

ASX RELEASE (23rd March 2018)

AGM CHAIRMAN'S ADDRESS delivered by Mr Steven Xu, Interim Chairman

Ladies and gentlemen, welcome to the inaugural Annual General Meeting of The Hydroponics Company Limited, which together with its subsidiaries, I will refer to as THC throughout my address and the meeting generally.

I would like to especially welcome our two new directors who were elected with overwhelming support at the EGM held on 15 March 2018 – Mr Louis Cattelan and Mr Gary Radcliff, both Independent non-executive directors.

THC's constitution requires that they submit themselves for re-election at this AGM.

Lou and Gary demonstrated much insight in accepting the offer to join our board and submit themselves for election at last week's general meeting. They see the enormous potential THC has, both for the benefit of shareholders, but more importantly the good THC can do to the 100's of thousands of people currently accessing cannabis to treat a large number of medical conditions.

It is less than 18 months since the provision of medical cannabis was legalised via changes to Australian legislation. Since listing in 2017, THC has moved forward to bring world's best product to Australia, while simultaneously establishing local capability to build local supply and export potential.

We believe that THC is at the beginning of a journey that will ultimately provide access to high quality legal medical cannabis, under the guidance of a qualified medical practitioner, and enable many people to lead better lives with relief from pain and suffering.

Our success will be judged not only on successful corporate actions and great deals, but also on the benefits and developments THC will bring. A strong share price, satisfied shareholders and healthy dividends will naturally follow.

The development, production and supply of medical cannabis presents tremendous opportunities for growth for THC. Having assessed many medical cannabis companies worldwide for investment potential, I identified THC as providing a measured investment opportunity through its existing revenue prospects and clear direction.

My fellow director, Alan Beasley, has researched the benefits of alternative medical treatments including medical cannabis for over a decade. This is a personal journey for him.

We believe medical cannabis will be a game changer for palliative care patients, sufferers of Parkinson's Disease, Tourette's Syndrome, Epilepsy, appetite loss and nausea for cancer patients and many other ailments that current medicines do not presently relieve or otherwise have side effects which may not be present in medical cannabis and can be used alongside current treatments.

These last few weeks have provided an air of uncertainty to shareholders and our other stake holders. It is not my intention to comment on the underlying matters at this meeting.

Your directors acknowledge the work undertaken by their predecessors and we look forward to THC's journey – learning from the past and growing to the future.

A copy of the Company's current corporate presentation will be available at the conclusion of the meeting at the registration desk. It has been released to the ASX together with this chairman's address prior to the start of this meeting.

Our register has grown by over 700% since listing in May 2017. THC currently has close to 5,500 shareholders, up from 750 at listing.

I will now move on to some operational aspects of THC.

Through our acquisition of Canndeo we inherited over 17 years' experience in the breeding, variety selection and growth management of *Cannabis sativa*. This knowledge will be applied to the research, development and production of medical cannabis by THC.

We have been granted two of the three licences necessary. The licences are issued by the Office of Drug Control and we look forward the grant of the third licence.

Our facility in Queensland is ready to commence cultivation of our pilot crop of medical cannabis, which will start immediately upon receipt of the appropriate government approvals and of course we will immediately inform the market when it is granted.

The site has been developed to meet increasing demand for high quality medical cannabis products for both local and export markets.

Stage 1 of the development includes greenhouses for indoor cultivation and growth of medical cannabis, a drying and shredding facility for the initial processing of the dried plants, and an extraction laboratory for the processing of crude extract from the shredded plants.

The site will also provide an onsite laboratory for development of new strains, as well as testing and quality control of harvested products. The current site, when fully optimized, will be scalable to meet the demands of a growing market.

THC has reached out and secured agreements with two leading suppliers of medical cannabis – Endoca in Denmark and BOL Pharma in Israel, each with many years' experience and knowledge in the production of medical cannabis.

Import permits have been granted to allow the first import by THC of medical cannabis from our European partner Endoca.

Patients in Australia will have immediate access under the existing government Special Access Scheme or through an Approved Prescriber.

We expect the first products to arrive from Endoca shortly.

THC will continue investigation of National Access Clinics to the extent allowed by Australian regulation.

We will be working with Wesley Medical Research in their conduct of research in Tourette's Syndrome. We will provide medical cannabis from BOL Pharma for this purpose. The trial is to commence in the second quarter this year.

BOL Pharma will also supply THC medical cannabis for general patient access once their local regulations permit. Supply agreements are in place.

Further initiatives are under consideration; but progress is subject to obtaining regulatory approvals, both locally and internationally.

In summary:

- our research and growing facility is ready;
- permits have been received to allow import of medical cannabis;
- our first clinical trial will soon commence;
- product supply agreements are in place; and
- other initiatives are in the pipeline.

I will now move on to our Canadian operations and further business opportunities.

Recent media reports have identified Canada as having quite a large, thriving cannabis industry in terms of sophistication of players, supply chain, understanding the plants, the products, their delivery and marketing. THC is keen to grow its Canadian business and has commenced a process to identify businesses that offer a synergy to THC.

Through THC's acquisition of Crystal Mountain, our Canadian business, we have revenue from manufacturing, supply and distribution networks with strong prospects for growth.

We are working diligently to increase their product range, expand warehouse facilities and improve the online presence. We have recently expanded the sales force.

As advised to the ASX, THC continues to conduct due diligence and negotiate terms for the acquisition of an additional Canadian company in the same space.

This business is complimentary to the existing Crystal Mountain-Dragon Vision business and provides exposure to the rapidly growing Licenced Producers in the Eastern states of Canada.

Closer to home, THC has commenced a professional executive search for an additional director, with strong governance and industry knowledge to join the board in the capacity of independent chairman.

The successful candidate will have the skills and experience to guide the board in its deliberations and steer the company on its journey ahead.

An executive search for a CEO is also underway.

The board has the support of the retiring Chief Executive Officer and Chief Commercial Officer and are confident that it is business as usual from an operational perspective.

Our ongoing focus will be on achieving the objectives of the Company and recognising the contribution of the THC team.

Our success, their success, is your success.

The future for THC is positive. We are working in a nascent disruptive industry, that will develop and grow exponentially.

I am proud to be associated with this Company.

On behalf of your board I thank you for your attendance today and your continued support of THC – The Hydroponics Company.

Steven Xu
Interim Chairman

For further information, please contact:



Jarrod White
Company Secretary

The Hydroponics Company Limited

Suite 305, Level 3, 35 Lime Street
Sydney NSW 2000

P: +61 2 8296 0000
E: jarrod.white@thcl.com.au



Michael Lovesey
Director Corporate Media Relations
MMR Corporate Services Pty Ltd

Level 2, 131 Macquarie Street
Sydney, NSW 2000 Australia

P: +61 2 9251 7177
M: +61 449 607 636
E: michael@mmrcorporate.com

About The Hydroponics Company www.thcl.com.au

THC is at the forefront of developing a leading, diversified worldwide cannabis business, focusing on two core business units: Development and delivery of medicinal cannabis, and manufacturing and distribution of hydroponics equipment, materials and nutrients.