

**FORM 51-102F3**  
**Material Change Report**

**MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF**  
**NATIONAL INSTRUMENT NO. 51-102**

**Item 1.**

**Reporting Issuer**

Indus Holdings, Inc. (the “**Company**” or “**Indus**”)  
19 Quail Run Circle  
Suite B  
Salinas, California  
93907

**Item 2.**

**Date of Material Change**

The material change occurred on March 13, 2020.

**Item 3.**

**Press Release**

A news release relating to the material changes described herein was disseminated on March 16, 2020.

**Item 4.**

**Summary of Material Change**

The Company announced that it entered into a US\$2.3 million loan with lenders including Geronimo Capital, LLC and Merida Capital Partners (the “**Loan**”) and a non-binding term sheet with Geronimo Capital, LLC and Merida Capital Partners with respect to a financing of up to US\$14.5 million (inclusive of the US\$2.3 million Loan) of equity or senior secured convertible debentures (the “**Follow-On Financing**”). The Company also announced it amended and restated its US\$1.5 million short-term loan with Hadron Capital (the “**Hadron Loan**”).

**Item 5.**

**Full Description of Material Change**

*The Loan*

The Company announced on March 16, 2020 that it entered into a US\$2.3 million Loan with lenders including Geronimo Capital, LLC and Merida Capital Partners. 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 of Indus (“**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. Events of default include the occurrence and continuance of, among other

things, any of the failure to pay any principal amount of the Loan when due or interest or any other amount when due, failure to deliver securities upon conversion, breaches of representations, warranties and covenants, certain cross-defaults, Indus or certain subsidiaries becoming bankrupt or the invalidity of any material provision of any Loan document.

In connection with the Loan, Indus has entered into a non-binding term sheet with Geronimo Capital, LLC and Merida Capital Partners with respect to the Follow-On Financing. In the event that the Follow-On Financing is structured as equity, it will be structured as the issuance of units (“**Units**”) issued at a price of US\$0.20 with each Unit being comprised of one 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, among other things: (i) 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); (ii) the amounts due under the Convertible Debentures will be secured by the same security package as the Loan; and (iii) 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.

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 Loan is exempt from the formal valuation and minority shareholder approval requirements of applicable securities laws as at the time the Loan was agreed to, neither the fair market value of the subject matter of, or the fair market value of the consideration for, the Loan insofar as it involves interested parties, exceeded 25% of the Company’s market capitalization.

The Loan was completed to assist in certain necessary infrastructure upgrades. A material change report is being filed in connection with the insider participation in the Loan less than 21 days in advance of closing of the Loan, as participation of the insiders had not been confirmed. The shorter period was necessary given the circumstances in order to permit the Company to close the Loan and improve the financial condition of the Company in a timely manner. The Loan was approved by the Board by way of a resolution of the Board of directors.

#### *The Hadron Loan*

The Company also announced on March 16, 2020 that it amended and restated its US\$1.5 million 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.

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

The report is not being filed on a confidential basis.

**Item 7. Omitted Information**

No information has been omitted.

**Item 8. Executive Officer**

Robert Weakley, Chief Executive Officer

**Item 9. Date of Report**

March 23, 2020

**Forward Looking Statements**

This material change report 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 material change report is expressly qualified by this cautionary statement. The forward-looking information contained in this material change report represents the expectations of Indus as of the date of this material change report 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 material change report.