



**HEXO CORP AND ZENABIS GLOBAL  
COMBINE TO CREATE A GLOBAL CANNABIS LEADER**



# FORWARD-LOOKING STATEMENTS

This presentation on HEXO Corp. (“HEXO” or the “Company”) contains certain “forward-looking information” and “forward-looking statements” (collectively “forward-looking statements”). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based upon and include our current internal expectations, estimates, projections, assumptions, plans, opinions, forecasts, targets, guidance, and beliefs or other statements that are not statements of fact regarding the future of our business, future plans and strategies, our operational results and other future conditions. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Such statements can often, but not always, be identified by the use of forward-looking terminology and other similar words and expressions that are predictions or indicate future events and future trends, including negative and grammatical variations thereof or statements that contain certain events or conditions may or will happen or by discussions of strategy. They appear in a number of places throughout this presentation and include statements regarding our current beliefs, intentions or expectations about our anticipated results of operations, financial condition, prospects, growth, strategies and the industry in which we operate.

Forward-looking statements are based on management’s opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking statements, there can be no assurance that the underlying opinions, estimates and assumptions, and consequently the forward-looking statements, will prove to be correct. By their nature, forward-looking statements are subject to numerous risks and uncertainties, known and unknown, including those described in the Company’s Annual Information Form, Management’s Discussion & Analysis, Annual Report and other disclosure documents, because they relate to events and depend on circumstances that may or may not occur in the future, and other factors that may cause actual results, performance, or achievements to be materially different from those implied by such statements.

Those risks and uncertainties include, but are not limited, to those relating to the Company’s ability to execute its business plan, renew required permits, licenses, and related regulatory compliance matters; implement its growth strategies; obtain and maintain financing at acceptable terms; maintain good business relationships with its customers, distributors, and other strategic partners; keep pace with changing consumer preferences; protect intellectual property; manage and integrate acquisitions; retain key personnel; and relating to the Company’s competitive advantages, the development of new products and product formats for the company’s products; changes in laws, rules, regulations; litigation risks; and the absence of materially adverse changes in the industry or global economy. No assurance can be given that the expectations in any forward-looking statement will prove to be correct and, as such, forward-looking statements included in this presentation should not be unduly relied upon.

To the extent any forward-looking statements in this presentation constitute “future-oriented financial information” or “financial outlooks”, such information has been prepared by the Company to provide a reasonable estimate of potential revenue and profit margins. Although the Company has based forward-looking statements on assumptions that it believes to be reasonable, it cautions the readers that actual results and developments, including the Company’s results of operations, financial conditions, liquidity, and development in the industry in which the Company operates, may differ materially from those made or suggested by the forward-looking information contained herein. The Company cannot assure you that such statements will prove to be accurate. A number of factors could cause actual events, performance, or results to differ materially from what is projected in these forward-looking statements. Readers are cautioned that this information may not be appropriate for any other purpose and they should not place undue reliance on such future-oriented financial information and financial outlooks. Readers are also 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 are made as of the date of this presentation. The Company disclaims any intention or obligation, except to the extent required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Certain information contained in this presentation is based on management’s review of independent sources such as industry publications, surveys and forecasts that management believes to be reliable. We have not independently verified any of the information from third-party sources nor have we ascertained the validity or accuracy of the underlying economic assumptions relied upon therein. Statements as to the cannabis industry, our market position and our general expectations concerning the cannabis industry are based on market data currently available to us. While we are not aware of any misstatements regarding the industry data presented herein, our estimates involve known and unknown risks and uncertainties and are subject to change based on various factors. Similarly, management believes that its internal research is reliable, even though such research has not been verified by any independent sources.

Any graphs, tables or other information in this presentation demonstrating the historical performance of the Company 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.

All dollar amounts in this presentation are in Canadian dollars and unaudited unless otherwise indicated.

# HEXO CORP + ZENABIS GLOBAL

## COMBINE TO CREATE AN INDUSTRY LEADING CANNABIS COMPANY



### MARKET LEADER

Pro Forma LTM Net Cannabis Revenue of C\$150M<sup>1</sup>. The combined HEXO and ZENA organization would be a top three licensed producer in terms of market share in adult use.



### INTERNATIONAL PRESENCE

Bringing US forward in Colorado, with Truss USA. Established EU certified facility expands distribution capabilities allowing access to the European market.



### SUPPLY CHAIN

Boosts production capacity to over 110,000kg of additional high-quality Cannabis annually. Combining genetics labs, greenhouse and top-quality indoor production at scale.

# TOP 5 CANADIAN ADULT USE MARKET SHARE\*

COMPANY	PERIOD END	ADULT USE CANADA SALES					
		Current Quarter		Prior Quarter		QoQ	
		Gross Rev	Net Rev	Gross Rev	Net Rev	Gross Rev	Net Rev
Aphria & Tilray <sup>1</sup>	Fall 2020	98,868	N/A	94,255	N/A	5%	N/A
Canopy	31-Dec-20	59,106	43,129	56,423	42,223	5%	2%
HEXO & Zenabis <sup>2</sup>	31-Oct-20	56,030	39,463	44,961	33,051	25%	19%
Aurora	31-Dec-20	37,459	28,573	46,134	34,388	-19%	-17%
Organigram	30-Nov-20	N/A	16,788	N/A	15,063	N/A	11%

<sup>1</sup>Aphria for quarters ended Nov 30, 2020 and Aug 31, 2020. Tilray quarters ended Sept 30, 2020 and June 30, 2020.

<sup>2</sup>HEXO for quarters ended Oct 31, 2020 and July 31, 2020. Zenabis quarters ended Sept 30, 2020 and June 30, 2020.

<sup>3</sup>Not included are Village Farms International and Redecan who do not disclose adult use sales.

\* Market share based upon recently available quarterly Canadian net revenues of top 5 direct competitors.



# TRANSACTION OVERVIEW

<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Stock for Stock Combination executed via a Plan of Arrangement under the Business Corporations Act.</li> <li>• ZENA shareholders to receive .01772 shares of HEXO for each Zenabis share owned, HEXO owners continue to hold their shares.</li> <li>• 19% Premium based upon the 20-day VWAP of each respective company as of February 12<sup>th</sup>, 2021.</li> <li>• Pro Forma Ownership of 12.57% for Zenabis shareholders, HEXO shareholders to own 87.43% on a fully diluted basis.</li> </ul>
<b>BOARD OF DIRECTORS &amp; MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• 7 HEXO Board Members and Sebastien St-Louis as CEO.</li> <li>• 1 Zena Board Member to be nominated.</li> </ul>
<b>COMPANY INFORMATION</b>	<ul style="list-style-type: none"> <li>• HEXO Corp: TSX: HEXO; NYSE: HEXO</li> <li>• Zenabis Global, Ltd: TSX: ZENA</li> </ul>
<b>DOMICILE</b>	<ul style="list-style-type: none"> <li>• HEXO is a publicly traded company incorporated in Ontario, Canada.</li> </ul>
<b>CONDITIONS</b>	<ul style="list-style-type: none"> <li>• The transaction is subject to customary closing approvals including all regulatory and stockholder approvals, as well as approval by Court of the Plan of Arrangement.</li> </ul>
<b>TIMING</b>	<ul style="list-style-type: none"> <li>• Expected to Close in HEXO's Q3 2021.</li> </ul>

# SHAREHOLDER BENEFIT

## ZENA

- Become part of a larger and stronger Cannabis company with an improved capital markets profile and well capitalized balance sheet.
- HEXO's Belleville facility enables HEXO to absorb ZENA's production output, allowing for rapid growth in the Canadian and Global markets.
- HEXO is in a strong position for growth going forward, having taken write-downs and impairments previously.
- HEXO is listed on the NYSE, with over 9.5M 30-day ADTV<sup>1</sup>.

<sup>1</sup>Source: FactSet Data Set as of February 11<sup>th</sup>, 2021

## HEXO

- ZENA's facilities complement HEXO's state of the art greenhouse, strengthening both respective brands.
- The combination of the two companies puts HEXO as a top-3 adult use cannabis producer<sup>2</sup>.
- Additional capacity allows greater abilities to grow internationally.

<sup>2</sup>See Slide 4

# COMBINED HEXO & ZENA – SYNERGIES

- Zenabis 20% THC Output – Configure sites to harvest 35MT @ >20% THC
- Supply Chain synergy and significant optimization
  - QA & Lab Services
  - Logistics & Distribution
- Genetics coverage, highly diverse and market ready strains

Asset/Site optimization	\$5.3M
Conversion COGS to HEXO standard	\$2.5M
Increased O/H absorption	\$4.0M
Packaging consolidation	\$1.5M
Configure to Order / Freshness strategy (Product Freshness)	\$3.5M
SG&A consolidation	\$8.0M

**\$24.8M targeted synergies – 12 months post acquisition**

# ACQUISITION SYNERGIES

## COST

### Cultivation

- Increased cultivation production capacity.
- Sales and distribution synergies.
- Public company expenses and optimizations.

## REVENUE

### Optimization

- The proposed transaction will result in an estimated \$25M within one year of close through operational efficiencies, capacity utilization, and G&A costs.

## MARKETS

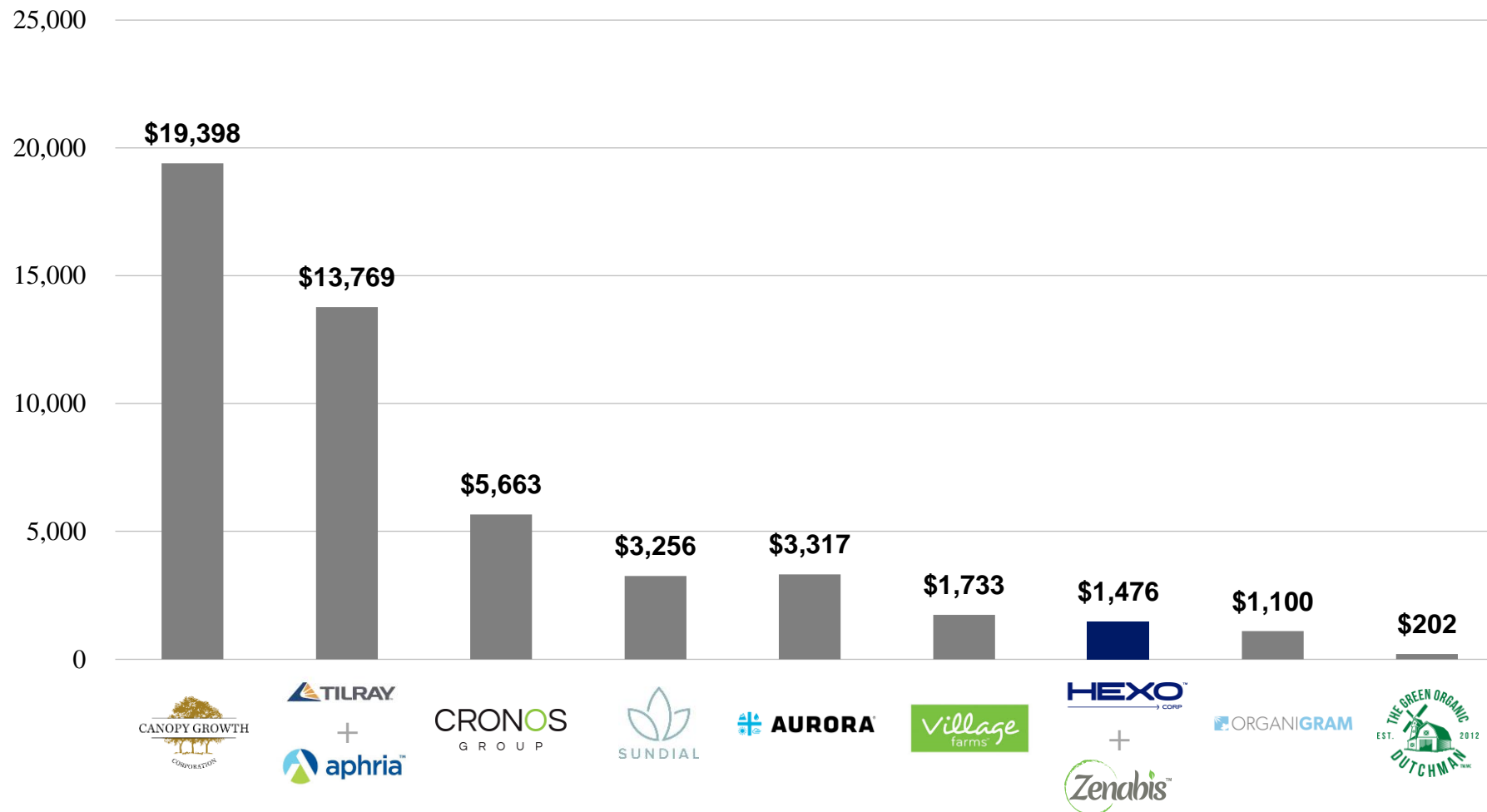
### Footprint

- Complimentary recreational brand, Namaste, and cannabis 2.0 products.
- Increased international presence, European Union Export.



# CANADIAN CANNABIS COMPANIES

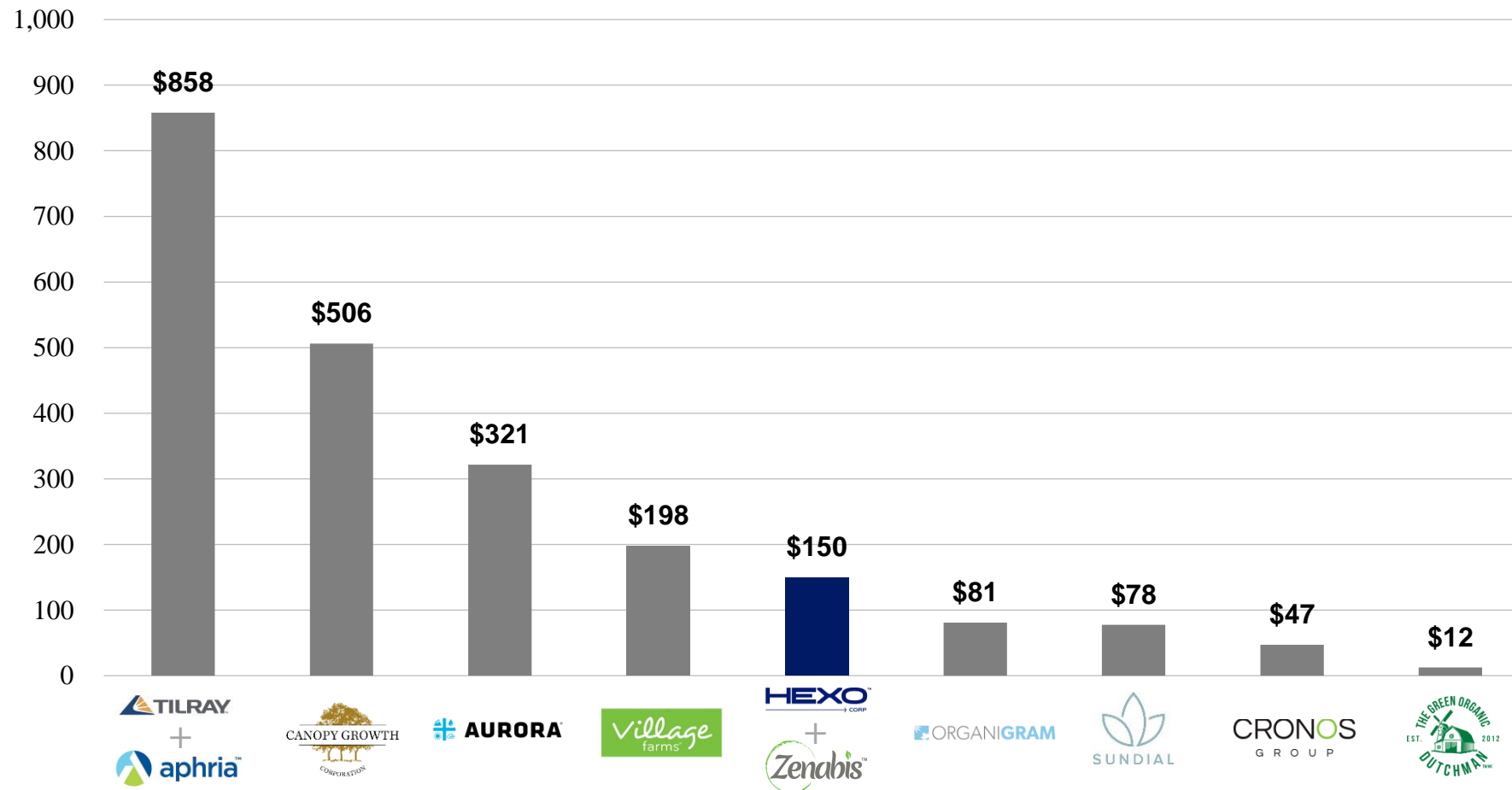
Market Cap (CAD\$ Millions)



Source: Bloomberg as of February 17, 2021

# CANADIAN CANNABIS COMPANIES

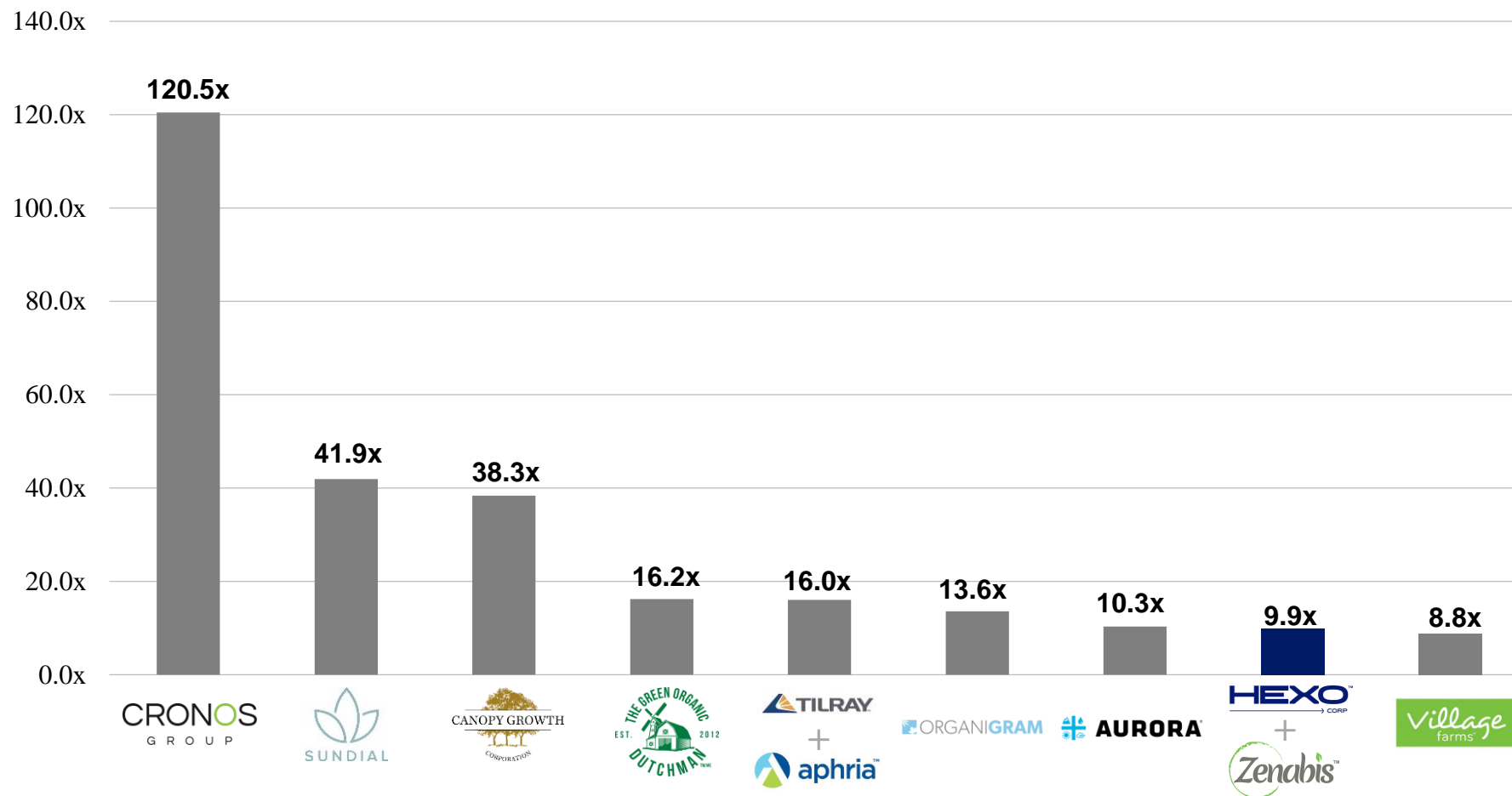
LTM Net Revenue (CAD\$ Millions)



Source: Company Filings, USD converted to CAD at 1.2711  
 \*HEXO & ZENA total excludes propagation revenue.









# CANADIAN CANNABIS COMPANIES

## Market Cap x LTM Net Revenue Multiple



Source: Company Filings, USD converted to CAD at 1.2711  
 \*HEXO & ZENA excludes propagation revenue.

# COMBINED PRODUCT OFFERING

<p><b>PREMIUM</b></p>	<ul style="list-style-type: none"> <li>High potency dried flower</li> </ul> 	<ul style="list-style-type: none"> <li>High potency dried flower</li> </ul> 
<p><b>MID MARKET</b></p>	<ul style="list-style-type: none"> <li>Dried flower</li> <li>Vape cartridges</li> <li>Vape pens</li> <li>Pre-rolls*</li> </ul> 	<ul style="list-style-type: none"> <li>Dried flower</li> <li>Pre-rolls</li> <li>Oral sprays</li> <li>Soft gels</li> <li>Vape cartridges (PAX Era Pods)</li> </ul>  <hr/> <ul style="list-style-type: none"> <li>THC &amp; CBD dried flower</li> <li>Pre-rolls</li> <li>Vapes</li> <li>Soft gels</li> <li>Oral sprays</li> </ul> 
<p><b>VALUE MASS MARKET</b></p>	<ul style="list-style-type: none"> <li>High potency dried flower</li> <li>Dried flower</li> <li>Hash</li> <li>Distillate</li> <li>Pre-rolls*</li> </ul> 	<ul style="list-style-type: none"> <li>Flower</li> <li>Pre-rolls</li> <li>Vapes</li> </ul> 
<p><b>JOINT VENTURE</b></p>	<ul style="list-style-type: none"> <li>Beverages</li> </ul> 	

\*Québec only.

# LEADERSHIP IN CANADA



Zenabis has developed a diverse set of partnerships and relationships with provinces<sup>1</sup>, distributors, pharmacies and First Nations.

## Supply agreement:

- Ontario
- New Brunswick

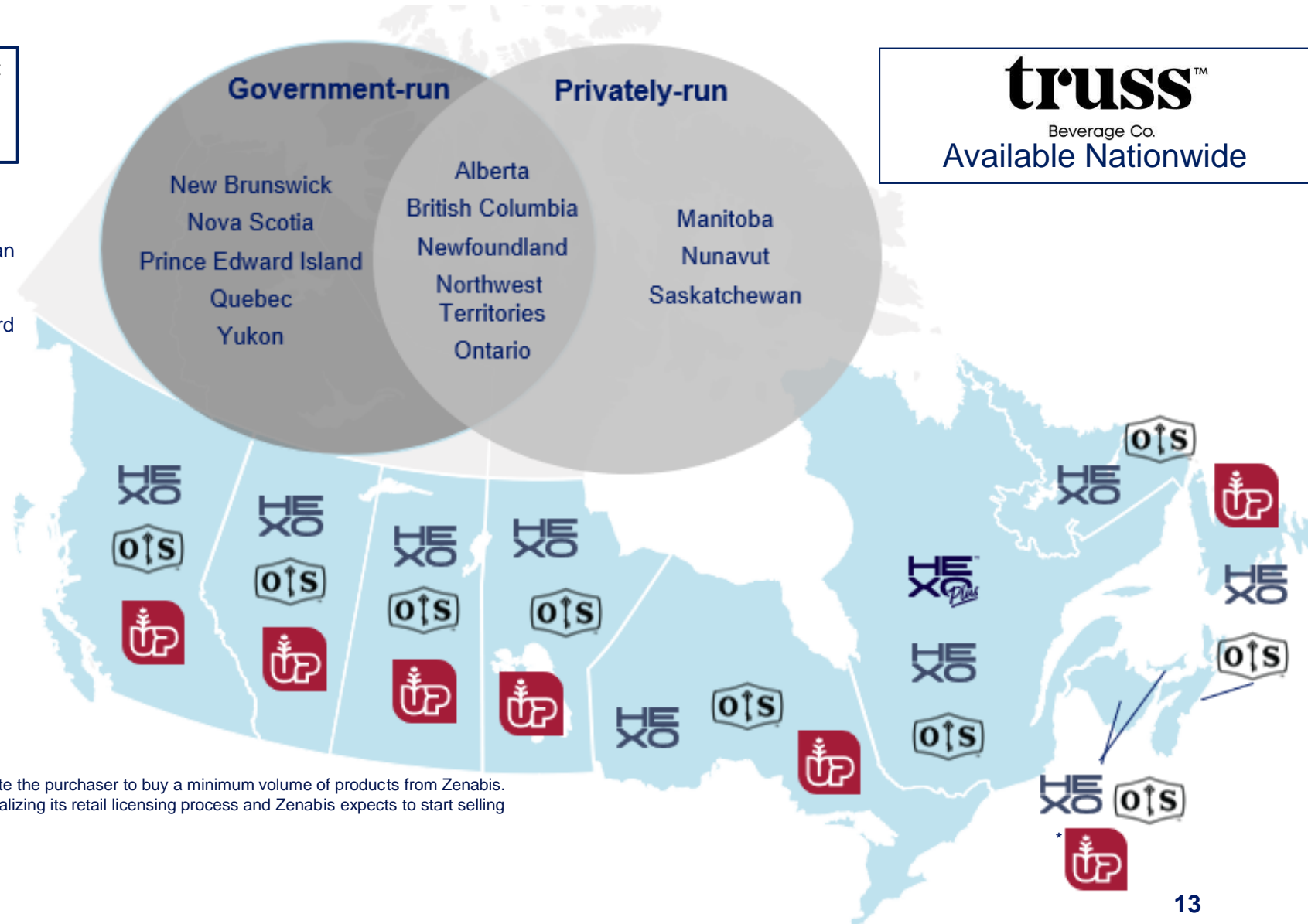
## Supply arrangement:

- Yukon
- Northwest Territories
- Nunavut<sup>2</sup>
- British Columbia
- Alberta
- Saskatchewan
- Manitoba
- Quebec
- Prince Edward Island
- Nova Scotia
- New Brunswick

## Investor:

- British Columbia: Songhees First Nation
- Quebec: Listuguj Mi'gmaq Government
- Nova Scotia: Millbrook First Nation
- New Brunswick: Opportunities NB

**truss**<sup>TM</sup>  
Beverage Co.  
Available Nationwide



<sup>1</sup> Supply arrangements do not contain purchase commitments or otherwise obligate the purchaser to buy a minimum volume of products from Zenabis.

<sup>2</sup>Zenabis is an approved wholesaler to Nunavut; however, Nunavut is currently finalizing its retail licensing process and Zenabis expects to start selling to the province in Q1 2021.

\* UP is listed with New Brunswick but not yet launched, March 2, 2021.



# GLOBAL PRESENCE



Truss CBD USA, a joint venture between HEXO Corp. and Molson Coors Beverage Company launched CBD beverages in Colorado.



Zenabis ships packaged, medical cannabis under a binding 3-year supply agreement with an Australian pharmaceutical company.



Zenabis Joint Venture ZenPharm has received its EUGMP license and revenue is expected in Q2 2021, subject to ZenPharm's receipt of final narcotics license.



Zenabis ships cannabis to two counterparties in Israel, with anticipated combined volume of greater than 1,000 kg per month on an ongoing basis, subject to export permit receipt in any given month.



ZenPharm has entered into a binding supply agreement to commence shipments to Germany through Malta upon receipt of ZenPharm's final licence.

HEXO provide medical cannabis products in Israel through a 24-month agreement with leading Israeli medical cannabis company, Breath of Life International Ltd.

Trademark Powered by HEXO™ has been registered with the European Union Intellectual Property Office to support HEXO ongoing Powered by HEXO™ strategy by enhancing the global value of the brand and supporting current and future joint-venture partners, if they choose to enter the European market.

# PRO FORMA CAPITALIZATION

	PRO FORMA
Cash & Cash Equivalents <sup>1</sup>	C\$179M
Debt	C\$125M
PPE	C\$475M
LTM Net Cannabis Revenue	C\$150M
Market Cap <sup>2</sup>	C\$1,476M
Zenabis Pro Forma Ownership, Fully Diluted	12.57%
HEXO Pro Forma Ownership, Fully Diluted	87.43%