



the **Hydroponics** company

www.thcl.com.au

ASX RELEASE (25th April 2018)

THC ACQUIRES AUSTRALIAN BIOMANUFACTURING FACILITY - FREEHOLD LAND, BUILDING & OPERATIONAL ASSETS

Key Points:

- **International pharmaceutical company LEO Pharma changes global production plans; THC acquires production facilities**
- **One of the largest pharmaceutical botanicals extraction and refinement plants in Southern Hemisphere**
- **Acquisition of biomanufacturing capabilities allows for the large-scale capacity required for the Australian medicinal cannabis industry**
- **THC's manufacturing strategy to include participation by international partners for local production with a view to future exports**
- **Key personnel secured to operate the fully integrated high-tech facilities**
- **THC's acquisition follows Federal Government Health Minister The Hon. Greg Hunt's announcement in January, opening exports of medicinal cannabis products for Australian companies, which THC will be able to access upon relevant licence and export approvals**
- **'Game changing' manufacturing capabilities position THC as a leader in the Australian medicinal cannabis industry, expanding investment and employment opportunities**

The Hydroponics Company Limited ("THC" or "the **Company**") is pleased to advise that it has acquired the production facilities of international pharmaceutical company, LEO Pharma. The Company has separately acquired the freehold land and buildings housing the facilities.

LEO Pharma's spokesperson said "LEO Pharma's support to Australian patients with skin diseases remains the same. But as global production plans were changed, keeping the facilities in Southport did not match with our future strategy for manufacturing of products. We are therefore glad that THC will take over the facilities in Southport."

The facilities acquired by THC are one of the largest pharmaceutical botanicals extraction and refinement plants in the Southern Hemisphere. The acquisition will enable THC to become a globally significant manufacturer of medicinal cannabis products for the Australian domestic and future export markets.

The facility provides THC with a fully functioning biomanufacturing plant with extraction technology to fractionate and crystallise during the manufacturing process, and a high-quality purification system that will enable Australia to produce a broad range of high quality, pure cannabinoids as Active Pharmaceutical Ingredients (API).

Total consideration paid for the land and facility is \$2,550,000.

THC has secured the engagement of key personnel with expertise in operating the Queensland biomanufacturing operation. There are no changes to the board or senior management proposed as a result of the acquisition.

In January 2018, Federal Government Health Minister The Hon. Greg Hunt stated that the Turnbull Government would permit the export of Australian manufactured medicinal cannabis products, improving the viability of domestic producers while securing supply for Australian patients.



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“This decision will help both the domestic supply and Australian producers by strengthening the opportunities for domestic manufacturers,” Mr Hunt said in January when the changes were announced.

The export of medicinal cannabis will be subject to legislation being passed by the Federal Parliament and appropriate licences (yet to be determined) approved.

THC’s Chairman Steven Xu said “This is a game changing investment undertaken by THC providing it with large scale, state-of-the-art biomanufacturing capabilities required to lead Australia’s medicinal cannabis industry. The addition of this acquisition is a major component of our roll-out strategy that will generate substantial growth for the Company.”

Some of the Biomanufacturing Operational Assets Acquired by THC



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Notes

No assessment can be made at this time regarding the impact of the purchases on annual revenue, EBITDA or profit. The use of the operational assets for manufacture of medicinal cannabis is subject to statutory and regulatory approvals. The purchases are cash only and have minimal impact on the Company's consolidated total assets or consolidated total equity interests.

About LEO Pharma www.leo-pharma.com.au

Founded in 1908, LEO Pharma develops, manufactures and markets pharmaceutical drugs for dermatologic and thrombotic patients in more than 100 countries. The company is headquartered in Denmark and is wholly owned by the LEO Foundation.

About THC 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.