



## Indus Holdings, Inc. and Investor Group Lead by Geronimo Capital Announce Bridge Financing and Terms for Total Financing of Up to US\$14.5 Million

Financing to facilitate the cultivation expansion and bring the business to profitability

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SALINAS, Calif., March 16, 2020 -- **Indus Holdings, Inc.** ("**Indus**" or the "**Company**") (CSE: INDS; OTCQX: INDXF), a leading, vertically-integrated cannabis company, announces that it has entered into a US\$2.3 million loan with lenders including Geronimo Capital, LLC and Merida Capital Partners (the "**Loan**").

In connection with the Loan, Indus has entered into a non-binding term sheet with Geronimo Capital and Merida Capital Partners with respect to a financing of up to US\$14.5 million (inclusive of the US\$2.3 million Loan) (the "**Follow-On Financing**") of equity or senior secured convertible debentures ("**Convertible Debentures**").

"We are excited to be working with Indus Holdings, Inc. as they have demonstrated early leadership in both cultivation and manufacturing capabilities in California. We see this as an exceptional opportunity to deploy capital behind a team that is focused and determined to lead California Cannabis," said George Allen of Geronimo Capital. "While we foresee that the broader capital markets will interrupt many operators across the cannabis landscape, we intend to bring enough capital to Indus such that they are poised to fully capitalize on this tremendous opportunity for the benefit of all investors."

The investor group and the Company intend to finalize the terms of the Follow-On Financing over the coming weeks. "Our objective is to finalize our investment into the Company and return the company's focus to running a lean organization singularly committed to delivering high quality products to customers," said Mitch Baruchowitz of Merida Capital.

### Highlights of the proposed Follow-On Financing:

- The investor group has reserved the ability to structure the Follow-On Financing as either equity or Convertible Debentures pending the outcome of certain third-party negotiations.
- In the event that the Follow-On Financing is structured as equity, it will be structured as follows:
  - Units ("**Units**") issued at a price of US\$0.20 with each Unit being comprised of one subordinate voting share of the Company ("**Subordinate Voting Share**") and one Subordinate Voting Share purchase warrant ("**Warrant**"). Each Warrant will have an exercise price of US\$0.28 and a five-year term.
- In the event that the Follow-On Financing is structured as Convertible Debentures, it will be structured as follows:
  - Any Convertible Debentures issued pursuant to the Follow-On Financing will mature two years from issuance and will bear a fixed interest rate of 4% per annum (with interest payments commencing September 1, 2020).
  - The amounts due under the Convertible Debentures will be secured by the same security package as the Loan.
  - The Convertible Debentures (including all accrued interest thereon) will be convertible into Units at the option of the holder at a conversion price of US\$0.20.
- The Company expects to close the Follow-On Financing in April 2020 subject to the completion of due diligence, the negotiation of definitive terms, the satisfaction of conditions precedent to the financing occurring, and the execution of definitive documentation, among other matters. If Indus enters into a binding agreement with respect to an alternative transaction, including certain debt/equity financing transactions or any change of control transaction, within 75 days, a US\$2 million fee will be payable by Indus to Geronimo Capital and Merida Capital Partners in cash or Units at an issue price of US\$0.20.

"I am excited for the future of Indus with the completion of the infrastructure underway, funding, and the positioning of the team," says Robert Weakley, Indus Holding's, Inc. co-founder and CEO. "We are also looking forward to welcoming Geronimo Capital and Merida Capital Partners. This investment opens up Indus to opportunities that will get us to our goal of profitability."

### Cultivation Expansion and Profitability

- The proceeds from the Loan will fund the completion of greenhouse 1 while the overall Follow-On Financing will fund the completion of all remaining greenhouse renovations and working capital needs for the Company to become profitable and self-sustaining.
- Greenhouse 1 and 2 renovations continue on schedule. Within the past two weeks, the Company has finalized and planted four of the additional 12 grow rooms and expects to bring Greenhouse 1 and 2 online by the summer, with one additional grow room every week for the next eight weeks.
- Indus will add one additional grow room every week for the next 11 weeks (assuming the completion of the Follow-On Financing for proceeds of at least US\$10 million).
- The completion of the 12 new rooms will bring Indus' number of grow rooms to 20, and with an accompanying shorter grow cycle, the Company anticipates a 200% production increase from the farm starting in May.
- Greenhouse 3 is expected to start construction in early May and be completed in Q3 (assuming completion of the

- Following-On Financing).
- The additional production will also reduce the amount of third-party trim purchases.
- The additional flower is expected to be sold under the Cypress Cannabis brand which continues to receive high demand that has not been able to be met.

## Bridge Loan Terms

- The Loan matures on March 13, 2021 and has an interest rate of 10% per annum until April 11, 2020 and 20% per annum thereafter (with interest payments commencing on September 1, 2020).
- The principal amount and interest owed under the Loan is convertible, at the option of the lenders, into Subordinate Voting Shares at a conversion price of US\$0.20. The lenders may also convert the Loan into securities issuable pursuant to the Following-On Financing or other equity securities issued by Indus at the issue price thereof.
- Indus has granted the lenders a security interest in certain assets of the Company and its subsidiaries Cypress Manufacturing Company ("**Cypress**") and Indus Holding Company ("**Holdings**"), including a (i) pledge by Holdings of shares held in Cypress and (ii) a collateral assignment of certain rights held by subsidiaries of Holdings in respect of an asset purchase of real property located in Nevada.
- Indus may prepay the Loan at any time with 10 business days' prior notice.
- This capital investment continues to assist in the previously announced necessary infrastructure upgrades that will support putting Indus on the pathway to profitability.

## Other Items:

- The Company has amended and restated its previously announced US\$1.5 million short-term loan with Hadron Capital (the "**Hadron Loan**"). The Hadron Loan will mature on May 11, 2020 and the security interest granted thereunder has been amended to be the same as the security interest granted under the Loan. The lenders under the Hadron Loan and the Loan rank equally and *pari passu* as between them.
- Arthur Maxwell and William Anton, directors of the Company, each participated in the Loan for US\$125,000. 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 Loan and improve the financial condition of the Company in a timely manner.

## Details on Conference Call to Discuss Terms

Indus plans to host a conference call with management on March 16 at 4:30 p.m. ET. The call can be accessed using the following dial-in information:

Date:	Monday March 16, 2020
Time:	4:30pm ET
Dial-in #:	1(855)336-7594 or +1(516)575-8643
Conference ID:	8328627

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

## Encore Replay Dial-in

Replay Dial-in #:	1(855)859-2056 or +1(404)537-3406
Conference ID:	8328627

*\*The conference call replay will be available until April 15, 2020.*

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

To be added to the Indus Holdings, Inc. email distribution list, please email [ir@indusholdingco.com](mailto: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 House Weed, The Original Pot Co., MOON, Acme, 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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## 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, the Company executing definitive documentation and completing the Follow-On Financing and statements under "Expansion of Operational Footprint". 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 the Follow-On Financing; 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](http://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.