

ASX RELEASE (25 JULY 2018)

THC Company Presentation – July 2018

The Hydroponics Company Limited (THC or the Company), Australia's leading Medicinal Cannabis company¹ provides the enclosed Company Presentation updated to July 2018 in accordance with ASX Listing Rule 3.1.

The enclosed presentation consolidates the Company's recent achievements, and market and industry profile, and will be presented by the Company to various stakeholders including potential alliance and commercial partners, regulators and in investor briefings.

For further information, please contact:



the**Hydroponics**company

Henry Kinstlinger
Joint Company Secretary

The Hydroponics Company Limited

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

P: +61 2 9251 7177

E: henry.kinstlinger@thcl.com.au



MMR Corporate Services Pty Ltd

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: michaell@mmrcorporate.com

The Hydroponics Company Limited (ASX: THC)

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.

¹ Assessment based on key peers (CAN, AC8) comparison matrix





the **Hydroponics** company

Australia's Leading Medicinal Cannabis
Company

Investor Presentation

July 2018



DISCLAIMER

The material in this presentation (material) is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase any security in The Hydroponics Company Limited (THC) nor does it form the basis of any contract or commitment. In the event that an offer, invitation or recommendation to subscribe for, or purchase any security in THC is made in the future, a Prospectus will be made available in relation to the same. If and when the Prospectus becomes available it may be downloaded from the THC's website at www.thcl.com.au. At that time any person wishing to make an investment in THC must consider the Prospectus in deciding whether to acquire the security and must complete the application form that will be in or will accompany the Prospectus. THC makes no representation or warranty, express or implied, as to the accuracy, reliability or completeness of this material. THC, its directors, employees, agents and consultants shall have no liability, including liability to any person by reason of negligence or negligent misstatement, for any statements, opinions, information or matters, express or implied, arising out of, contained in or derived from, or for any omissions from this material except liability under statute that cannot be excluded. Statements contained in this material, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of THC, industry growth or other trend projections are, or may be, forward looking statements.

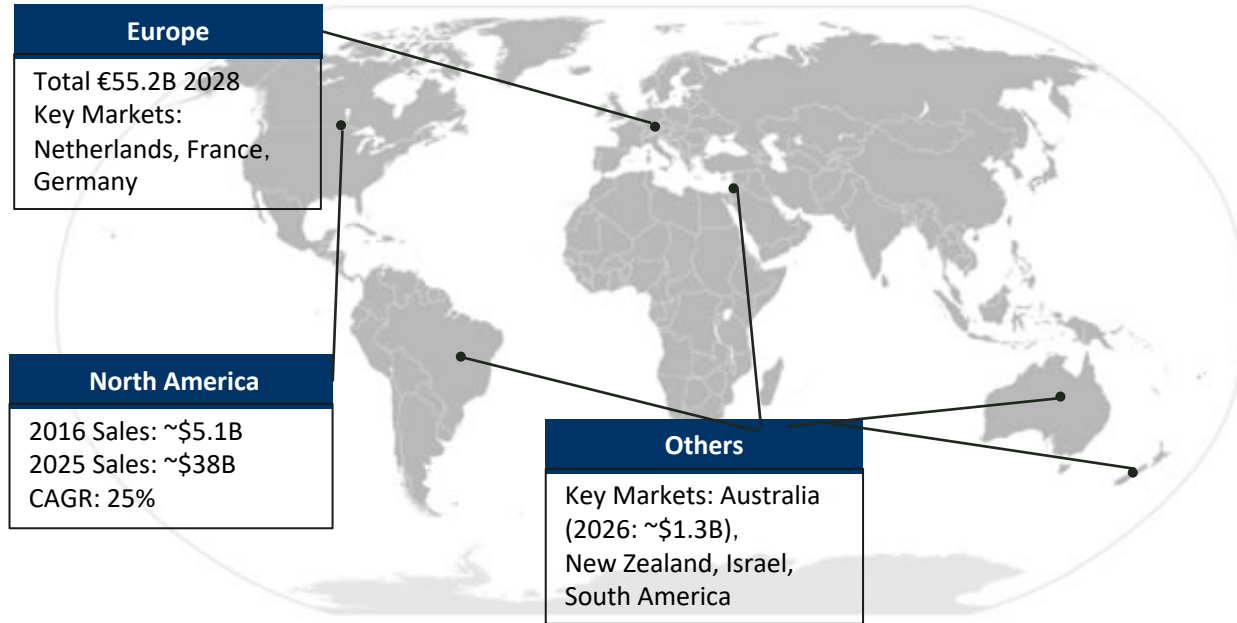
Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause THC's actual performance and future events and actions to differ materially from such forward-looking statements, include, but are not limited to, continuing volatility in the capital or credit markets and other changes in the securities and capital markets, changes in market prices of THC's investments, the occurrence of one or more catastrophic events, such as an earthquake, hurricane, or act of terrorism, changes in laws or regulations, changes in income tax laws, and changes in general economic and market factors that affect the prices of securities or the industries in which it does business.

This presentation includes certain statements, estimates and projections that rely upon various assumptions. Those assumptions may or may not prove to be correct. The Presentation does not purport to contain all the information that a prospective investor may require. The information may not be appropriate for all persons, and it is not possible for The Hydroponics Company Limited to have any regard to the investment objectives, financial situation and particular needs of each recipient who reads or uses this information.



GLOBAL GROWTH COMPOUNDING 35% PER ANNUM

The global cannabis industry is still in its infancy. In 2017, the global medical cannabis market size was valued at US\$11.4B and is projected to continue to grow to ~US\$55.8B with CAGR ~19%.



Source: WHO, CDC & FDA, National Institutes of Health, Grand View Research, etc.



SURGING GLOBAL CANNABIS GROWTH

North American Cannabis market
estimated

US\$20B by 2021

Canada

Medicinal **cannabis** legalised

Recreational cannabis to be legalised in 2018

Current and real growth opportunities

Alliance agreement with Ascent

United States

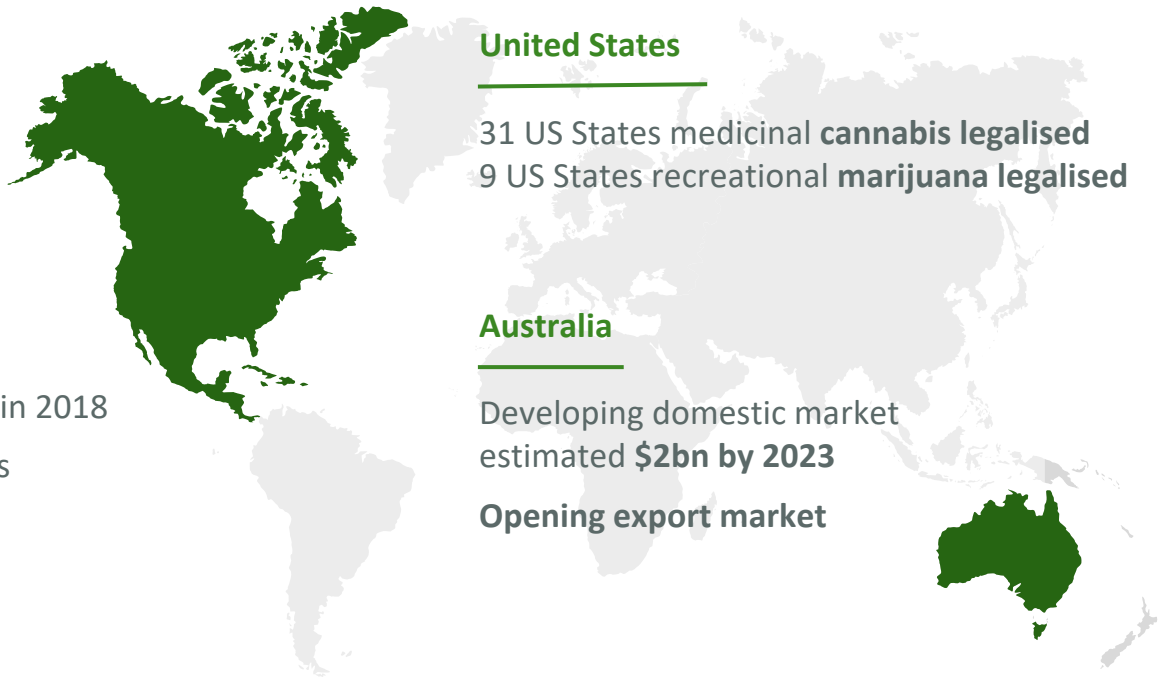
31 US States medicinal **cannabis** legalised

9 US States recreational **marijuana** legalised

Australia

Developing domestic market
estimated **\$2bn by 2023**

Opening export market





SIGNIFICANT INVESTMENT RETURNS IN CANNABIS SECTOR

Market cap valuations since medicinal cannabis legalisation*:

Company	Stock Exchange/Code	Listed Year	Market Cap (\$A)
AusCann Group Holdings	ASX:AC8	2016	\$308 M
Cann Group	ASX:CAN	2017	\$422 M
Canopy Growth	TSX:WEED	2016	\$7.19 B
Aurora Cannabis	TSX:ACB	2014	\$4.32 B
The Hydroponics Company	ASX:THC	2017	\$72 M

*Market caps at 20 July 2018



CORPORATE STRUCTURE

The Hydroponics Company Limited

ASX: THC

Share Price – THC	Shares on Issue	Free trading shares	Market Cap	Cash Approx	Top 20	Number of shareholders
\$0.60	124.1 million	85.9 million	\$72 million	\$8.5 million	36.5%	6,130 (IPO: 750)

KEN CHARTERIS – APPOINTED CEO JULY 2018

Experienced chairman, CEO and general manager across biotech and pharmaceutical industries.
Former chairman of ASX listed companies, veteran of multiple international M&A, financing, manufacturing start-ups and pharmaceutical operations.



BUSINESS FORMULA

THC has business units that address **high growth** sectors of the international Cannabis market

- Medicinal cannabis for Australian/international market
- Home grow and micro-LP in North America

Monetised model

Growth strategy

- IP acquisition and development for internal value building
- Partner leverage for skills access and market access

Investment strategy

- Product to market investment
- IP value enhancement





HIGH GROWTH SECTORS OF THE INTERNATIONAL CANNABIS MARKET



INTERNATIONAL/AUSTRALIA

Building pharma-grade export & domestic supply

- *Securing proprietary and acquired strain IP*
- *Proprietary and toll manufacture*
- *In-house product development*
- *Imported product for immediate market development in Australia*
- *Existing markets for in Israel and Europe accessible via alliance partners*



NORTH AMERICA

Building the emergent Micro-LP and Home-Grow market

- *New technology acquisitions*
- *New product introductions / agency*
- *New distribution deals to Canada / USA*
- *Manufacturing and distribution of hydroponics equipment, materials and nutrients*





THC Pharma

**MEDICINAL
CANNABIS**



Canndeo

**Full vertical: strains, growing, manufacturing,
human trials, sales**

Product alliances for Australian market

**Export via established alliances to Israel,
Canada and Europe via extensive lucrative
off-take agreements**

From zero to leading Australia in 18 months

HYDROPONICS



Hydroponics supplies to North America

**Solid business with continuous revenue and
profit over 5 years**

**Expanding base across USA and Europe
including new product deals**

**Capturing explosive North American home-
grow and micro-LP market**

MEDICINAL CANNABIS OPERATIONS

Cannabis Strains

proprietary strains +
partner strains

Cannabis Growing

6ha organic site NSW +
research/clone site Queensland

Cannabis Manufacturing

facility operational Q1 2019,
THC, partner and toll manufacture

Medicine Trials

Tourette's engaged, further trials in
next two quarters

Medicinal Cannabis Sales

product launched into Australia,
buying partners in Europe and Canada





WORLD CLASS GROW & PRODUCTION FACILITIES

Accelerating path to Australian and global markets

Clear import strategy for accelerated medicinal cannabis access in Australian market

+18 years of *Cannabis sativa* breeding, variety selection and growth management

Proprietary high-CBD cannabis strains



Share IP and strains with overseas partners

Target multiple markets with high quality cannabidiol (CBD) derivative products

Two of three required licences under Government **licensing program**



FULLY INTEGRATED FARM TO PHARMA



THC PHARMA leads the development of an accelerated path to market encompassing local and imported products, with capacity to service THC product and product from other growers



INTERNATIONAL PARTNERS – EUROPE & ISRAEL

BOL Pharma
Breath Of Life



AUSTRALIA



ENDOCA

Strategic Alliance with BOL Pharma - ISRAEL

One of Israel's **leading suppliers** of medicinal cannabis solutions

Pioneering creation of medicinal cannabis industry in Israel since 2007

Partnership to **develop Australian market** through THC

Supplying products for **Clinical Trials**

Distribution Agreement with Endoca - EUROPE

A recognised leader in the supply of **high quality CBD products** worldwide

European **pioneers** in extraction and purification, sales exceeding 50 million Euro per annum

Focus on distributing **world's best medicinal cannabis products** in Australia

CBD oil, CBD capsules and a unique CBD+CBDA oil



INTERNATIONAL PARTNERS - CANADA



AUSTRALIA



Strategic Partnership with Ascent Industries Corp – CANADA



A leading **licensed producer in Canada** – recently selected by medicinal cannabis giant Aurora to supply unique cannabis strains developed by Ascent



Exchange of cannabis strains to expand THC's plant catalogue



Offtake agreement in negotiation for THC to supply **pharmaceutical grade CBD** product to Ascent



Collaboration agreement to be formally signed for joint development of **CBD and THC medicines**



Information exchange on medicinal cannabis markets in Australia, Canada & internationally (including cannabis extracts and their medicinal applications)



THC MEDICINAL CANNABIS AUSTRALIA & INTERNATIONAL

REVENUE INDICATORS – PATIENT DRIVERS GLOBALLY

-  ISRAEL 35,000 PATIENTS
-  CANADA 300,000 PATIENTS
-  EUROPE (GERMANY) 30,000+ PATIENTS
-  AUSTRALIA ESTIMATED 200,000 PATIENTS MARKET FULLY DEVELOPED

PARTNERS, RESEARCH, DISTRIBUTION & PRODUCTS IN PLACE FOR AUSTRALIA



Q-Pharm



sinapse



Health Product Supply Services



WESLEY
MEDICAL
RESEARCH



AUSTRALIAN MARKET STATISTICS

STRONG ALLIANCES WITH ESTABLISHED PROVEN INDUSTRY PARTNERS
PROVIDE ACCESS TO REAL CURRENT DAY MEDICAL SOLUTIONS

Clinical Condition	Market Size	Endoca B.V.	BOL Pharma
Autism	+230,000 (Source: Social Care Australia)		
Dementia	+400,000 (Source: Dementia Australia)		
Epilepsy	+250,000 (Source: Epilepsy Foundation)		
Parkinson's	~70,000 (Source: Parkinson's Australia)		
Tourette's Syndrome	~45,000 (Source: ABC News Article)		



NEWLY ACQUIRED PRODUCTION FACILITY - QUEENSLAND WITH STATE OF THE ART RESEARCH FACILITIES



- ✚ Largest pharmaceutical biomanufacturing facility in Southern Hemisphere, cannabis ready
- ✚ \$16.68 million combined asset value in Balance Sheet. Replacement value +\$30 million
- ✚ Export GMP pharmaceutical product targeted Q2 2019
- ✚ Research grade GMP pharmaceutical cannabis for Australia Q1 2019





GROWING CAPACITY SECURED TO SUPPORT AUSTRALIA AND GLOBAL MARKETS



- * NSW 60,000sqm site, licence ready
- * Growing capacity → 600,000 plants per year
- * QLD research licenced
- * Growing capacity for 850,000 clones and up to 20,000sqm for partners → 200,000 plants per year





MEDICINAL CANNABIS INDICATIVE TIMELINE*



2018 Q1/2

First imports from Endoca to Australia arrive

Binding Term Sheet with Meluka Health

Pharma factory and key staff acquired



2018 Q3/4

BOL Pharma observational trial commencement

Proprietary strain cannabis crop production

Production commencement at pharma plant

Export production vertical secured



2019 Q1/2

Medicinal Cannabis manufacturing

Local Market development

Medical Trial development

Export market development

*Performance and dates are subject to change and are indicative only.

HYDROPONICS

Expansion of North American market and international opportunities for revenue growth

EUROPEAN AND NORTH AMERICAN ALLIANCES

European distribution agreement executed

Canadian distribution agreement – expansion into BC

ACQUISITIONS

Due Diligence on proposed quality US acquisition progressing



Proprietary trademarked product range include:

- Lighting and power supplies
- Lighting relays and Climate control
- Ventilation and Trimming
- Extraction bags
- Plant rotation systems
- Eyewear
- Nutrients and accessories



DRAGON VISION MANUFACTURING

100% owned by THC

Wholesale network in Canada

Strong sourcing and quality control team in China

Fast paced and innovative R&D Division with increased resources offering considerable growth potential



INVESTOR SUMMARY

THC in the lead for large-scale manufacturing in Australia –
local and export markets (projected Q1 2019)

THC medicinal cannabis partners: all revenue positive, solid IP portfolios,
market access to 3 continents

Clear investment and management strategy to become a global-scale vendor
of medicinal cannabis

Acquisitions & expansion to move Canada hydroponics into global sales
business via USA and Europe

Management team with experience to scale to
\$1b+ market cap



THANK YOU

The Hydroponics Company Limited

www.thcl.com.au

www.crystalmountainproducts.com

Ken Charteris – Chief Executive Officer

Level 2, 131 Macquarie St, Sydney 2000


+61-2 9251 7177

Michael Lovesey – MMR Corporate

Level 2, 131 Macquarie St, Sydney 2000

+61-2 9251 7177

+61-449 607 636

A large, stylized graphic of green leaves is positioned on the left side of the slide. The leaves are rendered in various shades of green and are arranged in a circular, fan-like pattern, pointing towards the center of the slide.