



the **Hydroponics** company

www.thcl.com.au

ASX RELEASE (9th May, 2017)

1st QTR REVENUE UP 22% AND US EXPANSION

Key Points:

- ❖ **CMDV achieves over 22% increase in year-on-year quarterly revenue to over \$1.11m and is on track to exceed forecast of over \$5m revenue for 2017**
- ❖ **Hydroponics Division commences US market scale up**
- ❖ **THC attended the 5th Annual Indoor Ag Conference in Las Vegas, US on 3-4th May**
- ❖ **Multiple opportunities to execute agreements and promote a range of new products and technologies to further increase sales in 2017**
- ❖ **Targeting US for growth in indoor farming equipment and product sales**

The Hydroponics Company Limited (ASX: THC) is pleased to announce that first quarter revenue in its wholly owned subsidiary **CMDV** (Crystal Mountain (Canada)/Dragon Vision (Hong Kong)) increased by more than 22% year-on-year to over \$1.11m.

The increase in revenue was attributed to an increase in the Company's new product range over the past 6 months. The Company has commenced its US market expansion and is poised for growth with increased distribution and with the introduction of additional new products later this year.

THC's Chief Executive Officer, Hamish MacDonald, said: "Starting the year with a solid revenue base of more than \$1.11m for the first quarter of 2017, is an excellent foundation for growth of THC's hydroponics division, which is now well on target to achieve its forecast of over \$5m revenue for 2017."

Jay Colquhoun, THC's Director of Manufacturing and Sales for the hydroponics division, said: "Being part of THC and being a public, diversified company will allow many opportunities that were not possible as a private business. Having the backing and support of THC will allow exponential growth for the hydroponics division and will allow a significant expansion of our customer base in 2017, including new markets in Europe and the United States."



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THC is expanding into new markets where there are compelling opportunities to develop the Company as a leading manufacturer and distributor of hydroponic equipment and products. The United States is an important market for the planned roll out of new and existing products and will offer high potential to significantly increase revenue.

The Company marked the beginning of its expansion in the United States with attendance at the 5th Annual Indoor Ag Conference in Las Vegas, US on 3-4th May. Jay Colquhoun added: "The Las Vegas Indoor Ag Conference was an excellent forum for THC to establish new business leads for our products, including lighting and electrical equipment, processing equipment and growing mediums."

The Indoor Ag Conference is a two-day event that was established in 2013, bringing together leaders in farming, supplier, technology and customer sectors with a focus on indoor agriculture for start-ups through to larger multinational companies.

The global event included more than 700 participants and provided multiple opportunities for THC to expand its distribution within the United States market. THC promoted its range of new products and technologies, and has increased its sales pipeline with a number of interested potential customers making enquiries.

Presently, THC's hydroponics division supplies more than 90% of retail stores in British Columbia, Canada. The Company is now targeting large scale distribution and branding of its products in the United States, in line with plans to become a leading global manufacturer and distributor of hydroponics equipment and products.



Figure 1: THC attends 5th Annual Indoor Ag Conference 2017 in Las Vegas



Figure 2: THC's hydroponics equipment includes more than 600 products, 9 trademarks and 2 patents

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About The Hydroponics Company

The Hydroponics Company (ASX:THC) is at the forefront of developing a leading, diversified worldwide cannabis business, focused on three core business units: Development and delivery of medicinal cannabis, manufacturing and distribution of hydroponics equipment, materials and nutrients, and large scale hydroponic greenhouse design and construction. With +17 years of Cannabis sativa breeding, variety selection and growth management, THC is actively developing plant breeding technology to target multiple markets for high purity cannabidiol (CBD), a new class of medicinal product that can be used to target dementia, epilepsy and other neurological disorders.

Forward-looking statements

This announcement contains forward looking statements which are statements that may be identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. Except as required by law, and only to the extent so required, the Company has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether expressed or implied by such forward looking statements. Forward-looking statements are based on assumptions and are not guarantees or predictions of future performance. The Issuer cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will occur. Investors are cautioned not to place any reliance on these forward-looking statements.

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