Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020 and 2019

(Expressed in United States Dollars)

INDUS HOLDINGS, INC. AND AFFILIATES

INDEX TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INDUS HOLDINGS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(in thousands)	Note	June 30, 2020	December 31, 2019
ASSETS			
Current assets:			
Cash and cash equivalents		$ 6,701	$ 1,344
Accounts Receivable—net of allowance for doubtful accounts of $949 at June 30, 2020 and $2,595 at December 31, 2019		4,780	6,890
Inventory	6	8,420	9,376
Biological assets	7	8,588	1,716
Prepaid expenses and other current assets	5	6,362	2,729
Total current assets		**34,851**	**22,055**
Long-term investments	10	792	397
Property and equipment, net	8	41,097	42,972
Goodwill	9	357	357
Other intangibles, net	9	577	1,153
Other assets		274	2,274
Total assets		**$ 77,947**	**$ 69,208**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		$ 3,175	$ 7,127
Accrued payroll and benefits		964	531
Notes payable, current portion	12	194	135
Lease obligation, current portion	13	2,783	2,325
Other current liabilities		7,759	1,933
Total current liabilities		**14,875**	**12,051**
Notes payable	12	546	371
Lease obligation	13	29,969	31,480
Convertible debentures		13,663	-
Other long-term liabilities		51	946
Total liabilities		**59,105**	**44,848**
STOCKHOLDERS' EQUITY			
Share capital		99,603	96,160
Accumulated deficit		(80,760)	(71,800)
Total stockholders' equity		**18,843**	**24,360**
Total liabilities and stockholders' equity		**$ 77,947**	**$ 69,208**

The interim consolidated financial statements were approved by the Board of Directors and were signed on its behalf by:

/s/ Mark Ainsworth
Mark Ainsworth, Chief Executive Officer

/s/ Steve Neil
Steve Neil, Chief Financial Officer

See accompanying notes to interim consolidated financial statements.

Indus Holding Company and Affiliates

Consolidated Statements of Operations

(Unaudited)

Periods Ended June 30,		**Three Months**		**Six Months**	
(in thousands except per share amounts)	**Note**	**2020**	**2019**	**2020**	**2019**
Net revenue		$ 9,894	$ 9,689	$ 19,337	$ 16,122
Cost of goods sold		10,779	8,181	21,383	13,266
Gross profit before biological asset adjustments		(885)	1,508	(2,047)	2,856
Net effect of change in fair value of biological assets	*7*	(4,313)	1,217	(8,009)	1,862
Gross profit		3,428	291	5,962	994
Operating expenses					
General and administrative	*18*	2,225	5,669	6,016	7,968
Sales and marketing		1,184	1,944	2,410	3,410
Depreciation and amortization	*8*	885	764	1,762	1,459
Total operating expenses		4,294	8,376	10,188	12,837
Loss from operations		(866)	(8,085)	(4,226)	(11,843)
Other income/(expense)					
Other income/(expense)		-	103	25	(292)
Loss on termination of investment	*4*	(3,524)	-	(3,524)	-
Unrealized gain on change in fair value of investment		306	841	391	841
Gain on foreign currency		-	182	-	182
Interest expense	*13*	(726)	(378)	(1,576)	(1,161)
Total other income/(expense)		(3,944)	747	(4,684)	(429)
Loss before provision for income taxes		(4,810)	(7,338)	(8,910)	(12,273)
Provision for income taxes		25	503	50	503
Net loss		**$ (4,835)**	**$ (7,841)**	**$ (8,960)**	**$ (12,776)**
Net loss per share - basic and diluted	*15*	$ (0.15)	**$ (0.24)**	$ (0.27)	**$ (0.40)**
Weighted average shares outstanding - basic and diluted	*15*	33,307	32,194	33,025	**32,190**

See accompanying notes to interim consolidated financial statements.

Indus Holdings, Inc. and Affiliates

Consoidated Statements of Changes in Shareholders' Equity

(Unaudited)

(in thousands)	Note	Class A/B Shares	Subordinate Voting Shares	Super Voting Shares	Share Capital	Accumulated Deficit	Stockholders' Equity
					Attributable to Shareholders of the Parent		
Balance—December 31, 2018		**28,497**	**-**	**-**	**$ 54,333**	**$ (20,201)**	**$ 34,132**
Net loss		-	-	-	-	(12,776)	(12,776)
Adoption of lease accounting standard		-	-	-	-	(847)	(847)
Issuance of subordinate voting shares in exchange for Class A/B shares, net	*4, 11*	(28,497)	28,497	-	-	-	-
Private placement in connection with reverse takeover, net	*4, 11*	-	3,433	-	36,762	-	36,762
Shares issued to acquiree in connection with reverse takeover	*4, 11*	-	130	-	1,513	-	1,513
Issuance of supervoting shares	*4, 11*	-	-	203	40	-	40
Issuances for acquisitions	*5, 11*	-	43	-	240	-	240
Exercise of options	*11*	-	125	-	127	-	127
Share-based compensation expense	*14, 11*	-	-	-	510	-	510
Balance—June 30, 2019		**-**	**32,228**	**203**	**$ 93,525**	**$ (33,822)**	**$ 59,703**
Balance—December 31, 2019		**-**	**32,844**	**203**	**$ 96,160**	**$ (71,800)**	**$ 24,360**
Net loss		-	-	-	-	(8,960)	(8,960)
Issuance of stock warrants	*11*	-	-	-	1,556	-	1,556
Shares issued in connection with convertible debenture offering	*12*	-	250	-	62	-	62
Share-based compensation expense	*14, 11*	-	248	-	1,825	-	1,825
Balance—June 30, 2020		**-**	**33,342**	**203**	**$ 99,603**	**$ (80,760)**	**$ 18,843**

See accompanying notes to interim consolidated financial statements.

INDUS HOLDING COMPANY AND AFFILIATES

STATEMENTS OF CASH FLOWS

(Unaudited)

Periods Ended June 30, (in thousands)	Six Months 2020	Six Months 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	$ (8,960)	$ (12,776)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,987	1,709
Share-based compensation expense	1,825	510
Provision for doubtful accounts	720	230
Unrealized gain on change in fair value of investments	(395)	(841)
Changes in operating assets and liabilities:		
Accounts receivable	1,390	(7,236)
Inventory	956	(1,627)
Biological assets	(6,872)	203
Prepaid expenses and other current assets	(333)	(1,336)
Accounts payable and accrued expenses	2,307	1,187
Other long-term liabilities	(98)	(893)
Net cash used in operating activities	**(7,473)**	**(20,870)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,110)	(4,012)
Disposition of business interest, net of cash received	2,743	-
Investment in corporate interests	-	(1,500)
Net cash used in investing activities	**(1,367)**	**(5,512)**
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on lease obligations	(1,053)	(760)
Payments on notes payable	(31)	(71)
Proceeds from notes payable	-	106
Proceeds from convertible notes, net of financing costs	13,663	-
Issuance of warrants associated with convertible notes offering	1,556	-
Issuance of subordinate voting shares associated with convertible notes offering	62	
Proceeds from brokered private placement	-	40,150
Fees on public brokered private placement	-	(1,875)
Proceeds from series B offering	-	3,200
Proceeds from exercise of options	-	127
Issuance of subordinate voting shares	-	4
Net cash provided by financing activities	**14,197**	**40,881**
Change in cash and cash equivalents and restricted cash	5,357	14,499
Cash and cash equivalents—beginning of year	1,344	10,310
Cash, cash equivalents and restricted cash—end of period	**$ 6,701**	**$ 24,809**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for interest	$ 1,403	$ 748
Cash paid during the period for income taxes	$ -	$ 2
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment not yet paid for	$ 578	$ -
Disposition of business interests	$ 2,743	$ -
Issuance of warrants	$ 1,556	$ 2,291
Shares issued for services in connection with convertible debenture offering	$ 62	$ -
Shares issued to acquiree in connection with reverse takeover	$ -	$ 1,513
Issuance of supervoting shares	$ -	$ 40
Acquisition of private entities	$ -	$ 1,028
Issuance of subordinate voting shares in exchange for acquisition of private entity	$ -	$ 240

See accompanying notes to interim consolidated financial statements.

All amounts in these Notes are expressed in thousands of United States dollars ("$" or "US$"), unless otherwise indicated.

1. NATURE OF OPERATIONS

On November 13, 2018, Indus Holding Company (a wholly owned subsidiary of Indus Holdings, Inc.) and Mezzotin Minerals Inc. ("Mezzotin") entered into a combination agreement whereby the parties agreed to combine their respective businesses, which would result in the reverse takeover of Mezzotin by the security holders of Indus. Mezzotin Minerals was originally incorporated under the Business Corporations Act (Ontario) on October 27, 2005 as Zoolander Corporation. On September 10, 2013, Zoolander changed its name to Mezzotin Minerals Inc. On April 26, 2019 the reverse takeover transaction concluded. In connection with the agreement, Mezzotin changed its name from Mezzotin Minerals Inc. to Indus Holdings, Inc. (the "Company", "Pubco", or "Indus"). Effective at the close of markets on April 29, 2019, the common shares of the Company ("Existing Mezzotin Shares") were delisted from the NEX board of the TSX Venture Exchange, and the subordinate voting shares of the Company commenced trading on the Canadian Stock Exchange effective at market open on April 30, 2019, under the new symbol "INDS".

Indus Holding Company ("IHC"), a Delaware corporation, was formed in 2014. Indus Holdings, Inc. became the indirect parent of IHC in connection with the reverse takeover transaction.

Indus Holdings, Inc., through its licensed subsidiaries, is a vertically-integrated cannabis company that owns, manages and operates cultivation, extraction, distribution and manufacturing facilities in California.

The Company's corporate office and principal place of business is located at 19 Quail Run Circle, Salinas, California.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 3, 2020.

Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for biological assets and certain financial instruments, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

Functional Currency

The Company and its subsidiaries' functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

Financial and other metrics, such as shares outstanding, are presented in thousands unless otherwise noted.

Classification of Expenses

The expenses within the statements of operations are presented by function. Refer to Note 18 for details of expenses by nature.

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements include the accounts of the Company and its subsidiaries:

- Indus Holding Company, wholly owned by Indus Holdings, Inc.
- Cypress Holding Company, a Delaware limited liability company, wholly owned by Indus Holding Company
- Cypress Manufacturing Company, a California corporation, wholly owned by Indus Holding Company
- Indus Nevada LLC, a Nevada limited liability corporation, wholly owned by Indus Holding Company
- Indus Oregon LLC, an Oregon limited liability corporation, wholly owned by Indus Holding Company
- Indus Brand Management LLC, a Delaware limited liability corporation, wholly owned by Indus Holding Company
- Wellness Innovation Group LLC, a California limited liability corporation, wholly owned by Indus Holding Company

Intercompany balances, and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries, are eliminated.

3. REVERSE TAKEOVER AND PRIVATE PLACEMENT

Reverse Takeover

As discussed in Note 1, on November 13, 2018, Indus Holding Company ("IHC"), a wholly owned subsidiary of Indus Holdings, Inc., and Mezzotin Minerals Inc. ("Mezzotin") entered into a combination agreement whereby the parties agreed to combine their respective businesses, which would result in the reverse takeover of Mezzotin by the security holders of Indus. On March 29, 2019, IHC and Mezzotin signed the Definitive Agreement subject to regulatory approval and on April 26, 2019 concluded the transaction. In connection with the agreement, Mezzotin changed its name from Mezzotin Minerals Inc. to Indus Holdings, Inc. Effective at the close of markets on April 29, 2019, the common shares of the Company ("Existing Mezzotin Shares") were delisted from the NEX board of the TSX Venture Exchange, and the subordinate voting shares of the Company ("Subordinate Voting Shares") commenced trading on the Canadian Stock Exchange effective at market open on April 30, 2019, under the new symbol "INDS".

Pursuant to the Transaction, the Existing Mezzotin Shares were redesignated as a new class of Subordinate Voting Shares on the basis of one Subordinate Voting Shares for every 485.3 Existing Mezzotin Shares. In addition, Indus created a new class of voting common shares and a new class of non-voting redeemable common shares ("Convertible Shares") and the outstanding shares of Indus ("Indus Shares") were reclassified as Convertible Shares at a rate of one (1) Convertible Share for every one (1) Indus Share held. The Company also amended its articles in connection with the Transaction to (i) continue from the Province of Ontario to the Province of British Columbia; and (ii) change its name from Mezzotin Minerals Inc. to Indus Holdings, Inc.

In accordance with IFRS 3, the substance of the transaction was a reverse takeover of a non-operating company. The transaction does not constitute a business combination since Mezzotin does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition.

In consideration for the acquisition of Mezzotin, Indus is deemed to have issued 130 shares of Indus subordinate voting shares representing $1,513 total value based on the concurrent financing subscription price of CAD$15.65 (US$11.60). The excess of the purchase price over net assets acquired was charged to the consolidated statements of operations as RTO expense. Mezzotin equity was eliminated.

There were no identifiable assets of Mezzotin on the date of acquisition. The acquisition costs have been allocated as follows:

(in thousands)		
CONSIDERATION		
Fair value of subordinate voting shares issued	$	1,513
Transaction costs		191
Total consideration		**1,704**
ASSETS ACQUIRED		
Total identifiable net assets acquired		-
Listing expenses		1,704
Total purchase price	**$**	**1,704**

Under the Transaction: (i) non-U.S. shareholders of Indus (and such U.S. shareholders of Indus as elected to participate) then contributed their Convertible Shares to the Company in exchange for Subordinate Voting Shares at a rate of one (1) Subordinate Voting Share for every one (1) Convertible Share contributed, and on a going-forward basis, U.S. shareholders of Indus may from time to time elect to redeem their Convertible Shares in exchange for Subordinate Voting Shares at the same rate (or under certain circumstances for the cash value of such shares as provided in the share terms for the Convertible Shares); (ii) a designated founder of Indus subscribed for non-participating, super-voting shares of the Company carrying voting rights that, in the aggregate, represent approximately 85% of the voting rights of the Company upon completion of the Transaction on a fully diluted basis; (iii) all warrants of Indus (including compensation options issued to financial advisors) remained outstanding and will now entitle the holders thereof to acquire Convertible Shares on the same terms and conditions and on an economically equivalent basis; and (iv) all stock options of Indus outstanding under Indus' existing equity incentive plan were assumed by the Company and will now entitle the holders thereof to acquire Subordinate Voting Shares on the same terms and conditions and on an economically equivalent basis in lieu of securities of Indus.

Private Placement

In connection with the Transaction, Indus completed a private placement offering (the "Private Placement") through a special purpose finance company ("FinanceCo") on April 2, 2019, pursuant to which FinanceCo issued an aggregate of 3,436 subscription receipts ("Subscription Receipts") at a price of CDN$15.65 per Subscription Receipt to raise aggregate gross proceeds of approximately US$40 million. The gross proceeds of the Private Placement, less certain associated expenses, were deposited into escrow (the "Escrowed Proceeds") pending satisfaction of certain specified release conditions (the "Escrow Release Conditions"), all of which were satisfied immediately prior to the completion of the Transaction. As a result, the Escrowed Proceeds were released to FinanceCo prior to the closing of the Transaction, and each Subscription Receipt was automatically converted, for no additional consideration, into one common share of FinanceCo. Following satisfaction of the Escrow Release Conditions, in connection with the Transaction, the Company acquired all of the issued and outstanding FinanceCo shares pursuant to a three-cornered amalgamation, and the former holders thereof (including the former holders of FinanceCo Shares acquired upon conversion of the Subscription Receipts) each received one Subordinate Voting Share in exchange for each FinanceCo share held.

Also in connection with the Private Placement, FinanceCo issued an aggregate of 198 broker warrants to the agents under the offering as partial consideration for their services in connection with the Private

Placement, each of which was exercisable to acquire one FinanceCo share at an exercise price of CDN$15.65 for a period of two (2) years from the satisfaction of the Escrow Release Conditions. Upon completion of the amalgamation, the Broker Warrants were exchanged for compensation options of the Company which are exercisable to acquire Subordinate Voting Shares in lieu of FinanceCo Shares, otherwise upon the same terms and conditions.

4. ACQUISITIONS

Completed Acquisitions

During 2019, the Company completed the following acquisitions, and allocated the purchase price as follows.

(in thousands)	(1) Kaizen Inc.	(2) The Humble Flower Co.	Total
CONSIDERATION			
Contingent Payment	$ 50	$ 44	$ 94
Note Payable	200	65	265
Fair value of subordinate voting shares	62	55	117
Total consideration	**$ 312**	**$ 164**	**$ 476**
PURCHASE PRICE ALLOCATION			
Assets Acquired			
Inventories	$ -	$ 6	$ 6
Intangible assets - brands and trademarks	104	80	184
Intangible assets - technology and know-how	208	78	286
Liabilities assumed			
Notes payable	-	-	-
Total identifiable net assets	312	164	476
Noncontrolling interest	-	-	-
Fair value of net assets acquired	**$ 312**	**$ 164**	**$ 476**

These acquisitions qualified as a business combination under IFRS 3 and the consideration has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. No goodwill was recognized. The purchases have been accounted for by the acquisition method, with the results included in the Company's net earnings from the date of acquisition.

The fair value of the assets acquired, and the liabilities assumed were finalized in the quarter ended June 30, 2020.

The Company also incurred $47 in transactional costs related to the above acquisitions which were recorded in general and administrative expenses in the Consolidated Statements of Operations.

- *Kaizen Inc.*

On May 1, 2019, the Company acquired all of the assets, global rights and business interests of Kaizen Inc. for a purchase price of $556 that will be paid as and if financial performance targets are met during the period beginning on May 1, 2019 and ending on April 30, 2023. Kaizen is a premium brand offering a full spectrum of cannabis concentrates. Effective July 15, 2020 the asset purchase agreement was modified, eliminating payments associated with meeting financial performance targets in exchange for the issuance of 225,000 options to purchase Subordinate Voting Shares and a note payable of $200,000, with payments over two years. Had the modifications been reflected as of the date of acquisition, net assets would have decreased $223 at December 31, 2019 and net loss in 2019 would have been reduced by $21.

- *The Humble Flower Co.*

On April 18, 2019, the Company acquired all of the assets, global rights and business interests associated with the brand Humble Flower Co. for a purchase price of $472 that will be paid as and if financial performance targets are met during the period beginning on April 19, 2019 and ending on April 18, 2023. The acquisition marks the Company's expansion into cannabis-infused topical creams, balms, and oils. Effective June 1, 2020 the asset purchase agreement was modified, eliminating payments associated with meeting financial performance targets in exchange for the issuance of 225,000 options to purchase Subordinate Voting Shares and a note payable of $65,000, with payments commencing on January 1, 2021 for 24 months. Had the modifications been reflected as of the date of acquisition, net assets would have decreased $308 at December 31, 2019 and net loss in 2019 would have been reduced by $34.

- *Shredibles LLC*

On June 12, 2019, the Company completed the acquisition of 70% of the outstanding capital stock of Shredibles LLC ("Shredibles"), a manufacturer of CBD infused health products, from its shareholders. In February 2020, the Company determined that Shredibles was not a strategic fit for the Company and reached an agreement with the Shredibles co-founders to nullify the investment. The termination has been reflected as being effective as of December 31, 2019 in the consolidated financial statements. The operations of Shredibles, and the termination of the agreement, did not have a material impact on the results of operations of the Company in 2019.

<u>Terminated Acquisition</u>

On May 14, 2019, the Company entered into a definitive agreement to acquire the assets of W The Brand ("W Vapes"), a manufacturer and distributor in Nevada and Oregon of cannabis concentrates, cartridges and disposable pens, in a cash and stock transaction. Under the terms of the agreement, the purchase consideration to W Vapes shareholders consisted of $10 million in cash and $10 million in shares of Indus Holdings, Inc. common equity (based on a deemed value of CDN$15.65 per share). In November 2019, the definitive agreement was amended whereby the Company advanced $2 million in non-recourse funds to the seller in exchange for release of $10 million of cash held in escrow related to the acquisition and in December 2019, the Company purchased the Las Vegas, Nevada facility for $4.1 million.

On July 17, 2020, the Company announced the termination of the definitive agreement with W Vapes, and is no longer obligated to acquire the assets of W Vapes. The termination of the agreement coincided with an asset acquisition announcement between W Vapes and Planet 13 Holdings Inc. ("Planet 13"). Additionally, the Company sold the Las Vegas facility to certain affiliates of Plant 13 for a cash payment of approximately $500, and an additional cash payment of approximately $2.8 million upon regulatory approval of the W Vapes and Planet 13 transaction. As a result, the Company has reflected a $3.5 million loss in its consolidated financial statements for the quarter ended June 30, 2020.

The Company incurred $251 in transactional costs related to the above acquisition for the year ended December 31, 2019, which were recorded in general and administrative expenses in the Consolidated Statements of Operations.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets were comprised of the following items:

(in thousands)	June 30, 2020	December 31, 2019
Deposits	$ 542	$ 542
Insurance	418	854
Supplier advances	282	742
Nevada building sale proceeds	3,300	-
Other	1,820	591
Total Prepaid Expenses and Other Current Assets	**$ 6,362**	**$ 2,729**

6. INVENTORY

Inventory was comprised of the following items:

(in thousands)	June 30, 2020	December 31, 2019
Raw materials	$ 6,928	$ 6,603
Work in process	28	34
Finished goods	1,464	2,739
Total inventory	**$ 8,420**	**$ 9,376**

7. BIOLOGICAL ASSETS

The Company's biological assets consists of cannabis plants. A reconciliation of the beginning and ending balances of biological assets for the six months ended June 30, 2020 and the year ended December 31, 2019 are as follows:

(in thousands)	June 30, 2020	December 31, 2019
Beginning balance	$ 1,716	$ 576
Net change in fair value less costs to sell due to biological transformation	14,089	7,728
Transferred to inventory upon harvest	(7,217)	(6,588)
Ending balance	**$ 8,588**	**$ 1,716**

The Company cultivates its plants within greenhouses that utilize natural light and those that use supplemental lighting. On average the full harvest growing cycle for natural light is 18 weeks and for supplemental lighting is 11 weeks. Commencing in the quarter ended March 31, 2020, supplemental lighting is being used for all harvests.

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on selling prices less the costs to sell at harvest. For in process biological assets, the fair value at point of harvest is adjusted based on the stage of growth. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- The selling price, which is based on the average market price in California where the Company operated during the six months ended June 30, 2020 and the year ended December 31, 2019;
- The cost to complete the cannabis production process post-harvest and the cost to sell based on the Company's historical results;
- The average number of weeks in the growing cycle based on the Company's historical results;
- The stage of plant growth; and
- Expected yields from each cannabis plant based on the Company's historical results.

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

The Company has quantified the sensitivity of the inputs in relation to biological assets as of June 30, 2020 and December 31, 2019.

- Selling price per pound – a decrease in the selling price per pound by 5% would result in the biological asset value decreasing by approximately $658 at June 30, 2020 and $72 at December 31, 2019.
- Estimated yield per plant – a decrease in the yield per plant of 5% would result in the biological asset value decreasing by approximately $436 at June 30, 2020 and $27 at December 31, 2019.

As of March 31, 2020, on average, the biological assets were 46.0% complete as to the next expected harvest date, and it is expected that the Company's biological assets will ultimately yield approximately 11,563 pounds of cannabis.

8. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment and accumulated depreciation during the six-month period ended June 30, 2020 is as follows:

(in thousands)	Land and Buildings	Leasehold Improvements	Furniture and Fixtures	Equipment	Vehicles	Construction in Process	Right of Use Assets	Total
Costs								
Balance—December 31, 2019	$ 4,098	$ 4,275	$ 49	$ 1,100	$ 813	$ 2,533	$ 34,114	$ 46,982
Additions	8	688	-	49	35	3,220	110	4,110
Disposals	(4,106)							(4,106)
Balance—June 30, 2020	**$ -**	**$ 4,963**	**$ 49**	**$ 1,149**	**$ 848**	**$ 5,753**	**$ 34,224**	**$ 46,986**
Accumulated Depreciation								
Balance—December 31, 2019	$ (8)	$ (422)	$ (46)	$ (261)	$ (249)	$ -	$ (3,025)	$ (4,011)
Depreciation	(57)	(88)	(1)	(85)	(81)	-	(1,631)	$ (1,943)
Disposals	65							$ 65
Balance—June 30, 2020	**$ -**	**$ (510)**	**$ (47)**	**$ (346)**	**$ (330)**	**$ -**	**$ (4,656)**	**$ (5,889)**
Net Book Value								
December 31, 2019	$ 4,090	$ 3,853	$ 3	$ 839	$ 565	$ 2,533	$ 31,089	$ 42,972
Balance—June 30, 2020	**$ -**	**$ 4,453**	**$ 2**	**$ 803**	**$ 518**	**$ 5,753**	**$ 29,568**	**$ 41,097**

Construction in progress represent assets under construction related to cultivation, manufacturing, and distribution facilities not yet completed or otherwise not placed in service.

9. GOODWILL AND INTANGIBLE ASSETS

Goodwill

A reconciliation of the beginning and ending balances of goodwill during the six months ended June 30, 2020 is as follows:

(in thousands)	
Costs	
Balance—December 31, 2019	$ 357
Additions	-
Business Acquisitions	-
Impairment	-
Net book value—June 30, 2020	**$ 357**

The Company evaluates goodwill for impairment annually during the fiscal third quarter and when an event occurs, or circumstances change such that it is reasonably possible that impairment may exist. The Company accounts for goodwill and evaluates its goodwill balances and tests them for impairment in accordance with related accounting standards. The Company performed its annual impairment assessment in its third quarter of fiscal 2019, and its analysis indicated that the Company had no impairment of goodwill.

Other Intangible Assets

A reconciliation of the beginning and ending balances of intangible assets and accumulated amortization during the six months ended June 30, 2020 is as follows:

	Definite Life Intangibles				Indefinite Life Intangibles	
(in thousands)	Branding Rights	Customer Relationships	Technology/ KnowHow	Other Intangibles	Brands & Tradenames	Total
Costs						
Balance—December 31, 2019	$ 250	$ 40	$ 421	$ 40	$ 522	$ 1,273
Purchase price adjustment	$ -	(40)	(213)	(40)	(293)	(586)
Balance—June 30, 2020	**$ 250**	**$ -**	**$ 208**	**$ -**	**$ 229**	**$ 687**
Accumulated Amortization						
Balance—December 31, 2019	$ (76)	$ (8)	$ (28)	$ (8)	$ -	$ (120)
Purchase price adjustment		12	30	12		54
Amortization	(9)	(4)	(27)	(4)	-	(44)
Balance—June 30, 2020	**$ (85)**	**$ -**	**$ (25)**	**$ -**	**$ -**	**$ (110)**
Net Book Value						
December 31, 2019	$ 174	$ 32	$ 393	$ 32	$ 522	$ 1,153
June 30, 2020	**$ 165**	**$ -**	**$ 183**	**$ -**	**$ 229**	**$ 577**

Intangible assets with finite lives are amortized over their estimated useful lives. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition. The Company recorded amortization expense of $44 for the six months ended June 30, 2020. As described in Note 4, during the quarter ended June 30, 2020, the Company modified certain purchase agreements resulting in adjustments to certain intangible assets.

The Company estimates that amortization expense for our existing other intangible assets will be approximately $40 annually for each of the next five fiscal years. Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or changes.

10. INVESTMENTS

The Company from time to time acquires interest in various corporate entities for investment purposes. The investments are measured at fair value to profit or loss (“FVTPL”) and are classified as Level 3 in the fair value hierarchy in accordance with IFRS 9 - *Financial Instruments.*

In March 2019, the Company entered into a strategic partnership with Orchid Ventures (“Orchid”). Under the terms of the partnership, Indus secured the exclusive sales and distribution rights to Orchid’s line of

Orchid Essentials vape devices in California. In addition, Indus acquired an interest in Orchid for $1,500 during Orchid's RTO financing round. The Company's investment in Orchid is classified as Level 1 in the fair value hierarchy. The Company adjusted its carrying value based on the share price at the balance sheet date, recognizing an unrecognized gain of $195 and $192 in its Statements of Operations for the three and six months ended June 30, 2020.

In October 2018, the Company contributed 77,689 shares of Series B preferred shares at a value of $350, to a joint venture arrangement with Dametra LLC, in which each partner has 50% ownership. Under the arrangement Indus is the exclusive manufacturer and distributor of Canna Stripe branded products in the state of California. The investment was accounted for in accordance with IFRS 11. The Company's investment in Dametra is classified as Level 3 in the fair value hierarchy. Due to the highly competitive gummy product market and the limited success to the launching of the Canna Stripe brand, the Company determined that the carrying value of the investment was nominal and a ($350) loss was recognized in the fourth quarter of 2019.

In the fourth quarter of 2018, the Company acquired an interest for $148 in a long-standing business partner who creates and markets cannabis brands. The business partner was acquired by Green Thumb Industries in February 2019. The Company's investment in Green Thumb Industries is classified as Level 1 in the fair value hierarchy. The Company sold approximately 65.7% of its interests in 2019, recognizing a realized gain of $476. The Company adjusts its carrying value based on the share price at the balance sheet date, recognizing an unrealized gain of $111 and $199 and in its Statement of Operations for the three and six months ended June 30, 2020.

The Company issued 325 shares of common stock valued at $650 in exchange for shares in Haight & Ashbury Corp, a technology company developing an e-commerce platform. Due to the lack of extensive roll out of the e-commerce platform with brands and dispensaries within California and in other states, the Company determined that the carrying value of the investment was nominal. As such, a $(650) loss was recognized in the fourth quarter of 2019.

11. SHAREHOLDERS' EQUITY

Shares Outstanding

The table below details the change in Company shares outstanding by class during the six-month period ended June 30, 2020.

(in thousands)	Subordinate Voting Shares	Super Voting Shares
Balance—December 31, 2019	32,844	203
Shares issued in connection with convertible debenture offering	250	-
Issuance of vested restricted stock units	248	-
Balance—June 30, 2020	**33,342**	**203**

As discussed in Note 3, in consideration for the acquisition of Mezzotin in connection with the reverse takeover, Indus issued 130 shares of Indus subordinate voting shares representing $1,513 total value based on the concurrent financing subscription price of CAD$15.65 (US$11.60). The excess of the purchase price over net assets acquired was charged to the consolidated statements of operations as RTO expense in general and administrative expenses.

Warrants

A reconciliation of the beginning and ending balance of warrants outstanding is as follows.

(in thousands)	
Balance—December 31, 2019	**2,769**
Warrants issued in conjunction with convvertible debenture offering	80,379
Balance—June 30, 2020	**83,148**

12. DEBT

Debt at June 30, 2020 and December 31, 2019 was comprised of the following:

(in thousands)	June 30, 2020	December 31, 2019
Current portion of long-term debt		
Vehicle loans[1]	$ 128	$ 135
Note payable[3]	66	-
Total short-term debt	194	135
Long-term debt, net		
Vehicle loans[1]	227	233
Note payable[2]	120	138
Note payable[3]	199	-
Convertible debenture[4]	13,663	-
Total long-term debt	14,209	371
Total Indebtedness	**$ 14,403**	**$ 506**

[1] *Primarily fixed term loans on transportation vehicles.*

[2] *Note payable in connection with Acme acquisition to be paid as and if financial performance targets are met over the earnout period.*

[3] *Note payable in connection with Humble Flower and Kaizen acquisitions.*

[4] *Net of deferred financing costs of $2,412.*

Stated maturities of debt obligations are as follows:

(in thousands)	June 30, 2020
2020	$ 125
2021	281
2022	131
2023	16,096
2024	6
2025 and thereafter	56
Total debt obligations	**$ 16,695**

On April 13, 2020, the Company entered into a $15.1 million senior secured convertible debenture and warrant purchase agreement. In May 2020 an additional $1 million was funded to bring the total convertible debenture amount to $16.1 million. The convertible debentures are convertible, at a conversion price of $0.20 per share, into an aggregate of 80.4 million subordinate voting shares of the Company, and the Company issued warrants to purchase an aggregate of 80.4 million subordinate voting shares at an exercise price of $.28 per share. The financing yielded the Company approximately $11.5 million after repayment of $3.8 million in bridge financing received during the first quarter, plus accrued interest thereon, and transaction related expenses of approximately $600. The debentures bear interest at 5.5% per annum and will mature in October 2023, and the warrants also mature in October 2023.

13. LEASES

The Company adopted IFRS 16 - *Leases* effective January 1, 2019 using the modified retrospective adoption method which allowed it to initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of accumulated deficit. In connection with the adoption of the new lease pronouncement, the Company recorded a charge to accumulated deficit of $847.

A reconciliation of lease obligations for the six-month period ended June 30, 2020 was comprised of the following:

(in thousands)		June 30, 2020
Lease Liability		
December 31, 2019	$	33,805
Additions		120
Lease principal payments		(1,173)
June 30, 2020	**$**	**32,752**
Lease obligation, current portion	$	2,783
Lease obligation, long-term portion	$	29,969

All extension options that are reasonably certain to be exercised have been included in the measurement of lease obligations. The Company reassesses the likelihood of extension option exercise if there is a significant event or change in circumstances within its control.

The components of lease expense for the six-month period ended June 30, 2020 was as follows:

Periods Ended June 30, 2020

(in thousands)		Three Months		Six Months
Amortization of leased assets(1)	$	839	$	1,631
Interest on lease liabilities(2)		491		964
Total	**$**	**1,330**	**$**	**2,595**

(1) Included in cost of goods sold and general and administrative in the consolidated statement of operations.

(2) Included in interest expense in the consolidated statement of operations.

The key assumptions used in accounting for our leases as of June 30, 2020 were a weighted average remaining lease term of 10.3 years and a weighted average discount rate of 6.0%.

The future lease payments with initial remaining terms in excess of one year as of June 30, 2020 were as follows:

(in thousands)		June 30, 2020
Less than 1 year	$	2,526
1 - 3 years		13,377
4 - 5 Years		5,665
Greater than 5 years		16,944
Total	**$**	**38,512**

14. SHARE-BASED COMPENSATION

During 2019 the Company's Board of Directors adopted the *2019 Stock and Incentive Plan* (the "Plan"), which permits the issuance of stock options, stock appreciation rights, stock awards, share units, performance shares, performance units and other stock-based awards up to an amount equal to 10% of the issued and outstanding Subordinate Voting Shares of the Company. The Plan provides for the grant of options as either non-statutory stock options or incentive stock options and restricted stock units to employees, officers, directors, and consultants of the Company to attract and retain persons of ability to perform services for the Company and to reward such individuals who contribute to the achievement by the Company of its economic objectives. The awards granted generally vest in 25% increments over a four-year period and option awards expire 6 years from grant date.

The Plan is administered by the Board or a committee appointed by the Board, which determines the persons to whom the awards will be granted, the type of awards to be granted, the number of awards to be granted, and the specific terms of each grant, including the vesting thereof, subject to the provisions of the Plan.

During the six months ended June 30, 2020, the Company granted shares to certain employees as compensation for services. These shares were accounted for in accordance with IFRS 2 - *Share-based Paymen*ts. The Company amortizes awards over the service period and until awards are fully vested.

For the three and six months ended June 30, 2020 and 2019, share-based compensation expense recorded to the Company' s consolidated statements of operations was:

Periods Ended June 30,	Three Months				Six Months			
(in thousands)	2020		2019		2020		2019	
Cost of goods sold	$	-	$	-	$	-	$	-
General and administrative expense		213		379		1,825		510
Total share based compensation	**$**	**213**	**$**	**379**	**$**	**1,825**	**$**	**510**

The following table summarizes the status of grants and unvested awards as at June 30, 2020 and December 31, 2019 and for the six-month period ended June 30, 2020.

(in thousands except per share amounts)	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding—December 31, 2019	**1,543**	**$2.53**	**4.3**	**$ -**
Granted	3,615	0.43		
Exercised	-	-		
Cancelled	(300)	2.49		
Outstanding—June 30, 2020	**4,858**	**$0.97**	**5.2**	**$ 478**
Exercisable—June 30, 2020	**497**	**$2.32**	**3.8**	**$ -**
Vested and expected to vest—June 30, 2020	**4,858**	**$0.10**	**5.2**	**$ 478**

The fair value of the stock options granted was determined using the Black-Scholes option-pricing model with the following weighted average assumptions at the time of grant.

Three and Six Months Ended June 30,	2020
Expected volatility	50.0%
Dividend yield	0%
Risk-free interest rate	2.2%
Expected term in years	6.0

Restricted Stock Units (RSU) —On June 7, 2019, in connection with the reverse takeover discussed in Note 3, 729 RSUs were awarded in total to executive employees and independent board members, and 235 RSUs were awarded to other key employees under the Plan. The RSUs vest in 25% increments over a period of ten months. In the quarter ended March 31, 2020, 145 RSUs under the Plan were awarded to executive employees and independent board members vesting on December 31, 2020, and 68 RSUs under the Plan to other employees, vesting periodically in 2020. In the quarter ended June 30, 2020, 450 RSU's were awarded to an independent advisor of the Company, vesting in October 2021. The fair value for RSUs is based on the Company's share price on the date of the grant. The Company recorded $72 and $1,265 as compensation expense and 104 and 144 net shares vested during the three and six months ended June 30, 2020, respectively, in connection with these awards. At June 30, 2019 there were 585 restricted stock units outstanding and granted in the three months then ended.

15. INCOME TAXES

The provision for income tax expense for the three and six months ended June 30, 2020 was $25 and $50, respectively, representing an effective tax rate of (0.5)% and (0.6)%, respectively, compared to income tax expense of $503 in the three and six months ended June 30, 2019, representing an effective tax rate of (6.9)% and (4.1)%, respectively.

16. EARNINGS/(LOSS) PER SHARE

Net earnings/loss per share represents the net earnings/loss attributable to shareholders divided by the weighted average number of shares outstanding during the period on an as converted basis.

Periods Ended June 30,	Three Months		Six Months	
(in thousands except per share amounts)	2020	2019	2020	2019
Net earnings (loss) attributable to Indus Holdings, Inc.	$ (4,835)	$ (7,841)	$ (8,960)	$ (12,776)
Basic				
Weighted average subordinate voting shares[1]	33,307	32,194	33,025	32,190
Basic earnings (loss) per share attributable to Indus Holding Inc.	**$ (0.15)**	**$ (0.24)**	**$ (0.27)**	**$ (0.40)**
Diluted				
Weighted average subordinate voting shares[1]	33,307	32,194	33,025	32,190
Effects of Potential Dilutive Shares				
Options	-	-	-	-
Warrants	-	-	-	-
Restricted stock units	-	-	-	-
Diluted weighted average subordinate voting shares	33,307	32,194	33,025	32,189
Diluted earnings (loss) per share attributable to Indus Holding Inc.	**$ (0.15)**	**$ (0.24)**	**$ (0.27)**	**$ (0.40)**

(1) On an as converted basis.

As the Company is in a loss position for the three and six months ended June 30, 2020 and 2019, the inclusion of options and warrants in the calculation of diluted earnings per share would be anti-dilutive, and accordingly, were excluded from the diluted loss per share calculation. As of June 30, 2020, there were 88,668 options, warrants, and restricted stock units that could potentially be dilutive in the future.

17. COMMITMENTS AND CONTINGENCIES

Commitments

The Company's commitment with W Vapes to acquire assets in Nevada and Oregon was terminated on July 17, 2020. See Note 4.

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of June 30, 2020, cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of June 30, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates are an adverse party or have a material interest adverse to the Company's interest. The Company has been named in a civil action against it, filed following the termination by the Company of its agreement with a third party distribution technology services provider. The Company believes it has meritorious defenses and the action is without merit, and the resolution of this matter will not have a material adverse effect on the Company or its operating results.

18. GENERAL AND ADMINISTRATIVE EXPENSES

For the three and six months ended June 30, 2020, and 2019, general and administrative expenses were comprised of:

Periods Ended June 30,	**Three Months**		Six Months	
(in thousands)	**2020**	**2019**	**2020**	**2019**
Salaries and benefits	$ 980	$ 1,859	$ 1,976	$ 3,324
Professional fees	$ 251	253	$ 850	395
Share-based compensation	$ 213	379	$ 1,825	510
Administrative	$ 781	1,427	$ 1,365	1,988
Transaction and other special charges[(1)]	-	1,751	-	1,751
Total general and administrative expenses	$ 2,225	$ 5,669	$ 6,016	$ 7,968

(1) Includes $1,704 for listing expenses in connection with the reverse takeover.

19. RELATED-PARTY TRANSACTIONS

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Indus receives certain administrative, operational and consulting services through a Management Services Agreement with Edibles Management, LLC ("EM"). EM is a limited liability company owned by the cofounders of Indus and was formed to provide Indus with certain administrative functions comprising of: cultivation, distribution, and production operations support; general administration; corporate development; human resources; finance and accounting; marketing; sales; legal and compliance. The agreement provides for the dollar-for-dollar reimbursement of expenses incurred by EM in performance of its services. Amounts paid to EM for the three months ended June 30, 2020 and 2019 were $2,201 and $3,847, respectively, and for the six months ended June 30, 2020 and 2019 were $5,041 and $6,596, respectively.

In April 2015, Indus entered into a services agreement with Olympic Management Group ("OMG"), for advisory and technology support services, including the access and use of software licensed to OMG to perform certain data processing and enterprise resource planning (ERP) operational services. OMG is owned by one of the Company's co-founders. The agreement provides for the dollar-for-dollar reimbursement of expenses incurred by OMG in performance of its services. Amounts paid to OMG for the three months ended June 30, 2020 and 2019 were nil and $26, respectively. and for the six months ended June 30, 2020 and 2019 were $5 and $66, respectively.

20. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and other risks to which it is exposed and assess the impact and likelihood of those risks. These risks include: market, credit, liquidity, asset forfeiture, banking and interest rate risk.

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at June 30, 2020 and December 31, 2019 is the carrying amount of cash and cash equivalents and accounts receivable. All cash and cash equivalents are placed with U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as a significant portion of its sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 17, the Company has the following contractual obligations:

	Maturity: < 1 Year		Maturity: > 1 Year	
(in thousands)	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Accounts payable and Other accrued liabiliities	$ 10,934	$ 9,060	$ -	$ -

Market Risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's interest-bearing loans and borrowings are all at fixed interest rates; therefore, the Company is not exposed to interest rate risk on these financial liabilities. The Company considers interest rate risk to be immaterial.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. Cannabis is a developing market and likely subject to volatile and possibly declining prices year over year as a result of increased competition. Because adult-use cannabis is a newly commercialized and regulated industry in the State of California, historical price data is either not available or not predictive of future price levels. There may be downward pressure on the average price for cannabis. There can be no assurance that price volatility will be favorable to Indus or in line with expectations. Pricing will depend on general factors including, but not limited to, the number of licenses granted by the local and state governments, the supply such licensees are able to generate and consumer demand for cannabis. An adverse change in cannabis prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its valuation.

Asset forfeiture risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable.

21. SEGMENT INFORMATION

The Company's operations are comprised of a single reporting operating segment engaged in the production and sale of cannabis products in the United States. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent a single reporting segment.

22. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 3, 2020, the date the financial statements were available to be issued.

Terminated Acquisition

On May 14, 2019, the Company entered into a definitive agreement to acquire the assets of W The Brand ("W Vapes"), a manufacturer and distributor in Nevada and Oregon of cannabis concentrates, cartridges and disposable pens, in a cash and stock transaction. Under the terms of the agreement, the purchase consideration to W Vapes shareholders consisted of $10 million in cash and $10 million in shares of Indus Holdings, Inc. common equity (based on a deemed value of CDN$15.65 per share). In November 2019, the definitive agreement was amended whereby the Company advanced $2 million in non-recourse funds to the seller in exchange for release of $10 million of cash held in escrow related to the acquisition and in December 2019, the Company purchased the Las Vegas, Nevada facility for $4.1 million.

On July 17, 2020, the Company announced the termination of the definitive agreement with W Vapes, and is no longer obligated to acquire the assets of W Vapes. The termination of the agreement coincided with an asset acquisition announcement between W Vapes and Planet 13 Holdings Inc. ("Planet 13"). Additionally, the Company sold the Las Vegas facility to certain affiliates of Plant 13 for a cash payment of approximately $500, and an additional cash payment of approximately $2.8 million upon regulatory approval of the W Vapes and Planet 13 transaction. As a result, the Company has reflected a $3.5 million loss in its consolidated financial statements for the quarter ended June 30, 2020.