

ASX RELEASE (11 July 2018)

THC Appoints CEO and Strong, Experienced Medicinal Cannabis Leadership Team

Key Points

- **Ken Charteris, experienced biotech and pharmaceuticals executive, appointed Group CEO**
- **Medicinal Cannabis Leadership Team formed – led by Dr Andrew Beehag**
- **Dr Beehag supported by experienced cannabis and pharmaceuticals team covering the entire process from strain development, to manufacturing oversight, and product affairs**

The Hydroponics Company Limited (THC or the Company), Australia's leading Medicinal Cannabis company¹, after an extensive executive search, has appointed Ken Charteris as Group Chief Executive Officer (**Group CEO**), effective 11 July 2018.

THC has also made some key strategic appointments to its global Medicinal Cannabis business, including Dr Andrew Beehag and Brett Svedinek who join recently appointed Dr Michael Harrison and Katy Williams Day.

As Group CEO, Ken Charteris will lead THC's global corporate strategy, focussing on the build-out of the Company's medicinal cannabis business which has attracted global commercial partners and secured significant growing capacity combined with an industry-leading pharmaceuticals manufacturing facility, as well as THC's global hydroponics business.

Ken is a veteran of multiple biotech and pharmaceutical companies over the past three decades as CEO, Managing Director and Chairman. Having been involved in various senior levels within THC since prior to listing on the ASX, Ken has been instrumental in the execution of the Company's strategic plan, including the acquisition of THC's manufacturing facility and the securing of commercial partnerships with Ascent Industries (North America) and Endoca (Europe).

Medicinal Cannabis Leadership Team

- **Dr Andrew Beehag – Lead, Medicinal Cannabis Division**
- **Katy Williams Day – Product & Regulatory Affairs Manager**
- **John Hall – Expert in Cannabis Strain Development and Agronomy**
- **Dr Michael Harrison – API Manager, Southport Manufacturing Facility**
- **Brett Svedinek, Julie Trask and Pavel Lukl – Management, Southport Manufacturing Facility**

Dr Andrew Beehag has been appointed to lead the medicinal cannabis division within THC. Andrew led the establishment of this business at its inception in 2016 including its successful licensing and partnership alliancing with Endoca and BOL Pharma and will continue to build THC's successful investment and partnership strategy gearing up THC to supply to domestic patients and the export market in the near to medium term.

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



Katy Williams Day, THC's Product and Regulatory Affairs Manager is overseeing the roll-out of THC's imported product to pharmacies, as well as regulatory requirements for future THC-manufactured medicines. Under Andrew and Katy's leadership, THC imported product is expected to become available to Australian patients through the Special Access Schemes and Authorised Prescribers in the coming weeks.

John Hall, a highly respected cannabis cultivator, with over 18 years' experience with cannabis, leads the cannabis strains development and agronomy at THC's licenced Bundaberg cultivation and R&D facility.

Dr Michael Harrison, the API Manager at THC's Southport Manufacturing facility will provide leadership in the development of manufacturing protocols for THC's and as well as exploring toll manufacturing capabilities for other Australian medicinal cannabis companies to utilise excess capacity at THC's Southport Manufacturing facility.

Brett Svedinek will support Dr Harrison as Laboratory Supervisor. He has more than ten years' experience in GMP and Quality Assurance requirements within pharmaceutical manufacturing. Julie Trask and Pavel Lukl have also joined the THC Pharma team as Site Administrator and Operations Technician respectively.

Together, the team provide the required core expertise to gear up commercial production of medicinal cannabis with full TGA and GMP compliance. They will also manage the site's extensive capability in research and development of new cannabis medicines.

Global Hydroponics Business

Jay Colquhoun, the divisional head of the Company's North American Hydroponics Division is an expert in hydroponics equipment design, manufacture, wholesale and retail operations. Jay will continue to grow revenues in THC's successful Crystal Mountain Products business. Ken and Jay will be looking over the near to medium term to take advantage of the expansion of the Canadian hydroponics market due to recent changes to legislation which will see the proliferation of home growers and micro-Licensed Producers. THC is also considering acquisitive growth for its hydroponics division, with a proposed acquisition of a US West Coast hydroponics division under review by Jay and Ken.

Group CEO Remuneration

Ken Charteris will be paid \$280,000 per annum plus statutory superannuation. THC will issue Ken with 500,000 Fully Paid Ordinary Shares in THC under the Company's existing Listing Rule 7.1 capacity, as well as Performance Options linked to share price targets as follows:

1,500,000 Performance Options expiring 11 July 2021 exercisable at \$0.75 per share – vesting upon THC achieving a two-week Volume Weighted Average Price of \$0.75 per share on or before 11 July 2020.

2,500,000 Performance Options expiring 11 July 2021 exercisable at \$1.20 per share – vesting upon THC achieving a two-week Volume Weighted Average Price of \$1.20 per share on or before 11 July 2020.

(together, the **Performance Options**)

The issue of the Performance Options will be subject to shareholder approval at the next meeting of the Company.

Other terms of Ken's engagement are on terms consistent with engagements of this type.

Chairman, Steven Xu commented:

"The Company conducted an extensive search for a Chief Executive Officer to manage the business and execute the Company's strategy. The Board offered the position to Ken, as he has been involved with the Company since inception and the board believes he is the best person to lead the Company forward.

"Ken has assembled an impressive, experienced team to drive the Company's medicinal cannabis vision forward to ensure success to the benefit of all stakeholders including patients, investors and the medical profession.

"Through the Company's long-term vision, encompassing both local and international manufacturing and distribution, coupled with strong commercial alliances, we believe will assure the Company's success as a leader in the global medicinal cannabis industry."

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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.