



**HEXO™**  
TSX: HEXO —→ CORP

## CORPORATE PRESENTATION

November 9, 2018

# → FORWARD-LOOKING STATEMENTS

Certain statements contained in this presentation, as well as any amendments or supplements and any other information that may be furnished by the Corporation, may include forward-looking information. To the extent any forward-looking information in this presentation constitutes “future-oriented financial information” or “financial outlooks” within the meaning of applicable Canadian securities laws, such information has been prepared by the Corporation to provide a reasonable estimate of potential revenue and profit margins and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Within the meaning of applicable securities laws, forward-looking information may relate to the future outlook and anticipated events or results of the Corporation and may include statements regarding the regulatory environment (including anticipated changes) that the Corporation operates in, and the financial position, business strategy, budgets, projected costs, capital expenditures, financial results, plans and objectives of or involving the Corporation. In particular, statements regarding future results, performance, achievements, prospects or opportunities for the Corporation or the cannabis industry are forward-looking statements. The Corporation has based these forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect the financial condition, results of operations, business strategy and financial needs of the Corporation.

Although the forward-looking statements contained in this presentation are based upon assumptions that management of the Corporation believes are reasonable based on information currently available to it, there can be no assurance that actual results will be consistent with these forward-looking statements.

By their nature, forward-looking statements are inherently uncertain, are subject to risk and are based on assumptions, many of which are

beyond the control of the Corporation and may cause their or the industry’s actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements.

The Corporation cannot assure you that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned that forward-looking statements are not guarantees of future performance and accordingly readers are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

All forward-looking statements included in this presentation are qualified by these cautionary statements. Unless otherwise indicated, these forward-looking statements are made as at October 24, 2018, and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as expressly required by law.

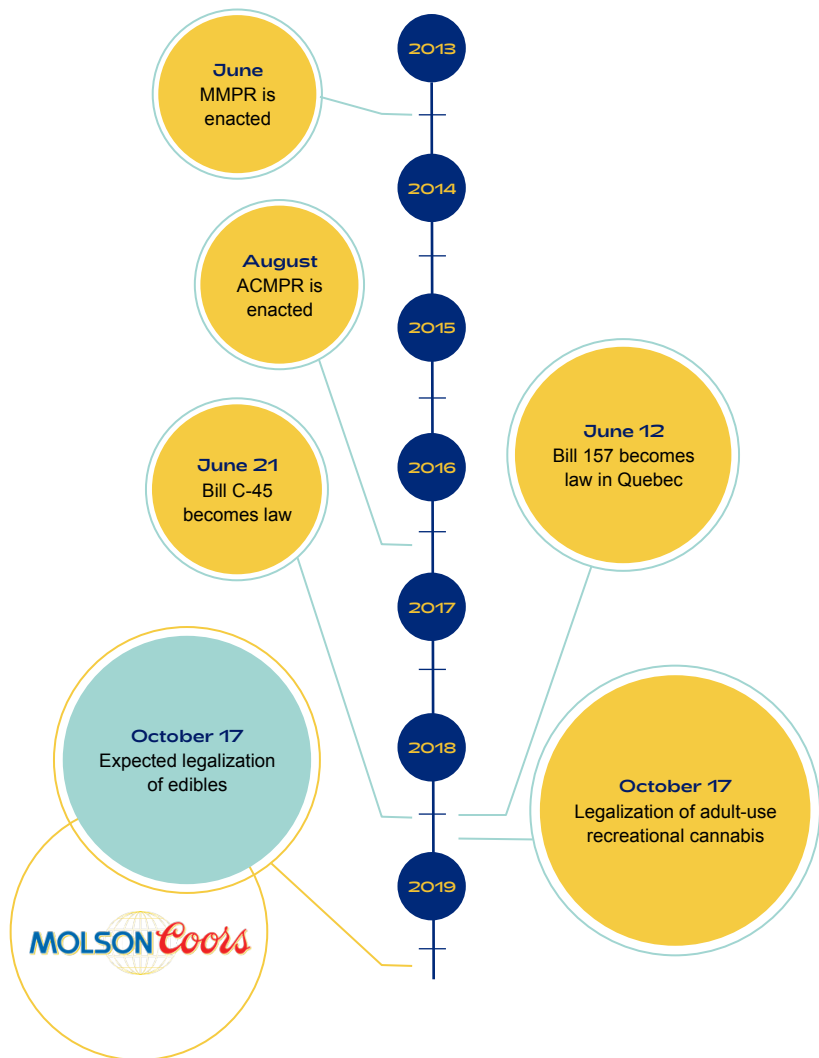
## Disclaimer

November 2, 2018 – The information contained in this presentation is provided for informational purposes only and does not constitute an offer to issue or arrange to issue, or the solicitation of an offer to issue, securities of the Corporation or other financial products. The information contained herein is not investment or financial product advice and is not intended to be used as the basis for making an investment decision.

In this presentation, all amounts are in Canadian dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of the Corporation or any other entity contained in this presentation are intended only to illustrate past performance of such entities and are not necessarily indicative of future results.

An investment in the Corporation’s securities is subject to a number of risks that should be considered by a prospective investor. Prospective investors should carefully consider the risk factors described under “Risk Factors” in the preliminary prospectus, final prospectus and any amendment before purchasing securities of the Corporation.

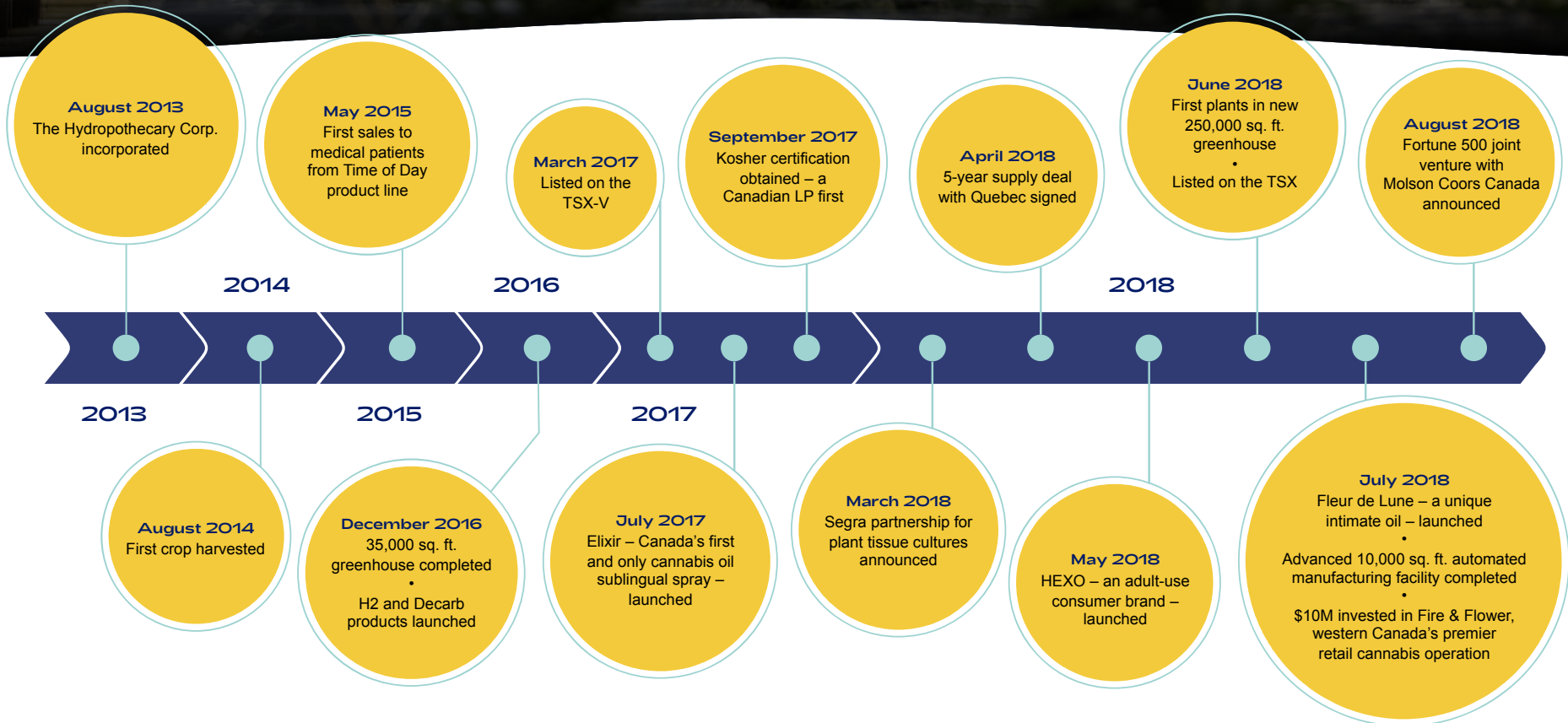
# OUR SPRINGBOARD TO BIGGER THINGS



## Retail breakdown




# ABOUT HEXO CORP






# → INVESTMENT HIGHLIGHTS




Market share leader  
in Quebec – 35% of sales  
for Year 1 of legalization




Innovative, diversified  
and expanding  
adult-use portfolio with  
13 dried flower and  
9 smokeless products




Revenue per gram  
= \$9.26 due to  
value-added products



Weighted average  
cash cost per gram  
of dried inventory  
sold = \$0.90



Well-capitalized  
to pursue growth  
ambitions, no debt



Experienced  
management team  
focused on execution,  
growth and sustainable  
shareholder value

# → STRATEGIC PRIORITIES

## Operational Scalability

Invest in people, processes and systems to deliver the highest-quality product at sustainable operating costs.



## Top 2 in Canada

Execute on the SQDC contract with excellence, and serve and expand across Canada from a strong regional base. Become one of the Top 2 licensed producers in Canada on our way to a 2% global market share.

## Brand Leadership

Further develop our house of brands using data-driven, in-depth knowledge of customers and their preferences. Ensure that we create products and brands that provide the full range of options that cater to consumer needs. Put our brand top of mind in the markets we serve.

## New Product Innovation

Excel at identifying, developing and launching new products.

# HUB AND SPOKE MODEL

## Build value for shareholders

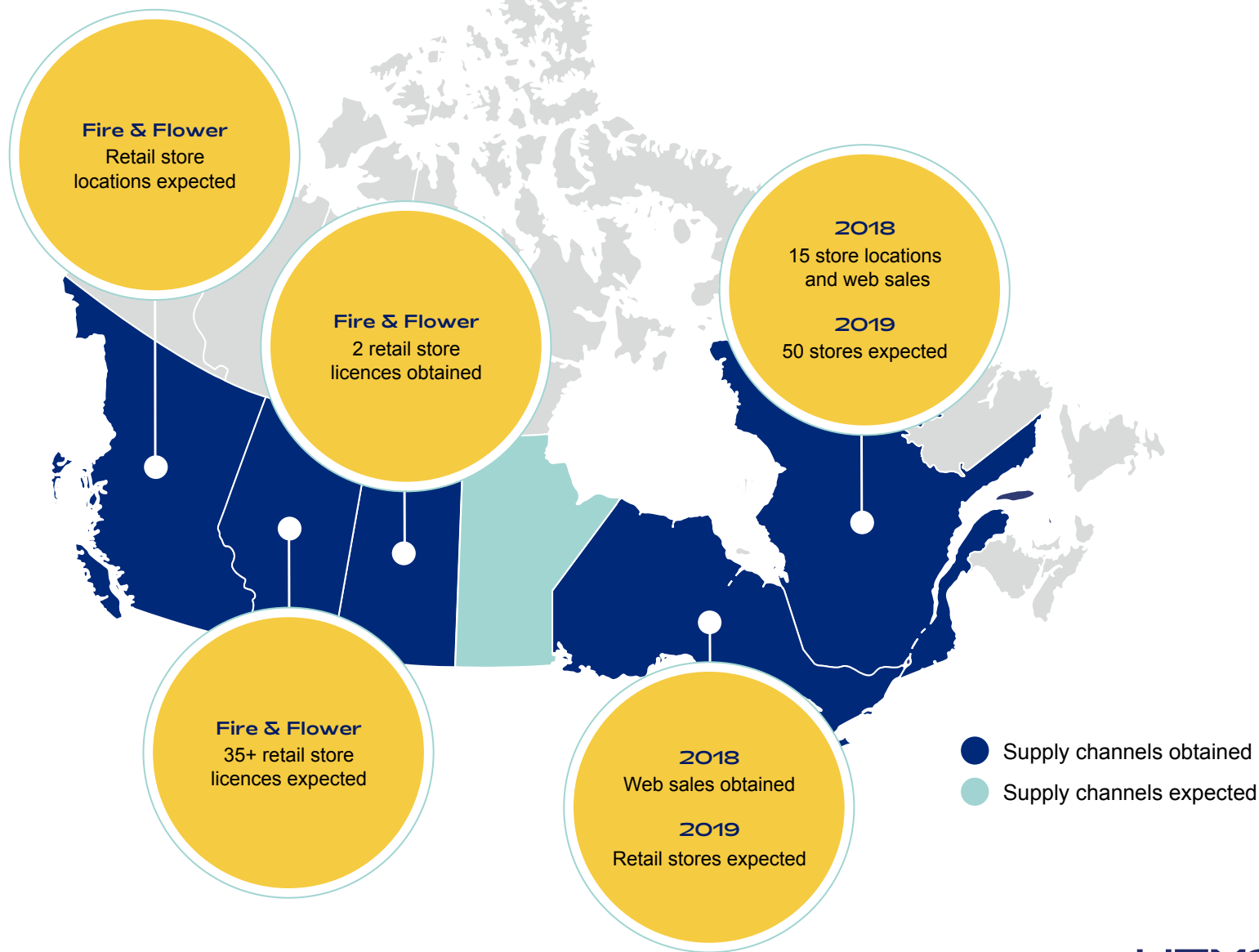
- Build a house of brands to include cosmetics, edibles, non-alcoholic beverages, vapes and more.
- Partner with Fortune 500 companies to establish consumer-centric joint ventures; leverage capacity to scale up distribution and occupy shelf space quickly.
- Create opportunities for future JVs or M&As leading to strategic exits and capital appreciation of shareholder return.

Groundbreaking joint venture with Molson Coors Canada paves the way for the leading non-alcoholic, cannabis-infused beverages for the Canadian adult-use market.

## Global distribution program



# CANADIAN MARKET OVERVIEW





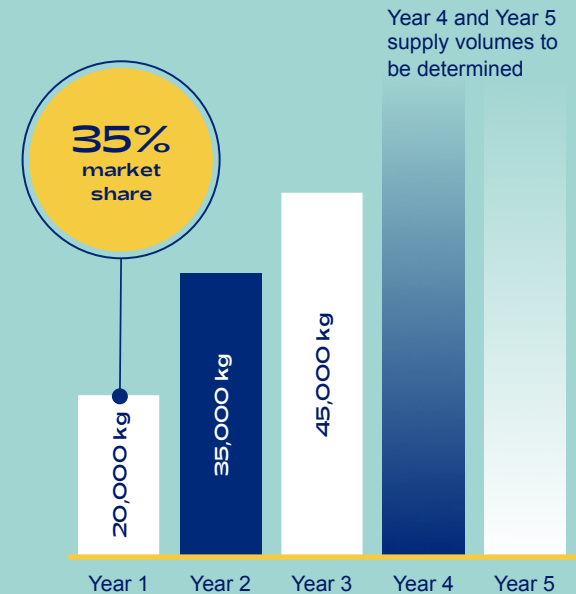
# → QUEBEC: A CLEAR PATH TO PROFITABILITY

## Landmark agreement

- SQDC\* supply contract announced on April 11, 2018
- \$1B in potential revenue for HEXO Corp over 5 years
- Option to extend agreement for an additional year
- Largest forward supply contract in the history of the cannabis industry

\* Société québécoise du cannabis ("SQDC") is the provincial Crown corporation responsible for the distribution and sale of adult-use cannabis in Quebec.

## Volume and market share %



# → RECOGNIZED PRODUCT INNOVATOR

## ELIXIR™

Canada's first and only line of cannabis  
peppermint oil sublingual sprays



## decarb™

The first licensed producer to offer an activated  
cannabis powder designed for oral consumption



# 24 MEDICAL PRODUCTS

DIVERSIFIED AND EXPANDING BRANDED LINES

## Sublingual Sprays

2 Products

\$69 to \$89/bottle

## Intimate Oil

1 Product

\$59/bottle

## Edible Powders

6 Products

\$3 to \$15/g

## Dried Flowers

11 Products

\$6 to \$10/g

## Premium Dried Flowers

4 Products

\$15/g



# → INNOVATING NOW TO BE READY FOR THE FUTURE

An unwavering commitment to product innovation to help shape (and thrive in) the adult-use market – in Canada and around the world.

## Today



Flower



Sublingual  
sprays

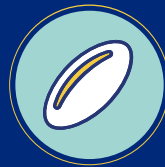


Intimate  
oil



Decarboxylated  
powders

## What's to come



Soft gel  
capsules



Vapes



Topicals



Edibles



Beverages

# → GAME-CHANGING FORTUNE 500 PARTNERSHIP



**We look forward to partnering with HEXO, a recognized leader in the medical cannabis space in Canada that will bring robust production capacity, a track record of innovation, and, most importantly, shared values when it comes to doing business the right way and earning the trust of consumers.**

**–Frederic Landtmeters**

President and CEO  
Molson Coors Canada

- The exclusive platform through which both HEXO Corp and Molson Coors Canada enter the cannabis beverage market.
- Truss – a consumer-centric joint venture to develop a full line of non-alcoholic, cannabis-infused beverages for the upcoming Canadian edibles market beginning in October 2019.
- Ownership structure is 57.5% Molson Coors Canada, 42.5% HEXO Corp
- Molson Coors Canada is a recognized industry leader in product distribution, branding and deep customer understanding. Together we have the expertise, values and capabilities to build a market-leading offering in the cannabis industry.
- Molson Coors Canada selected HEXO Corp following a competitive process, based on product innovation, consistent strategic execution and shared values.



# → FOCUSED DISTRIBUTION STRATEGY

## 2018

Deliver to Quebec with positioning through strategic product offerings, including Elixir, and to 90% of markets across Canada

## 2019

Roll out new cannabis beverage products nationally via Truss, our joint venture with Molson Coors Canada

Full product rollout across Canada

International expansion into Latin America and Europe

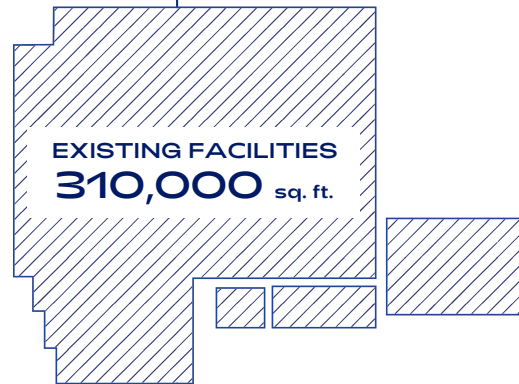
## 2020

Enter the U.S. market, subject to expected approvals and regulatory change

# OPERATIONAL SCALABILITY POWERING OUR GROWTH

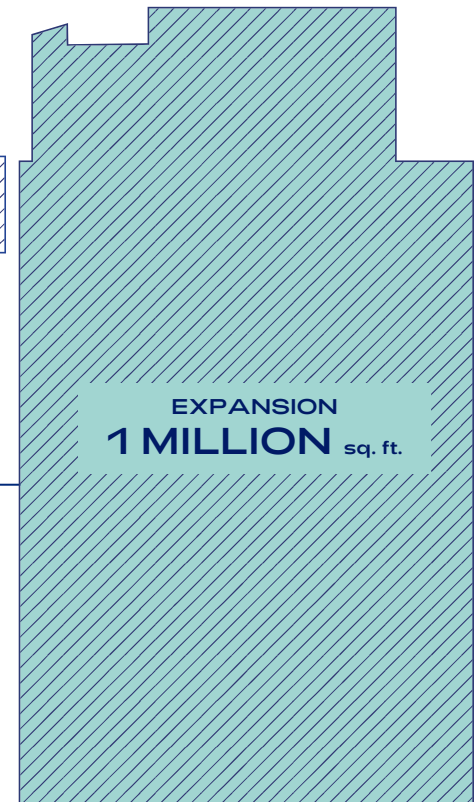
## Existing footprint

- Annual production capacity 25,000 kg/year
- 10,000 sq. ft. of advanced automated manufacturing facility for dewaxing, distillation, milling and extraction
- Ready for Year 1 of cannabis legalization



## Expansion

- Preparing for upcoming edible and beverage markets
- Construction underway
- Annual production capacity will increase to 108,000 kg/year
- Anticipated completion date December 2018



# → EXISTING GATINEAU FACILITY



Photo taken November 1, 2018



# EXISTING ONTARIO FACILITY

- Centre of excellence for joint ventures
- Licensed infrastructure for joint-venture partners
- Capacity for manufacturing advanced cannabis products (cosmetics, vapes, non-alcoholic beverages, edibles, etc.)
- First footprint outside of Quebec
- 2,004,000 sq. ft. available for processing and distribution – critical to fulfilling HEXO Corp's commitments across Canada
- Available workforce and centralized location conveniently located along primary shipping routes
- Target installation spring 2019

**2,004,000** sq. ft.

HEXO Corp has acquired an interest in a 2M sq. ft. facility in Belleville

Right of first refusal for future joint ventures

HEXO Corp  
**580,000** sq. ft.  
Technology, R&D, existing products



# → INTERNATIONAL MARKETS

## Potential Market

### Canada

- Therapeutic market
- Legalization of adult-use recreational cannabis on Oct. 17
- Preferred supplier in Quebec; agreements with Ontario and BC
- Retail investments in western Canada (Fire & Flower)

**\$10B**

### United States

- Ten states and Washington DC have legalized cannabis for recreational adult use
- Medical cannabis is legal in 33 states
- STATES Act: Expect THC legalization in three to 18 months
- Hemp Farming Act: Expect CBD legalization in six weeks to one year

**\$115B**

### Latin America

- Cultivation legal in Chile, Colombia and Uruguay
- Medical use legal in Argentina, Chile and Colombia (CBD only); in Mexico, Peru and Uruguay (THC content <1%)
- Pharmaceutical cannabinoids legal in Argentina (CBD), Brazil, Chile, Colombia, Mexico (CBD), Peru and Uruguay
- Prioritized preliminary talks with Colombia for cannabis production

**\$15B**

### Europe

- Expected to become largest medical cannabis market globally
- Legalization of adult-use cannabis likely to lag three to seven years behind North America
- Eurozone production and distribution foothold through joint venture with Qannabos, in Greece

**\$110B**

### The Global Marketplace

**\$250B**

Priority



# → SOLID FINANCIAL POSITION

## Capital allocation priorities

- 1 million sq. ft. expansion
- Distribution/shelf space and retail partners
- Product innovation
- Brand building
- Consumer-focused joint venture with Molson Coors Canada

Debt-free balance  
sheet

Cash and  
cash equivalents  
and investments

**\$249M**

as at July 31, 2018

Potential  
proceeds from  
warrant exercise

**\$184.2M**



# FINANCIAL SNAPSHOT

## Financial Statements

Cash and cash equivalents & investments	\$244,789M
Total assets	\$334,997M
Total liabilities	\$12,124M
Total debt	–
Equity	\$322,873M
Working capital	\$264,495M

## Trading Data

Stock price	\$5.50
52-week range	\$2.03 to \$8.95
52-week average daily volume	9.97M
Outstanding shares	197,092,917
Fully diluted	235,462,812

Weighted  
average cash  
cost per gram  
equivalent

**\$0.90**

Revenue  
per gram  
equivalent

**\$9.26**

## Valuation Metrics

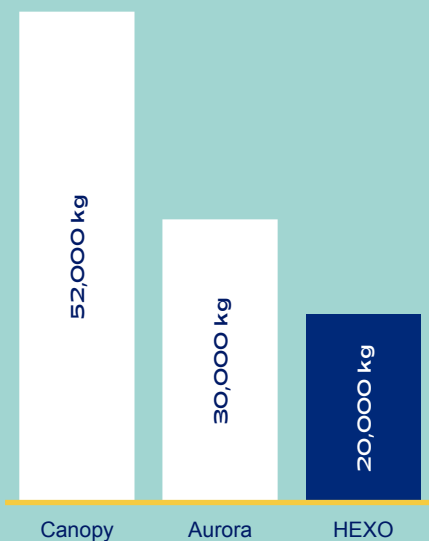
Market cap	\$1.076B
Enterprise value	\$1.05B

**Note:** Trading data and valuation metrics as at October 24, 2018. Financial data and KPIs as at Q4 2018, July 31, 2018.

# COMPETITOR COMPARISON

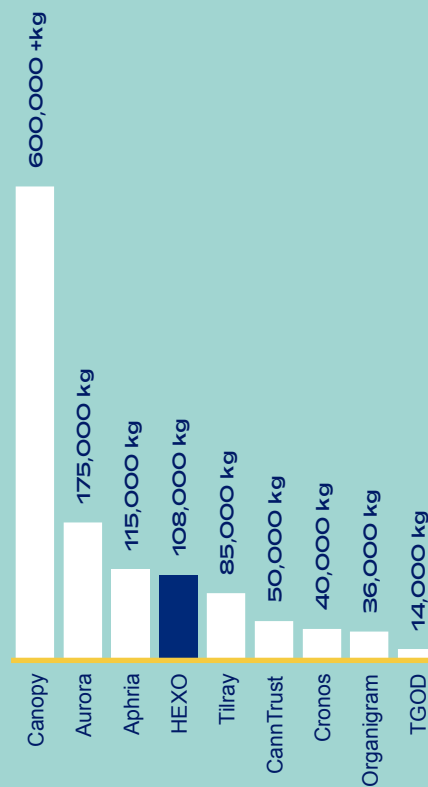
## Forward sales contract rank

Based on quantities announced in provincial supply agreements



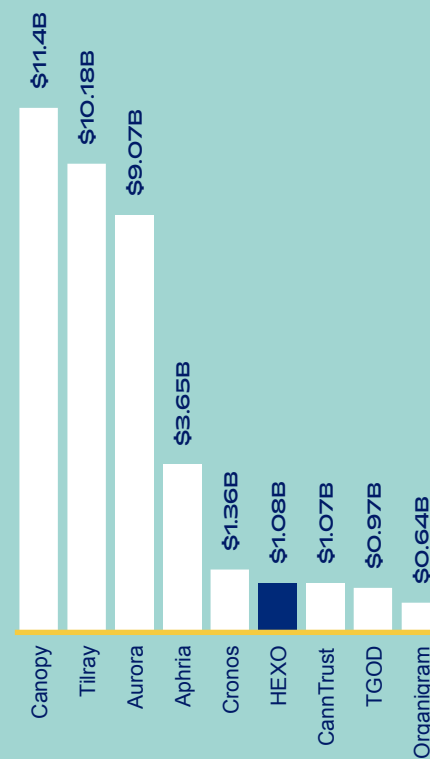
## Production capacity

Expected at December 2018



## Market cap

As at October 24, 2018



Source: Canadian Marijuana Index

# CORPORATE SOCIAL RESPONSIBILITY CHARTER

At HEXO, our goal is to be one of Canada's leading cannabis producers and processors. We know that if we want to achieve our goal, we need to think about more than just our products and prices. We must also examine the way our operations impact the natural and social environment. HEXO's Corporate Social Responsibility Charter focuses on four priorities to meet these goals: People, Public, Products and Planet. Through this lens we are creating CSR partnerships at the local, provincial, national and international level with a holistic vision.



**People**



**Public**



**Products**



**Planet**



## People

- Winner two years in a row of Quebec's prestigious job creator award for our contribution to the local Masson-Angers economy
- Investing in our employees through career growth and shareholder opportunities
- Supporting local non-profits like the Papineau Health Foundation, the Association for Chronic Pain, Moisson-Outaouais Food Bank and the Red Cross
- Proud supporters of The Campaign for Cannabis Amnesty



## Public

- Serving 6,000 medical patients across Canada
- HEXO Academy providing informative educational materials for the public through retailers
- Knowledge transfer with the Gastrointestinal Society about cannabis in the treatment of Crohn's disease and colitis (*badgut.org*)
- Assisting in the first Cannabis Processing certification at CEGEP d'Outaouais
- Knowledge transfer and placement partnership with the first Cannabis Cultivation Program at La Cité Collégiale
- Partnership with University of Ottawa in cannabis research
- Proud members of the Global Cannabis Partnership promoting responsible business practices and internationally recognized standards for our industry





## Products

- Providing naturally grown and rigorously tested medical marijuana of uncompromising quality
- Offering innovative smokeless product for medical patients and adult-use markets
- Partnering with Canadians for Fair Access to Medical Marijuana (CFAMM) to offer benefits on medical product for patients



## Planet

- Minimizing electricity consumption by utilizing the power of solar energy
- Implementing recycling programs
- Strategy to measure, monitor and report on our carbon footprint while working towards a GHG target program
- Supporting Ottawa Riverkeeper as a sustainable partner

# → BOARD OF DIRECTORS



## **DR. MICHAEL MUNZAR**

*Director, Chairman of the Board, Member of the Audit Committee, Member of the Human Resources and Corporate Governance Committee*

- Over 30 years as a licensed physician
- Published in numerous peer-reviewed journals, managed medical facilities and designed and conducted pre-clinical studies and clinical trials



## **JASON EWART**

*Director, Chair of the Audit Committee, Member of the Audit Committee*

- Co-founder and former CEO of Fountain Asset Corp., a Canadian merchant bank providing debt and equity financing to private and public companies across various industries
- Economics degree from McGill University



## **VINCENT CHIARA**

*Director, Member of the Human Resources and Corporate Governance Committee*

- President and sole owner of Group Mach, a private holding company with significant investments representing more than 19 million sq. ft. of real estate in Montreal, Quebec



## **NATHALIE BOURQUE**

*Member of the Audit Committee, Chair of the Human Resources and Corporate Governance Committee*

- Member of the boards of directors of Alimentation Couche-Tard and Heroux-Devtek
- Former VP, Public Affairs and Global Communications, at CAE
- Former partner at NATIONAL Public Relations



## **ADAM MIRON**

*Chief Brand Officer and Director*

- Co-founder of iPolitics.ca
- Former National Director for Federal Commissions of the Liberal Party of Canada



## **SEBASTIEN ST-LOUIS**

*President and Chief Executive Officer and Director*

- Former CFO of a manufacturing firm
- MBA (finance) from Université du Québec à Montréal
- Closed over \$200M in commercial banking and trade finance transactions at EDC and BDC

# → EXPERIENCED MANAGEMENT TEAM



## ED CHAPLIN

*Chief Financial Officer*

- 20 years' experience with high growth company
- Chartered Professional Accountant
- Has held senior financial positions in software and telecommunications industries
- Involved in acquisitions totalling approximately \$600M
- Helped raise over \$480M in debt and equity



## ROCH VAILLANCOURT

*General Counsel*

- 25 years' experience in business and legal practice
- Named one of Canada's Top 100 General Counsels (Legal 500 GC Powerlist 2016) and included in *Legal Era Magazine's* London book release, "World's Leading General Counsels 2017–2018"
- Graduate of the University of Ottawa (biomechanics and civil law)
- Member of Barreau du Québec as well as the Ontario and Canadian Bar Associations



## ARNO GROLL

*VP, Operations*

- Former Director of Global Business Operations at Lam Research Corporation
- Former Quality and Process Excellence Manager at GEA Refrigeration Canada



## NICK DAVIES

*VP, Marketing*

- Seasoned marketer and data-driven strategist focused on the consumer experience
- Background in both P&L responsibilities and global expansions
- Previous positions with Puma, Coleman, Virgin and Corel (where he was EVP)
- Graduate of European Business School; MBA from INSEAD



## JAMES MCMILLAN

*VP, Business Development*

- 20+ years of experience in sales, marketing and business development
- Background in market development and OEM engagement



## DOMINIQUE JONES

*VP, Human Relations*

- More than 20 years' leadership and strategic experience across multiple geographies and industries
- As Chief People Officer, helped steer Halogen Software through IPO to sale
- Member of the Chartered Institute of Personnel and Development (CIPD) in the U.K.
- Graduate of University of St. Andrews

# → EXPERIENCED MANAGEMENT TEAM



## **SONIA ISABEL**

*VP, Sales*

- 20 years' experience managing large sales and marketing teams
- Experience includes more than a decade in various senior roles with Société des alcools du Québec (SAQ)
- Graduate of Université du Québec à Montréal and Université de Sherbrooke (MBA)



## **JOCELYN RACINE**

*VP, Finance*

- Chartered Professional Accountant
- Three decades of progressive financial management experience
- Has held senior executive and finance positions in the construction and telecommunications industries



## **AGNES KWASNIEWSKA**

*Master Grower*

- Master of Science degree from McGill University
- 10 years' progressive experience in agriculture, environment and research roles



## **MAX CYR**

*Director, Regulatory Affairs*

- Former Supervisor for the MMAR Police and Client Services at Health Canada



## **TERRY LAKE, DVM**

*VP, Corporate Social Responsibility*

- Former British Columbia Minister of Health and Minister of the Environment
- Winner of the 2017 Canadian Public Health Association's National Public Health Hero Award
- Veterinarian and former animal health instructor at Thompson Rivers University, in British Columbia



## **PIERRE KILLEEN**

*VP, Government Relations*

- Former VP and Deputy Audience Leader at Hill & Knowlton Strategies
- Former VP and co-founder of Public Consultation at Nannos Research
- Lawyer (LL.B, LL.L)

# → SHARE CAPITALIZATION

**Management and board ownership**  
(as at October 25, 2018)

**8.62%**

**Common Shares issued and outstanding**  
(as at October 25, 2018)

**197,092,917**

## **Warrants**

Warrants @ \$0.75	1,151,922	Mar 19 to Mar 22
Warrants @ \$0.83	2,514,894	Apr 19 to Oct 19
Warrants @ \$4.00	722,250	Jan 20
Warrants @ \$5.60	18,542,000	Jan 20
Warrants @ \$6.00	11,500,000	Sept 21
Warrants @ US\$0.76	499,992	Nov 19

## **Stock Options**

\$0.16 strike price	285,000	May 19
\$0.58 strike price	1,216,900	Nov 24 to Jul 25
\$0.75 strike price	1,931,500	Nov 24 to Jan 27
\$1.27 strike price	600,991	Jul 27
\$1.37 strike price	542,450	Sept 27
\$2.48 strike price	128,000	Nov 27
\$2.69 strike price	1,695,000	Dec 27
\$3.89 strike price	325,000	Mar 28
\$4.24 strike price	258,000	Jan 28
\$4.27 strike price	884,000	Apr 28
\$4.89 strike price	5,644,500	Jul 28
\$5.14 strike price	110,000	Jun 28
\$7.93 strike price	1,187,500	Sept 28

**Fully Diluted Shares**

**246,832,816**







## INVESTOR RELATIONS

### HEXO Corp

120, Chemin de la Rive  
Gatineau, QC, Canada J8M 1V2

## CONTACT

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