HEXO Supports Privatization of Retail Cannabis in Ontario

GATINEAU, Quebec, July 27, 2018 -- The Hydropothecary Corporation ("HEXO" or the "Company") (TSX:HEXO) is pleased to hear reports that the Ontario government is considering the privatization of adult-use retail cannabis sales.

"We have been anticipating the Ontario government's potential move towards retail cannabis in Ontario, and made a strategic large investment in Fire & Flower in preparation," said Sebastien St-Louis, HEXO's CEO and co-founder. "HEXO will be ready no matter which sales model the government implements, and we look forward to seeing our award-winning products on shelves across Ontario this October."

HEXO recently announced a strategic $10 million investment in Fire & Flower, a leading adult-use retail cannabis store that is poised to capture a significant portion of the Canadian market. Fire & Flower has been awarded one retail cannabis license in Saskatchewan and has submitted 37 applications in Alberta, with plans to submit applications in all provinces that allow private cannabis sales.

About HEXO

HEXO creates and distributes innovative, easy-to-use and easy-to-understand products to serve the Canadian cannabis market. One of the country's lowest-cost producers, HEXO is rapidly increasing its production capacity in the lead up to the adult-use cannabis market. The Company currently operates with 310,000 sq. ft. of production capacity with construction on another 1,000,000 sq. ft. expansion set to be complete by year end. HEXO will serve the adult-use market under the HEXO brand, while continuing to serve its medical cannabis clients through the well-known Hydropothecary brand.

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