

ASX RELEASE (17 OCTOBER 2018)

## Performance Shares – Claims received from holders

**The Hydroponics Company Limited (THC or the Company)** (ASX: THC) advises that it has received letters from solicitors for Agri Fibre Industries Pty Ltd (**AFI**) and Pegasus Agriculture Pty Ltd (**Pegasus**) (together, the **Claimants**), each of which makes a number of assertions and allegations, and further seeks the immediate conversion of a number of Performance Shares issued by the Company at the time of the Company's IPO in May 2017 into Fully Paid Ordinary Shares (**Shares**).

With respect to Performance Shares, AFI and Pegasus are claiming the following:

**AFI** 2,000,000 Class A Performance Shares & 12,000,000 Class B Performance Shares converting into Shares on a 1:1 basis

**Pegasus** 2,500,000 Class C Performance Shares & 6,000,000 Class D Performance Shares converting into Shares on a 1:1 basis

(together, the **Performance Shares**)

The terms of the Performance Shares are summarised in Section 9.6 of the Company's Prospectus dated 9 March 2017 as varied by the Supplementary Prospectus dated 13 April 2017.

Amongst other claims and assertions, the Claimants allege that the conditions and milestones required to be achieved for the Performance Shares to be converted into Shares have been met, and thus they have an entitlement to 14,000,000 Shares for AFI and 8,500,000 Shares for Pegasus.

The Company is of the preliminary view that the claims and assertions are without merit, and it will vigorously defend any action in the best interests of the Company and its shareholders.

The Company has briefed legal counsel with respect to the claims and will advise the market of further material developments.

Notwithstanding the claims and assertions, your Board remains focussed on implementing its business plan as advised to the market.

### For further information, please contact:

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