

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 changes occurred on April 10, 2020.

Item 3. **Press Release**

News releases relating to the material changes described herein were disseminated on April 13, 2020 and April 15, 2020.

Item 4. **Summary of Material Change**

The Company and its subsidiary, Indus Holding Company (“**US Subco**”), entered into a debenture and warrant purchase agreement (the “**Purchase Agreement**”) and closed a financing for gross proceeds of US\$15,075,738 (the “**Financing**”). Pursuant to the Financing, US Subco issued an aggregate of US\$15,075,738 of senior secured convertible debentures (“**Convertible Debentures**”), which are convertible into an aggregate of 75,378,694 subordinate voting shares of the Company (“**Subordinate Voting Shares**”), and the Company issued warrants (“**Warrant**”) to purchase an aggregate of 75,378,694 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.

The Company also announced that Robert Weakley resigned as Chief Executive Officer and Chairman of the Company’s board of the directors, Mark Ainsworth has been appointed interim Chief Executive Officer of the Company, George Allen (Chairman), Brian Shure and Kevin McGrath have been appointed to the Company’s board of directors, Steve Neil has been appointed Chief Financial Officer of the Company and Arthur Maxwell has resigned from the Company’s board of directors.

Item 5. **Full Description of Material Change**

The Financing

The Company and US Subco entered into the Purchase Agreement and closed the Financing for gross proceeds of US\$15,075,738. Pursuant to the Financing, US Subco issued an aggregate of US\$15,075,738 of Convertible Debentures, which

are convertible into an aggregate of 75,378,694 Subordinate Voting Shares, and the Company issued Warrant to purchase an aggregate of 75,378,694 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.

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. Indus may prepay the Convertible Debentures without penalty or premium anytime after the 24- month anniversary of the closing.

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.

The entire amount of all bridge loans previously announced by the Company was 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.

Arthur Maxwell, former director of the Company, and William Anton, director of the Company, participated in the Financing for US\$305,219 Convertible Debentures and US\$205,219 Convertible Debentures, respectively, and were issued 1,526,095 Warrants and 1,026,095 Warrants, respectively. Each such investment constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. The Financing is exempt from the formal valuation and minority shareholder approval requirements of applicable securities laws as at the time the Financing was agreed to, neither the fair market value of the subject matter of, or the fair market value of the consideration for, the Convertible Debentures and Warrants insofar as they involve interested parties, exceeded 25% of the Company’s market capitalization.

The Financing was completed to fund the completion of greenhouse renovations. A material change report is being filed in connection with the insider participation in the Financing less than 21 days in advance of closing of the Financing, 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 Financing and improve the financial condition of the Company in a timely manner. The Financing was approved by the Board at a meeting of the directors.

Management and Board Changes

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

- Robert Weakley resigned as CEO and Chairman of the board of Indus and will remain on the board as a Director.
- Mark Ainsworth has been appointed interim CEO of the Company.
- George Allen has been appointed Chairman of the board of Indus.
- Steve Neil has been appointed Chief Financial Officer of the Company.
- Kelly Crampton has been appointed Senior Vice President of Distribution of the Company.
- Brian Shure and Kevin McGrath have been appointed to the Company's board of directors.
- Arthur Maxwell has resigned from the Company's board of directors.

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

Steve Neil, Chief Financial Officer

Item 9. Date of Report

April 20, 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 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 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.