Management also believes that these non-IFRS financial measures enable investors to evaluate the Company's operating results and future prospects in the same manner as management. These non-IFRS financial measures may also exclude expenses and gains that may be unusual in nature, infrequent or not reflective of the Company's ongoing operating results. Since these measures are not calculated in accordance with IFRS, they should not be considered in isolation of, or as a substitute for, our reported results as indicators of our performance, and they may not be comparable to similarly named measures from other companies. The tables below reconcile our results of operations in accordance with IFRS to the adjusted results mentioned above:

INDUS HOLDINGS, INC.

RECONCILIATION OF SELECTED IFRS RESULTS TO NON-IFRS RESULTS

(Unaudited)

Periods Ended September 30,

(in thousands except per share amounts)	Three Months					
	2019 IFRS	Adjustment	2019 non-IFRS	2018 IFRS	Adjustment	2018 non-IFRS
General and administrative	\$ 8,787	\$ (500) A	\$ 8,287	\$ 2,263	\$ -	\$ 2,263
Total operating expenses	\$ 12,378	\$ (500) B	\$ 11,878	\$ 2,948	\$ -	\$ 2,948
Loss from operations	\$ (17,893)	\$ 500 C	\$ (17,393)	\$ (537)	\$ -	\$ (537)
Net loss attributable to Indus Holdings, Inc.	\$ (19,638)	\$ 500	\$ (19,138)	\$ (852)	\$ -	\$ (852)
Net Loss per share - basic and diluted	\$ (0.61)	\$ 0.02	\$ (0.59)			
Weighted average shares outstanding - basic and diluted	32,228	32,228	32,228			

A

Fiscal 2019 IFRS general and administrative expenses include \$262 for acquisition related costs and \$238 for transactional costs related to the Company's reverse takeover.

B Represents the net change in operating expenses from the impact of the above adjustments

C Represents the net change in the loss from operations that arise from the impact of the above adjustments.

Periods Ended September 30,

(in thousands except per share amounts)	Nine Months					
	2019 IFRS	Adjustment	2019 non-IFRS	2018 IFRS	Adjustment	2018 non-IFRS
General and administrative	\$ 16,754	\$ (2,111) A	\$ 14,643	\$ 5,535	\$ -	\$ 5,535
Total operating expenses	\$ 25,214	\$ (2,111) B	\$ 23,103	\$ 7,127	\$ -	\$ 7,127
Loss from operations	\$ (29,735)	\$ 2,111 C	\$ (27,624)	\$ (2,417)	\$ -	\$ (2,417)
Net loss attributable to Indus Holdings, Inc.	\$ (32,412)	\$ 2,111 D	\$ (30,301)	\$ (3,738)	\$ -	\$ (3,738)
Net Loss per share - basic and diluted	\$ (1.01)	\$ 0.07 E	\$ (0.95)			
Weighted average shares outstanding - basic and diluted	32,199	32,199	32,199			

A

Fiscal 2019 IFRS general and administrative expenses include \$309 for acquisition related costs and \$1,802 for transactional costs related to the Company's reverse takeover.

B Represents the net change in operating expenses from the impact of the above adjustments

C Represents the net change in the loss from operations that arise from the impact of the above adjustments.

INDUS HOLDINGS, INC.**ADJUSTED EBITDA****(Unaudited)**

Periods Ended September 30, (in thousands)	Three Months		Nine Months	
	2019	2018	2019	2018
Gross profit (loss) (IFRS)	\$ (5,515)	\$ 2,411	\$ (4,522)	\$ 4,710
<i>Adjustments</i>				
Net effect of change in fair value of biological assets	(2,103)	(1,336)	(241)	(2,290)
Adjusted gross profit (loss) (non-IFRS)	(7,618)	1,074	(4,762)	2,420
Adjusted gross margin (non-IFRS)	-75%	21%	-18%	22%

Adjusted EBITDA

Net loss attributable to Indus Holdings, Inc.	\$ (19,638)	\$ (852)	\$ (32,412)	\$ (3,738)
Interest expense	525	310	2,066	1,257
Provision (benefit) for income taxes	(459)	3	44	67
Depreciation in cost of goods sold	207	86	458	161
Depreciation and amortization in operating expenses	985	23	2,444	65
Investment and currency gains	1,575	-	551	-
Share-based compensation expense	1,613	43	2,123	77
Transaction and other special charges	500	-	2,111	-
Net effect of change in fair value of biological assets	(2,103)	(1,336)	(241)	(2,290)
Adjusted EBITDA	\$ (16,795)	\$ (1,722)	\$ (22,857)	\$ (4,400)

⁽¹⁾ Adjusted gross profit (loss) excludes the fair value adjustments for biological assets. Management believes this measure provides useful information as it removes fair value metrics tied to increasing stock levels (decreasing stock levels) required by IFRS.

⁽²⁾ Adjusted gross margin excludes the fair value adjustments for biological assets. Management believes this measure provides useful information as it represents the gross profit based on the Company's cost to produce inventory sold and removes fair value metrics tied to increasing stock levels (decreasing stock levels) required by IFRS.

⁽³⁾ Adjusted EBITDA is net income (loss), excluding the effects of income taxes (recovery); net interest expense; depreciation and amortization; non-cash fair value adjustments on investments; unrealized foreign currency gains/losses; non-cash fair value adjustments on sale of inventory and on growth of biological assets; share-based compensation; and other transactional and special expenses, such as acquisition costs and expenses related to our reverse takeover, which are inconsistent in amount and frequency and are not what we consider as typical of our continuing operations. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by operations.

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; the available funds of Indus and the anticipated use of such funds; delay or inability to complete an acquisition; 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 HOLDINGS, INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(Unaudited)**

	September 30, 2019	December 31, 2018
(in thousands)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,708	\$ 10,310
Restricted cash	10,000	-
Accounts Receivable—net of allowance for doubtful accounts of \$462 at September 30, 2019 and \$250 at December 31, 2018	10,088	2,965
Subscription Receivable	-	3,200
Inventory	14,823	13,608
Biological assets	1,274	576
Prepaid expenses and other current assets	4,114	2,086
Total current assets	43,007	32,745
Long-term investments	1,936	1,148
Property and equipment, net	38,867	4,063
Goodwill	357	357
Other intangibles, net	1,504	190
Other assets	184	454
Total assets	\$ 85,854	\$ 38,957
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,463	\$ 2,191
Accrued payroll and benefits	418	259
Notes payable, current portion	133	147
Lease obligation, current portion	1,956	-
Other current liabilities	1,540	1,838
Total current liabilities	12,509	4,436
Notes payable	424	389
Lease obligation	30,117	-
Other long-term liabilities	1,023	-
Total liabilities	44,073	4,824
STOCKHOLDERS' EQUITY		
Share capital	95,139	54,333
Accumulated deficit	(53,461)	(20,201)
Shareholders' equity - parent	41,678	34,133
Non-controlling interests	103	-
Total stockholders' equity	41,781	34,133
Total liabilities and stockholders' equity	\$ 85,854	\$ 38,957

INDUS HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)
Periods Ended September 30,
(in thousands)

	Nine Months	
	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ (32,412)	\$ (3,738)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation and amortization	2,901	312
Amortization of debt issuance costs	-	289
Share-based compensation expense	2,123	140
Provision for doubtful accounts	230	175
Warrants issued in exchange for services	-	87
Unrealized gain on change in fair value of investments	712	(1,659)
Changes in operating assets and liabilities:		
Accounts receivable	(7,307)	(810)
Inventory	(1,206)	(3,322)
Biological assets	(698)	(631)
Prepaid expenses and other current assets	(1,740)	(357)
Other assets	-	-
Accounts payable and accrued expenses	6,430	(779)
Other long-term liabilities	(304)	718
Net cash used in operating activities	(31,270)	(9,574)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,379)	(726)
Acquisition of business, net of cash acquired	-	-
Investment in corporate interests	(1,500)	-
Net cash used in investing activities	(6,879)	(726)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on lease obligations	(1,082)	(32)
Payments on notes payable	(83)	(600)
Proceeds from notes payable	106	500
Proceeds from brokered private placement	40,150	-
Fees on public brokered private placement	(1,875)	-
Proceeds from exercise of options	127	-
Issuance of subordinate voting shares	4	-
Proceeds from issuance of series B preferred stock, net of issuance costs	3,200	8,850
Net cash provided by financing activities	40,547	8,718
Change in cash and cash equivalents and restricted cash	2,398	(1,582)
Cash and cash equivalents—beginning of year	10,310	2,229
Cash, cash equivalents and restricted cash—end of period	\$ 12,708	\$ 646