NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

for

THE SPECIAL MEETING OF SHAREHOLDERS

of

48NORTH CANNABIS CORP.

to be held on

AUGUST 17, 2021 AT 10:00 A.M. (TORONTO TIME)

with respect to a

PLAN OF ARRANGEMENT

involving

HEXO CORP.

JULY 14, 2021

The Board of Directors of 48North Cannabis Corp. unanimously recommends that shareholders vote

FOR

the Arrangement Resolution

This document is important and requires your immediate attention. If you are in any doubt as to how to deal with the matters referenced herein, you should consult with your investment dealer, broker, lawyer or other professional advisor. Shareholders of 48North Cannabis Corp. may also contact 48North Cannabis Corp.'s proxy solicitation agent, Gryphon Advisors Inc., by telephone at 1.833.461.3643 toll-free in North America (1.416.902.5565 by collect call) or by email at inquiries@gryphonadvisors.ca. This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. Neither the TSX Venture Exchange nor any securities regulatory authority has in any way passed upon the merits of the transactions described in this management information circular or the accuracy or adequacy of this management information circular. Any representation to the contrary is a criminal offense.

Dear Shareholders: July 14, 2021

On May 17, 2021, 48North Cannabis Corp. (the "**Company**") entered into a definitive arrangement agreement (the "**Arrangement Agreement**") with HEXO Corp. ("**HEXO**"), pursuant to which HEXO has agreed to acquire, by way of a proposed plan of arrangement under Section 192 of the *Canada Business Corporations Act*, all of the Company's issued and outstanding common shares (the "**Company Shares**") in an all-share transaction (the "**Arrangement**").

The board of directors of the Company (the "**Company Board**") believes the Arrangement is a compelling combination, which is expected to deliver meaningful synergies and position the combined company to meet growing consumer demand with competitive strength on both a national and international basis. The Company Board believes the Arrangement is beneficial to the holders of Company Shares (the "**Company Shareholders**"), customers, partners, and stakeholders.

Under the terms of the Arrangement Agreement, if the Arrangement becomes effective, the Company Shareholders (other than dissenting shareholders) will receive 0.02366 of a common share of HEXO ("**HEXO Shares**") for each Company Share held (the "**Exchange Ratio**").

Additionally, pursuant to the Arrangement, (i) prior to the exchange of Company Shares for HEXO Shares, each outstanding restricted share unit of the Company (each, a "**Company RSU**") will be deemed to be fully vested and surrendered to the Company by the holder thereof, in exchange for one Company Share (which will subsequently be exchanged for HEXO Shares pursuant to the Arrangement, in accordance with the Exchange Ratio), less any amounts withheld pursuant to the Arrangement, if any), and (ii) all unexercised options to purchase Company Shares ("**Company Options**") outstanding immediately prior to the Effective Date (as defined in the accompanying management information circular (the "**Information Circular**")) will be exchanged for replacement options to purchase HEXO Shares which will thereafter entitle the holders to acquire HEXO Shares in lieu of Company Shares, subject to adjustment in number and exercise price to give effect to the Exchange Ratio. Following the Effective Date, holders of unexercised Company Warrants will receive, upon exercise thereof and in lieu of Company Shares, the kind and aggregate number of HEXO Shares that such holder would have received if, immediately prior to the Effective Time (as defined in the accompanying Information Circular), such holder had been the registered holder of the number of Company Shares such holder would theretofore have been entitled to upon exercise of such Company Warrants.

At the Meeting (as defined below), Company Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, a special resolution of the Company Shareholders approving the Arrangement (the "**Arrangement Resolution**"). To become effective, the Arrangement Resolution must be approved by not less than (i) 66 2/3% of the votes cast by the holders of Company Shares, voting as a single class, and (ii) a majority of the votes cast by the holders of Company Shares, excluding the votes of persons whose votes must be excluded in accordance with MI 61-101 (as defined in the Information Circular).

The Arrangement is also subject to certain other conditions, including the approval of the Ontario Superior Court of Justice (*Commercial List*) and certain regulatory approvals.

The Company Board has reviewed the terms and conditions of the Arrangement Agreement and the transactions contemplated thereby. After careful consideration of, among other things, the recommendations and reasons of the special committee of the Company Board tasked with reviewing the terms of the Arrangement (the "**Company Special Committee**"), the advice of legal and financial advisors, and such other matters as it considered relevant, the Company Board has unanimously determined that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the

Company and that the Arrangement is fair to the Company Shareholders. **Accordingly, the Company Board unanimously recommends that Company Shareholders vote in favour of the Arrangement Resolution**, the full text of which is set forth in Schedule A to the accompanying Information Circular.

In reviewing the terms and conditions of the Arrangement Agreement and the transactions contemplated thereby, the Company Board considered a number of factors, including, among others, the following:

- **Ownership in a Larger, Stronger Company focused on Cannabis Production**. On June 1, 2021, HEXO completed its previously announced plan of arrangement transaction with Zenabis Global Inc., following which the combined organization is one of the top-three Canadian Licensed Producers, as such term is defined in the *Cannabis Act* (Canada) ("**Licensed Producer**") in terms of combined Canadian recreational cannabis sales (based on the most recently filed quarterly financial information of the top five Licensed Producers in Canada). Following completion of the Arrangement, Company Shareholders will have an ownership interest in the combined organization, which is expected to have an enhanced capital markets profile, and a robust financial profile with a strong balance sheet and financial position in terms of debt, low depreciable capital base and working capital.

- **Enhancing Shareholder Value**. The Company Board considered its existing level of indebtedness, and the possibility that, in an increasingly competitive cannabis-production industry, the Company may require additional funding in the future from the debt or equity markets to finance its business and operations. The Company Board also considered the risk that any such funding may not be obtained in a reasonable time, or in full, or on terms satisfactory to the Company. In the Company Board's view, the Company and Company Shareholders should ultimately benefit from what it believes to be a lower cost of capital at HEXO than at the Company. In addition, the Company Board was of the view that, following completion of the Arrangement, the addition of the Company's innovative product offerings (including topicals, bath, and intimacy products) to HEXO's existing product offerings would be expected to provide a strong base for potential future consumer packaged goods partnerships in the United States, Canada and internationally, further enhancing shareholder value. Furthermore, following completion of the Arrangement, the enhanced scale of the combined organization is expected to provide greater access to capital markets, allowing Company Shareholders to participate in the combined entity's efforts to execute on a strong pipeline of organic growth initiatives.

- **Premium to Company Shareholders**. The Exchange Ratio implies a premium per Company Share of approximately 20%, based on the 10-day volume-weighted average price ("**VWAP**") of the Company Shares on the TSX Venture Exchange and the HEXO Shares on the Toronto Stock Exchange as of the close of markets on May 14, 2021, and then takes into account an adjustment for 50% of the $5 million bridge loan advanced by HEXO to the Company (the "**Bridge Loan**") as contemplated under the Arrangement Agreement (as described in greater detail in the accompanying Information Circular).

- **Shareholder and Insider Support**. Certain Company Shareholders (including the directors and the Chief Executive Officer of the Company) have entered into voting support agreements with HEXO, which Company Shareholders hold, in the aggregate, 58,364,580 Company Shares or approximately 25.90% of the issued and outstanding Company Shares as of the record date for the Meeting.

- **Fairness Opinion**. Echelon Wealth Partners Inc. ("**Echelon**") has provided an opinion that, as of May 16, 2021, and subject to the assumptions, limitations and qualifications set forth in the opinion, the consideration to be received by Company Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Company Shareholders, a copy of which is attached as Schedule G to the Information Circular.

Accompanying this letter, among other things, are the notice of meeting, the Information Circular, a form of proxy or voting instruction form, as applicable, and a letter of transmittal. Whether or not you are able to attend, we encourage you to ensure that your shares are voted at the special meeting of Company

Shareholders, which is to be held virtually via live audio webcast, available online using the LUMI meeting platform at https://web.lumiagm.com/418612599 on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time) (the "**Meeting**"). Your vote is important. If you do not plan to be present, your voice can still be heard by completing and returning your form of proxy or voting instruction form, as applicable, in accordance with the instructions therein. For further details, see "*General Proxy Information*" in the accompanying Information Circular.

Amid ongoing concerns regarding the COVID-19 outbreak, the Company remains mindful of the well-being of the Company Shareholders and their families, its industry partners and other stakeholders, as well as the communities in which the Company operates. Accordingly, the Company has planned to hold the Meeting exclusively as a virtual (by electronic means) shareholder meeting. Company Shareholders will not be able to attend the Meeting in person. A summary of the information that Company Shareholders will need to attend the Meeting is provided in the Information Circular.

This information is important, and you are urged to read this information carefully and, if you require assistance, to consult your financial, legal, tax and other professional advisors.

If you are a registered Company Shareholder, we also encourage you to complete, sign, date and return the enclosed letter of transmittal along with the share certificate(s) representing your Company Shares so that, if the Arrangement is approved, your HEXO Shares can be sent to you at the correct address as soon as possible following the implementation of the Arrangement. Only registered Company Shareholders of the Company will receive a letter of transmittal. Non-registered Company Shareholders will receive instructions from their brokers or other intermediaries as to how to receive their HEXO Shares following the implementation of the Arrangement.

If the Company Shareholders approve the Arrangement Resolution, it is anticipated that the Arrangement will be completed shortly following the date of the Meeting, subject to obtaining court approval, receipt of applicable regulatory approvals and satisfying other closing conditions contained in the Arrangement Agreement.

If you have questions or need assistance with the completion and delivery of your enclosed form of proxy, please contact our proxy solicitation agent, Gryphon Advisors Inc., by telephone at 1.833.461.3643 toll-free in North America (1.416.902.5565 by collect call) or by email at inquiries@gryphonadvisors.ca.

On behalf of the Company, I would like to thank you for your continuing support.

Yours very truly,

"*Charles Vennat*"

Chief Executive Officer and Director

48NORTH CANNABIS CORP.
257 Adelaide St. West, Suite 500
Toronto, Ontario
M5H 1X9

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT, pursuant to the Interim Order (as defined below), a special meeting (the "**Meeting**") of the shareholders (the "**Company Shareholders**") of 48North Cannabis Corp. (the "**Company**") will be held virtually via live audio webcast, available online using the LUMI meeting platform at https://web.lumiagm.com/418612599 on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time), for the following purposes:

1. To consider, pursuant to an interim order of the Ontario Superior Court of Justice (*Commercial List*) dated July 14, 2021 (the "**Interim Order**") and, if thought advisable, to pass, with or without amendment, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Schedule A to the accompanying management information circular of the Company dated July 14, 2021 (the "**Information Circular**"), approving an arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**"), the purpose of which is to effect, among other things, the acquisition by HEXO Corp. ("**HEXO**") of all of the outstanding common shares of the Company ("**Company Shares**") in exchange for common shares of HEXO.

2. To transact such other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof.

The Information Circular contains the full text of the Arrangement Resolution and provides additional information relating to the subject matter of the Meeting, including the Arrangement, and is deemed to form part of this Notice of Meeting.

The board of directors of the Company has fixed July 13, 2021 as the record date for determining the Company Shareholders who are entitled to receive notice of and to vote at the Meeting. Only registered Company Shareholders as of record on July 13, 2021 are entitled to receive notice of the Meeting and to attend and vote at the Meeting virtually.

Amid ongoing concerns regarding the COVID-19 outbreak, the Company remains mindful of the well-being of the Company Shareholders and their families, its industry partners and other stakeholders, as well as the communities in which the Company operates. Accordingly, the Company has planned to hold the Meeting exclusively as a virtual (by electronic means) shareholder meeting. Company Shareholders will not be able to attend the Meeting in person.

Registered Company Shareholders are entitled to attend and vote at the Meeting virtually or by proxy. Those who are unable to attend the Meeting are encouraged to read, complete, sign, date and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Information Circular. Please advise the Company of any change in your mailing address.

Voting by proxy will not prevent you from voting at the Meeting if you revoke your proxy and attend virtually, but will ensure that your vote will be counted if you are unable to attend. **In all cases, you should ensure that the proxy is received by Computershare Investor Services Inc. (the "Transfer Agent"), the Company's registrar and transfer agent, by 5:00 p.m. (Toronto time) on the date that is two (2) business days (excluding Saturdays, Sundays and holidays) prior to the Meeting (or any adjournment or postponement thereof) at which the proxy is to be used.** In this case, assuming no

adjournment of the Meeting, the proxy cut-off time is 5:00 p.m. (Toronto time) on Friday, August 13, 2021. The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice.

If you are a beneficial Company Shareholder and have received these materials through your broker or other intermediary (but not from the Transfer Agent), please complete and return the voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.

Company Shareholders who are planning to return the form of proxy or a voting instruction form are encouraged to review the Information Circular carefully before depositing the form of proxy or voting instruction form.

Registered Company Shareholders who are entitled to vote at the Meeting (being, those registered holders of Company Shares as at the close of business on July 13, 2021) have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Company Shares in respect of which they have exercised dissent rights, subject to strict compliance with Section 190 of the CBCA, as modified by the provisions of the Interim Order, the final order in respect of the Arrangement, and the Plan of Arrangement. The right to dissent is described in the section in the Information Circular entitled "*Dissent Rights Under the Arrangement*" and the text of the Interim Order is set forth in Schedule H to the Information Circular. **Failure to comply strictly with the requirements set forth in Section 190 of the CBCA, as so modified, may result in the loss of any right to dissent.**

Your vote is very important, regardless of the number of Company Shares that you own. Whether or not you expect to virtually attend the Meeting, we encourage you to vote your form of proxy or voting instruction form, as applicable, as promptly as possible to ensure that your vote will be counted at the Meeting. If you have any questions about any of the information or require assistance in completing your form of proxy or voting instruction form for your Company Shares, as applicable, please consult your financial, legal, tax and other professional advisors.

If you have any questions about depositing your Company Shares to the Arrangement, please contact TSX Trust Company, the depositary under the Arrangement, at 416-342-7091 or toll-free within Canada at 1-866-600-5869, by facsimile at 416-361-0470 or by email at tmxeinvestorservices@tmx.com, or contact our proxy solicitation agent, Gryphon Advisors Inc., by telephone at 1.833.461.3643 toll-free in North America (1.416.902.5565 by collect call) or by email at inquiries@gryphonadvisors.ca.

THE BOARD OF DIRECTORS OF 48NORTH CANNABIS CORP.
UNANIMOUSLY RECOMMENDS
THAT SHAREHOLDERS VOTE FOR THE ARRANGEMENT

DATED at Toronto, Ontario, as of July 14, 2021.

BY ORDER OF THE BOARD OF DIRECTORS OF THE COMPANY

"*Charles Vennat*"

Chief Executive Officer and Director

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ADDENDA

48NORTH CANNABIS CORP.

MANAGEMENT INFORMATION CIRCULAR

Introduction

This Management Information Circular (this "Information Circular") is furnished in connection with the solicitation of proxies by and on behalf of the management of 48North Cannabis Corp. (the "Company") for use at the special meeting of the Company Shareholders (the "Meeting") to be held virtually via live audio webcast, available online using the LUMI meeting platform at https://web.lumiagm.com/418612599 on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time), or at any adjournment or postponement thereof and for the purposes set forth in the accompanying Notice.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under the heading "*Glossary of Defined Terms*", or elsewhere in this Information Circular. Information contained in this Information Circular is given as of July 14, 2021, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein. No Person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Information Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company or HEXO.

This Information Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any Person in any jurisdiction in which such solicitation or offer is not authorized or in which the Person making such solicitation or offer is not qualified to do so or to any Person to whom it is unlawful to make such solicitation or offer.

Information contained in this Information Circular should not be construed as legal, tax or financial advice and Company Shareholders are urged to consult their own professional advisors in connection therewith.

All summaries of, and references to, the Arrangement Agreement, the Arrangement, the Plan of Arrangement, the Interim Order, the Fairness Opinion, and the Bridge Loan Agreement are qualified in their entirety by reference to the complete text of such documents. A copy of the Arrangement Agreement may be found under the Company's profile on SEDAR at http://www.sedar.com. The Plan of Arrangement, the Fairness Opinion, and the Interim Order are attached to this Information Circular as Schedule B, Schedule G, and Schedule H, respectively. **You are urged to carefully read the full text of these documents.**

Information Pertaining to the HEXO Group

The information concerning the HEXO Group contained in this Information Circular has been provided by HEXO. Although the Company has no knowledge that would indicate that any of such information is untrue or incomplete, the Company does not assume any responsibility for the accuracy or completeness of such information or the failure by HEXO to disclose events that may have occurred or may affect the completeness or accuracy of such information, but that are unknown to the Company.

For further information regarding HEXO, see also Schedule E and refer to HEXO's filings with the securities regulatory authorities, which may be obtained under HEXO's profile on SEDAR at http://www.sedar.com.

Financial Information

Unless otherwise indicated, all financial information referred to in this Information Circular was prepared in accordance with IFRS.

Currency

Unless otherwise indicated herein, references to "$" or "Canadian dollars" are to Canadian dollars.

Cautionary Statement Regarding Forward-Looking Statements

Statements contained in this Information Circular and the documents incorporated by reference herein that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend", "estimate", "plan", "budget", "schedule", "project", "forecast" or the negative of these terms and similar expressions. Forward-looking statements in this Information Circular and the documents incorporated by reference herein include, but are not limited to, statements with respect to (1) the completion of the Arrangement and the timing for its completion, and the satisfaction of closing conditions, which include, without limitation (i) required Company Shareholder approval, (ii) necessary court approval in connection with the Plan of Arrangement, (iii) certain termination rights available to the parties under the Arrangement Agreement, (iv) HEXO obtaining the necessary approvals from the TSX and the NYSE for the listing of its common shares in connection with the Arrangement (v) the Company receiving the approval of the TSXV for the delisting of its shares on the TSXV, and (vi) other closing conditions, including compliance by HEXO and the Company with various covenants contained in the Arrangement Agreement, (2) the effect of the Arrangement on HEXO and its strategy going forward, (3) the anticipated benefits associated with the Arrangement, including, without limitation, the benefits associated with (i) the shares of the Resulting Issuer being listed and posted for trading on the TSX and on the NYSE, and (ii) the increase in the aggregate number of outstanding shares of the Resulting Issuer, as compared to the aggregate number of shares of the Resulting Issuer held by the (former) Company Shareholders as a group, (4) HEXO holding the number one market-share in the Canadian recreational cannabis market and the number one positions in four of Canada's largest markets (being, Alberta, British Columbia, Quebec and Ontario), (5) the ability of the Resulting Issuer's enhanced scale to provide greater access to capital markets, and allow Company Shareholders to participate in the combined entity's efforts to execute on a strong pipeline of organic growth initiatives, (6) the Company Shareholders' ability to participate in any future increases in value of the shares of the Resulting Issuer, (7) the potential synergies that may be achieved through a combination of the HEXO Group with the Company, and (8) the complementary nature and shared values of the management and technical teams of HEXO and the Company.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of each of HEXO and the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to general economic conditions, adverse industry events, future legislative, tax and regulatory developments, inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms, the ability of HEXO to implement its business strategies, competition, currency and interest rate fluctuations and other risks, as well as those factors discussed in the sections entitled "*Risk Factors Relating to the Arrangement*" in this Information Circular and in the documents incorporated by reference herein. Among other things, there can be no assurance that the Arrangement will be completed or that the anticipated benefits from the Arrangement will be achieved. Although each of HEXO and the Company has attempted to identify important factors that could affect the Parties and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained in this Information Circular and the documents incorporated by reference herein speak only as of their respective dates of preparation.

Neither HEXO nor the Company undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events, other than as required by Applicable Law.

Forward-looking statements and other information contained herein and in the documents incorporated by reference herein concerning the medical and adult-use cannabis industries and the general expectations of the management of the Company and/or HEXO, as the case may be, concerning such industries are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of these industries which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management of the Company is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and are subject to change based on various factors which are beyond the reasonable control of the Company and HEXO.

Certain historical information contained in this Information Circular and the documents incorporated by reference herein has been provided by, or derived from information provided by, third parties. Although the Company does not have any knowledge that would indicate that any such information is untrue, incorrect or incomplete, the Company assumes no responsibility for the accuracy and completeness of such information or the failure by such third parties to disclose events which may have occurred or may affect the completeness or accuracy of such information but which is unknown to the Company.

Note to U.S. Company Securityholders

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN REGISTERED WITH, RECOMMENDED BY, OR APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The HEXO Shares to be issued to Company Shareholders in exchange for Company Shares (including, in exchange for Company Shares held by the former holders of Company RSUs) pursuant to the Arrangement and the Replacement Options to be issued to holders of Company Options in exchange for their Company Options pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and such HEXO Shares and Replacement Options will be issued in reliance upon the Section 3(a)(10) Exemption on the basis of the approval of the Court, and similar exemptions from registration under applicable U.S. state securities laws. The Section 3(a)(10) Exemption exempts the issuance of securities issued in exchange for one or more *bona fide* outstanding securities, claims or property interests, from the general requirements of registration under the U.S. Securities Act where the terms and conditions of such issuance and exchange have been approved by a court of competent jurisdiction that is expressly authorized by Applicable Law to grant such approval, after a hearing upon the procedural and substantive fairness of the terms and conditions of such issuance and exchange at which all Persons to whom the securities will be issued have the right to appear and receive timely and adequate notice thereof.

The Court is authorized by Applicable Law to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on July14, 2021, and the Court hearing in respect of the Final Order is expected to take place at 11:30 a.m. (Toronto time) on August 26, 2021 (or as soon thereafter as legal counsel can be heard) via videoconference before a Judge of the Ontario Superior Court of Justice (*Commercial List*) located at the Courthouse, 330 University Avenue, 7th Floor, Toronto Ontario, M5G 1R7, subject to the approval of the Arrangement Resolution by the Company Shareholders. All Company Securityholders are entitled to appear and be heard at this hearing for the Final Order. The Final Order of the Court will, if granted, constitute the basis for the Section 3(a)(10) Exemption with respect to the HEXO Shares to be issued to

Company Shareholders (including, to the former holders of Company RSUs) in exchange for their Company Shares, and the Replacement Options to be issued to holders of Company Options in exchange for such Company Options, in each case pursuant to the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

The HEXO Shares may be resold without restriction under the U.S. Securities Act, except in respect of resales by Persons who are "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of HEXO at the Effective Date or who have been affiliates of HEXO within ninety days before such resale. Persons who may be deemed to be "affiliates" of an issuer pursuant to Rule 144 under the U.S. Securities Act generally include individuals or entities that directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such securities by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, absent an exemption therefrom. U.S. Company Securityholders who are affiliates of HEXO solely by virtue of their status as an officer or director of HEXO may sell their HEXO Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S. See "*Securities Law Considerations – U.S. Securities Laws*".

Holders of Company Options are advised that the Section 3(a)(10) Exemption will not exempt the issuance of securities issued upon exercise of securities issued pursuant to the Section 3(a)(10) Exemption. Therefore, the Section 3(a)(10) Exemption will not be available in respect of the HEXO Shares issuable upon the exercise of Replacement Options. The HEXO Shares issuable upon the exercise of Replacement Options will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act. The Replacement Options may only be exercised in the United States, or by or on behalf of a U.S. Person or a Person in the United States, in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Prior to any such exercise, HEXO may require the delivery of reasonably satisfactory evidence, which may include, without limitation, an opinion of counsel reasonably satisfactory to HEXO, to the effect that such exercise does not require registration under the U.S. Securities Act or applicable U.S. state securities laws. See "*Securities Law Considerations – U.S. Securities Laws*".

The solicitation of proxies is being made, and the transactions contemplated herein are being undertaken, by Canadian issuers in accordance with Canadian corporate and securities laws and are not subject to the requirements of Section 14(a) of the U.S. Exchange Act, by virtue of an exemption applicable to proxy solicitations by "foreign private issuers" (as defined in Rule 3b-4 under the U.S. Exchange Act). U.S. Company Securityholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to U.S. domestic issuers, and this Information Circular has not been filed with or approved by the SEC or the securities regulatory authority of any state within the United States. Likewise, information concerning the operations of each of the HEXO Group and the Company has been prepared in accordance with Canadian standards, and may not be comparable to similar information for U.S. domestic issuers.

The financial statements of the Company and HEXO and other financial information, included in or incorporated by reference in this Information Circular have been prepared in accordance with IFRS, and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects, and thus may not be comparable to financial statements and financial information prepared in accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

Completion of the transactions described herein may have tax consequences under the laws of both the United States and Canada, and any such tax consequences under the laws of the United States are not described in this Information Circular. U.S. Company Securityholders are advised to consult their own tax advisors to determine any particular U.S. tax consequences to them of the transactions to be effected in

connection with the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the Applicable Laws of any other relevant foreign, state, local or other taxing jurisdiction.

The enforcement by U.S. Company Securityholders of civil liabilities under securities laws of the United States may be affected adversely by the fact that each of the Company and HEXO is incorporated outside the United States, that some or all of their respective officers and directors and the experts named herein are residents of a foreign country, and that some or all of the assets of the Company and HEXO and the aforementioned Persons are located outside the United States. As a result, it may be difficult or impossible for U.S. Company Securityholders to effect service of process within the United States upon the Company, HEXO, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. Company Securityholders should not assume that the courts of Canada (a) would allow them to sue the Company, HEXO, their respective officers or directors, or the experts named herein in the courts of Canada, (b) would enforce judgments of United States courts obtained in actions against such Persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States, or (c) would enforce, in original actions, liabilities against such Persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

THE FOREGOING DISCUSSION IS ONLY A GENERAL OVERVIEW OF CERTAIN SECURITIES, TAX AND OTHER LEGAL ISSUES APPLICABLE TO THE ISSUANCE, EXCHANGE AND RESALE OF THE SECURITIES OF HEXO TO BE ISSUED AND EXCHANGED IN THE ARRANGEMENT. U.S. COMPANY SECURITYHOLDERS SHOULD CONSULT THEIR OWN TAX, LEGAL AND FINANCIAL ADVISORS REGARDING THE PARTICULAR CONSEQUENCES TO THEM OF THE ARRANGEMENT.

SUMMARY

The following summarizes the principal features of the information contained in this Information Circular. This Summary should be read together with and is qualified in its entirety by the more detailed information and financial data and statements contained elsewhere in this Information Circular, including the schedules hereto and documents incorporated by reference herein. Capitalized terms in this Summary have the meanings set out in the "Glossary of Defined Terms" in this Information Circular or as set out in this Summary. The full text of the Arrangement Agreement may be viewed under the Company's profile on SEDAR at http://www.sedar.com.

The Meeting

The Meeting will be held virtually via live audio webcast, available online using the LUMI meeting platform at https://web.lumiagm.com/418612599 on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time), for the purposes set forth in the accompanying Notice. The business of the Meeting will be to consider and vote on the Arrangement Resolution and to transact such further and other business as may properly be brought before the Meeting. See "*Particulars of Matters to be Acted Upon – The Arrangement*".

Amid ongoing concerns regarding the COVID-19 outbreak, the Company remains mindful of the well-being of the Company Shareholders and their families, its industry partners and other stakeholders, as well as the communities in which the Company operates. Accordingly, the Company has planned to hold the Meeting exclusively as a virtual (by electronic means) shareholder meeting. Company Shareholders will not be able to attend the Meeting in person.

Record Date

The Record Date for determining the Registered Company Shareholders for the purpose of the Meeting is July 13, 2021.

Who is Soliciting my Vote?

The proxy solicitation is made by or on behalf of management of the Company and will be made primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers or employees of the Company at nominal cost. Directors, officers or employees will not receive any extra compensation for such activities.

Voting by Proxy

A Registered Company Shareholder may deposit, at any time before the Proxy Submission Deadline of 5:00 p.m. (Toronto time) on Friday, August 13, 2021, assuming no adjournment of the Meeting, their Proxy by mail, telephone or over the internet in accordance with the instructions below to vote its Company Shares.

- Mail. Mail your completed Proxy to the following address:
  Computershare Investor Services Inc.
  Attn: Proxy Department
  8th Floor, 100 University Avenue
  Toronto, ON, M5J 2Y1

- Telephone. Enter the 15-digit control number printed on the Proxy at 1-866-732-8683 (toll-free in North America) or 312-588-4290 (outside North America).

- Internet. Enter the 15-digit control number printed on the Proxy at www.investorvote.com.

A non-Registered Company Shareholder should follow the instructions included on the Voting Instruction Form provided by their Intermediary.

If you have any questions about any of the information or require assistance in completing your form of proxy or voting instruction form for your Company Shares, as applicable, please consult your financial, legal, tax and other professional advisors.

Participation and Voting at the Meeting

Registered Company Shareholders who wish to vote virtually at the Meeting should not complete or return the Proxy included with this Information Circular. Non-Registered Company Shareholders must provide voting instructions through their Intermediaries as described herein or in accordance with the relevant instructions received from their Intermediary. Non-Registered Company Shareholders who wish to vote virtually at the Meeting should be appointed as their own representatives for the Meeting in accordance with the instructions provided by their intermediaries.

Company Shareholders can attend the Meeting by going to https://web.lumiagm.com/418612599. The Company recommends that you login at least 15 minutes before the Meeting starts. Please do not do a Google search and do not use Internet Explorer. The best browser to use the LUMI meeting platform is Google Chrome.

Registered Company Shareholders and duly appointed proxyholders can participate in the Meeting by clicking "I have a login". You will be asked to enter a username and password before the start of the Meeting.

- If you are a Registered Company Shareholder: Your username is the 15-digit control number on the Proxy accompanying your Information Circular (which can also be found in the email notification you received from Computershare) and the password is "48north" (case sensitive).

- If you are a duly appointed proxyholder: Computershare will provide you with a username by email after the voting deadline has passed. The password is "48north" (case sensitive).

Voting at the Meeting will only be available for Registered Company Shareholders and duly appointed proxyholders. Non-Registered Company Shareholders who have not appointed themselves as proxyholder may attend the Meeting as a guest by clicking "I am a guest" and completing the online form. All guests are able to listen to the Meeting. However, guests will not be able to vote or submit questions. Accordingly, non-Registered Company Shareholders who wish to vote virtually at the Meeting must carefully read the instructions under "*General Proxy Information*", to duly appoint themselves as proxyholder and then register themselves as the duly appointed proxyholder in order to obtain a username to participate in and vote virtually at the Meeting.

Company Shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting must complete and deposit their Proxy or Voting Instruction Form, as applicable, prior to registering their proxyholder. Registering the proxyholder is an additional step once a Company Shareholder has deposited their Proxy or Voting Instruction Form, as applicable. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, Company Shareholders must visit https://www.computershare.com/48North by 5:00 p.m. (Toronto time) on Friday, August 13, 2021, and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email. **Without a username, proxyholders will not be able to vote virtually at the Meeting.**

See "*General Proxy Information*" below for information regarding the appointment and revocation of proxies.

It is important that you are connected to the internet at all times during the Meeting in order to vote virtually when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

If you are using a 15-digit control number to log in to the Meeting and you accept the terms and conditions, you will automatically revoke any and all previously deposited proxies. However, in such a case, you will be provided the opportunity to vote virtually by ballot on the matters put forth at the Meeting. If you do not wish to revoke all previously deposited proxies when logging in to the Meeting, you should not vote again virtually by ballot on the matters put forth at the Meeting. In the event that you vote again virtually by ballot on the matters put forth at the Meeting, your previously deposited proxies will be revoked in respect of the matters voted upon.

Purpose of the Meeting

This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting.

At the Meeting, Company Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, the Arrangement Resolution, as more particularly described herein, and to transact such further or other business as may properly come before the Meeting or any postponement or adjournment thereof. See Schedule A for the full text of the Arrangement Resolution.

The Arrangement

Summary

The principal features of the Arrangement may be summarized as set forth below (and are qualified in their entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement).

Pursuant to the Plan of Arrangement, on the Effective Date, the following matters are anticipated to be effected sequentially in connection with the Arrangement, in the following order without any further act or formality:

- All Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised will be deemed to have been transferred by such Dissenting Shareholders to HEXO, upon which such Dissenting Shareholders will cease to be the holder of such Company Shares and to have any rights as a Company Shareholder (other than the right to be paid the fair value of such Company Shares in accordance with the Plan of Arrangement).

- All Company RSUs, whether vested or unvested, will, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, and such Company RSUs will be, and will be deemed to be, surrendered to the Company by the holders thereof, on the basis of one Company Share for each Company RSU, less any amounts withheld pursuant to the Plan of Arrangement.

- All Company Shares, other than the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised, will be exchanged by the holders thereof, without any further act or formality, for fully paid and non-assessable HEXO Shares based on the Exchange Ratio, in accordance with the terms of the Plan of Arrangement and the provisions of the Arrangement Agreement, all resulting in the anticipated issuance of an aggregate of 5,352,038 HEXO Shares to Company Shareholders (assuming that an aggregate of 226,206,184 Company Shares are issued and outstanding immediately following the vesting, surrender, and exchange of an aggregate of 893,957 outstanding Company RSUs for Company Shares and prior to the exchange of Company Shares for HEXO Shares, in each case pursuant to the Plan of Arrangement, and further, that no Dissent Rights are exercised).

- Each unexercised Company Option outstanding at the Effective Time (whether vested or unvested) will immediately be exchanged for the corresponding Replacement Option, with each Replacement Option entitling the holder thereof to acquire such number of HEXO Shares as is equal to: (A) that

number of Company Shares that were issuable upon exercise of such Company Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of HEXO Shares, at an exercise price per HEXO Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Share at which such Company Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, will be the same as the Company Option for which it was exchanged, and any certificate or agreement previously evidencing such Company Option will thereafter evidence, and be deemed to evidence, such Replacement Option.

Following completion of the Arrangement, holders of Company Warrants that had not been exercised prior to the Effective Time, will be entitled to be issued and receive upon exercise thereof (and shall accept for the same aggregate consideration, in lieu of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants), the kind and aggregate number of HEXO Shares that such holder would have been entitled to be issued and receive if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants. Each Company Warrant, if applicable, will continue to be governed by and be subject to the terms of the applicable Warrant Indenture or applicable Warrant Certificate, as the case may be.

Pursuant to the Plan of Arrangement, in no event will any holder of Company Shares be entitled to a fractional HEXO Share under the Arrangement. Where the aggregate number of HEXO Shares to be issued to a holder of Company Shares as consideration under the Arrangement would result in a fraction of a HEXO Share being issuable, then the number of HEXO Shares to be received by such holder of Company Shares will be rounded down to the nearest whole number of HEXO Shares without any additional compensation or cost.

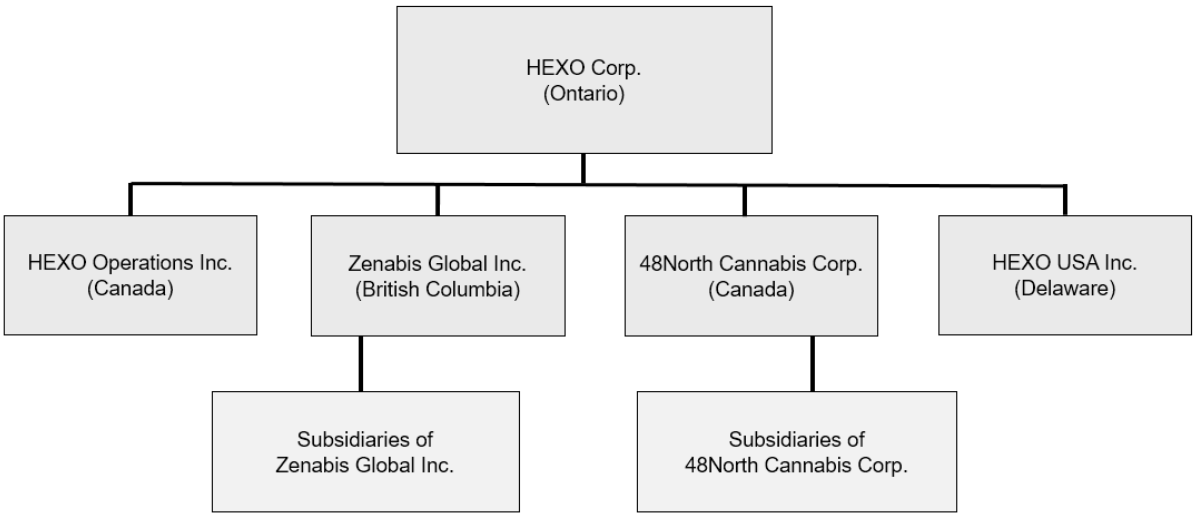
In connection with the Arrangement, each of the current members of the Company Board and of the board of directors of each of the Company's subsidiaries, as well as the respective officers of the Company and each of its subsidiaries, will resign. Following completion of the Acquisition, the Company will continue as a wholly-owned subsidiary of HEXO.

See *"Particulars of Matters to be Acted Upon – The Arrangement*".

Effect of the Arrangement

The principal effect of the Arrangement is that: (i) the Company will continue as a wholly-owned subsidiary of HEXO, as a result of which all of the property and assets of the Company will become indirectly held by HEXO, and (ii) existing Company Shareholders will continue to hold an indirect interest in the property and assets of the Company through the HEXO Shares that they receive pursuant to the Arrangement. The Arrangement does not change any of the assets, properties, rights, liabilities, obligations, business or operations of either the HEXO Group or the Company on a consolidated basis.

A corporate organizational chart reflecting the proposed structure of HEXO after giving effect to the above-noted matters is set forth below. Unless otherwise noted, the percentage of voting securities held is 100%.



Upon completion of the Arrangement, and assuming that (i) there are 152,427,156 HEXO Shares and 225,312,227 Company Shares issued and outstanding immediately prior to the Effective Date, (ii) a further 46,425,085 HEXO Shares and 74,285,017 Company Shares reserved for issuance upon exercise of outstanding convertible securities of each of HEXO and the Company, respectively (including, in the case of the Company, all outstanding Company Warrants and Company Options but excluding Company RSUs), (iii) there are 893,957 Company Shares issuable on the vesting, surrender and exchange of Company RSUs for Company Shares pursuant to the Plan of Arrangement, (iv) none of the outstanding Company Warrants and Company Options (or Replacement Options) are exercised until after the Effective Date, and (v) no Dissent Rights are exercised by any Company Shareholder, there will be, immediately following completion of the Arrangement, approximately 157,779,194 HEXO Shares outstanding and a further 48,182,668 HEXO Shares reserved for issuance upon exercise of convertible securities of each of HEXO and the Company (inclusive of the Existing HEXO Options, Existing HEXO RSUs, existing warrants of HEXO, existing convertible debentures of HEXO, the Replacement Options, and the Company Warrants).

The following table summarizes the distribution of HEXO Shares following the completion of the Arrangement based upon the foregoing assumptions and excluding any Company Shares or HEXO Shares issuable upon exercise or conversion of all convertible securities.

Shareholder	Number of HEXO Shares	Percentage of HEXO on a *Pro Forma* Basis
Existing HEXO Shareholders	152,427,156	96.61%
Former Company Shareholders	5,352,038	3.39%

In connection with the Arrangement, (i) prior to the exchange of Company Shares for HEXO Shares pursuant to the Arrangement, all Company RSUs, whether vested or unvested, will, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, and such Company RSUs will be, and will be deemed to be, surrendered to the Company by the holders thereof for one Company Share (which will subsequently be exchanged for HEXO Shares pursuant to the Plan of Arrangement, in accordance with the Exchange Ratio), less any amounts withheld pursuant to the Plan of Arrangement, and (ii) all unexercised Company Options outstanding immediately prior to the Effective Date will be exchanged for Replacement Options which will thereafter entitle the holders to acquire HEXO Shares in lieu of Company Shares, subject to adjustment in number and exercise price to give effect to the Exchange Ratio and without entailing any other amendment to their terms other than as set forth below.

Additionally, to the extent Company Warrants are not exercised prior to the Effective Time, the Plan of Arrangement provides that, upon the exercise of such rights, holders of Company Warrants will be entitled to be issued and receive and shall accept for the same aggregate consideration, upon such exercise, in lieu of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants, the kind and aggregate number of HEXO Shares that such holder would have been entitled to be issued and receive if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants. Each Company Warrant, if applicable, will continue to be governed by and be subject to the terms of the applicable Warrant Indenture or applicable Warrant Certificate, as the case may be.

See "*Particulars of Matters to be Acted Upon – The Arrangement – Effect of the Arrangement*".

Full particulars of the Arrangement are contained in the Plan of Arrangement attached hereto as Schedule B and incorporated by reference in this Information Circular. See also "*Particulars of Matters to be Acted Upon – The Arrangement*".

The Parties

For further details regarding the Company, please refer to Schedule D to this Information Circular. For further details regarding the HEXO Group, please refer to Schedule E to this Information Circular. For further details regarding the Resulting Issuer following the Arrangement, please refer to Schedule F to this Information Circular.

Company Selected Financial Information

See the Company Annual Financial Statements and the Company Interim Financial Statements, which are incorporated by reference herein.

HEXO Selected Financial Information

See the HEXO Annual Financial Statements and the HEXO Interim Financial Statements, which are incorporated by reference herein.

Recommendations of the Company Special Committee

The Company Special Committee, having undertaken a thorough review of, and having carefully considered the terms of the Arrangement Agreement, in consultation with management of the Company, the Company's and the Company Special Committee's legal advisors and Echelon, and having taken careful consideration of, among other things, the reasons for its recommendations to the Company Board, the Fairness Opinion, and such other matters as it considered relevant, unanimously determined to recommend to the Company Board that the Company Board resolve: (i) that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the Company and the Arrangement is fair to the Company Shareholders, (ii) to approve the Company entering into the Arrangement Agreement, and (iii) to recommend that the Company Shareholders vote in favour of the Arrangement Resolution.

Reasons for the Recommendations of the Company Special Committee

In making its recommendations that the Company Board resolve that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the Company, that the Arrangement is fair to the Company Shareholders, and that the Company Board recommend that the Company Shareholders vote in favour of the Arrangement Resolution, the Company Special Committee considered and relied upon a number of substantive factors, procedural safeguards, and risks and uncertainties, including, among others, the following:

- strategic review carried out by the Company Special Committee under the supervision of the Company Board;
- ownership in a larger, stronger company focused on cannabis production;
- enhanced scale of the Resulting Issuer, which is anticipated to provide greater access to capital markets;
- preserving Company Shareholder value;
- premium to Company Shareholders;
- treatment of holders of the Incentive Securities and Company Warrants;
- Fairness Opinion;
- Dissent Rights;
- terms of the Arrangement Agreement;
- arm's-length negotiations;
- ability to accept a Superior Proposal;
- requirement to obtain Shareholder approval;
- Voting Support Agreements;
- shareholders will participate in the business of the Resulting Issuer;
- financial, legal and other advice;
- determination of fairness by the Court;
- risk factors relating to the Arrangement;
- risks to the Company of non-completion;
- dilution; and
- risk factors relating to the Resulting Issuer.

The Company Special Committee's recommendations were based upon the totality of the information presented and considered by it. The foregoing summary of the information and factors considered by the Company Special Committee is not intended to be exhaustive but includes a summary of the material information and factors considered by the Company Special Committee in its consideration of the Arrangement.

Recommendations of the Company Board

After careful consideration of, among other things, the recommendations and reasons of the Company Special Committee, the Fairness Opinion, the advice of legal and financial advisors, and such other matters as it considered relevant, the Company Board has unanimously determined that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the Company and the Arrangement

is fair to the Company Shareholders. Accordingly, the Company Board unanimously recommends that the Company Shareholders vote in favour of the Arrangement Resolution.

See "*Particulars of Matters to be Acted Upon – The Arrangement – Recommendations of the Company Board*".

Business Objectives

Pursuant to the Arrangement, the HEXO Group and the Company will combine their business operations. Set forth below is a summary of the business currently proposed to be carried on by the Resulting Issuer after giving effect to the Arrangement.

Following the Arrangement, it is anticipated that the business objectives of the Resulting Issuer will continue to be the cultivation, processing, packaging and distribution of cannabis, in order to serve the emerging legal adult-use and previously existing medical cannabis markets across Canada with the intention to expand to the United States and internationally where regulations allow.

On June 1, 2021, HEXO completed its previously announced plan of arrangement transaction with Zenabis Global Inc., following which the combined organization is one of the top-three Canadian Licensed Producers in terms of combined Canadian recreational cannabis sales (based on the most recently filed quarterly financial information of the top five Licensed Producers in Canada). Following completion of the Arrangement, the Resulting Issuer is expected to continue to be one of the largest Licensed Producers in Canada in terms of combined Canadian recreational cannabis sales. In particular, the Resulting Issuer is expected to continue to have access to the European medical cannabis market with an established facility in the European Union supplying pharmaceutical products to the European Market, and is expected to provide a platform for growth and foundation from which to diversity the Resulting Issuer's portfolio of brands. Furthermore, assuming completion of HEXO's proposed transaction (as announced by HEXO on May 28, 2021) to acquire RedeCan, presently Canada's largest privately-owned Licensed Producer, the Resulting Issuer would hold the number one market share in the Canadian recreational cannabis market and the number one position in four of Canada's largest markets: Alberta, British Columbia, Quebec, and Ontario.

In addition to these strategic benefits, HEXO has previously publicly announced that it is expected that the Resulting Issuer may realize annual synergies through cost of goods reductions, and selling, general and administrative cost savings.

See "*Information Concerning the Resulting Issuer*" in Schedule F to this Information Circular.

The Fairness Opinion

The Company retained Echelon to act as financial advisor to the Company Special Committee, including providing the Company Special Committee and Company Board with an opinion as to the fairness, from a financial point of view, of the consideration to be received by Company Shareholders pursuant to the Arrangement Agreement.

On May 16, 2021, Echelon verbally delivered its opinion, subsequently confirmed in writing, that as at the date thereof, the consideration to be received by Company Shareholders under the Arrangement is fair from a financial point of view to the Company Shareholders. The full text of the Fairness Opinion, which sets forth certain assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as Schedule G to this Information Circular. The summary of the Fairness Opinion described in this Information Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

The Fairness Opinion was provided solely for the information and assistance of the Company Special Committee and the Company Board in connection with their respective consideration of the Arrangement and is not a recommendation to any Company Shareholder as to how to vote or act on any matter relating

to the Arrangement. The Fairness Opinion was only one factor that the Company Board took into consideration in making its determination to recommend that the Company Shareholders vote in favour of the Arrangement Resolution.

See "*Particulars of Matters to be Acted Upon – The Arrangement – The Fairness Opinion*".

Bridge Loan Agreement

In June 2021, HEXO provided the Company with the Bridge Loan, the proceeds of which the Company has allocated to be used solely for the purpose of replenishing shortfalls or deficiencies in the working capital of the Company and the other Credit Parties (as defined below) between the signing of the Arrangement Agreement and the closing of the Arrangement.

The Bridge Loan is guaranteed by the Company's subsidiaries Good & Green Cannabis Corp., 48North Amalco Ltd., DelShen Therapeutics Corp., Good & Green Corp., 2618351 Ontario Inc., and 2656751 Ontario Ltd. (collectively with the Company, the "**Credit Parties**"), and is secured by third-ranking security interests over the present and after-acquired personal property of each of the Credit Parties.

The Bridge Loan bears interest at an initial rate of 10% per annum (or, upon the occurrence of an event of default that is continuing, 14% per annum). The principal amount of the Bridge Loan and the accrued interest thereon will be payable on the maturity date of the Bridge Loan Agreement, being December 27, 2021, provided however that, (i) in the event that the Arrangement Agreement is terminated in accordance with its terms for any reason, other than as a result of there having occurred a breach of a representation, warranty or covenant by the Company that cannot be cured by the Outside Date or the occurrence of a material adverse change such that certain conditions precedent could not be satisfied by the Outside Date, then all amounts outstanding under the Bridge Loan Agreement will become due and payable on the tenth day following HEXO's written demand for repayment thereof, and (ii) in the event that the Arrangement Agreement is terminated (A) by HEXO, as a result of the Company Board having approved, recommended or authorized the Company to enter into a written agreement (other than certain permitted confidentiality and standstill agreements) concerning a Superior Proposal prior to the Company Shareholders having approved the Arrangement Resolution, or (B) by the Company, upon the Company Board having authorized the Company (subject to certain conditions) to approve, accept or enter into any agreement, understanding or arrangement concerning a Superior Proposal (other than certain permitted confidentiality agreements) prior to the Company Shareholders having approved the Arrangement Resolution, and upon payment of the Termination Fee, then either (1) all amounts then owing and outstanding under the Bridge Loan Agreement will become immediately due and payable and must be repaid by Company to HEXO concurrently with the payment of the Termination Fee, or (2) concurrently with the payment of the Termination Fee, the Person making the Superior Proposal (or their nominee) shall purchase and assume from HEXO, all of HEXO's rights and obligations under the Bridge Loan Agreement for cash consideration equal to the amount of outstanding principal and accrued interest under the Bridge Loan Agreement.

Pursuant to the Bridge Loan Agreement, the Company may at any time prepay, in whole (but not in part), the outstanding principal amount of the Bridge Loan together with all accrued and unpaid interest and fees thereon, subject to payment by the Company to HEXO of an additional amount equal to 10% of the outstanding principal amount of the Bridge Loan.

See "*Particulars of Matters to be Acted Upon – The Arrangement - Bridge Loan Agreement".*

Regulatory Approvals

In addition to the approval of the Arrangement by Company Shareholders as further described herein, certain regulatory approvals, including of each of the TSX and NYSE, will also be required in order to consummate the Arrangement, as further described below.

As of the date hereof, HEXO has applied to the TSX and the NYSE for approval of the listing of the HEXO Shares to be issued and reserved for issuance in connection with the Arrangement, and has obtained the

conditional approved of the TSX for the listing of such HEXO Shares. Listing is subject to HEXO fulfilling all of the requirements of the TSX and the NYSE.

See "*Particulars of Matters to be Acted Upon – Conduct of the Meeting and Approvals of the Arrangement – Regulatory Approvals*".

Company Shareholders should be aware that the final approvals have not yet been given by the regulatory authorities referred to above. The Company cannot provide any assurances that such approvals will be obtained.

On July 14, 2021, the Court granted the Interim Order facilitating the calling of the Meeting and prescribing the conduct of the Meeting, the Dissent Rights, and certain other procedural matters. The Interim Order is attached as Schedule H to this Information Circular.

The Court hearing in respect of the Final Order is expected to take place at 11:30 a.m. (Toronto time) on August 26, 2021 (or as soon thereafter as legal counsel can be heard) via videoconference before a Judge of the Ontario Superior Court of Justice (*Commercial List*) located at the Courthouse, 330 University Avenue, 7th Floor, Toronto Ontario, M5G 1R7.

For further information regarding the Court hearing in connection with the Final Order and the rights of Company Shareholders in connection with the Court hearing, see the Interim Order attached as Schedule H to this Information Circular and the issued Notice of Application attached at Schedule I to this Information Circular. The Notice of Application constitutes notice of the Court hearing of the application for the Final Order and is the only such notice of that proceeding.

See "*Particulars of Matters to be Acted Upon – The Arrangement – Conduct of the Meeting and Approvals of the Arrangement".*

Dissent Rights Under the Arrangement

Registered Company Shareholders have Dissent Rights with respect to the Arrangement. Any Registered Company Shareholders who dissent from the Arrangement Resolution in accordance with Section 190 of the CBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order, will be entitled to be paid by the Company the fair value of the Company Shares held by such Company Shareholders determined as at the close of business on the Business Day immediately preceding the date on which the Arrangement Resolution is approved by the Company Shareholders. **The Dissent Rights with respect to the Arrangement must be strictly complied with in order for Registered Company Shareholders to receive cash representing the fair value of Company Shares held.**

To exercise the Dissent Rights with respect to the Arrangement Resolution, a written notice of dissent to the Arrangement Resolution must be received by the Company c/o Bennett Jones LLP, Attention: Alan Gardner and Joseph Blinick, at One First Canadian Place, Suite 3400 - 100 King Street West, P.O. Box 130, Toronto, Ontario, M5X 1A4, Canada by 5:00 p.m. (Toronto time) on Friday, August 13, 2021 (or the day that is two (2) Business Days prior to the date that any adjourned or postponed Meeting is reconvened or held, as the case may be), and such Notice of Dissent must strictly comply with the requirements of Section 190 of the CBCA.

See "*Dissent Rights Under the Arrangement*". See also the full text of the Interim Order and Section 190 of the CBCA, which are attached as Schedule H and Schedule C to this Information Circular, respectively.

Conflicts of Interest

To the knowledge of management of the Company and HEXO, no existing or potential material conflicts of interest exist presently or will exist between the Resulting Issuer or a subsidiary of the Resulting Issuer and any proposed director, officer or promoter of the Resulting Issuer or a subsidiary of the Resulting Issuer following completion of the Arrangement.

Income Tax Considerations

Holders of the securities of the Company should consult their own tax advisors about the applicable Canadian or United States federal, provincial, state and local tax consequences of the Arrangement.

For Canadian federal income tax purposes, a Company Shareholder whose Company Shares are capital property generally will not realize a capital gain or capital loss on the exchange of such shares for HEXO Shares in connection with the Arrangement. See "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax* Considerations".

Completion of the Arrangement may have tax consequences under the laws of the United States and any other jurisdiction in which a securityholder of the Company is subject to tax, and any such tax consequences are not described in this Information Circular. United States and other non-Canadian securityholders of the Company are urged to consult their own tax advisors to determine any particular tax consequences to them of the transactions contemplated in connection with Arrangement. See "*Note to U.S. Company Securityholders*".

Securities Law Information for Canadian Shareholders

The issuance of the HEXO Shares in connection with the Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The HEXO Shares may be resold in each of the provinces and territories of Canada without resale restrictions, provided the holder is not a "control person" as defined in the applicable legislation, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale.

The resale of any HEXO Shares acquired in connection with the Arrangement may be required to be made through properly registered securities dealers. Each Company Shareholder is urged to consult professional advisers to determine the conditions and restrictions applicable to trades in such shares.

See "*Securities Law Considerations*".

Securities Law Information for U.S. Company Securityholders

The HEXO Shares and Replacement Options to be issued and exchanged in connection with the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and such securities are being issued in reliance upon the Section 3(a)(10) Exemption and exemptions from registration under applicable U.S. state securities laws. As a result, the HEXO Shares and Replacement Options issued to U.S. Company Securityholders under the Arrangement may be subject to certain restrictions on transfer under applicable U.S. federal and state securities laws. U.S. Company Securityholders should consult their own legal and financial advisors concerning the applicable United States federal, state and local securities law consequences of the Arrangement. See "*Particulars of Matters to be Acted Upon – The Arrangement*" and "*Note to U.S. Company Securityholders*".

Voting Support Agreements

As of the Record Date, Company Shareholders (including the directors and the Chief Executive Officer of the Company) beneficially owning, or exercising control or direction over, directly or indirectly, Company Shares representing approximately 25.90% of the issued and outstanding Company Shares have entered into the Voting Support Agreements, pursuant to which, among other things, such Company Shareholders agreed to cause to be counted as present for purposes of establishing quorum at the Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by each of them or over which they exercise control or direction, as applicable, in favour of the approval of the Arrangement Resolution and the transactions contemplated in the Arrangement Agreement, and any other matter necessary for the consummation of the Arrangement, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted in

favour of the approval, consent, ratification and adoption of the Arrangement, including without limitation the Arrangement Resolution and/or any other matter necessary for the consummation of the Arrangement.

The Voting Support Agreements will terminate and be of no further force or effect upon the earliest to occur of: (a) the mutual agreement in writing of the Company Shareholder party thereto and HEXO, (b) by the Company Shareholder party thereto if any of the representations and warranties of HEXO in the Voting Support Agreement shall not be true and correct in all material respects, if HEXO has not complied with its covenants to the Company Shareholder under the Voting Support Agreement (subject to a specified cure period), or if HEXO, without the consent of the Company Shareholder party thereto varies the terms of the Arrangement Agreement in a manner that is materially adverse to the Company Shareholder party thereto, (c) by HEXO if any of the representations and warranties of the Company Shareholder party thereto shall not be true and correct in all material respects or such Company Shareholder has not complied with its covenants to HEXO under the Voting Support Agreement (subject to a specified cure period), and (d) automatically upon completion of the Arrangement or the date that the Arrangement Agreement is terminated in accordance with its terms.

Under the terms of the Voting Support Agreements, the Company Shareholders party thereto have agreed to support an Alternative Transaction, including any take-over bid made by HEXO, that occurs during the term of the Voting Support Agreement.

See "*Particulars of Matters to be Acted Upon – The Arrangement – Conduct of the Meeting and Approvals of the Arrangement".*

Risk Factors Relating to the Arrangement

An investment in the HEXO Shares involves a significant degree of risk. The HEXO Shares to be issued in connection with the Arrangement are subject to a number of risk factors. Holders of Company Shares should review carefully the risk factors set forth under the heading entitled "*Particulars of Matters to be Acted Upon – The Arrangement – Risk Factors Relating to the Arrangement*" in this Information Circular, and the risk factors set forth in the schedules and documents incorporated by reference hereto. A summary of certain of the principal risk factors concerning each of the HEXO Group and the Company, as well as certain risk factors associated with the Arrangement, are set forth below:

- the Company could fail to complete the Arrangement or the Arrangement may be completed on different terms;
- risks associated with a fixed Exchange Ratio;
- the Termination Fee, if triggered, and the terms of the Voting Support Agreements, may discourage other parties from attempting to acquire the Company;
- the Company will incur substantial transaction-related costs in connection with the Arrangement;
- while the Arrangement is pending, the Company is restricted from taking certain actions, which may affect the ability of the Company to execute on certain strategic opportunities;
- the pending Arrangement may divert the attention of the Company's management;
- certain directors and senior officers of the Company may have interests in the Arrangement (by virtue of their ownership of, for example, Company Options and Company RSUs) that are different from those of the Company Shareholders;
- there can be no assurance that the anticipated benefits of the Arrangement will be realized as forecasted or that the Arrangement will be completed, as each of the Company and HEXO have rights to terminate the Arrangement Agreement and the completion of the Arrangement is subject

to numerous conditions precedents, certain of which are outside the control of the Company and HEXO;

- there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company or the HEXO Group;
- HEXO may be required to make a substantial cash payment to Dissenting Shareholders, which could have an adverse effect on HEXO's financial condition and cash resources if the Arrangement is completed;
- the market price of the Company Shares and HEXO Shares at any given point in time may not accurately reflect the long-term value of the Company or the HEXO Group, respectively;
- each of the Company and the HEXO Group faces strong competition;
- the ability of each of the Company and the HEXO Group to grow, process, store and sell cannabis in Canada is dependent on each of their respective ability to remain in good standing as a Licensed Producer and obtain, sustain or renew applicable licences on acceptable terms, which are subject to changes in regulations and policies and to the discretion of Health Canada and any other applicable authorities;
- each of the Company and the HEXO Group faces an inherent risk of exposure to product recalls, product liability claims, regulatory action and litigation;
- a failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties, restrictions on manufacturing operations, extensive changes to operations or material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company and/or the HEXO Group;
- the Company and the HEXO Group are each dependent upon the services of key executives;
- certain of the directors and officers of the Company and the HEXO Group also serve as directors and/or officers of other reporting issuers, and, consequently, there exists the possibility for such directors and officers to be in a position of conflict;
- insurance coverage may not be available to the Company and/or the HEXO Group, or may not be adequate to cover any resulting liability;
- no dividends on any of the Company Shares or HEXO Shares have been paid by either the Company or HEXO to date;
- current global financial conditions have been subject to increased volatility, and in some cases, access to public financing has been negatively impacted. These factors may impact the ability of HEXO to obtain equity or debt financing in the future and, if obtained, on terms favourable to HEXO. If these increased levels of volatility and market turmoil continue, HEXO's operations could be adversely impacted, and the value and the price of the HEXO Shares and other securities could continue to be adversely affected; and
- as a result of the Arrangement and the corresponding transactions, the voting power of the existing Company Shareholders will be substantially diluted and the voting power of HEXO Shareholders will also be diluted, but to a lesser degree.

See "*Particulars of Matters to be Acted Upon – The Arrangement – Risk Factors Relating to the Arrangement*".

Expenses of the Arrangement

Except as otherwise provided in the Arrangement Agreement, all out-of-pocket third-party transaction expenses incurred in connection with the Arrangement Agreement and the Plan of Arrangement and the transactions contemplated thereunder, will be paid by the party incurring such fees, costs or expenses, whether or not the Arrangement is consummated. See "*Particulars of Matters to be Acted Upon – The Arrangement Agreement – Expenses*".

GLOSSARY OF DEFINED TERMS

In this Information Circular, the following capitalized words and terms shall have the following meanings:

"**2020 Offering**" has the meaning given to such term in *"Particulars of Matters to be Acted Upon – The Arrangement– Background to the Arrangement*".

"**2020 Senior Secured Loan**" has the meaning given to such term in *"Particulars of Matters to be Acted Upon – The Arrangement– Background to the Arrangement*".

"**2021 Offering**" has the meaning given to such term in *"Particulars of Matters to be Acted Upon – The Arrangement– Background to the Arrangement*".

"**Acquisition**" means the acquisition by HEXO of all of the issued and outstanding Company Shares pursuant to the terms and conditions of the Arrangement Agreement, subject to the Dissent Rights.

"**Acquisition Proposal**" means any offer, proposal or inquiry, whether written or oral, from any Person or group of Persons (other than HEXO or any of its affiliates) acting jointly or in concert after the date of the Arrangement Agreement relating to, in each case whether in a single transaction or a series of related transactions: (a) any direct or indirect take-over bid, tender offer or exchange offer (in each case including an exempt bid or offer), treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons, other than HEXO or an affiliate of HEXO, beneficially owning 20% or more of any class of voting or equity securities or other securities or any other equity interests (including securities convertible into or exchangeable for voting or equity securities) of the Company and/or one or more subsidiaries of Company which represents, individually or in the aggregate, 20% or more of the consolidated assets or contributed 20% or more of the consolidated revenues or earnings of the Company and its subsidiaries, taken as a whole, (b) any amalgamation, plan of arrangement, share exchange, business combination, merger, consolidation, recapitalization, reorganization, liquidation, dissolution, winding-up, exclusive licence or other similar transaction involving the Company and/or one or more subsidiaries of the Company, or any liquidation, dissolution or winding-up of the Company and/or one or more subsidiaries of the Company which represents, individually or in the aggregate, 20% or more of the consolidated assets or contributed 20% or more of the consolidated revenues or earnings of the Company and its subsidiaries, taken as a whole, (c) any direct or indirect acquisition or sale, disposition or joint venture (or any lease, long-term supply arrangement licence or other arrangement having the same economic effect as a sale) of assets of the Company and/or one or more subsidiaries of Company which represents, individually or in the aggregate, 20% or more of the consolidated assets or contributed 20% or more of the consolidated revenues or earnings of the Company and its subsidiaries, taken as a whole, (d) any other transaction, the consummation of which could reasonably be expected to impede, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement, (e) any other similar transaction or series of related transactions involving the Company or its subsidiaries, or (f) any proposed amendment of, or public announcement of an intention to do, any of the foregoing.

"**affiliate**" has the meaning given in National Instrument 45-106 – *Prospectus Exemptions*.

"**allowable capital loss**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Alternative Transaction**" has the meaning given to such term in the Voting Support Agreements.

"**Applicable Laws**" means, with respect to any Person, any laws, including international, multinational, federal, national, provincial, state, municipal and local laws (statutory, common or otherwise), constitutions, treaties, conventions, statutes, principles of law and equity, rulings, ordinances, judgments, determinations, awards, decrees, injunctions, writs, certificates and orders, notices, bylaws, rules, regulations, ordinances, or other requirements, guidelines, policies or instruments, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted,

adopted, promulgated, or applied by any Governmental Entity having the force of law that is binding upon or applicable to such Person, or its business, assets or securities, as amended.

"**Arrangement**" means an arrangement pursuant to Section 192 of the CBCA in accordance with the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of the Company and HEXO, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated as of May 17, 2021 between the Company and HEXO governing the terms of the Arrangement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution of the Company Shareholders approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and with the contents set out in Schedule A to this Information Circular, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Interim Order with the written consent of the Company and HEXO, each acting reasonably.

"**Bridge Loan**" means the $5,000,000 bridge financing loan advanced by HEXO to the Company pursuant to the terms of the Bridge Loan Agreement, in connection with the Arrangement.

"**Bridge Loan Agreement**" means that loan agreement entered into between HEXO, as the lender, and the Company, as borrower, in June 2021 in respect of the Bridge Loan, as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"**Business Day**" means any day (other than a Saturday, a Sunday or a statutory or civic holiday) on which commercial banks located in Toronto, Ontario are open for the conduct of business.

"**Cannabis Act**" means the *Cannabis Act* (Canada), as amended from time to time.

"**Cannabis Regulations**" means the *Cannabis Regulations*, SOR/2018-144, made under the Cannabis Act.

"**CBCA**" means the *Canada Business Corporations Act* and the regulations prescribed thereunder, as amended from time to time.

"**CBCA Director**" means the Director appointed under Section 260 of the CBCA.

"**Change in Recommendation**" by the Company Board (or if applicable, any committee of the Company Board) means, prior to the approval of the Arrangement Resolution by the Company Shareholders at the Meeting in accordance with the Interim Order: (i) any amendment, withdrawal, modification or qualification in any manner adverse to HEXO and/or the consummation of the Arrangement of the recommendation of the Company Board that Company Shareholders vote in favour of the Arrangement Resolution, (ii) any approval, acceptance, recommendation or endorsement by the Company Board of, or public proposal by the Company Board to approve, accept, recommend or endorse any publicly announced or otherwise publicly disclosed Acquisition Proposal, (iii) any failure to publicly reaffirm the unanimous recommendation of the Company Board that Company Shareholders vote in favour of the Arrangement within five Business Days following the public announcement of any Acquisition Proposal and after having been requested in writing by HEXO to do so, provided that any Right to Match Period shall have expired (and in any case at the expiry time of any Right to Match Period and prior to the Meeting), it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for more than five Business Days after the public announcement of an Acquisition Proposal (and after having been requested in writing by HEXO to do so) shall be deemed to be a Change in Recommendation, or (iv) any public announcement by Company or the Company Board of its intention or any resolution adopted by the Company Board to do any of the foregoing.

"**Company**" means 48North Cannabis Corp., a corporation existing under the CBCA.

"**Company AIF**" has the meaning given to such term in "*Information Concerning the Company – Documents Incorporated by Reference"* in Schedule D to this Information Circular.

"**Company Annual Financial Statements**" has the meaning given to such term in "*Information Concerning the Company – Documents Incorporated by Reference"* in Schedule D to this Information Circular.

"**Company Board**" means the board of directors of the Company, as constituted from time to time.

"**Company Board Recommendation**" means the recommendation of the Company Board that the Company Shareholders vote in favour of the Arrangement Resolution.

"**Company Documents**" has the meaning given to such term in "*Information Concerning the Company – Documents Incorporated by Reference"* in Schedule D to this Information Circular.

"**Company Interim Financial Statements**" has the meaning given to such term in "*Information Concerning the Company – Documents Incorporated by Reference"* in Schedule D to this Information Circular.

"**Company Option Plan**" means the stock option plan of the Company approved and adopted by the Company Shareholders on March 7, 2018, as amended by approval of the Company Shareholders on December 17, 2019, and any amendments thereto and restatements thereof, and any predecessor option plans or contracts of the Company pursuant to which options to purchase or receive, as applicable, Company Shares were granted and are outstanding.

"**Company Options**" means all outstanding options to purchase Company Shares granted under and/or governed by the Company Option Plan.

"**Company RSUs**" means the all outstanding restricted share units granted under and/or governed by the Company RSU Plan.

"**Company RSU Plan**" means the restricted share unit plan of the Company, as amended by approval of the Company Shareholders on December 17, 2019, and any amendments thereto and restatements thereof and any predecessor restricted share unit plans or contracts of the Company pursuant to which restricted share units to purchase or receive, as applicable, Company Shares were granted and are outstanding.

"**Company Securityholders**" means, collectively, Company Shareholders and holders of Incentive Securities.

"**Company Shareholders**" means the registered or beneficial holders of Company Shares, as the context requires.

"**Company Shares**" means common shares in the capital of the Company.

"**Company Special Committee**" means the special committee of the Company Board, comprised of three independent directors, being William Assini, James Gervais, and Anne Darche.

"**Company Warrant Certificate**" means a certificate issued by the Company evidencing the issuance by the Company of a Company Warrant.

"**Company Warrant Indentures**" means, collectively, (i) the warrant indenture dated April 2, 2019 between the Company and Computershare Trust Company of Canada, and (ii) the warrant indenture dated April 16, 2021 between the Company and Computershare Trust Company of Canada.

"**Company Warrants**" means the warrants of the Company which are outstanding or issuable as of the Effective Time, whether issued (or issuable) under the Warrant Indentures or evidenced (or to be evidenced) by one or more Warrant Certificates.

"**Consideration**" means the HEXO Shares to be issued to the Company Shareholders pursuant to the Arrangement as consideration for their Company Shares, consisting of 0.02366 of a HEXO Share per one (1) Company Share, being the Exchange Ratio.

"**Controlling Individual**" has the meaning given to such term in *"Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Cormark**" means Cormark Securities Inc., financial advisor to the Company.

"**Court**" means the Ontario Superior Court of Justice (*Commercial List*).

"**Credit Parties**" has the meaning given to such term in "*Summary – The Arrangement – Bridge Loan Agreement".*

"**Demand for Payment**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – Dissent Rights Under the Arrangement*".

"De Minimis Exemption" has the meaning given to such term in "*Securities Law Considerations – MI 61-101*".

"**Depositary**" means TSX Trust Company, which the Company has engaged as depositary for the Arrangement.

"**Disclosure Letter**" means the disclosure letter of the Company dated May 17, 2021, delivered in connection with the Arrangement Agreement.

"**Dissent Rights**" means the rights of a Registered Company Shareholder as at the Record Date to dissent from the Arrangement as set out in the Plan of Arrangement, as more particularly described under the heading "*Dissent Rights Under the Arrangement*".

"**Dissent Shares**" means the Company Shares in respect of which a Dissenting Shareholder has duly and validly exercised Dissent Rights.

"**Dissenting Non-Resident Holder**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Dissenting Resident Holder**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Dissenting Shareholder**" means a Registered Company Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and whose Dissent Rights remain valid immediately prior to the Effective Time, but only in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such Registered Company Shareholder.

"**DRS Statement**" means a Direct Registration System statement.

"**Echelon**" means Echelon Wealth Partners Inc.

"**Effective Date**" means the date that is the third (3rd) Business Day following the date on which all of the conditions to completion of the Arrangement as set forth in the Arrangement Agreement have been satisfied

or waived and all documents agreed to be delivered under the Arrangement Agreement have been delivered to the satisfaction of Company and HEXO, acting reasonably.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as the Company and HEXO shall agree to in writing before the Effective Date.

"**Eligible Institution**" means a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

"**EV Diligence Condition**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Conditions to the Arrangement Becoming Effective – Additional Conditions in Favour of HEXO*".

"**Exchange Ratio**" means 0.02366 of a HEXO Share for each Company Share.

"**Existing HEXO Options**" means stock options to acquire HEXO Shares outstanding under the Existing HEXO Plan.

"**Existing HEXO Plan**" means the omnibus long-term incentive plan of HEXO approved by HEXO Shareholders on August 28, 2018 and adopted by the HEXO Board on June 27, 2018.

"**Existing HEXO RSUs**" means restricted share units of HEXO outstanding under the Existing HEXO Plan.

"**Fairness Opinion**" means the opinion of Echelon dated May 16, 2021, attached hereto as Schedule G, addressed to the Company Special Committee, to the effect that, as of May 16, 2021 and based on and subject to the assumptions, limitations and qualifications set forth therein, the Consideration under the Arrangement is fair, from a financial point of view, to the Company Shareholders.

"**Final Order**" means the final order of the Court pursuant to Section 192 of the CBCA, after being informed of the intention to rely upon the Section 3(a)(10) Exemption in connection with the issuance of the HEXO Shares and Replacement Options to Company Securityholders in the United States, in a form acceptable to the Company and HEXO, each acting reasonably, approving the Arrangement as such order may be amended by the Court (with the consent of both the Company and HEXO, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and HEXO, each acting reasonably) on appeal.

"**First Interested Party**" has the meaning given to such term in *"Particulars of Matters to be Acted Upon – The Arrangement– Background to the Arrangement*".

"**Glossary**" refers to the section hereof entitled "*Glossary of Defined Terms*".

"**Governmental Entity**" means any (i) supranational, multinational, federal, territorial, provincial, state, regional, municipal, local or other governmental or public ministry, department, central bank, court, commission, tribunal, board, bureau or agency, domestic or foreign, (ii) subdivision, agent or authority of any of the above, (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, or (iv) stock exchange (including the TSX and NYSE).

"**HEXO**" means HEXO Corp., a corporation existing under the OBCA.

"**HEXO Board**" means the board of directors of HEXO, as constituted from time to time.

"**HEXO Documents**" has the meaning given to such term in "*Information Concerning the Company – Documents Incorporated by Reference*" in Schedule E to this Information Circular.

"**HEXO Group**" means, collectively, HEXO, HEXO Operations Inc., HEXO USA Inc., Truss Limited Partnership, Belleville Complex Inc., Truss CBD USA, Keystone Isolation Technologies Inc. and Neal Up Brands Inc., Zenabis Global Inc., and the direct and indirect subsidiaries of Zenabis Global Inc., or such combination of any of the foregoing as required by the context thereof.

"**HEXO Senior Secured Convertible Notes**" has the meaning given to such term in Schedule E to this Information Circular.

"**HEXO Shareholders**" means, at the relevant time, the holders of HEXO Shares.

"**HEXO Shares**" means common shares in the capital of HEXO.

"**Holder**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board that are applicable to public issuers in force as at the date on which date such calculation is made or required to be made in accordance with generally accepted accounting principles applied.

"**Incentive Securities**" means, collectively, the Company Options and Company RSUs.

"**Information Circular**" means this management information circular sent to the Company Shareholders in connection with the Meeting.

"**Interim Order**" means the interim order of the Court, after being informed of the intention to rely upon the Section 3(a)(10) Exemption in connection with the issuance of the HEXO Shares and Replacement Options to Company Securityholders in the United States, made in connection with the process for obtaining approval by the Company Shareholders of the Arrangement and related matters attached as Schedule H to this Information Circular.

"**Intermediary**" has the meaning given to such term in "*General Proxy Information – Non-Registered Company Shareholders and Delivery Matters*".

"**Letter of Intent**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Background to the Arrangement*".

"**Letter of Transmittal**" means the letter of transmittal enclosed with this Information Circular, for use in connection with the Arrangement.

"**Licensed Producer**" means a "Licensed Producer" as defined in the Cannabis Act.

"**Listed Company Warrants**" has the meaning given to such term in "*Information Concerning the Company – Trading Price and Volume*" in Schedule D to this Information Circular.

"**M&A Advisory Committee**" means the *ad hoc* transaction advisory committee of the Company Board, comprised of two independent directors, being William Assini and Martin Cauchon, and the Chief Executive Officer and a director of the Company, Charles Vennat.

"**Material Adverse Change**" means in respect of any Person, any change, effect, event, development, action, occurrence, state of fact or circumstance, that individually or in the aggregate with other such changes, effects, events, developments, actions, occurrences, states of fact or circumstances, is or would reasonably be expected to be both material and adverse to the condition (financial or otherwise), properties, assets, liabilities (contingent or otherwise), obligations, capitalization, business operations, results of operations of that Person and its subsidiaries, taken as a whole, other than any change, effect, event, development, action, occurrence, state of fact or circumstance to the extent resulting from or relating to: (a)

any changes in general conditions affecting the industry in which such Person operates, (b) any general economic, securities, currency, financial or political conditions or global financing and capital markets, worldwide, in North America or in Canada, (c) any change in global, national or regional political conditions (including the outbreak or escalation of acts of war, sabotage, terrorism, military actions or the escalation thereof), (d) any natural disaster or similar acts of nature, (e) any epidemic, pandemic or outbreaks of illness (including the COVID-19 pandemic) or other health crisis or public health event declared by a Governmental Entity, including the worsening thereof, (f) any changes in Applicable Laws or the regulatory environment, relating to the industry in which such Person operates, or accounting rules or principles, (g) any failure to meet public financial projections or forecasts, or guidance or estimates of revenues or earnings, or other financial or operating metrics (it being understood that the causes underlying such change may, unless otherwise excluded by clauses (a) through (f), be taken into account in determining whether a Material Adverse Change has occurred), (h) any actions taken (or omitted to be taken) upon the request or with the consent of the other party, in connection with the Arrangement Agreement or related agreements or the consummation of the transactions contemplated by the Arrangement Agreement, (i) any action taken by the relevant Party or any of its subsidiaries which is required, or expressly contemplated, to be taken pursuant to the Arrangement Agreement, or the failure to take any action prohibited by the Arrangement Agreement, (j) the announcement of the Arrangement Agreement, the pendency of the Plan of Arrangement and the other transactions necessary for the parties to effect the Arrangement under the Arrangement Agreement, or compliance with the covenants herein or the satisfaction of the conditions herein, or completion of any other transaction publicly announced by the relevant Person no less than 24 hours prior to the date hereof, and (k) a change in the market trading price or trading volume of securities of that Person (it being understood that the causes underlying such change may, unless otherwise excluded by clauses (a) through (g), be taken into account in determining whether a Material Adverse Change has occurred) (including as a result of the announcement of the Arrangement Agreement or the Plan of Arrangement and the other transactions necessary for the parties to effect the Arrangement under the Arrangement Agreement), or any suspension of trading in securities generally on any securities exchange on which any securities of the relevant Party trade; provided that, in the case of a change, effect, event, development, action, occurrence, state of fact or circumstance referred to in clause (a) through (g) above, such change, effect, event, development, action, occurrence, state of fact or circumstance does not have a materially disproportionate effect on the Person and its subsidiaries, taken as a whole, relative to other substantially comparable companies and entities operating in any of the industries in which the Person and/or its subsidiaries operate, and subject to certain further qualifications in the definition of “Material Adverse Change” in the Arrangement Agreement.

“**Meeting**” means the special meeting of Company Shareholders to be held virtually via live audio webcast, available online using the LUMI meeting platform at https://web.lumiagm.com/418612599 on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time), including any adjournment or postponement thereof, for the purpose of voting on the Arrangement Resolution and such further or other business as may properly come before the Meeting.

“**MI 61-101**” means *Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions*.

“**NI 45-102**” means National Instrument 45-102 – *Resale of Securities*.

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“**Non-Resident Holder**” has the meaning given to such term in “*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*”.

“**Notice**” means the notice of meeting accompanying this Information Circular.

“**Notice-and-Access**” has the meaning given to such term in in “*Particulars of Matters to be Acted Upon – Differences in Rights between the CBCA and the OBCA – Notice-and-Access*”.

"**Notice of Application**" means the notice of application for the Final Order attached as Schedule I to this Information Circular.

"**Notice of Dissent**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – Dissent Rights Under the Arrangement*".

"**NYSE**" means New York Stock Exchange.

"**OBCA**" means the *Business Corporations Act* (Ontario), and the regulations prescribed thereunder, as amended from time to time.

"**OBO**" means an objecting beneficial owner, as defined in NI 54-101.

"**Offer to Pay**" means the written offer of HEXO to each Dissenting Shareholder who has sent a Demand for Payment to pay for his, her, their or its Company Shares in an amount considered by HEXO to be the fair value of the Company Shares.

"**Order**" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

"**Outside Date**" means October 7, 2021 or such later date as may be agreed to in writing by the Parties, subject to certain qualifications in the definition of "Outside Date" in the Arrangement Agreement.

"**Parties**" means, collectively, HEXO and the Company, and "**Party**" means either one of them.

"**Person**" includes an individual, general partnership, limited partnership, corporation, company, limited liability company, body corporate, joint venture, unincorporated organization, other form of business organization, trust, trustee, executor, administrator or other legal representative, Governmental Entity or any other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement as set forth as Schedule B to this Information Circular and any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and HEXO, each acting reasonably.

"**Proposed 2021 Transaction**" has the meaning given to such term in *"Particulars of Matters to be Acted Upon – The Arrangement– Background to the Arrangement*".

"**Proposed Agreement**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement Agreement – Right to Match*".

"**Proposed Amendments**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Proxy**" has the meaning given to such term in "*General Proxy Information – Appointment and Revocation of Proxies*".

"**Proxy Submission Deadline**" has the meaning given to such term in "*General Proxy Information – Appointment and Revocation of Proxies*".

"**Record Date**" means July 13, 2021, being the date for determining Registered Company Shareholders entitled to receive notice of and vote at the Meeting.

"**RedeCan Acquisition**" has the meaning given to such term in Schedule E to this Information Circular.

"**Registered Company Shareholder**" means a registered holder of Company Shares who is in possession of a physical share certificate or who is entitled to receive a physical share certificate and whose name and address are recorded in the Company's shareholders' register maintained by the Company's transfer agent.

"**Registered Plan**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Regulation S**" means Regulation S adopted by the SEC pursuant to the U.S. Securities Act.

"**Replacement Options**" means options to purchase HEXO Shares granted by HEXO pursuant to the Arrangement, in replacement of Company Options, on the basis set forth in the Plan of Arrangement.

"**Resident Holder**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Resulting Issuer**" means HEXO Corp., following the completion of the Arrangement.

"**Right to Match Period**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement Agreement – Right to Match*".

"**SEC**" means the United States Securities and Exchange Commission.

"**Second Interested Party**" has the meaning given to such term in *"Particulars of Matters to be Acted Upon – The Arrangement– Background to the Arrangement*".

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Stock Exchange Approvals**" means: (a) the conditional approval of the TSX and NYSE subject to the notice of issuance to list the HEXO Shares to be issued pursuant to the Arrangement (including all HEXO Shares issuable pursuant to all Replacement Options and Company Warrants), subject to HEXO providing the TSX and NYSE such required documentation as is customary in the circumstances and the conditions to be satisfied in connection with the Arrangement, (b) the acceptance from the TSX and NYSE approving the Plan of Arrangement and the other transactions necessary for the parties to effect the Arrangement under the Arrangement Agreement, and (c) the conditional approval of the TSXV of the delisting of the Company Shares that are currently listed on the TSXV.

"**Strategic Transactions**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Background to the Arrangement*".

"**Superior Proposal**" means any *bona fide* Acquisition Proposal from a Person who is an arm's length third party to purchase or otherwise acquire directly or indirectly, by means of a merger, take-over bid, amalgamation, plan of arrangement, business combination, consolidation, recapitalization, liquidation, winding-up or similar transaction, (i) not less than all of the issued and outstanding Company Shares (other than Company Shares beneficially owned by the party making such Acquisition Proposal), or (ii) all or substantially all of the assets of Company and its Subsidiaries taken as a whole, that, in each case satisfies certain conditions specified in the definition of "Superior Proposal" in the Arrangement Agreement, including that such Acquisition Proposal: (a) complies with applicable securities laws and did not result from or involve a breach of any agreement between any one or more of the Persons making such Acquisition Proposal and its affiliates and the Company or a breach of the Arrangement Agreement, (ii) is made in writing after the date of the Arrangement Agreement, including any variation or other amendment of any Acquisition Proposal made prior to the date hereof, (iii) is not subject to any due diligence condition or access condition, and (iv) is not subject to any financing condition and in respect of which it has been demonstrated to the satisfaction of the Company Board, acting in good faith (after receipt of advice from its financial advisors

and its outside legal counsel) that adequate arrangements have been made in respect of any financing required to ensure the required funds or other consideration will be available to effect payment in full to complete such Acquisition Proposal.

"**Superior Proposal Notice**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement Agreement – Right to Match*".

"**Tax Act**" means the *Income Tax Act* (Canada).

"**taxable capital gain**" has the meaning given to such term in "*Particulars of Matters to be Acted Upon – The Arrangement – Income Tax Considerations*".

"**Termination Fee**" means a fee in the amount of $2 million.

"**Transfer Agent**" or "**Computershare**" means Computershare Investor Services Inc., the registrar and transfer agent of the Company.

"**TSX**" means the Toronto Stock Exchange.

"**TSXV**" means the TSX Venture Exchange.

"**U.S. Company Securityholder**" means a Company Securityholder resident in the United States.

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Person**" means "U.S. person" as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"**Voting Instruction Form**" means a voting instruction form.

"**Voting Support Agreements**" means the voting support agreements, entered into contemporaneously with the Arrangement Agreement, between HEXO and certain Company Shareholders (including the directors and the Chief Executive Officer of the Company), substantially in the form attached to the Arrangement Agreement as Schedule B, as they may be amended, supplemented, restated or otherwise modified from time to time in accordance with their respective terms.

"**VWAP**" means, with respect to a given security, the volume-weighted average price of such security on the relevant securities exchange or quotation system.

"**Zenabis**" has the meaning given to such term in Schedule E to this Information Circular.

"**Zenabis Transaction**" has the meaning given to such term in Schedule E to this Information Circular.

INFORMATION CONCERNING THE MEETING

Date, Time and Place of Meeting

The Meeting will be held virtually via live audio webcast, available online using the LUMI meeting platform at https://web.lumiagm.com/418612599 on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time).

Amid ongoing concerns regarding the COVID-19 outbreak, the Company remains mindful of the well-being of the Company Shareholders and their families, its industry partners and other stakeholders, as well as the communities in which the Company operates. Accordingly, the Company has planned to hold the Meeting exclusively as a virtual (by electronic means) shareholder meeting. Company Shareholders will not be able to attend the Meeting in person.

Record Date

The Record Date for determining Registered Company Shareholders for the purpose of the Meeting is July 13, 2021.

Voting Information

Voting Before the Meeting

A Registered Company Shareholder may deposit, at any time before the Proxy Submission Deadline of 5:00 p.m. (Toronto time) on Friday, August 13, 2021 (assuming no adjournment of the Meeting), their Proxy by mail, telephone or over the internet in accordance with the instructions below to vote its Company Shares.

- Mail. Mail your completed Proxy to the following address:
  Computershare Investor Services Inc.
  Attn: Proxy Department
  8th Floor, 100 University Avenue
  Toronto, ON, M5J 2Y1

- Telephone. Enter the 15-digit control number printed on the Proxy at 1-866-732-8683 (toll-free in North America) or 312-588-4290 (outside North America).

- Internet. Enter the 15-digit control number printed on the Proxy at www.investorvote.com.

A non-Registered Company Shareholder should follow the instructions included on the Voting Instruction Form provided by their Intermediary.

The deadline for deposit of proxies may be waived or extended by the Chairperson of the Meeting at his or her discretion, without notice.

If you have any questions about any of the information or require assistance in completing your form of proxy or voting instruction form for your Company Shares, as applicable, please consult your financial, legal, tax and other professional advisors.

See "*General Proxy Information*" below for information regarding the appointment and revocation of proxies.

Voting at the Meeting

Registered Company Shareholders who wish to vote virtually at the Meeting should not complete or return the Proxy included with this Information Circular. Non-Registered Company Shareholders must provide voting instructions through their Intermediaries as described herein or in accordance with the relevant instructions received from their Intermediary. Non-Registered Company Shareholders who wish to vote at

the Meeting should be appointed as their own representatives for the Meeting in accordance with the instructions provided by their intermediaries.

Company Shareholders can attend the Meeting by going to https://web.lumiagm.com/418612599. The Company recommends that you login at least 15 minutes before the Meeting starts. Please do not do a Google search and do not use Internet Explorer. The best browser to use the LUMI meeting platform is Google Chrome.

Registered Company Shareholders and duly appointed proxyholders can participate in the Meeting by clicking "I have a login". You will be asked to enter a username and password before the start of the Meeting.

- If you are a Registered Company Shareholder: Your username is the 15-digit control number on the Proxy accompanying your Circular (which can also be found in the email notification you received from Computershare) and the password is "48north" (case sensitive).

- If you are a duly appointed proxyholder: Computershare will provide you with a username by email after the voting deadline has passed. The password is "48north" (case sensitive).

Voting at the Meeting will only be available for Registered Company Shareholders and duly appointed proxyholders. Non-Registered Company Shareholders who have not appointed themselves as proxyholder may attend the Meeting as a guest by clicking "I am a guest" and completing the online form. All guests are able to listen to the Meeting. However, guests will not be able to vote or submit questions. Accordingly, non-Registered Company Shareholders who wish to vote virtually at the Meeting must carefully read the instructions under "*General Proxy Information*", to duly appoint themselves as proxyholder and then register themselves as the duly appointed proxyholder in order to obtain a username to participate in and vote virtually at the Meeting.

Company Shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting must deposit their Proxy or Voting Instruction Form, as applicable, prior to registering their proxyholder. Registering the proxyholder is an additional step once a Company Shareholder has deposited their Proxy or Voting Instruction Form, as applicable. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, Company Shareholders must visit https://www.computershare.com/48North by 5:00 p.m. (Toronto time) on Friday, August 13, 2021, and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email. **Without a username, proxyholders will not be able to vote virtually at the Meeting.**

See "*General Proxy Information*" below for information regarding the appointment and revocation of proxies.

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

Please note that if you are a non-Registered Company Shareholder resident in the United States and you wish to attend the Meeting virtually and vote at the Meeting, you must follow the instructions on the back of your Voting Instruction Form to obtain a legal proxy. Once you have received your legal proxy, you will need to complete and deposit it with the Company or its transfer agent, Computershare, prior to 5:00 p.m. (Toronto time) on Friday, August 13, 2021 in order to vote your Company Shares at the Meeting. See also "*General Proxy Information – Non-Registered Company Shareholders and Delivery Matters*".

Purpose of the Meeting

This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting.

At the Meeting, Company Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, the Arrangement Resolution approving the Arrangement, as more particularly described herein, and to transact such further or other business as may properly come before the Meeting or any postponement or adjournment thereof. See Schedule A for the full text of the Arrangement Resolution.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation is made by or on behalf of management of the Company and will be made primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers or employees of the Company at nominal cost. Directors, officers or employees will not receive any extra compensation for such activities. The cost of soliciting proxies will be borne by the Company. In addition, the Company has retained the services of Gryphon Advisors Inc. as the Company's strategic shareholder advisor and proxy solicitation agent to assist in the solicitation of proxies in Canada and the United States with respect to matters to be considered at the Meeting for reasonable and customary compensation for such services.

The Company may utilize Broadridge's QuickVote™ system, which involves non-objecting beneficial owners of Company Shares being contacted by Gryphon Advisors Inc., which is soliciting proxies on behalf of management of the Company, to obtain voting instructions over the telephone and relaying them to Broadridge (on behalf of the Company Shareholder's intermediary). The QuickVote™ system is intended to assist Company Shareholders in placing their votes, however, there is no obligation to any Company Shareholders to vote using the QuickVote™ system, and Company Shareholders may vote (or change or revoke their votes) at any other time and in any other applicable manner described in this Information Circular. Any voting instructions provided by a Company Shareholder will be recorded and such Company Shareholder will receive a letter from Broadridge (on behalf of the Company Shareholder's intermediary) as confirmation that his/her/its voting instructions have been accepted.

The Company may pay brokers or other persons holding Company Shares in their own names, or in the names of nominees, for their reasonable expenses for sending forms of proxy and this Information Circular to beneficial owners of Company Shares and obtaining proxies therefrom. The cost of any such solicitation will be borne by the Company. The information contained herein is given as of July 14, 2021, unless indicated otherwise.

No Person is authorized to give any information or to make any representation other than those contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

Voting by Registered Company Shareholders

See "*Information Concerning the Meeting – Voting Information*".

Appointment and Revocation of Proxies

This Information Circular is accompanied by an instrument of proxy (the "**Proxy**") that permits Registered Company Shareholders who do not virtually attend the Meeting to have their shares voted at the Meeting by a proxyholder appointed by such Registered Company Shareholder. The persons named in the Proxy are directors and/or officers of the Company. **A COMPANY SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A COMPANY SHAREHOLDER) TO ATTEND VIRTUALLY AND ACT ON BEHALF OF SUCH COMPANY SHAREHOLDER AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A COMPANY SHAREHOLDER MUST STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE PROXY AND INSERT THE NAME OF THE COMPANY SHAREHOLDER'S NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE**

VALID UNLESS IT IS DEPOSITED WITH THE COMPANY'S REGISTRAR AND TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC., 100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, ATTENTION: PROXY DEPARTMENT, OR BY PHONE AT 1-866-732-8683, OR ONLINE AT WWW.INVESTORVOTE.COM BY 5:00 P.M. (TORONTO TIME) ON THE DATE THAT IS TWO (2) BUSINESS DAYS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) PRIOR TO THE MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

The instrument of proxy must be signed and dated by the Company Shareholder or by the Company Shareholder's attorney in writing, or, if the Company Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Registered Company Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by Applicable Law, a proxy may be revoked by instrument in writing executed by the Registered Company Shareholder or by his or her attorney authorized in writing, or, if the Registered Company Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited with the Company's registrar and transfer agent, Computershare, by mail to, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, or by phone at 1-866-732-8683, or online at www.investorvote.com, at any time before the proxy cut-off time of 5:00 p.m. (Toronto time) on Friday, August 13, 2021 (the "**Proxy Submission Deadline**").

Only Registered Company Shareholders have the right to revoke a Proxy. Beneficial Company Shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact Computershare or their Intermediary to arrange to change their Voting Instruction Form or voting instructions, as applicable.

Exercise of Discretion by Proxies

Company Shares represented by properly executed proxies in favour of the Persons named in the enclosed form of proxy **will be voted or withheld from voting in accordance with the instructions of the Company Shareholder on any ballot that may be called for** and, where the Person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, **the Company Shares will be voted or withheld from voting in accordance with the specifications so made. Where Company Shareholders have properly executed proxies in favour of the Persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the Company Shares represented thereby, such Company Shares will be voted in favour of the passing of the matters set forth in the Notice**. The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Non-Registered Company Shareholders and Delivery Matters

These securityholder materials are being sent to both registered and non-registered owners of Company Shares. However, only Registered Company Shareholders, or the Persons they appoint as their proxies, are permitted to vote virtually at the Meeting. If you are a non-Registered Company Shareholder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Company Shares have been obtained in accordance with applicable securities regulatory requirements from the broker or other intermediary ("**Intermediary**") holding such Company Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

If you have received the Company's form of proxy, you may return it to the Transfer Agent by mail to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, or by phone at 1-866-732-8683, or online at www.investorvote.com, at any time before the Proxy Submission Deadline, or not later than 5:00 p.m. (Toronto time) on the date that is two (2) business days (excluding Saturdays, Sundays and holidays) prior to any postponement or adjournment of the Meeting at which the Proxy is to be used.

The OBOs and other beneficial holders receive a Voting Instruction Form from an Intermediary by way of instruction of their financial institution. Detailed instructions of how to submit your vote will be on the Voting Instruction Form.

In either case, the purpose of this procedure is to permit non-Registered Company Shareholders to direct the voting of the Company Shares they beneficially own. Should a non-Registered Company Shareholder who receives either form of proxy wish to attend virtually and vote at the Meeting, the non-Registered Company Shareholder should strike out the Persons named in the form of proxy and insert the non-Registered Company Shareholder's name in the blank space provided. Non-Registered Company Shareholders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

Company Shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting must deposit their Proxy or Voting Instruction Form, as applicable, prior to registering their proxyholder. Registering the proxyholder is an additional step once a Company Shareholder has deposited their Proxy or Voting Instruction Form, as applicable. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, Company Shareholders must visit https://www.computershare.com/48North by 5:00 p.m. (Toronto time) on Friday, August 13, 2021, and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email. **Without a username, proxyholders will not be able to vote virtually at the Meeting, but will be able to participate as a guest.**

If you are a non-Registered Company Shareholder and wish to vote virtually at the Meeting, you must insert your own name in the space provided on the Voting Instruction Form sent to you by your Intermediary, follow all of the applicable instructions provided by your Intermediary, and finally, register yourself as your proxyholder, as described below. By doing so, you are instructing your Intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. Please also see further instructions above under the heading "*Information Concerning the Meeting – Voting Information – Voting at the Meeting*".

If you are a non-Registered Company Shareholder located in the United States and wish to vote virtually at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above under "*Information Concerning the Meeting – Voting Information – Voting at the Meeting*", you must obtain a valid legal proxy from your Intermediary. Follow the instructions from your Intermediary included with the legal proxy form and the Voting Instruction Form sent to you, or contact your Intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your Intermediary, you must then deposit such legal proxy to Computershare. Requests for registration from non-Registered Company Shareholders located in the United States that wish to vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by email or by courier to: uslegalproxy@computershare.com (if by email), or Computershare, Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, ON, M5J 2Y1, Canada (if by courier), and in both cases, must be labeled "Legal Proxy" and received no later than the Proxy Submission Deadline on Friday, August 13, 2021.

After depositing the Proxy or Voting Instruction Form, Company Shareholders wishing to register a third party proxyholder must visit https://www.computershare.com/48North by 5:00 p.m. (Toronto time) on Friday, August 13, 2021, and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email. **Without a username,**

proxyholders will not be able to vote virtually at the Meeting, but will be able to participate as a guest.

If you have any questions regarding the voting of Company Shares held through an Intermediary, please contact that Intermediary for assistance. All references to Company Shareholders in this Information Circular and the accompanying form of proxy are to Company Shareholders of record, unless specifically stated otherwise.

The Company is not using the "notice and access" provisions of NI 54-101 in connection with the delivery of the Meeting materials in respect of the Meeting. The Company intends to pay for intermediaries to deliver such Meeting materials to non-objecting beneficial owners and OBOs.

Voting Shares and Principal Holders Thereof

Each holder of Company Shares of record at the close of business on July 13, 2021 (the "**Record Date**") will be entitled to vote at the Meeting or at any postponement or adjournment thereof, either virtually or in person, as the case may be, or by proxy. As of the Record Date, the Company had 225,312,227 issued and outstanding Company Shares. Each Company Share carries the right to one vote per share. The outstanding Company Shares are listed on the TSXV under the symbol "NRTH".

Except as disclosed below, to the knowledge of the directors and executive officers of the Company, as of the Record Date, no Person beneficially owns, controls or directs, directly or indirectly, 10% or more of the outstanding Company Shares. See also "*Interest of Informed Persons in Material Transactions*".

Name	Number of Company Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly(1)	Percentage of Outstanding Company Shares(2)(3)
Wallington Investment Holdings Ltd.(4)	28,375,825	12.59%

Notes:

(1) The information as to the number of Company Shares and other securities beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been obtained from the beneficial Company Shareholder.
(2) Percentage calculated on a non-diluted basis, based on an aggregate of 225,312,227 Company Shares issued and outstanding as of the Record Date.
(3) In addition to the Company Shares noted in this table, as of the Record Date, Wallington Investment Holdings Ltd. held 6,666,667 Company Warrants, exercisable into aggregate of 6,666,667 Company Shares.
(4) Wallington Investment Holdings Ltd. is an entity controlled and directed by Mr. Pierre Caland.

PARTICULARS OF MATTERS TO BE ACTED UPON

The Arrangement

Introduction to the Arrangement

At the Meeting, Company Shareholders will be asked to approve the Arrangement Resolution.

The principal features of the Arrangement may be summarized as set forth below and are qualified in their entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement. For further details regarding the Company, please refer to Schedule D to this Information Circular. For further details regarding the HEXO Group, please refer to Schedule E to this Information Circular. For further details concerning the Resulting Issuer, please refer to Schedule F to this Information Circular.

Pursuant to the Plan of Arrangement, on the Effective Date, the following matters are anticipated to be effected sequentially in connection with the Arrangement, in the following order without any further act or formality:

- All Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised will be deemed to have been transferred by such Dissenting Shareholders to HEXO, upon which such Dissenting Shareholders will cease to be the holder of such Company Shares and to have any rights as a Company Shareholder (other than the right to be paid the fair value of such Company Shares in accordance with the Plan of Arrangement).

- All Company RSUs, whether vested or unvested, will, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, and such Company RSUs will be, and will be deemed to be, surrendered to the Company by the holders thereof for one Company Share (which will subsequently be exchanged for HEXO Shares pursuant to the Plan of Arrangement, in accordance with the Exchange Ratio), less any amounts withheld pursuant to the Plan of Arrangement.

- All Company Shares, other than the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised, will be exchanged by the holders thereof, without any further act or formality, for fully paid and non-assessable HEXO Shares based on the Exchange Ratio, in accordance with the terms of the Plan of Arrangement and the provisions of the Arrangement Agreement, all resulting in the anticipated issuance of an aggregate of 5,352,038 HEXO Shares to Company Shareholders (assuming that an aggregate of 226,206,184 Company Shares are issued and outstanding immediately following the vesting, surrender, and exchange of an aggregate of 893,957 outstanding Company RSUs for Company Shares and prior to the exchange of Company Shares for HEXO Shares, in each case pursuant to the Plan of Arrangement, and further, that no Dissent Rights are exercised).

- Each unexercised Company Option outstanding at the Effective Time (whether vested or unvested) will immediately be exchanged for the corresponding Replacement Option, with each Replacement Option entitling the holder thereof to acquire such number of HEXO Shares as is equal to: (A) that number of Company Shares that were issuable upon exercise of such Company Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of HEXO Shares, at an exercise price per HEXO Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Share at which such Company Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, will be the same as the Company Option for which it was exchanged, and any certificate or agreement previously evidencing such Company Option will thereafter evidence, and be deemed to evidence, such Replacement Option.

Following completion of the Arrangement, holders of Company Warrants that had not been exercised prior to the Effective Time, will be entitled to be issued and receive upon exercise thereof (and shall accept for the same aggregate consideration, in lieu of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants), the kind and aggregate number of HEXO Shares that such holder would have been entitled to be issued and receive if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants. Each Company Warrant, if applicable, will continue to be governed by and be subject to the terms of the applicable Warrant Indenture or applicable Warrant Certificate, as the case may be.

Pursuant to the Plan of Arrangement, in no event will any holder of Company Shares be entitled to a fractional HEXO Share under the Arrangement. Where the aggregate number of HEXO Shares to be issued to a holder of Company Shares as consideration under the Arrangement would result in a fraction of a HEXO Share being issuable, then the number of HEXO Shares to be received by such holder of Company Shares will be rounded down to the nearest whole number of HEXO Shares without any additional compensation or cost.

In connection with the Arrangement, each of the current members of the Company Board and of the board of directors of each of the Company's subsidiaries, as well as the respective officers of the Company and each of its subsidiaries, will resign. Following completion of the Acquisition, the Company will continue as a wholly-owned subsidiary of HEXO.

See "*Particulars of Matters to be Acted Upon – The Arrangement – Effective Date and Conditions*".

Background to the Arrangement

Since the legalization of cannabis in Canada in October 2018, the Company Board and senior management have regularly reviewed and considered the Company's long-term strategic plans and objectives within a rapidly evolving cannabis industry, with a view to enhancing shareholder value and providing liquidity to the Company Shareholders. As part of these ongoing evaluations, the Company Board, together with senior management, have from time to time considered various opportunities, including possible business combinations, acquisitions and other strategic opportunities with various industry participants and other industry partners (and have from time to time, engaged in confidential discussions with such potential counterparties). At all such instances, such opportunities were evaluated against a host of relevant factors, including the relative merits and risks of the Company continuing as a standalone business enterprise, with particular emphasis on whether the pursuit of such opportunities would be in the best interests of the Company. During the said period, senior management of the Company and the Company Board have also regularly reviewed and considered market conditions and other factors that affect the business, operations, financial conditions and affairs of the Company, including its growth and sustainability.

The execution and public announcement of the Arrangement Agreement marked a milestone event in the Company's sustained efforts to identify viable opportunities to enhance shareholder value and provide liquidity to the Company Shareholders. It was also the product of arm's-length negotiations between the Company Special Committee, on the one hand, and representatives of HEXO, on the other hand, together with each Party's respective financial and legal advisors, and the culmination of a comprehensive strategic market survey and review process by the Company that had commenced over a year earlier. The following is a summary of the background to the Company's strategic review process and the material events, meetings, negotiations and discussions among the Parties that preceded and led up to the execution and public announcement of the Arrangement Agreement:

- In April 2020, as part of its continuing mandate to strengthen the Company's business and to enhance the Company's long-term value, the Company Board held its regularly scheduled meeting to discuss and consider, among other things, the Company's future cash requirements, the potential need for financing, the Company's then-current position in the market, and general trends and opportunities within the cannabis space. At such meeting, the Company Board also considered whether, in light of the rapid growth and pace of changes within the cannabis industry since legalization (marked by periods of significant share price volatility and an increasing trend towards consolidation), the Company would be open to business combinations, receiving investments, or other strategic alternatives (collectively, "**Strategic Transactions**"), all in the context of the Company's long-term business plan and its ongoing evaluation of its business and operations.

  Following discussions, and consideration of a number of potential types of Strategic Transactions that could allow the Company to more meaningfully participate in the cannabis market and position the Company to respond to competitive challenges, the Company Board determined that some form of financing was necessary, and that further analysis was needed on the various growth options available to the Company in order to identify how to best enhance value for the various stakeholders of the Company. To that end, the Company Board called upon the previously established M&A Advisory Committee, which had been formed as an *ad hoc* advisory committee, to assist senior management of the Company in identifying and analyzing the various growth options available to the Company to enhance long-term value. In contrast to the mandate of the Company Special Committee, the M&A Advisory Committee's mandate was focused generally on

directing senior management of the Company to explore, from time to time, potential Strategic Transactions in light of prevailing market conditions and other factors that affect the business, operations, financial conditions and affairs of the Company.

Following its formation, the M&A Advisory Committee met regularly to discuss potential Strategic Transactions, and from time to time, evaluate expressions of interest received from, or offered to, third parties, in each case with a view to completing a Strategic Transaction that would bolster the Company's cash position and liquidity, and enhance its long-term value. In particular, the M&A Advisory Committee considered the Company's future cash requirements, and various financing alternatives in the form of debt and/or equity in order to allow senior management of the Company to further expand the Company's business. In April 2020, the M&A Advisory Committee also reviewed an expression of interest from an arm's length third party. However, no executable transaction materialized with such party.

- In April 2020, the Company and an arm's length third party (the "**First Interested Party**") commenced informal discussions, with a view to completing some form of a Strategic Transaction involving the Company. As a result of such discussions, the Company, acting on the advice of the M&A Advisory Committee, retained Cormark to evaluate a potential Strategic Transaction with such party, and if such transaction was pursued by the Company, to act as financial advisor in connection with such transaction. Following discussions with the First Interested Party, and after assessing a number of strategic alternatives, the Company and the First Interested Party determined that a Strategic Transaction involving the Company was not feasible at such time, and in any event, that such Strategic Transaction was unlikely, in light of the terms considered, to be beneficial to the respective shareholders of the parties. However, the M&A Advisory Committee instructed Cormark and senior management of the Company to continue to carry out a strategic review of the business and the potential opportunities in the cannabis space, which was undertaken for the remainder of 2020 and the early part of 2021.

- The M&A Advisory Committee's efforts in furtherance of its mandate culminated in the Company (i) capitalizing on the improved state of equity markets in late 2020 by launching and completing a $3.4 million private placement (the "**2020 Offering**") in early November 2020 (which was overseen by the M&A Advisory Committee), (ii) securing a $3.25 million term loan (the "**2020 Senior Secured Loan**") with a senior secured lender in late November 2020, and (iii) entering into, through one of its subsidiaries, a $4 million receivables purchase facility agreement with a Canadian financial institution in late December 2020 (under which, the subsidiary is eligible to receive an advance of 80% of the eligible receivable balance to be repaid upon collection of the receivable). The net proceeds of the 2020 Offering and the 2020 Senior Secured Loan provided the Company with the incremental liquidity to execute on its standalone business strategy in the near term, including to fund growth initiatives and for working capital and general corporate purposes. In addition, the receivables purchasing facility provided the Company with additional financing that can be used to assist with cash management and growth initiatives.

- In late January 2021, the Company was informally approached by another arm's length third party (the "**Second Interested Party**"), who expressed interest in initiating discussions with the Company with respect to completing some form of a Strategic Transaction with the Company (the "**Proposed 2021 Transaction**"). The Second Interested Party was a rapidly growing participant within the cannabis space at the time, which, in the Company's preliminary assessment, presented the Company with a promising opportunity to enhance shareholder value through the completion of a potential Strategic Transaction. Accordingly, the Company Special Committee, which was comprised of three independent directors with significant experience in mergers and acquisitions transactions, was constituted to review, supervise the negotiation of, and provide a recommendation to the Company Board regarding, the Proposed 2021 Transaction, and to the extent applicable, consider other potential Strategic Transactions which may present the Company

with opportunities to enhance shareholder value.

In connection with the Proposed 2021 Transaction, the Company Special Committee retained Cormark under a new engagement, to act as financial advisors to the Company Special Committee in connection with the Proposed 2021 Transaction, as well as generally in connection with various other strategic alternatives and capital raising efforts undertaken by the Company from time to time. During February 2021, members of senior management and the Company Special Committee met regularly with Cormark to discuss and consider the Proposed 2021 Transaction. Ultimately, despite such discussions, no executable transaction materialized from such efforts.

Although no executable transaction materialized from the Company's dealings with the Second Interested Party, the Company and Cormark continued to look for strategic opportunities.

- In mid-April 2021, the Company once again capitalized on the improved state of equity markets to complete a $5.4 million overnight marketed public offering of units of the Company (the "**2021 Offering**"), consisting of Company Shares and Company Warrants. The net proceeds of the 2021 Offering provided the Company with additional working capital to execute on its business strategy and fund growth initiatives in the near term.

- On April 23, 2021, the parties entered into the non-binding letter of intent (the "**Letter of Intent**") in respect of the proposed acquisition of all of the outstanding Company Shares in exchange for newly issued HEXO Shares. The Letter of Intent, as entered into, was a revised draft which HEXO had submitted to the Company on April 22, 2021, following extensive negotiations between the Parties of the terms upon which HEXO would acquire the Company Shares. In particular, the Letter of Intent, as ultimately entered into between the Parties, was markedly different than the initial draft submitted by HEXO to the Company at the onset of discussions between the Parties.

  Following receipt of the initial draft of the Letter of Intent, and prior to the execution of the Letter of Intent, members of senior management of the Company and the members of the Company Special Committee, and their advisors convened meetings, on the 19th and 20th of April 2021, to discuss and consider the likely terms of an acceptable letter of intent and to receive initial feedback from Cormark on the proposed financial terms and conditions of the Letter of Intent. At such time, members of senior management of the Company and members of the Company Special Committee also discussed and considered a potential Strategic Transaction with another interested party, and considered presentations from Echelon, discussing, among other things, the current state of the market, and challenges faced by companies similar to the Company in their capital raising efforts. Following deliberations and the conclusion of the meeting of the Company Special Committee of April 19, 2021, the Company Special Committee directed senior management of the Company to secure a more favourable acquisition proposal for the Company Shareholders. Accordingly, a revised draft of the Letter of Intent was sent to HEXO the next day, on April 20, 2021.

  In the following days, the parties undertook extensive negotiations of the terms upon which HEXO would acquire the Company Shares. It was only after considering and evaluating HEXO's proposal, in conjunction with financial and legal advice that the Company executed the (final) Letter of Intent on April 23, 2021 and continued its exclusive discussions with HEXO (with a view to determining whether a potential acquisition or merger transaction could be finalized).

- On April 27, 2021, following the execution of the Letter of Intent, the Parties held "kick-off" calls with the Parties' respective counsel, business teams and Cormark, at which various legal and commercial matters pertaining to the potential transaction were discussed.

- On April 30, 2021, representatives of Norton Rose Fulbright Canada LLP, legal counsel to HEXO, provided representatives of Bennett Jones LLP ("**Bennett Jones**"), legal counsel to the Company,

with an initial draft of a definitive arrangement agreement in respect of the proposed transaction. During the course of the following days, drafts of the other ancillary documents in respect of the proposed transaction were exchanged between legal counsel.

- On May 2, 2021, Echelon was formally engaged to provide certain advisory services to the Company Special Committee in connection with the Arrangement, including providing the Fairness Opinion. Thereafter, the Parties continued with their exclusive discussions and negotiations of the terms of the Arrangement Agreement and the other ancillary documents, with counsel for HEXO (together with representatives of HEXO) advancing customary due diligence investigations of the Company.

- During the period from May 2, 2021 to May 16, 2021, representatives of the Company, the Company Special Committee, HEXO and their respective legal counsel held numerous internal and/or all-party conference calls to discuss the progress of business and legal due diligence and the negotiation of the definitive agreements in respect of the potential transaction. HEXO was provided with customary disclosure within a data room as well as additional information in order to complete its due diligence review of the Company, as part of the evaluation of the merits of the potential transaction from its perspective. Towards the end of the process of negotiating the terms of the Arrangement Agreement, and at the Company's request, HEXO agreed to include the Bridge Loan component in order to support the Company's short-term working capital requirements in the period prior to closing of the Arrangement.

- On Sunday, May 16, 2021, the Company Special Committee met in-camera with the Company's outside legal counsel, Bennett Jones, as well as financial advisors, Echelon and Cormark, and, subsequently, the Company Board. On that date, Echelon presented to the Company Special Committee and the Company Board with respect to its analyses in connection with the Arrangement, and delivered an oral fairness opinion (which was subsequently confirmed by the delivery of the written Fairness Opinion) that, subject to the assumptions, limitations, and qualifications to be laid out in the Fairness Opinion, Echelon was of the opinion that, as of the date thereof, the Consideration under the Arrangement is fair, from a financial point of view, to the Company Shareholders.

  Following Echelon's presentation, the Company Special Committee delivered an update to the Company Board in respect of the proposed transaction, which included a summary of the rationale for the proposed transaction as against other strategic alternatives available to the Company and the Company's standalone business plan. Following this presentation, the members of the Company Special Committee and the Company Board discussed the status of the negotiations and the material terms of the draft arrangement agreement and other transaction documents. Among other things, the Company Special Committee and the Company Board considered the proposed exchange ratio/consideration to Company Shareholders, the various interests of certain stakeholders in the proposed transaction, including holders of Company Warrants and holders of Incentive Securities, regulatory issues relating to the proposed transaction, dissent rights available to Company Shareholders, the terms of the definitive arrangement agreement, shareholder approvals, voting support from certain Company Shareholders (including the directors and the Chief Executive Officer of the Company) in accordance with the terms of the Voting Support Agreements, the ability for Company Shareholders to continue to participate in the combined business of HEXO and the Company, the willingness of HEXO to make the Bridge Loan available to the Company on terms that were reasonable in light of all prevailing circumstances, including the Company’s financial position, and the benefits and risks for stakeholders of the Company in pursuing alternatives to the proposed transaction. Representatives of Bennett Jones then provided legal advice to the Company Special Committee and the Company Board, including with respect to the directors' fiduciary duties in the context of a change of control transaction involving the Company, as well as an update with respect to the remaining outstanding material issues in the Arrangement Agreement and ancillary agreements.

After careful consideration, including consultation with Bennett Jones, Echelon and Cormark, and after receiving the oral fairness opinion from Echelon, the Company Special Committee unanimously recommended that the Company Board approve the Arrangement and the Arrangement Agreement. In particular, following these presentations and discussions, the members of the Company Special Committee unanimously determined to recommend to the Company Board that the Company Board: (a) approve the Arrangement, (b) authorize and approve the entering into of the Arrangement Agreement, in substantially the forms circulated to the Special Committee and to the Company Board, (c) recommend that the Company Shareholders vote in favour of the Arrangement and the Arrangement Resolution, and (d) authorize and approve the dissemination of a press release announcing the Arrangement, substantially in the form circulated to the Company Special Committee and to the Company Board. Thereafter, the Company Special Committee presented the recommendations of the Company Special Committee to the Company Board. After discussion, the Company Board unanimously determined, among other things, that: (a) the Arrangement and the Arrangement Agreement are in the best interests of the Company and, in particular, the Arrangement and the Arrangement Agreement are fair to the Company Shareholders, (b) the Arrangement is approved, (c) the Company is authorized to enter into, deliver and perform all of its obligations under the Arrangement Agreement, (d) the Company Board recommends that all of the Company Shareholders vote in favour of the Arrangement Resolution, and (e) the press release announcing the Arrangement, substantially in the form presented to the Company Board, is approved. Following this meeting, the Arrangement Agreement and the other definitive transaction documentation were entered into and executed, and the Parties publicly announced by joint press release the execution of the Arrangement Agreement and ancillary documents during the morning of May 17, 2021.

See also "*Information Concerning the Company – Narrative Description of the Company's Business"* in Schedule D to this Information Circular.

Recommendations of the Company Special Committee

The Company Special Committee, having undertaken a thorough review of, and having carefully considered the terms of the Arrangement Agreement, in consultation with management of the Company, the Company's and the Company Special Committee's legal advisors and Echelon, and having taken into account the Fairness Opinion and such other matters as it considered relevant, unanimously determined to recommend to the Company Board that the Company Board resolve: (i) that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the Company and the Arrangement is fair to the Company Shareholders, (ii) to approve the Company entering into the Arrangement Agreement, and (iii) to recommend that the Company Shareholders vote in favour of the Arrangement Resolution.

Reasons for the Recommendations of the Company Special Committee

In making its recommendations that the Company Board resolve that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the Company, that the Arrangement is fair to the Company Shareholders, and that the Company Board recommend that the Company Shareholders vote in favour of the Arrangement Resolution, the Company Special Committee considered and relied upon a number of substantive factors, procedural safeguards, and risks and uncertainties, including the following:

(a) Strategic Review. The Arrangement is the result of a robust strategic review process carried out by the Company and overseen by the Company Special Committee, which review included a review of, among other things, prevailing market conditions as well as potential alternatives to maximize shareholder value while negotiating a transaction with HEXO.

(b) Ownership in a Larger, Stronger Company focused on Cannabis Production. On June 1, 2021, HEXO completed its previously announced plan of arrangement transaction with Zenabis Global Inc., following which the combined organization is one of the top-three Canadian Licensed

Producers in terms of combined Canadian recreational cannabis sales (based on the most recently filed quarterly financial information of the top five Licensed Producers in Canada). Following completion of the Arrangement, Company Shareholders will have an ownership interest in the Resulting Issuer, which is expected to have an enhanced capital markets profile, and a robust financial profile with a strong balance sheet and financial position in terms of debt, low depreciable capital base and working capital.

(c) Enhancing Shareholder Value. The Company Board considered its existing level of indebtedness, and the possibility that, in an increasingly competitive cannabis-production industry, the Company may require additional funding in the future from the debt or equity markets to finance its business and operations. The Company Board also considered the risk that any such funding may not be obtained in a reasonable time, or in full, or on terms satisfactory to the Company. In the Company Board's view, the Company and Company Shareholders should ultimately benefit from what it believes to be a lower cost of capital at HEXO than at the Company. In addition, the Company Board was of the view that, following completion of the Arrangement, the addition of the Company's innovative product offerings (including topicals, bath, and intimacy products) to HEXO's existing product offerings would be expected to provide a strong base for potential future consumer packaged goods partnerships in the United States, Canada and internationally, further enhancing shareholder value. Furthermore, following completion of the Arrangement, the enhanced scale of the Resulting Issuer is expected to provide greater access to capital markets, allowing Company Shareholders to participate in the combined entity's efforts to execute on a strong pipeline of organic growth initiatives.

(d) Premium to Company Shareholders. The Exchange Ratio implies a premium per Company Share of approximately 20%, based on the 10-day VWAP of the Company Shares on the TSXV and the HEXO Shares on the TSX as of the close of markets on May 14, 2021, and then takes into account an adjustment for 50% of the Bridge Loan.

(e) Treatment of holders of Incentive Securities and Company Warrants. In connection with the Arrangement, (i) prior to the exchange of Company Shares for HEXO Shares pursuant to the Arrangement, all Company RSUs, whether vested or unvested, will, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, and such Company RSUs will be, and will be deemed to be, surrendered to the Company by the holders thereof, on the basis of one Company Share for each Company RSU, less any amounts withheld pursuant to the Plan of Arrangement, and (ii) all unexercised Company Options outstanding immediately prior to the Effective Date will be exchanged for Replacement Options which will thereafter entitle the holders to acquire HEXO Shares in lieu of Company Shares, subject to adjustment in number and exercise price to give effect to the Exchange Ratio and without entailing any other amendment to their terms other than as set forth below. Additionally, to the extent Company Warrants are not exercised prior to the Effective Time, upon the exercise of such rights, holders of Company Warrants will be entitled to be issued and receive and shall accept for the same aggregate consideration, upon such exercise, in lieu of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants, the kind and aggregate number of HEXO Shares that such holder would have been entitled to be issued and receive if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants.

(f) Fairness Opinion. Echelon has provided an opinion that, as of May 16, 2021, and subject to the assumptions, limitations and qualifications set forth in the Fairness Opinion, the Consideration to be received by Company Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Company Shareholders.

(g) Dissent Rights. Registered Company Shareholders will have the ability to exercise Dissent Rights and to receive fair value for their Dissent Shares.

(h) Terms of the Arrangement Agreement (including the Availability of the Bridge Loan). The terms and conditions of the Arrangement are, in the judgment of the Company Special Committee following consultation with the Company's and the Company Special Committee's legal advisors and Echelon, reasonable and were the result of negotiations between HEXO and the Company and their respective advisors. In particular, in the view of the Company Special Committee, HEXO's willingness to make the Bridge Loan available to the Company on terms that were reasonable in light of all prevailing circumstances, including the Company's financial position, is an additional benefit of the Arrangement, in that the Bridge Loan would be expected to allow the Company to use the Bridge Loan to replenish shortfalls or deficiencies in the working capital of the Company and the other Credit Parties between the signing of the Arrangement Agreement and the closing of the Arrangement.

(i) Arm's-Length Negotiations. The Arrangement is the result of arm's-length negotiations between the Company and HEXO. The Company Special Committee (and the Company Board) took an active role in overseeing and providing guidance and instructions to management and the Company's advisors in respect of the strategic review process and negotiations concerning the Arrangement.

(j) Ability to Accept a Superior Proposal. The Arrangement Agreement provides that, notwithstanding the non-solicitation covenants contained in the Arrangement Agreement, if the Company Board receives an unsolicited Acquisition Proposal that did not result from a breach of the Company's non-solicitation covenants and that the Company Board determines in good faith after consultation with its financial advisors and outside legal counsel that such Acquisition Proposal is or could reasonably be expected to lead to a Superior Proposal, the Company may enter into discussions or negotiations or otherwise assist the Person making such Acquisition Proposal, provided the requirements of the Arrangement Agreement are met, and the Company Board retains the ability to consider and respond to the Superior Proposal prior to the Meeting on the specific terms and conditions set forth in the Arrangement Agreement, including the payment of the Termination Fee by the Company to HEXO, if a Superior Proposal is accepted.

(k) Shareholder Approval Required. The Arrangement must be approved by the affirmative vote of (i) at least 66 2/3% of the votes cast by Company Shareholders virtually present or represented by proxy at the Meeting and entitled to vote thereat, and (ii) a simple majority of the votes cast by Company Shareholders virtually present or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast in respect of Company Shares beneficially owned or over which control or direction is exercised by Charles Vennat, the Chief Executive Officer and a director of the Company, in accordance with MI 61-101. See *"Particulars of Matters to be Acted Upon – The Arrangement – Conduct of the Meeting and Approvals of the Arrangement"* and *"Securities Law Considerations – MI 61-101".*

(l) Voting Support Agreements. Certain Company Shareholders (including the directors and the Chief Executive Officer of the Company) who, as of the Record Date, beneficially own or exercise control or direction over, in the aggregate, 25.90% of the outstanding Company Shares, advised the Company Special Committee that they were prepared to enter into Voting Support Agreements.

(m) Shareholders Will Participate in the Business of the Resulting Issuer. Following the completion of the Arrangement, Company Shareholders will hold shares of the Resulting Issuer and will participate in any future increases in value of the shares of the Resulting Issuer. In assessing an investment in the Resulting Issuer as compared with an investment in the Company, the Company Special Committee considered, among other things, the following factors: (i) current economic and financial market conditions, (ii) the financial condition, business and operations, on both a historical and prospective basis, of both the HEXO Group and the Company, (iii) the future prospects of the business of each of the HEXO Group and the Company, including in the context of the evolving regulatory regime in both Canada and internationally, (iv) the fact that the shares of the Resulting Issuer will be listed and posted for trading on the TSX and on the NYSE, thereby providing the ability for the Resulting Issuer to attract capital to fund its growth strategy from a larger pool of investors including institutional investors that are precluded from investing in companies listed

solely on the TSX, (v) the fact that, following completion of the Arrangement, the aggregate number of outstanding shares of the Resulting Issuer will be greater than then aggregate number of shares of the Resulting Issuer held by the (former) Company Shareholders as a group, which may provide shareholders with potentially greater liquidity, (vi) the potential synergies that may be achieved through a combination of the HEXO Group with the Company, including as a result of HEXO's leading medical brand of cannabis and related production facilities and expertise and the diversity in the cannabis brands produced by the HEXO Group and the Company, and greater combined capitalization and liquidity following the Arrangement, and (vii) the complementary nature and shared values of both companies' management and technical teams.

(n) Financial, Legal and Other Advice. Extensive financial, legal and other advice was provided to the Company Special Committee and the Company Board. This advice included detailed financial advice from highly qualified and experienced financial advisors as to the potential value that might have resulted from other strategic alternatives reasonably available to the Company, including remaining a publicly traded company and continuing to pursue the Company's strategic plan on a stand-alone basis, the potential divestiture of assets or business divisions compared to the value offered under the Arrangement.

(o) Determination of Fairness by the Court. Completion of the Arrangement is conditional upon receipt of the Final Order. The Court will consider, during the hearing for the Final Order, the procedural and substantive fairness of the terms and conditions of the Arrangement.

(p) Risk Factors Relating to the Arrangement. The risk factors relating to the Arrangement, including the conditions to the obligation of HEXO to complete the Arrangement and the right of HEXO to terminate the Arrangement Agreement under certain limited circumstances. See "*Particulars of Matters to be Acted Upon – The Arrangement – Risk Factors Relating to the Arrangement*".

(q) Risks to the Company of Non-Completion. There are risks to the Company if the Arrangement is not completed, including the costs incurred in proceeding towards completion of the Arrangement and the diversion of the attention of the Company's management away from the conduct of the Company's business in the ordinary course and the potential impact on the Company's current business relationships.

(r) Dilution. Company Shareholders will be subject to dilution of their interest in the Company business upon becoming shareholders of the Resulting Issuer.

(s) Risk Factors Relating to the Resulting Issuer. The risk factors relating to the Resulting Issuer described in "*Information Concerning the Resulting Issuer – Risk Factors*" in Schedule F to this Information Circular.

The Company Special Committee's recommendations were based upon the totality of the information presented and considered by it. The foregoing summary of the information and factors considered by the Company Special Committee is not intended to be exhaustive but includes a summary of the material information and factors considered by the Company Special Committee in its consideration of the Arrangement. In view of the variety of factors and the amount of information considered in connection with the Company Special Committee's evaluation of the Arrangement, the Company Special Committee did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its recommendations. The recommendations of the Company Special Committee were made after consideration of the factors noted above, other factors and in light of the Company Special Committee's knowledge of the business, financial condition and prospects of the Company and taking into account the advice of the Company's and the Company Special Committee's legal advisors and the advice of Echelon. Individual members of the Company Special Committee may have assigned different weights to different factors.

Recommendations of the Company Board

After careful consideration of, among other things, the recommendations and reasons of the Company Special Committee, the Fairness Opinion, the advice of legal and financial advisors, and such other matters as it considered relevant, the Company Board has unanimously determined that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the Company and the Arrangement is fair to the Company Shareholders. Accordingly, the Company Board unanimously recommends that the Company Shareholders vote in favour of the Arrangement Resolution.

The Fairness Opinion

Pursuant to an engagement letter dated May 2, 2021, Echelon agreed to provide the Company Special Committee with various advisory services in connection with the Arrangement, including, the provision of the Fairness Opinion.

The terms of the engagement letter between the Company and Echelon provide that Echelon will receive a fixed fee for rendering the Fairness Opinion. In addition, the Company also has agreed to reimburse Echelon for its reasonable out-of-pocket expenses incurred in connection with Echelon's engagement and to indemnify, among others, Echelon, in certain circumstances against specified liabilities that may arise directly or indirectly from services performed by Echelon in connection with its engagement by the Company.

Neither Echelon, nor any of its affiliates is an insider, associate or affiliate of the Company or HEXO and is not an advisor to any Person in respect of the Arrangement other than the Company. Other than as set out below, Echelon and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the Company, HEXO or their respective affiliates during the 24 months preceding the date on which Echelon was first contacted by the Company in respect of the Arrangement other than services provided as financial advisor to the Company in connection with the Arrangement.

Echelon provided certain ordinary course financial advisory services to Zenabis Global Inc. in connection with its previously announced plan of arrangement transaction with HEXO. As of the date hereof, as a result of the completion of the said plan of arrangement transaction on June 1, 2021, Zenabis Global Inc. is an affiliate of HEXO.

At a meeting of the Company Special Committee and the Company Board on May 16, 2021, Echelon verbally delivered its opinion, subsequently confirmed in writing, that as at the date thereof, the Consideration to be received by Company Shareholders under the Arrangement is fair from a financial point of view to the Company Shareholders. The full text of the Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as Schedule G to this Information Circular. The summary of the Fairness Opinion described in this Information Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

The Fairness Opinion was prepared at the request of the Company Special Committee and for the benefit and use of the Company Special Committee (in its capacity as such) and the Company Board in connection with their evaluation of the consideration to be received by Company Shareholders pursuant to the Arrangement. Echelon has not been asked to prepare, and has not prepared, a formal valuation or appraisal of the securities or assets of the Company or of any of its subsidiaries or affiliates, and the Fairness Opinion should not be construed as such. The Fairness Opinion is not, and should not be construed as, advice as to the price at which the securities of the Company may trade at any time. Echelon was not engaged to review any legal, tax, or regulatory aspects of the Company or of the Arrangement and the Fairness Opinion does not address any such matters. Echelon has relied upon, without independent verification, the assessment by the Company and its legal, tax and regulatory advisors, as applicable, with respect to such matters. In addition, Echelon has expressed no views as to, and the Fairness Opinion does not address, the relative merits of the Arrangement as compared to any strategic alternatives that may be available to

the Company or the decision of the Company Special Committee or the Company Board to proceed with the Arrangement. The Fairness Opinion was not intended to be and did not constitute a recommendation to the Company Special Committee or the Company Board, and is not a recommendation to any securityholder of the Company or any other person, on how to act or vote with respect to the Arrangement.

The Fairness Opinion addresses only the fairness from a financial point of view of the Consideration to be received by Company Shareholders, pursuant to the Arrangement. Echelon expresses no view or opinion as to any other terms or aspects of the Arrangement.

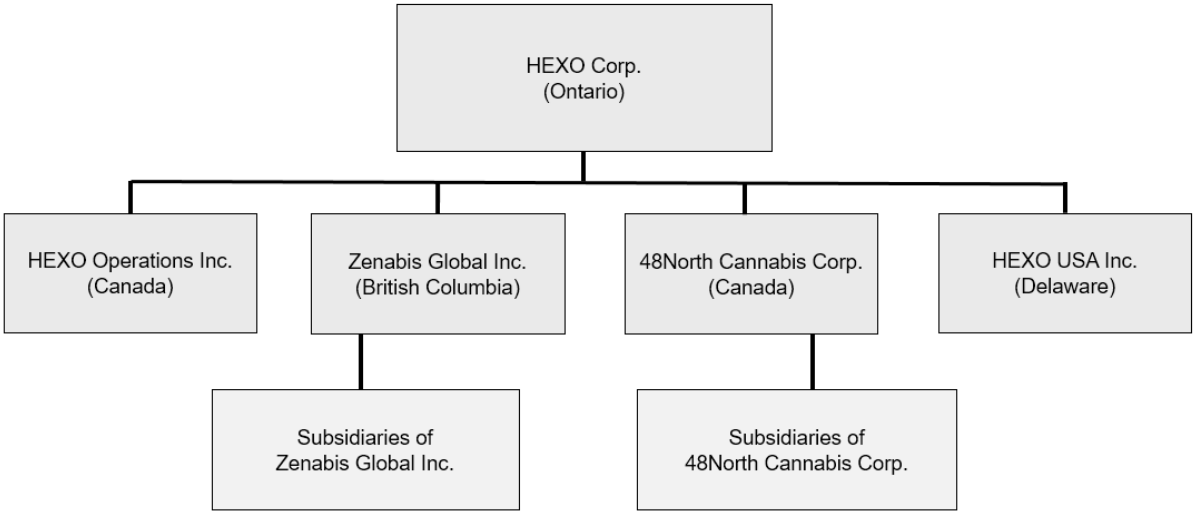
In deciding to recommend and approve the Arrangement, the Company Special Committee and the Company Board considered, among other things, the Fairness Opinion. The Fairness Opinion was only one of many factors considered by the Company Special Committee and the Company Board in evaluating the Arrangement and should not be viewed as determinative of the views of the Company Special Committee or the Company Board with respect to the Arrangement or the Consideration to be received by Company Shareholders pursuant to the Arrangement.

The foregoing is only a summary of the Fairness Opinion and is qualified in its entirety by the full text of the Fairness Opinion. The Company Board urges Company Shareholders to read the Fairness Opinion carefully in its entirety. The full text of the written Fairness Opinion, setting out the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Echelon, is attached as Schedule G to this Information Circular. The preparation of a fairness opinion, such as the Fairness Opinion, is a complex process and is not necessarily amenable to partial analysis or summary description.

Effect of the Arrangement

The principal effect of the Arrangement is that: (i) the Company will continue as a wholly-owned subsidiary of HEXO, as a result of which all of the property and assets of the Company will become indirectly held by HEXO, and (ii) existing Company Shareholders will continue to hold an indirect interest in the property and assets of the Company through the HEXO Shares that they receive pursuant to the Arrangement. The Arrangement does not change any of the assets, properties, rights, liabilities, obligations, business or operations of either the HEXO Group or the Company on a consolidated basis.

A corporate organizational chart reflecting the proposed structure of HEXO after giving effect to the above-noted matters is set forth below. Unless otherwise noted, the percentage of voting securities held is 100%.



Upon completion of the Arrangement, and assuming that (i) there are 152,427,156 HEXO Shares and 225,312,227 Company Shares issued and outstanding immediately prior to the Effective Date, (ii) a further

46,425,085 HEXO Shares and 74,285,017 Company Shares reserved for issuance upon exercise of outstanding convertible securities of each of HEXO and the Company, respectively (including, in the case of the Company, all outstanding Company Warrants and Company Options but excluding Company RSUs), (iii) there are 893,957 Company Shares issuable on the vesting, surrender and exchange of Company RSUs for Company Shares pursuant to the Plan of Arrangement, (iv) none of the outstanding Company Warrants and Company Options (or Replacement Options) are exercised until after the Effective Date, and (v) no Dissent Rights are exercised by any Company Shareholder, there will be, immediately following completion of the Arrangement, approximately 157,779,194 HEXO Shares outstanding and a further 48,182,668 HEXO Shares reserved for issuance upon exercise of convertible securities of each of HEXO and the Company (inclusive of the Existing HEXO Options, Existing HEXO RSUs, existing warrants of HEXO, existing convertible debentures of HEXO, the Replacement Options, and the Company Warrants).

The following table summarizes the distribution of HEXO Shares following the completion of the Arrangement based upon the foregoing assumptions and excluding any Company Shares or HEXO Shares issuable upon exercise or conversion of all convertible securities.

Shareholder	Number of HEXO Shares	Percentage of HEXO on a *Pro Forma* Basis
Existing HEXO Shareholders	152,427,156	96.61%
Former Company Shareholders	5,352,038	3.39%

In connection with the Arrangement, (i) prior to the exchange of Company Shares for HEXO Shares pursuant to the Arrangement, all Company RSUs, whether vested or unvested, will, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, and such Company RSUs will be, and will be deemed to be, surrendered to the Company by the holders thereof, on the basis of one Company Share for each Company RSU, less any amounts withheld pursuant to the Plan of Arrangement, and (ii) all unexercised Company Options outstanding immediately prior to the Effective Date will be exchanged for Replacement Options which will thereafter entitle the holders to acquire HEXO Shares in lieu of Company Shares, subject to adjustment in number and exercise price to give effect to the Exchange Ratio and without entailing any other amendment to their terms other than as set forth below.

Additionally, to the extent Company Warrants are not exercised prior to the Effective Time, the Plan of Arrangement provides that, upon the exercise of such rights, holders of Company Warrants will be entitled to be issued and receive and shall accept for the same aggregate consideration, upon such exercise, in lieu of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants, the kind and aggregate number of HEXO Shares that such holder would have been entitled to be issued and receive if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants. Each Company Warrant, if applicable, will continue to be governed by and be subject to the terms of the applicable Warrant Indenture or applicable Warrant Certificate, as the case may be.

Risk Factors Relating to the Arrangement

Company Shareholders should carefully consider the following risk factors relating to the Arrangement before deciding to vote, or instruct their vote to be cast, to approve the matters relating to the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Company Shareholders should also carefully consider the risk factors set forth under "*Information Concerning the Company – Risk Factors*" and "*Information Concerning the Resulting Issuer – Risk Factors*" in Schedule D and Schedule F to this Information Circular, respectively, and in the documents incorporated by reference herein.

The Company could fail to complete the Arrangement or the Arrangement may be completed on different terms

There can be no assurance that the Arrangement will be completed, or if completed, that it will be completed on the same or similar terms to those set out in the Arrangement Agreement. The completion of the

Arrangement is subject to the satisfaction of a number of conditions which include, among others, (i) obtaining necessary approvals and (ii) performance by the Company and HEXO of their respective obligations and covenants in the Arrangement Agreement. If these conditions are not met or the Arrangement is not completed for any other reason, Company Shareholders will not receive the HEXO Shares.

In addition, if the Arrangement is not completed, the ongoing business of the Company may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Arrangement, and the Company could experience negative reactions from the financial markets, which could cause a decrease in the market price of the Company's securities, particularly if the market price reflects market assumptions that the Arrangement will be completed or completed on certain terms. The Company may also experience negative reactions from its customers and employees and there could be negative impact on the Company's ability to attract future acquisition opportunities. Failure to complete the Arrangement or a change in the terms of the Arrangement could each have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Associated with a Fixed Exchange Ratio

Company Shareholders will receive a fixed number of HEXO Shares under the Arrangement, rather than HEXO Shares with a fixed market value. Since the number of HEXO Shares to be received in respect of each Company Share under the Arrangement will not be adjusted to reflect any change in the market value of the HEXO Shares, the market value of HEXO Shares received under the Arrangement may vary significantly from the market value at the date of announcement of the Arrangement Agreement. If the market price of the HEXO Shares increases or decreases, the value of the Consideration that Company Shareholders receive pursuant to the Arrangement will correspondingly increase or decrease. There can be no assurance that the market price of the HEXO Shares at the closing of the Arrangement will not be lower than the market price of such shares on the date of announcement of the Arrangement Agreement.
In addition, the number of HEXO Shares being issued in connection with the Arrangement will not change as a result of decreases or increases in the market price of Company Shares. If the market price of the Company Shares increases or decreases, the relative value of the Consideration that Company Shareholders receive pursuant to the Arrangement will correspondingly decrease or increase. Many of the factors that affect the market price of HEXO Shares and Company Shares are beyond the control of HEXO and the Company, respectively. These factors include changes in market perceptions of the cannabis industry, changes in the regulatory environment, political developments and prevailing conditions in the capital markets.

The Termination Fee, if triggered, and the terms of the Voting Support Agreements may discourage other parties from attempting to acquire the Company

Under the Arrangement Agreement, the Company is required to pay HEXO the Termination Fee (being, $2 million) in the event the Arrangement Agreement is terminated in certain circumstances. The Termination Fee may discourage other parties from attempting to acquire the Company Shares, even if those parties would otherwise be willing to offer greater value than that offered under the Arrangement.

Furthermore, as noted above, certain Company Shareholders (including the directors and the Chief Executive Officer of the Company) have entered into Voting Support Agreements that irrevocably commit them to, among other things: (i) vote their Company Shares in favour of the Arrangement and not in favour of any Acquisition Proposal, and (ii) support an Alternative Transaction including any takeover bid made by HEXO prior to termination of the Voting Support Agreements in accordance with their terms. As a result, the Voting Support Agreements may discourage other parties from attempting to acquire the Company Shares, even if those parties would otherwise be willing to offer greater value than that offered under the Arrangement.

The Company will incur substantial transaction-related costs in connection with the Arrangement

The Company expects to incur a number of non-recurring transaction-related costs associated with completing the Arrangement that will be incurred whether or not the Arrangement is completed. Such costs may offset any expected cost savings and other synergies from the Arrangement.

While the Arrangement is pending, the Company is restricted from taking certain actions

The Arrangement Agreement restricts the Company from taking specified actions, unless consented to by HEXO, until the Arrangement is completed, which may adversely affect the ability of the Company to execute certain business strategies. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement.

The pending Arrangement may divert the attention of the Company's management

The pending Arrangement could cause the attention of the Company's management to be diverted from the day-to-day operations of the Company. These disruptions could be exacerbated by a delay in the completion of the Arrangement and could have an adverse effect on the business, operating results or prospects of the Company regardless of whether the Arrangement is ultimately completed.

Directors and senior officers of the Company may have interests in the Arrangement that are different from those of the Company Shareholders

In considering the recommendations of the Company Board to vote for the Arrangement Resolution, Company Shareholders should be aware that certain directors and certain senior officers of the Company have interests in connection with the Arrangement (by virtue of their ownership of, for example, Company Options and Company RSUs) that may present them with actual or potential conflicts of interest in connection with the Arrangement. See *"Particulars of Matters to be Acted Upon – The Arrangement – Background to the Arrangement", "Securities Law Considerations – Canadian Securities Laws"* and *"Securities Law Considerations – Interest of Certain Persons in Matters to be Acted Upon".*

Bridge Loan Agreement

In June 2021, HEXO provided the Company with the Bridge Loan, the proceeds of which the Company has allocated to be used solely for the purpose of replenishing shortfalls or deficiencies in the working capital of the Company and the other Credit Parties between the signing of the Arrangement Agreement and the closing of the Arrangement.

The Bridge Loan is guaranteed by the Credit Parties and is secured by third-ranking security interests over the present and after-acquired personal property of each of the Credit Parties. Concurrently with the execution of the Bridge Loan, HEXO and the Company entered into customary subordination agreements with each of the first and second-ranking secured lenders to the Company, pursuant to which HEXO has agreed to subordinate its rights and interests under the Bridge Loan in favour of such senior ranking secured lenders together with other provisions customarily included in such subordination agreements.

The Bridge Loan bears interest at an initial rate of 10% per annum (or, upon the occurrence of an event of default that is continuing, 14% per annum). The principal amount of the Bridge Loan and the accrued interest thereon will be payable on the maturity date of the Bridge Loan Agreement, being December 27, 2021, provided however that, (i) in the event that the Arrangement Agreement is terminated in accordance with its terms for any reason, other than as a result of there having occurred a breach of a representation, warranty or covenant by the Company that cannot be cured by the Outside Date or the occurrence of a material adverse change such that certain conditions precedent could not be satisfied by the Outside Date, then all amounts outstanding under the Bridge Loan Agreement will become due and payable on the tenth day following HEXO's written demand for repayment thereof, and (ii) in the event that the Arrangement Agreement is terminated (A) by HEXO, as a result of the Company Board having approved, recommended or authorized the Company to enter into a written agreement (other than certain permitted confidentiality

and standstill agreements) concerning a Superior Proposal prior to the Company Shareholders having approved the Arrangement Resolution, or (B) by the Company, upon the Company Board having authorized the Company (subject to certain conditions) to approve, accept or enter into any agreement, understanding or arrangement concerning a Superior Proposal (other than certain permitted confidentiality agreements) prior to the Company Shareholders having approved the Arrangement Resolution, and upon payment of the Termination Fee, then either (1) all amounts then owing and outstanding under the Bridge Loan Agreement will become immediately due and payable and must be repaid by Company to HEXO concurrently with the payment of the Termination Fee, or (2) concurrently with the payment of the Termination Fee, the Person making the Superior Proposal (or their nominee) shall purchase and assume from HEXO, all of HEXO's rights and obligations under the Bridge Loan Agreement for cash consideration equal to the amount of outstanding principal and accrued interest under the Bridge Loan Agreement.

Pursuant to the Bridge Loan Agreement, the Company may at any time prepay, in whole (but not in part), the outstanding principal amount of the Bridge Loan together with all accrued and unpaid interest and fees thereon, subject to payment by the Company to HEXO of an additional amount equal to 10% of the outstanding principal amount of the Bridge Loan.

Conduct of the Meeting and Approvals of the Arrangement

Company Shareholder Approval of the Arrangement

In accordance with the terms of the Arrangement Agreement, in order for the Arrangement to be effected, among other things, the Arrangement Resolution must be approved by the Company Shareholders. The Arrangement Resolution to be presented at the Meeting is substantially as set forth in Schedule A to this Information Circular. In order for the Arrangement Resolution to be effective, it must be approved by the affirmative vote of (i) at least 66 2/3% of the votes cast by Company Shareholders virtually present or represented by proxy at the Meeting and entitled to vote thereat, and (ii) a simple majority of the votes cast by Company Shareholders virtually present or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast in respect of Company Shares beneficially owned or over which control or direction is exercised by Charles Vennat, the Chief Executive Officer and a director of the Company, in accordance with MI 61-101. See "*Particulars of Matters to be Acted Upon – The Arrangement – Conduct of the Meeting and Approvals of the Arrangement"* and *"Securities Law Considerations – MI 61-101*".

As of the Record Date, Company Shareholders (including the directors and the Chief Executive Officer of the Company) beneficially owning, or exercising control or direction over, directly or indirectly, Company Shares representing approximately 25.90% of the issued and outstanding Company Shares have entered into the Voting Support Agreements with HEXO pursuant to which, among other things, such Company Shareholders agreed to cause to be counted as present for purposes of establishing quorum at the Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by each of them or over which they exercise control or direction, as applicable, in favour of the approval of the Arrangement Resolution and the transactions contemplated in the Arrangement Agreement, and any other matter necessary for the consummation of the Arrangement, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted in favour of the approval, consent, ratification and adoption of the Arrangement, including without limitation the Arrangement Resolution and/or any other matter necessary for the consummation of the Arrangement. The Company Shareholders who have entered into Voting Support Agreements are as follows:

Beneficial Company Shareholder	Number of Company Shares Subject to Voting Support Agreements[(1)]	Percentage of Company Shares Subject to Voting Support Agreements[(1)]
Groupe Lune Rouge Inc.	16,500,909	7.32%
Nuno Brandolini	2,481,818[(2)]	1.10%
Scorpion Acquisition LLC	1,000,000	0.44%
Wallington Investment Holdings Ltd.	28,375,825[(3)]	12.59%
Gadina Inc.	5,666,667[(4)]	2.52%

Beneficial Company Shareholder	Number of Company Shares Subject to Voting Support Agreements[1]	Percentage of Company Shares Subject to Voting Support Agreements[1]
6036716 Canada Inc.	666,667[5]	0.30%
William J. Assini	438,889[6]	0.19%
Martin Cauchon	1,088,275[7]	0.48%
Anne Darche	433,667[8]	0.19%
Alain Dubuc	540,909[9]	0.24%
James Gervais	362,778[10]	0.16%
Charles Vennat	808,176[11]	0.36%
Susan Nickle	0[12]	0.00%
TOTAL:	**58,364,580**	**25.90%**

Notes:

(1) The information as to the number and percentage of Company Shares beneficially owned, controlled or directed, not being within the knowledge of the Company, has been obtained from the applicable shareholder directly. Percentage calculated on a non-diluted basis, based on an aggregate of 225,312,227 Company Shares issued and outstanding as of July 14, 2021.

(2) Excludes an aggregate of 2,000,000 Company Shares issuable upon the exercise of 2,000,000 Company Warrants beneficially held by Nuno Brandolini, which convertible securities are also subject to the Voting Support Agreements.

(3) Excludes an aggregate of 6,666,667 Company Shares issuable upon the exercise of 6,666,667 Company Warrants beneficially held by Wallington Investment Holdings Ltd., which convertible securities are also subject to the Voting Support Agreements. Wallington Investment Holdings Ltd. is an entity controlled and directed by Mr. Pierre Caland, and as of July 14, 2021, controls and directs more than 10% or more of the outstanding Company Shares. See "*General Proxy Information - Voting Shares and Principal Holders Thereof*".

(4) Excludes an aggregate of 5,666,667 Company Shares issuable upon the exercise of 5,666,667 Company Warrants beneficially held by Gadina Inc., which convertible securities are also subject to the Voting Support Agreements.

(5) Excludes an aggregate of 666,667 Company Shares issuable upon the exercise of 666,667 Company Warrants beneficially held by 6036716 Canada Inc., which convertible securities are also subject to the Voting Support Agreements.

(6) Excludes an aggregate of 608,333 Company Shares issuable upon the exercise of 525,000 Company Options and 83,333 Company Warrants beneficially held by William J. Assini, which convertible securities are also subject to the Voting Support Agreements.

(7) Excludes an aggregate of 866,666 Company Shares issuable upon the exercise of 700,000 Company Options and 166,666 Company Warrants beneficially held by Martin Cauchon, which convertible securities are also subject to the Voting Support Agreements.

(8) Excludes an aggregate of 442,000 Company Shares issuable upon the exercise of 275,000 Company Options and 167,000 Company Warrants beneficially held by Anne Darche, which convertible securities are also subject to the Voting Support Agreements.

(9) Excludes an aggregate of 275,000 Company Shares issuable upon the exercise of 275,000 Company Options beneficially held by Alain Dubuc, which convertible securities are also subject to the Voting Support Agreements.

(10) Excludes an aggregate of 441,667 Company Shares issuable upon the exercise of 375,000 Company Options and 66,667 Company Warrants beneficially held by James Gervais, which convertible securities are also subject to the Voting Support Agreements.

(11) Includes an aggregate of 3,677,234 Company Shares issuable upon the exercise and/or vesting, as applicable, of 2,700,000 Company Options, 780,000 Company Warrants, and 197,234 Company RSUs beneficially held by Charles Vennat, which convertible securities are also subject to the Voting Support Agreements.

(12) Excludes an aggregate of 350,000 Company Shares issuable upon the exercise of 350,000 Company Options beneficially held by Susan Nickle, which convertible securities are also subject to the Voting Support Agreements.

After careful consideration of, among other things, the recommendations and reasons of the Company Special Committee, the Fairness Opinion, the advice of legal and financial advisors, and such other matters as it considered relevant, the Company Board has unanimously determined that the execution, delivery and performance of the Arrangement Agreement is in the best interests of the Company and the Arrangement is fair to the Company Shareholders. Accordingly, the Company Board unanimously recommends that the Company Shareholders vote in favour of the Arrangement Resolution. The management representatives named in the enclosed form of proxy intend to vote in favour of the Arrangement Resolution, unless a shareholder specifies in the proxy that his or her Company Shares are to be voted against such matters.

Regulatory Approvals

In addition to the shareholder approvals described above, certain regulatory approvals will also be required in order to consummate the Arrangement, as further described below.

The Company Shares are currently listed and posted for trading on the TSXV under the symbol "NRTH". Following completion of the Arrangement, the Company will become a wholly-owned subsidiary of HEXO, and it is anticipated that the Company will, in connection with the Arrangement, apply to the applicable Canadian securities regulators to (i) have the Company cease to be a reporting issuer following completion of the Arrangement (or be exempted from the Canadian continuous disclosure and insider reporting requirements for as long as the Company Warrants remain outstanding), and (ii) have the Company Shares delisted from the TSXV following, or concurrently with, the completion of the Arrangement. It is a condition of closing of the Arrangement that the TSXV shall have conditionally approved the delisting of the Company Shares.

The HEXO Shares are currently listed and posted for trading on the TSX and NYSE under the symbol "HEXO". It is a condition of closing of the Arrangement that the TSX and NYSE shall have conditionally approved the listing of the HEXO Shares issuable under the Arrangement (including the HEXO Shares issuable pursuant to the Replacement Options and Company Warrants), subject to notice of issuance and HEXO providing the TSX and NYSE with customary documentation.

As of the date hereof, HEXO has applied to the TSX and the NYSE for approval of the listing of the HEXO Shares to be issued and reserved for issuance in connection with the Arrangement, and has obtained the conditional approved of the TSX for the listing of such HEXO Shares. Listing of such HEXO Shares is subject to HEXO fulfilling all of the requirements of the TSX and the NYSE.

Company Shareholders should be aware that the final approvals have not yet been given by the regulatory authorities referred to above. Neither the Company nor HEXO can provide any assurances that such approvals will be obtained.

Court Approval

The CBCA requires the Court to approve the Arrangement.

On July 14, 2021, the Company obtained the Interim Order providing for the calling and holding of the Meeting, Dissent Rights and other procedural matters. Copies of the Interim Order and the Notice of Application are attached as Schedule H and Schedule I, respectively, to this Information Circular.

The Court hearing in respect of the Final Order is expected to take place at 11:30 a.m. (Toronto time) on August 26, 2021 (or as soon thereafter as legal counsel can be heard) via videoconference before a Judge of the Ontario Superior Court of Justice (*Commercial List*) located at the Courthouse, 330 University Avenue, 7th Floor, Toronto Ontario, M5G 1R7, subject to the approval of the Arrangement Resolution by the Company Shareholders. At the hearing, the Court will consider, among other things, the procedural and substantive fairness of the terms and conditions of the Arrangement and the rights and interests of every Person affected. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Under the terms of the Interim Order, each Company Shareholder will have the right to appear and make submissions at the application for the Final Order. Any Person desiring to appear at the hearing of the application for the Final Order is required to indicate his, her or its intention to appear by filing with the Court and serving the Company, at the address set out below, not less than five (5) days before the date of the hearing of the application for the Final Order, a Notice of Appearance, including his, her or its address for service, together with all materials on which he, she or it intends to rely at the application. The Notice of Appearance and supporting materials must be delivered, within the time specified, to the Company at the following addresses:

Bennett Jones LLP
One First Canadian Place
Suite 3400 - 100 King Street West

P.O. Box 130, Toronto, Ontario, M5X 1A4
Attention: Alan Gardner and Joseph Blinick

Solicitors for 48 North Cannabis Corp.

Norton Rose Fulbright Canada LLP
Suite 3000, 22 Bay Street, P.O. Box 53
Toronto, Ontario, M5K 1E7
Attention: Jennifer Teskey and Elana Friedman

Solicitors for HEXO Corp.

Subject to the Court ordering otherwise, only those Persons who file a Notice of Appearance in compliance with the Interim Order will be provided with notice of the materials to be filed with the Court and the opportunity to make submissions in support or opposition of the Final Order. If the hearing is postponed, adjourned or rescheduled, then subject to further order of the Court only those Persons having previously served a Notice of Appearance in compliance with the Interim Order will be given notice of the postponement, adjournment or rescheduled date.

Company Shareholders who wish to participate in or be represented at the Court hearing for the Final Order should consult their legal advisors as to the necessary requirements.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived to the extent legally permissible, then the Company and HEXO will thereafter give effect to the Arrangement in accordance with the terms of the Arrangement Agreement.

The HEXO Shares and Replacement Options to be issued and exchanged pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable securities laws of any state of the United States. Section 3(a)(10) of the U.S. Securities Act exempts from registration a security that is issued in exchange for one or more *bona fide* outstanding securities, claims or property interests, where the terms and conditions of such issuance and exchange are approved by a court of competent jurisdiction that is expressly authorized by Applicable Law to grant such approval, after a hearing upon the procedural and substantive fairness of such terms and conditions at which all Persons to whom it is proposed to issue securities in such exchange have the right to appear and receive timely and adequate notice thereof. The Court is authorized by Applicable Law to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Final Order will be relied upon to constitute the basis for the Section 3(a)(10) Exemption with respect to the HEXO Shares and Replacement Options to be issued and exchanged pursuant to the Arrangement. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance of the HEXO Shares and Replacement Options by HEXO in connection with the Arrangement.

For further information regarding the Court hearing in connection with the Final Order and the rights of Company Securityholders in connection with the Court hearing, see the Interim Order attached at Schedule H to this Information Circular and the Notice of Application attached at Schedule I to this Information Circular. The Notice of Application constitutes notice of the Court hearing of the application for the Final Order and is the only such notice of that proceeding.

Procedure for Exchange of Company Shares

Exchange of Certificates

Before the Effective Time, HEXO will deposit or cause to be deposited with the Depositary the aggregate number of HEXO Shares required to be issued to the Company Shareholders in accordance with the Plan of Arrangement. Such HEXO Shares will be held by the Depositary for the benefit of and be held on behalf of such former Company Shareholders (including, to the former holders of Company RSUs) for distribution to such former Company Shareholders (including, to the former holders of Company RSUs) in accordance with the provisions of the Plan of Arrangement.

Upon surrender to the Depositary for cancellation of the certificate(s), which immediately prior to the Effective Time represented one or more Company Shares, together with the Letter of Transmittal and such additional documents and instruments duly executed and completed as the Depositary may reasonably require, the Company Shareholder of such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Company Shareholder as soon as practicable after the Effective Time, a DRS Statement representing the HEXO Shares that such Company Shareholder is entitled to receive, in accordance with the Plan of Arrangement, less any amounts withheld pursuant to the Plan of Arrangement, and the certificate(s) representing the Company Shares so surrendered shall forthwith be cancelled. Until surrendered, each certificate that immediately prior to the Effective Time represented a Company Share shall be deemed after the Effective Time to represent only the right to receive, upon the surrender of such certificate, the applicable Consideration in lieu of such certificate representing one or more Company Shares, less any amounts withheld pursuant to the Plan of Arrangement.

A DRS Statement representing the HEXO Shares will be issued in the name of the registered holder of Company Shares so deposited. Unless the Person who deposits Company Shares instructs the Depositary to hold a DRS Statement representing the HEXO Shares for pick-up by checking the appropriate box in the Letter of Transmittal, such DRS Statement will be forwarded by email to the email address provided in the Letter of Transmittal. If no email address is provided, such DRS Statement will be forwarded to the address of the Person as shown on the applicable register of the Company. Although there are varying degrees of reopening in different cities and provinces amid the COVID-19 pandemic, pick-up at the offices of the Depositary may not be available to the public when the Arrangement is effective. Company Shareholders who selected the pick-up option will be required to contact the Depositary to confirm availability of pick-up. If pick-up is not available at such time, the Depositary will mail the DRS Statement representing the HEXO Shares to such Company Shareholder in accordance with the information provided on the register or in the Letter of Transmittal, as applicable.

Notwithstanding the provisions of the Arrangement and the Letter of Transmittal, DRS Statements representing the HEXO Shares will not be mailed if HEXO determines that delivery thereof by mail may be delayed. Persons entitled to DRS Statements and other relevant documents that are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited certificates representing Company Shares, in respect of which DRS Statements representing the HEXO Shares are being issued, were originally deposited upon application to the Depositary, until such time as HEXO has determined that delivery by mail will no longer be delayed. DRS Statements and other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery at the office of the Depositary at which the Company Shares were deposited and payment for those Company Shares shall be deemed to have been immediately made upon such deposit.

Registered Company Shareholders who do not deliver certificates representing their Company Shares and all other required documents to the Depositary on or before the sixth (6th) anniversary of the Effective Date will lose their right to receive any Consideration for their Company Shares and any claim or interest of any kind or nature against HEXO or the Company.

HEXO, the Company and the Depositary will be entitled to deduct and withhold from any Consideration otherwise payable to a Company Shareholder, such amounts as HEXO, the Company or the Depositary is required to deduct and withhold with respect to such payment under any provision of Applicable Laws.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by the Company against certain liabilities under applicable securities laws and expenses in connection therewith.

Surrender of Company Share Certificates

If you are a Registered Company Shareholder, you should have received with this Information Circular, a form of proxy and a Letter of Transmittal. If the Arrangement Resolution is passed and the Arrangement is implemented, in order to receive the Consideration, Registered Company Shareholders must complete and sign the Letter of Transmittal enclosed with this Information Circular and deliver it (or an originally signed facsimile thereof), together with the certificate(s) representing their Company Shares, and the other relevant documents required by the instructions set out therein, to the Depositary in accordance with the instructions contained in the Letter of Transmittal. Company Shareholders can request additional copies of the Letter of Transmittal by contacting the Depositary. The Letter of Transmittal is also available under the Company's profile on SEDAR at http://www.sedar.com.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. The deposit of Company Shares pursuant to the procedures in the Letter of Transmittal will constitute a binding agreement between the depositing Registered Company Shareholder and HEXO upon the terms and subject to the conditions of the Arrangement.

In all cases, delivery of the Consideration for Company Shares deposited will be made only after timely receipt by the Depositary of certificates representing such Company Shares, together with a properly completed and duly executed Letter of Transmittal in the form accompanying this Information Circular relating to such Company Shares, with signatures guaranteed if so required in accordance with the instructions in the Letter of Transmittal, and any other required documents.

Prior to the Effective Time, where a certificate for Company Shares has been destroyed, lost or stolen, the Registered Company Shareholder of that certificate should request from the Transfer Agent a replacement certificate or DRS Statement. After the Effective Time, where a certificate for Company Shares has been destroyed, lost or stolen, the Registered Company Shareholder of that certificate should complete the Letter of Transmittal as fully as possible and forward it, together with a letter describing the loss, theft or destruction to the Depositary at its office specified in the Letter of Transmittal. The Depositary will respond with replacement requirements (which may include a bonding or indemnity requirement) that must be satisfied in order for the undersigned to receive the Consideration in accordance with the Arrangement.

If a Letter of Transmittal is executed by a Person other than the Registered Company Shareholder of the certificate(s) deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney properly completed by the Registered Company Shareholder, and the signature on such endorsement or share transfer power of attorney must correspond exactly to the name of the Registered Company Shareholder as registered or as appearing on the certificates(s) and must be guaranteed by an Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt) and acceptance of any Company Shares deposited pursuant to the Arrangement will be determined by HEXO in its sole discretion. Depositing Registered Company Shareholders agree that such determination shall be final and binding. HEXO reserves the right, if it so elects in its absolution discretion, to instruct the Depositary to waive any defect or irregularity contained in any Letter of Transmittal and/or accompanying documents received by it.

The method of delivery of certificates representing Company Shares and all other required documents is at the option and risk of the Person depositing the same, and delivery will be deemed effective only when such documents are actually received by the Depositary. The Company recommends that such documents

be delivered by hand to the Depositary and a receipt obtained. However, if documents are mailed, the Company recommends that registered mail be used and that appropriate insurance be obtained. Although there are varying degrees of reopening in different cities and provinces amid the COVID-19 pandemic, delivery by hand at the office of the Depositary may not be possible. Registered Company Shareholders seeking to utilize this option should contact the Depositary to confirm the availability of hand delivery.

If you are not a Registered Company Shareholder, you should carefully follow the instructions from the Intermediary that holds Company Shares on your behalf in order to receive the Consideration for your Company Shares.

Fractional Shares

No fractional shares will be issued to Company Shareholders otherwise entitled to them. Instead, the number of HEXO Shares to be issued to a Company Shareholder will be rounded down to the nearest whole HEXO Share.

The foregoing information is a summary only. For further details of procedures, see the full text of the Arrangement Agreement, which is available under the Company's profile on SEDAR at http://www.sedar.com.

Fees and Expenses

Except as otherwise expressly provided in the Arrangement Agreement, each Party will pay all fees, costs and expenses incurred by such Party in connection with the Arrangement Agreement and the Arrangement whether or not the Arrangement is consummated.

Notwithstanding the foregoing:

- in the event the Arrangement Agreement is terminated by the Company due to HEXO's breach of representation or warranty or failure to perform covenants HEXO shall pay $750,000 to the Company as reimbursement for the costs and expenses incurred by the Company with respect to the Arrangement within three (3) Business Days of the termination; and

- in the event the Arrangement Agreement is terminated by HEXO due to the Company's breach of representation or warranty or failure to perform covenants the Company shall pay $750,000 to HEXO as reimbursement for the costs and expenses incurred by HEXO with respect to the Arrangement within three (3) Business Days of the termination,

provided that no amount above shall be paid or payable by the Company if the Company has paid the Termination Fee, and in the event the Company makes any such payment to HEXO as reimbursement for the costs and expenses incurred by HEXO with respect to the Arrangement, and is then required to pay the Termination Fee, the amount paid in respect of the costs and expenses will be credited towards payment of the Termination Fee.

See also "*Particulars of Matters to be Acted Upon – The Arrangement Agreement – Expenses*".

Income Tax Considerations

The following summary describes the principal Canadian federal income tax considerations under the Tax Act of the Arrangement that apply to a Company Shareholder who beneficially owns Company Shares and who, at all relevant times, for purposes of the Tax Act: (i) deals at arm's length with the Company and HEXO, (ii) is not affiliated with the Company or HEXO, and (iii) holds Company Shares, and will hold the HEXO Shares received pursuant to the Arrangement, as capital property (a "**Holder**"). The Company Shares and the HEXO Shares will generally be considered to be capital property to a Holder unless such shares are held by the Holder in the course of carrying on a business of buying and selling securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the regulations thereunder publicly announced in writing by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in Applicable Law, whether by legislative, regulatory, administrative or judicial action or administrative policy or assessing practice nor does it take into account other federal tax legislation or considerations of that of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary does not apply to a Holder: (i) that is a "specified financial institution" for the purposes of the Tax Act, (ii) that is a "financial institution" for the purposes of the mark-to-market rules in the Tax Act, (iii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act, (iv) that reports its "Canadian tax results" for the purposes of the Tax Act in a currency other than Canadian currency, (v) that has entered into or will enter into a "derivative forward agreement" (as defined in the Tax Act), in respect of Company Shares or HEXO Shares, (vi) that is a "foreign affiliate" (as defined in the Tax Act) of a taxpayer resident in Canada, or (vii) that has acquired any Company Shares upon the exercise of an employee stock option or other employee compensation plan.

In addition, this summary does not address the tax considerations for holders of the Company Options, Company Warrants, or Company RSUs. Holders of such securities should consult with their own tax advisors.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Holders are urged to consult their own tax advisors to determine the particular tax effects to them of the Arrangement and of any other consequences to them in connection with the Arrangement under Canadian federal, provincial, territorial or local tax laws and under foreign tax laws, having regard to their own particular circumstances.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada (a "**Resident Holder**"). Resident Holders whose Company Shares might not otherwise qualify as capital property may be entitled to have such shares, and every other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year and any subsequent taxation year, deemed to be capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. Any Resident Holders considering making such an election should consult their own tax advisors as to whether the election is available or advisable in their own particular circumstances.

(a) Exchange of Company Shares

Pursuant to the Arrangement, a Resident Holder, other than a Dissenting Resident Holder (as defined below), will exchange its Company Shares for HEXO Shares. Such Resident Holder will be deemed to have disposed of such Company Shares on a tax-deferred basis under Section 85.1 of the Tax Act, unless such holder includes any portion of the gain or loss, otherwise determined, in computing its income for the taxation year which includes the Arrangement. More specifically, the Resident Holder will be deemed to have disposed of the Company Shares for proceeds of disposition equal to the adjusted cost base of the Company Shares to such Resident Holder, determined immediately before the Effective Time, and the Resident Holder will be deemed to have acquired the HEXO Shares at an aggregate cost equal to such adjusted cost base of the Company Shares. This cost will be averaged with the adjusted cost base of all

other HEXO Shares held by the Resident Holder as capital property for the purpose of determining the adjusted cost base of each HEXO Share held by the Resident Holder.

If a Resident Holder chooses to treat the exchange of Company Shares for HEXO Shares as a taxable transaction by including any portion of the gain or loss in computing its income, the Resident Holder will realize a capital gain (or capital loss) to the extent that the fair market value of the HEXO Shares received by the Resident Holder exceeds (or is less than) the adjusted cost base to the Resident Holder of the Company Shares immediately before the exchange and any reasonable costs of disposition. In this event, the cost to the Resident Holder of the HEXO Shares received will be equal to the fair market value of such HEXO Shares determined at the Effective Time. This cost will be averaged with the adjusted cost base of all other HEXO Shares held by the Resident Holder as capital property for the purpose of determining the adjusted cost base of such HEXO Shares. For a description of the tax treatment of capital gains and capital losses, see "*Particulars of Matters to be Acted Upon – The Arrangement –*

Income Tax Considerations – *Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below.

(b) Dissenting Resident Holders

A Resident Holder who exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Resident Holder**") and who transfers Company Shares to HEXO in consideration for a cash payment from HEXO will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Dissenting Resident Holder's Company Shares.

Any capital gain or capital loss realized by the Dissenting Resident Holder, will be treated in the same manner as described under the heading "*Particulars of Matters to be Acted Upon – The Arrangement –*

Income Tax Considerations – *Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below.

A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement. In addition, a Dissenting Resident Holder that, throughout its relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including interest income.

Dissenting Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

(c) Dividends on HEXO Shares

A Resident Holder will be required to include in computing its income for a taxation year, any dividends received or deemed to be received on the Resident Holder's HEXO Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules that apply to any dividends designated by HEXO as "eligible dividends", as defined in the Tax Act. There may be limitations on the ability of HEXO to designate dividends as eligible dividends.

A dividend received or deemed to be received by a Resident Holder that is a corporation will generally be deductible in computing taxable income. In certain circumstances, a taxable dividend received by a Resident Holder that is a corporation will be treated under the Tax Act as proceeds of a disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A “private corporation” or a “subject corporation” (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on HEXO Shares to the extent that the dividend is deductible in computing the corporation's taxable income.
Taxable dividends received by Resident Holder that is an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act.

(d) Disposing of HEXO Shares

Generally, on a disposition or deemed disposition of a HEXO Share, a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder of the HEXO Share immediately before the disposition and any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see “*Particulars of Matters to be Acted Upon – The Arrangement –*

Income Tax Considerations – *Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*” below.

(e) Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year is included in the Resident Holder's income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year is deducted from taxable capital gains realized by the Resident Holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses realized in a particular taxation year in excess of taxable capital gains realized in that taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act), including amounts in respect of net taxable capital gains.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a share may be reduced by the amount of certain dividends previously received (or deemed to be received) by the Resident Holder on such share (or another share where the share has been acquired in exchange for such other share) to the extent and under circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns a share or where a trust or partnership of which a corporation is a beneficiary or member is a member of a partnership or a beneficiary of a trust that owns any such share. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Capital gains realized by an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act.

(f) Eligibility for Investment

The HEXO Shares will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account (each a “**Registered Plan**”) or a deferred profit sharing plan (each as defined in the Tax Act), at any particular time, provided that, at that time, the HEXO Shares are listed on a “designated stock exchange” (as defined in the Tax Act, which currently includes the TSX).

Notwithstanding that a HEXO Share may be a qualified investment for trusts governed by a Registered Plan, the annuitant, holder or subscriber (the “**Controlling Individual**”) of, or under, the Registered Plan will be subject to a penalty tax on the share if it is a “prohibited investment” (as defined in

subsection 207.01(1) of the Tax Act). A HEXO Share will not be a "prohibited investment" for a Registered Plan provided that the Controlling Individual of the Registered Plan: (i) deals at arm's length with HEXO for purposes of the Tax Act and does not have a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in HEXO or (ii) HEXO Shares are "excluded property" (as defined in subsection 207.01(1) of the Tax Act) for the Registered Plan.

Controlling Individuals of a Registered Plan who intend to hold HEXO Shares in such plan, should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for the purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, Company Shares or HEXO Shares in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to certain Holders that are insurers carrying on an insurance business in Canada and elsewhere or "authorized foreign banks" (as defined in the Tax Act).

(a) Exchange of Company Shares

Pursuant to the Arrangement, a Non-Resident Holder, other than a Dissenting Non-Resident Holder (as defined below), dispose of its Company Shares in exchange for HEXO Shares. A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition or deemed disposition of a Company Share, unless: (i) the Company Share is "taxable Canadian property" (for the purposes of the Tax Act) of the Non-Resident Holder, and (ii) the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Provided that at the time of disposition, the Company Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX) a Company Share will not constitute taxable Canadian property of the Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition both of the following conditions are met: (a) one or any combination of: (i) the Non-Resident Holder, (ii) Persons with whom the Non-Resident Holder does not deal at arm's length, and (iii) partnerships in which the Non-Resident Holder or a Person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Company, and (b) more than 50% of the fair market value of a Company Share was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada, (ii) "Canadian resource property" (as defined in the Tax Act), (iii) "timber resource property" (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). In addition, the Company Shares may be deemed to be "taxable Canadian property" of a Non-Resident Holder in certain circumstances.

In the event the Company Shares are "taxable Canadian property" of a Non-Resident Holder, a disposition by the Non-Resident Holder of its Company Shares pursuant to the terms of the Arrangement will occur on a tax-deferred basis under Section 85.1 of the Tax Act, unless the Non-Resident Holder chooses to recognize a capital gain (or capital loss) on the disposition. In such circumstances, the consequences to the Non-Resident Holder will generally be the same as described above in the second paragraph under the heading "*Particulars of Matters to be Acted Upon – The Arrangement –*

Income Tax Considerations – *Holders Resident in Canada – Exchange of Company Shares*".

Non-Resident Holders who dispose of Company Shares that are or are deemed to be "taxable Canadian property" (as defined in the Tax Act) should consult their own tax advisors concerning the Canadian income tax consequences of the disposition and the potential requirement to file a Canadian income tax return depending on their particular circumstances.

(b) Dissenting Non-Resident Holders

A Non-Resident Holder who exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Non-Resident Holder**") and disposes of Company Shares to HEXO in consideration for cash payment from HEXO will realize a capital gain or loss in the same manner as discussed above under "*Particulars of Matters to be Acted Upon – The Arrangement –*

Income Tax Considerations – *Holders Resident in Canada – Dissenting Resident Holders*".

A Dissenting Non-Resident Holder will generally not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Company Shares pursuant to the exercise of their Dissent Rights unless such Company Shares are considered to be "taxable Canadian property" of such Dissenting Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Dissenting Non-Resident Holder is resident. Where a Dissenting Non-Resident Holder receives interest in connection with the exercise of Dissent Rights in respect of the Arrangement, the interest will generally not be subject to Canadian withholding tax under the Tax Act.

Dissenting Non-Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

(c) Dividends on HEXO Shares

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Holder's HEXO Shares will be subject to withholding tax under the Tax Act at a rate of 25% unless the rate is reduced under the provisions of an applicable income tax convention. In the case of a beneficial owner of dividends who is a resident of the United States for purposes of the Canada-United States Tax Convention (1980), as amended, and who is entitled to full benefits of that treaty, the rate of withholding will generally be reduced to 15% (or 5% in the case of a company beneficially owning at least 10% of HEXO's voting shares). Non-Resident Holders should consult their own tax advisors in this regard.

(d) Disposing of HEXO Shares

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition or deemed disposition of an HEXO Share, unless (i) the HEXO Share is "taxable Canadian property" of the Non-Resident Holder for purposes of the Tax Act (as generally described above in relation to Company Shares), and (ii) the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. In addition, where a Non-Resident Holder acquires HEXO Shares in exchange for Company Shares that are "taxable Canadian property" at the Effective Time, the HEXO Shares will be deemed to be "taxable Canadian property" for the Non-Resident Holder for the 60-month period following the Effective Date.

Non-Resident Holders who dispose of HEXO Shares that are "taxable Canadian property" should consult their own tax advisors with respect to the Canadian income tax consequences of the disposition and the potential requirement to file a Canadian income tax return in respect of the disposition depending on their particular circumstances.

Completion of the Arrangement may have tax consequences under the laws of the United States and any other jurisdiction in which a Company Shareholder is subject to tax, and any such tax consequences are not described in this Information Circular. U.S. and other non-Canadian Company Shareholders are urged to consult their own tax advisors to determine any particular tax consequences to them of the transactions completed in connection with the Arrangement.

Effective Date and Conditions

Effective Date

If the Arrangement Resolution is passed at the Meeting, and all conditions disclosed under "*Conditions to the Arrangement Becoming Effective*" below are met or waived in accordance with the terms of the Arrangement Agreement, it is anticipated that the Arrangement will be completed on or about the third Business Day following the date on which the conditions to completion of the Arrangement are satisfied or waived with effect as of 12:01 a.m. (Toronto time) on such date. The Company and HEXO presently intend that the Arrangement will be completed shortly following the date of the Meeting and the issuance of the Final Order.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement and the other transactions contemplated by the Arrangement Agreement to be completed, certain conditions must have been satisfied (or in certain cases, waived) on or before the Effective Date, including the conditions summarized below:

1. Mutual Conditions:

    (a) the requisite percentage of Company Shareholders shall have approved and adopted the Arrangement Resolution at the Meeting in accordance with the Interim Order (and the approval of holders of the other securities of the Company shall not be required);

    (b) the Interim Order and Final Order shall have been obtained on terms consistent with the Arrangement Agreement, and shall have not been set aside or modified in a manner unacceptable to either the Company or HEXO, each acting reasonably, on appeal or otherwise;

    (c) the Stock Exchange Approvals shall have been obtained and each such approval shall be in force and shall not have been modified or rescinded;

    (d) no Applicable Law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or HEXO from consummating the Arrangement;

    (e) the HEXO Shares to be issued upon the completion of the Arrangement and the exercise from time to time of the Replacement Options and the Company Warrants shall, if required by the TSX and/or the NYSE, and subject only to the satisfaction of customary conditions required by the TSX and/or the NYSE, have been approved for listing on the TSX and the NYSE as of the Effective Date, and the TSX and the NYSE, shall have, if required, accepted notice for filing of all transactions of the Parties contemplated in the Arrangement Agreement or necessary to complete the Arrangement, subject only to compliance with the customary requirements of the TSX and the NYSE;

    (f) the issuance of any and all securities of HEXO in connection with the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption; and

    (g) the Arrangement Agreement shall not have been terminated in accordance with its terms.

2. Additional Conditions in Favour of the Company:

    (a) the representations and warranties of HEXO set forth in the Arrangement Agreement shall be true and correct as of the date of the Arrangement Agreement and the Effective Time (subject to certain specified exceptions);

(b) HEXO shall have fulfilled or complied in all material respects with each of its covenants contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time;

(c) subject to obtaining the Final Order and the satisfaction or waiver of other applicable conditions precedent, HEXO shall have deposited in escrow with the Depositary, an irrevocable direction in respect of the issuance of the HEXO Shares required to be issued pursuant to the Arrangement, and with HEXO's transfer agent and registrar, an irrevocable treasury direction and order in respect of the payment and delivery of HEXO Shares to Company Shareholders as provided in the Plan of Arrangement;

(d) the HEXO Shares to be issued pursuant to the Arrangement shall be freely tradeable in accordance with all applicable securities laws (other than, certain specified restrictions); and

(e) no Material Adverse Change shall have occurred, or have been disclosed to the public (if previously undisclosed to the public prior to the date of the Arrangement Agreement), in respect of HEXO since the date of the Arrangement Agreement.

3. Additional Conditions in Favour of HEXO:

(a) the representations and warranties of the Company set forth in the Arrangement Agreement shall be true and correct as of the date of the Arrangement Agreement and the Effective Time (subject to certain specified exceptions);

(b) the Company shall have fulfilled or complied in all material respects with each of its covenants contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time;

(c) no Material Adverse Change shall have occurred, or have been disclosed to the public (if previously undisclosed to the public prior to the date of the Arrangement Agreement), in respect of the Company since the date of the Arrangement Agreement;

(d) Company Shareholders shall not have exercised Dissent Rights in connection with the Arrangement with respect to more than 5% of the Company Shares;

(e) the officers and directors of the Company and each of its subsidiaries shall have resigned as required by HEXO, and corresponding written resignations and mutual releases between each such resigning officer or director and the Company, in form and substance satisfactory to HEXO, shall have been executed and delivered to HEXO;

(f) there shall be no action or proceeding (whether, for greater certainty, by a Governmental Entity or any other Person other than HEXO or its subsidiaries or the Company or its subsidiaries or any of their respective affiliates or representatives) pending or threatened in Canada or the United States to:

(i) cease trade, enjoin or prohibit HEXO's ability to acquire, hold, or exercise full rights of ownership over, any Company Shares, including the right to vote the Company Shares;

(ii) prohibit the Arrangement, or the ownership or operation by HEXO or its subsidiaries of a material portion of the business or assets of the Company or any of its subsidiaries (taken as a whole), or compel HEXO or its subsidiaries to dispose of or hold separate any material portion of the business or assets of HEXO

and its subsidiaries, the Company or any of its subsidiaries as a result of the Arrangement of the transactions contemplated by this Agreement; or

(iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, result in a Material Adverse Change in respect of the Company or HEXO;

(g) each of the Voting Support Agreements shall be in full force and effect and there shall not have occurred any breach of any covenant or agreement or any representation or warranty by the parties thereto other than HEXO;

(h) the Company shall have obtained certain consents and approvals from specified third parties;

(i) HEXO shall have been satisfied, in its entire discretion, acting reasonably, with the results of any environmental assessments, inspections, investigations and audits/compliance reviews conducted as contemplated in the Arrangement Agreement, and any remedial work recommended, required or completed in connection with such activities (the "**EV Diligence Condition**");

(j) the corporate records and minute books of the Company and its subsidiaries shall have been updated and completed and shall be in good order and standing in all material respects to the satisfaction of HEXO in its entire discretion, acting reasonably, and true and accurate copies thereof shall have been delivered to HEXO prior to the Effective Time;

(k) the Company shall have complied with (and shall have caused its subsidiaries to have complied with) a certain covenant in the Arrangement Agreement in respect of the payment and remittance of all applicable Canadian federal GST/HST, QST, and excise taxes and duties;

(l) none of the Company and its subsidiaries shall have any outstanding or unresolved correspondence or issues with any Governmental Entity regarding any late or non-filing of any tax return within the applicable required time to file such return(s), and HEXO shall be satisfied, in its entire discretion, acting reasonably, that there are no outstanding, pending, unresolved or accrued, as applicable, tax audits, tax penalties, late tax filings or other similar issues involving any of Company and/or any of its subsidiaries with any Governmental Entity in respect of taxes; and

(m) the Company shall have delivered, or caused to be delivered, to HEXO any other documents, agreements or other instruments as reasonably required by HEXO to give necessary effect to the Arrangement.

The full particulars of the Arrangement are contained in the Arrangement Agreement, which is available under the Company's profile on SEDAR at http://www.sedar.com. See also "*Particulars of Matters to be Acted Upon – The Arrangement Agreement*".

Notwithstanding the approval of the Arrangement Resolution by Company Shareholders, the Arrangement Resolution authorizes the directors of the Company to abandon the transactions contemplated by the Arrangement Agreement without further approval from the Company Shareholders, subject to the terms and conditions of the Arrangement Agreement.

The Arrangement Agreement

The steps of the Arrangement, as set out in the Arrangement Agreement, are summarized under "*Particulars of Matters to be Acted Upon – The Arrangement*". The general description of the Arrangement

Agreement that follows is qualified in its entirety by reference to the full text of the Arrangement Agreement, which is available under the Company's profile on SEDAR at http://www.sedar.com.

General

HEXO and the Company entered into the Arrangement Agreement on May 17, 2021.

Pursuant to the Arrangement Agreement, HEXO has agreed to acquire all of the issued and outstanding Company Shares by way of the Arrangement.

Under the terms of the Arrangement Agreement, each Company Shareholder will receive 0.02366 of a HEXO Share for each Company Share held.

In the Arrangement Agreement, each of HEXO and the Company provide representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs. The assertions embodied in those representations and warranties are solely for the purposes of the Arrangement Agreement. Certain representations and warranties may not be accurate and complete as of any specified date because they are qualified by certain disclosure provided by the Company to HEXO or are subject to a standard of materiality or are qualified by reference to a Material Adverse Change. Therefore, Company Shareholders should not rely on the representations and warranties as statements of factual information.

In the Arrangement Agreement, HEXO and the Company also provide covenants to one another, including among other things, on the part of the Company that the Company will, and will cause each of the subsidiaries of the Company to, subject to the terms of the Arrangement Agreement, conduct business only in the ordinary course of business and in compliance with Applicable Laws, and will use commercially reasonable efforts to preserve intact its present business organization and goodwill and assets, to keep available the services of its employees, consultants, and independent contractors, as a group, and to maintain satisfactory relationships with suppliers, employees, consultants, contractors, Governmental Entities and others having business relationships with the Company and the subsidiaries of the Company from the date of the Arrangement Agreement to the Effective Date and will, except with the prior written consent of HEXO, as expressly required or permitted by the Arrangement Agreement, or as required by Applicable Laws or any Governmental Entity, or as contemplated in the Disclosure Letter, comply with specific covenants in furtherance of such covenant.

Under the Arrangement Agreement, the Company has agreed to seek the approval of the Company Shareholders for the Arrangement. HEXO and the Company have each agreed to use their respective commercially reasonable efforts to satisfy the conditions to the Arrangement set forth in the Arrangement Agreement, all in accordance with the terms thereof.

Company Covenant Regarding an Acquisition Proposal

Except as expressly provided in the Arrangement Agreement, the Company has agreed that it will not, through any representative or otherwise, and will not authorize or permit any of its subsidiaries or representatives, directly or indirectly, to:

1. make, solicit, assist, initiate, promote, knowingly encourage or otherwise knowingly facilitate any inquiry, proposal or offer regarding, constituting or that would reasonably be expected to lead to an Acquisition Proposal;

2. participate in any discussions or negotiations with any Person (other than HEXO or any of its representatives) regarding, or furnish to any Person any information in connection with or otherwise cooperate with, assist or participate in, any effort or attempt to make an Acquisition Proposal or any inquiry, proposal, expression of interest or offer that could constitute or may be reasonably expected to constitute or lead to an Acquisition Proposal, other than to (i) request clarification of an Acquisition Proposal that has been made to assessing whether such Acquisition Proposal is or may

reasonably be expected to constitute or lead to a Superior Proposal, (ii) advise any Person of the restrictions of the Arrangement Agreement, or (iii) advise any Person making an Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the Company Board has so determined;

3. sign any confidentiality, non-disclosure, exclusivity or standstill agreement with any Person with respect to any transaction(s) or matter(s) that could potentially subsequently lead to or result in an Acquisition Proposal, other than a confidentiality agreement permitted by and in accordance with the Arrangement Agreement;

4. make, or propose publicly to make a Change in Recommendation or enter into any written agreement in respect of a Change in Recommendation other than a confidentiality and standstill agreement entered into in accordance with the Arrangement Agreement;

5. release any Person from, terminate, waive, amend or modify any provision of or otherwise fail to enforce the terms and provisions of any confidentiality, non-disclosure or standstill agreement to which the Company or its subsidiaries is a party;

6. accept, approve, endorse, recommend or enter into any letter of intent, agreement in principle, agreement, arrangement or understanding related to an Acquisition Proposal or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of an Acquisition Proposal that may reasonably be expected to constitute or lead to an Acquisition Proposal; or

7. enter into any agreement, arrangement or understanding requiring or incentivizing it to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees or expenses to any Person in the event that the Arrangement is completed or in the event that it completes any other transaction with HEXO or an affiliate thereof that is agreed to prior to any termination of the Arrangement Agreement.

The Arrangement Agreement requires the Company to, and to cause its representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, assistance, encouragement, discussion, negotiations, or other process conducted prior to the date of the Arrangement Agreement by the Company or any of its representatives with respect to, or that could reasonably be expected to lead to, an actual or potential Acquisition Proposal, and in connection therewith the Company is required to:

1. discontinue access to any other third party to any data rooms made available by and under control of the Company; and

2. request the return or destruction of all information provided to any third parties under any confidentiality agreements with the Company or its subsidiaries entered into in connection with an Acquisition Proposal and use commercially reasonable efforts to ensure that such requests are honoured in accordance with the terms of such confidentiality agreements.

Notification of an Acquisition Proposal

The Arrangement Agreement requires the Company to promptly (and in any event within 24 hours) notify HEXO, at first orally and then in writing, of any inquiry, proposal, offer or request relating to or constituting an Acquisition Proposal, or which may reasonably be expected to lead to an Acquisition Proposal or any amendment thereof, or any request for non-public information relating to the Company or any of its subsidiaries or for access to properties, books and records or a list of securityholders of the Company or any of its subsidiaries, in each case in connection with a potential Acquisition Proposal. Such notice must include (i) a description of the material terms and conditions of any Acquisition Proposal, inquiry, offer or request, (ii) the identity of all Persons making any such Acquisition Proposal, inquiry, offer or request, and (iii) copies of all written documents, correspondence, proposals, inquiries, offers or requests if in writing or electronic form, and if not in writing or electronic form, a description of the terms of such proposal, inquiry,

offer or requests sent or made to the Company by or on behalf of the Person making such Acquisition Proposal. The Company is required to promptly provide such other details of the proposal, inquiry, offer or request as HEXO may reasonably request. The Company is also required to keep HEXO reasonably informed of the status, including any change to the price offered or any other material change to the terms of any such proposal (including amendments and proposed amendments), inquiry, offer, request, development or negotiations, or any amendment to the foregoing, and will respond promptly to all inquiries by HEXO with respect thereto.

Responding to an Acquisition Proposal

Under the terms of the Arrangement Agreement, and notwithstanding any other provision thereof, if from and after the date of the Arrangement Agreement and prior to obtaining the approval of the Arrangement Resolution by the Company Shareholders at the Meeting, the Company or any of its representatives receives, or otherwise become aware of, any written Acquisition Proposal (including, for greater certainty, a variation or other amendment to an Acquisition Proposal), or any proposal that could constitute or lead to an Acquisition Proposal, then the Company and its representatives may furnish information with respect to the Company and its subsidiaries to the Person(s) making such Acquisition Proposal and its representatives, and engage in discussions and negotiations with respect to the Acquisition Proposal with, and otherwise cooperate or assist, the Person(s) making such Acquisition Proposal and its representatives, if and only if:

1. the Company Board first determines in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal is, or could reasonably be expected to lead to, a Superior Proposal and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;

2. such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or its subsidiaries;

3. the Acquisition Proposal did not arise, directly or indirectly, as a result of a violation by the Company, its subsidiaries or its representatives of the Arrangement Agreement;

4. the Company enters into a confidentiality and standstill agreement with such Person on customary term, provided that (i) such confidentiality and standstill agreement may allow such Person to make an Acquisition Proposal confidentially to the Company Board that constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal, and (ii) such confidentiality and standstill agreement may not include any provision calling for an exclusive right to negotiate with the Company, may not prohibit Company from disclosing the material terms and identity of such Person for the purposes of compliance with the Arrangement Agreement and may not otherwise restrict the Company from complying with the Arrangement Agreement; and

5. the Company has (i) provided prompt written notice to HEXO of its decision to take such action, (ii) prior to providing any non-public information to such Person the Company provides a true, complete and final executed copy of the confidentiality and standstill agreement referred to in paragraph 4 above, and (iii) HEXO is promptly provided (to the extent not previously provided) with any such non-public information provided to such Person.

Right to Match

Under the Arrangement Agreement, if the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Company Shareholders, the Company may terminate the Arrangement Agreement in accordance with its terms and accept and enter into any agreement, understanding or arrangement (a "**Proposed Agreement**") in respect of such Superior Proposal and/or withdraw or modify the Company Board Recommendation, if and only if:

1. the Person making the Superior Proposal was not prohibited from making such Superior Proposal, pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or its subsidiaries;

2. the Superior Proposal, inquiry, proposal, offer or request did not arise, directly or indirectly, as a result of a violation by the Company of the Arrangement Agreement;

3. the Company has complied with its obligations under the Arrangement Agreement;

4. the Company Board has determined in good faith, after consultation with the Company's outside legal counsel that the failure by the Company Board to recommend that the Company enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties;

5. the Company has delivered written notice to HEXO of the determination of the Company Board that such Superior Proposal constitutes a Superior Proposal and of the intention of the Company Board to accept, approve or recommend such Superior Proposal and/or of the Company to enter into an agreement with respect to such Superior Proposal, together with a copy of the Superior Proposal and all documentation (including unredacted copies of all agreements, arrangements, understandings, side letters, schedules and exhibits) comprising the Superior Proposal to the extent not previously provided and a summary setting forth the Company's valuation of any non-cash consideration included in the Superior Proposal together with detailed information concerning the value and financial terms that the Company Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal (collectively, the "**Superior Proposal Notice**") such documents to be provided to HEXO not less than five (5) Business Days prior to the proposed acceptance, approval or execution of the proposed agreement by the Company;

6. at least five (5) Business Days have elapsed from the later of (i) the date the Superior Proposal Notice was received by HEXO, and (ii) the date on which HEXO received a copy of the letter of intent, agreement in principle, agreement, arrangement or understanding that may reasonably be expected to constitute or lead to such Superior Proposal, which five clear Business Day-period is referred to herein as the "**Right to Match Period**";

7. during any Right to Match Period, HEXO has had the opportunity (but not the obligation) in accordance with the Arrangement Agreement to offer to amend the Arrangement Agreement and the Arrangement in order for such Superior Proposal to cease to be a Superior Proposal;

8. if HEXO has offered to amend the terms and conditions of the Arrangement Agreement during the Right to Match Period, the Company has determined in accordance with the Arrangement Agreement that such Superior Proposal continues to be a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Right to Match Period; and

9. the Company terminates the Arrangement Agreement and pays the Termination Fee.

Under the Arrangement Agreement, during the Right to Match Period, or such longer period as the Company may approve in writing for such purpose, HEXO will have the opportunity, but not the obligation, to offer to amend the terms of the Arrangement and the Arrangement Agreement, and in such case, the Company is required to cooperate with HEXO with respect thereto, including negotiating in good faith with HEXO to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable HEXO to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. The Company Board is also required to review any such offer made by HEXO to amend the terms of the Arrangement and the Arrangement Agreement made during the Right to Match Period or such longer period, as applicable, in order to determine, in good faith whether HEXO's offer to amend the Arrangement and the Arrangement Agreement, upon its acceptance, would result in the Superior Proposal

giving rise to the Right to Match Period ceasing to be a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Right to Match Period. If the Company Board determines that the Superior Proposal giving rise to the Right to Match Period would cease to be a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Right to Match Period, the Company is obligated to promptly so advise HEXO and the Company and HEXO must amend the terms of the Arrangement Agreement and the Arrangement and the Company and HEXO will enter into an amendment to the Arrangement Agreement reflecting the offer by HEXO to amend the terms of the Arrangement and the Arrangement Agreement so as to enable HEXO to proceed with the Plan of Arrangement and the other transactions necessary for the parties to effect the Arrangement under the Arrangement Agreement on such amended terms. The Arrangement Agreement requires the Company to take and cause to be taken all such actions as are necessary to give effect to the foregoing.

The Arrangement Agreement requires the Company Board to promptly and in any event (i) within five (5) Business Days reaffirm its recommendation of the Arrangement by press release after any Acquisition Proposal is publicly announced or made and the Company Board determines it is not a Superior Proposal, or (ii) during a Right to Match Period, no later than the expiry of the Right to Match Period reaffirm its recommendation of the Arrangement by press release if the Company Board determines that a proposed amendment to the terms of the Arrangement would result in a Superior Proposal ceasing to be a Superior Proposal when assessed against the Arrangement as it is proposed to be amended as at the termination of the Right to Match Period, and HEXO has so amended the terms of the Arrangement, or (iii) within two (2) Business Days reaffirm its recommendation of the Arrangement by press release after HEXO, acting reasonably, requests reaffirmation of such recommendation by the Company Board, provided that in each case, the Company must give HEXO a reasonable opportunity to review and comment on the form and content of any such press release.

Each successive variation or other amendment to any Acquisition Proposal that results in an increase in, modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or otherwise constitutes a material amendment to the Acquisition Proposal, will constitute a new Acquisition Proposal for the purposes of the Arrangement Agreement, and the Company must afford HEXO a new Right to Match Period in respect of such Superior Proposal from the later of the date on which HEXO receives from the Company (i) the Superior Proposal Notice in respect thereof, and (ii) a copy of the proposed definitive agreement for the new Superior Proposal.

Under the Arrangement Agreement, if, at any time within ten (10) Business Days before the Meeting the Company has provided HEXO with a Superior Proposal Notice, then the Company may, or at HEXO's request, must, postpone or adjourn the Meeting to a date that is not more than ten (10) Business Days after the scheduled date of the Meeting, provided that in no event shall such adjourned or postponed meeting be held on a date less than five (5) Business Days prior to the Outside Date. In the event that the Company and HEXO amend the terms of the Arrangement Agreement, the Company is obligated to ensure that the details of such amended agreement are communicated to the Company Shareholders prior to the resumption of the adjourned or postponed meeting.

Nothing contained in the covenants referred to and summarized above limits in any way the obligation of the Company to convene and hold the Meeting in accordance with the Arrangement Agreement while it remains in force. Further, nothing contained in the Arrangement Agreement prevents the Company Board from complying with Section 2.17 of National Instrument 62-104 - *Takeover Bids and Issuer Bids* and similar provisions under Applicable Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal that is not a Superior Proposal, in which case the Company Board shall be recommending against such Acquisition Proposal in the directors' circular.

Notwithstanding the foregoing and the other terms of the Arrangement Agreement, nothing contained in the Arrangement Agreement prohibits the Company from complying with its continuous disclosure obligations by announcing, during the Right to Match Period, the receipt by the Company of a Superior Proposal and the date of the expiry of the Right to Match Period. The Company will not be obligated to consult with HEXO

with respect to the content of such public announcement prior to issuing such public announcement, but agreed to give prior notice to HEXO of any such public announcement.

The Arrangement Agreement requires the Company to advise its subsidiaries and their respective representatives of the above prohibitions and any violation of the foregoing is deemed to be a breach of the Arrangement Agreement by the Company.

Termination

The Arrangement Agreement may be terminated at any time prior to the Effective Time, in the circumstances specified in the Arrangement Agreement, including:

1. by mutual written agreement of the parties;

2. by either the Company or HEXO, if:

    (a) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate the Arrangement Agreement if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its obligations under the Arrangement Agreement;

    (b) (i) an action, suit, demand or proceeding shall have been taken or threatened by any Governmental Entity or any other Person against the other Party, (ii) a Governmental Entity shall have issued or applied for (or advised either HEXO or the Company in writing that is has determined to make such application for) an order, or (iii) any Applicable Law shall have been enacted, made, enforced or amended in a final and non-appealable manner, as the case may be, that, in each such case, makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or HEXO from consummating the Arrangement (provided however that, in the case of subparagraphs (ii) and (iii), the Party seeking to terminate the Arrangement Agreement is in compliance with certain specified conditions for termination); or

    (c) the Arrangement Resolution shall have failed to receive the requisite vote of the Company Shareholders for approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order and Applicable Laws and at or prior to the Meeting by any other holders of securities of the Company if so required by the Interim Order or Applicable Laws; provided that a Party may not terminate the Arrangement Agreement if the failure of the Arrangement Resolution to be passed by the Company Shareholders has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants under the Arrangement Agreement,

    all as further detailed in the Arrangement Agreement;

3. by HEXO, if:

    (a) prior to obtaining the approval of the Arrangement Resolution by the Company Shareholders, the Company Board makes a Change in Recommendation or the Company Board approves, recommends or authorizes the Company to enter into a written agreement concerning a Superior Proposal or otherwise breaches certain non-solicitation and related covenants of the Arrangement Agreement in any material respect, as further detailed in the Arrangement Agreement, other than in the specified circumstances set forth therein;

    (b) the Company is in breach of any representation or warranty or fails to perform a covenant under the Arrangement Agreement that would cause certain specified conditions not to be

satisfied and such breach is incapable of being cured by the Outside Date, provided that HEXO is not then in breach of the Arrangement Agreement so as to cause closing conditions in favour of the Company not to be satisfied;

(c) an event occurs that would cause certain specified conditions not to be satisfied by the Outside Date; or

(d) a Material Adverse Change has occurred in respect of the Company since the date of the Arrangement Agreement,

all as further detailed in the Arrangement Agreement;

4. by the Company, if:

(a) prior to obtaining the approval of the Arrangement Resolution by the Company Shareholders, the Company Board approves, accepts or authorizes the Company to enter into a written agreement, understanding or arrangement concerning a Superior Proposal and prior to or concurrently with such termination, the Company pays the Termination Fee in accordance with the Arrangement Agreement;

(b) HEXO is in breach of any representation or warranty or fails to perform a covenant under the Arrangement Agreement that would cause certain specified conditions not to be satisfied and such breach or failure is incapable of being cured by the Outside Date, provided that the Company is not then in breach of the Arrangement Agreement so as to cause closing conditions in favour of HEXO not to be satisfied; or

(c) a Material Adverse Change has occurred in respect of HEXO since the date of the Arrangement Agreement,

all as further detailed in the Arrangement Agreement.

The Arrangement Agreement requires the Party desiring to terminate the Arrangement Agreement to give notice of such termination to the other Party specifying in reasonable detail the basis for such Party's exercise of its termination right.

Termination Payments

The Arrangement Agreement further provides that the Termination Fee shall be payable by the Company upon termination of the Arrangement Agreement in certain specified circumstances, including as follows:

(a) prior to obtaining the approval of the Arrangement Resolution by the Company Shareholders, the Company Board makes a Change in Recommendation or approves, recommends or authorizes the Company to enter into a written agreement, understanding or arrangement concerning a Superior Proposal; or

(b) the Arrangement Agreement is terminated either by the Company or HEXO either (i) because the Effective Time has not occurred on or before the Outside Date (except in the case where such termination occurs as a result of the Effective Time not having occurred on or before the Outside Date solely as a result of the EV Diligence Condition not having been satisfied), or (ii) because of the Company's breach of any of its representation or warranty or failure to perform any of its covenants or agreements in the Arrangement Agreement that would cause certain specified conditions set forth in the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date, provided that, in each of the foregoing cases, (A) following the date of the Arrangement Agreement and prior to the Meeting, an Acquisition Proposal is announced, offered, made by or otherwise disclosed by any Person other than HEXO or its affiliate, and (B) an Acquisition Proposal is consummated within 12 months of the termination

of the Arrangement Agreement, or a definitive agreement with respect to an Acquisition Proposal is entered into within such 12-month period and such Acquisition Proposal is subsequently consummated,

all subject to the terms and conditions of, and as further set forth in, the Arrangement Agreement.

The Arrangement Agreement further provides that, (1) in the event the Arrangement Agreement is terminated by the Company or HEXO in certain specified instances (whereupon the Termination Fee becomes payable to HEXO), then either (i) all amounts then owing and outstanding under the Bridge Loan shall become immediately due and payable and shall be repaid by the Company to HEXO concurrently with the payment of the Termination Fee, or, (ii) concurrently with the payment of the Termination Fee, the Person making the Superior Proposal (or their nominee) shall purchase and assume from HEXO all of HEXO's rights and obligations under the Bridge Loan Agreement for cash consideration equal to the amount of outstanding principal and accrued interest under the Bridge Loan on such date, and (2) in the event the Arrangement Agreement is terminated in certain other specified circumstances, the Bridge Loan shall become repayable by the Company within ten Business Days upon written demand made by HEXO with respect thereto.

For the purposes of the foregoing, the term "**Acquisition Proposal**" has the meaning given to such term in the Glossary, except that references to "20% or more" shall be deemed to be references to "50% or more".

Expenses

Except as otherwise expressly provided in the Arrangement Agreement, each Party shall pay all fees, costs and expenses incurred by such Party in connection with the Arrangement Agreement and the Arrangement whether or not the Arrangement is consummated.

Notwithstanding the foregoing:

- in the event the Arrangement Agreement is terminated by the Company due to HEXO's breach of representation or warranty or failure to perform covenants HEXO shall pay $750,000 to the Company as reimbursement for the costs and expenses incurred by the Company with respect to the Arrangement within three (3) Business Days of the termination; and

- in the event the Arrangement Agreement is terminated by HEXO due to the Company's breach of representation or warranty or failure to perform covenants the Company shall pay $750,000 to HEXO as reimbursement for the costs and expenses incurred by HEXO with respect to the Arrangement within three (3) Business Days of the termination,

provided that no amount above shall be paid or payable by the Company if the Company has paid the Termination Fee, and in the event the Company makes any such payment to HEXO as reimbursement for the costs and expenses incurred by HEXO with respect to the Arrangement, and is then required to pay the Termination Fee, the amount paid in respect of the costs and expenses will be credited towards payment of the Termination Fee.

Insurance and Indemnification

Under the Arrangement Agreement, prior to the Effective Date, the Company is required to purchase customary directors' and officers' run-off insurance having coverage no less favourable, from an insurance carrier with the same or better credit rating, than the protection provided by the policies maintained by the Company and its subsidiaries as are in effect immediately prior to the Effective Time, for coverage for six years from the Effective Time, provided however that, HEXO is not required to pay any amounts in respect of such coverage prior to the Effective Time, and provided further that, the cost of such policies may not exceed 300% of the Company's current annual aggregate premiums for such current policies. HEXO has also agreed, from and after the Effective Time, to honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its

subsidiaries and acknowledges that such rights will survive and continue following the Effective Date for not less than six years following the Effective Date.

Amendment

At any time on or before the Effective Time, the Arrangement Agreement may be amended by written agreement of the parties in accordance with the terms thereof.

Differences in Rights between the CBCA and the OBCA

Following completion of the Arrangement, the rights of the former Company Securityholders (as the holders of the securities of HEXO received pursuant to the Arrangement), will be governed by the OBCA. In general terms, the OBCA provides shareholders substantively the same rights as are available to shareholders under the CBCA, including rights of dissent and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions. There are, however, certain important differences concerning the qualifications of directors, location of shareholder meetings, requirements for certain corporate procedures and certain shareholder remedies. The Company Shareholders will not lose or gain any significant rights or protections as a result of the completion of the Arrangement. The following is a summary comparison of certain key provisions of the CBCA and the OBCA. This summary is not intended to be exhaustive and is qualified in its entirety by the full provisions of the OBCA and the CBCA, as applicable.

Amendments to the Charter Documents

There are no significant differences between the CBCA and the OBCA with respect to the charter documents for corporations governed by those statutes.

Registered Office

Under the CBCA, the registered office must be in the province specified in the articles and may be relocated to a different province by special resolution of the shareholders or relocated within the same province by resolution of the directors.

Under the OBCA, the registered office must be situated in Ontario and may be relocated to a different municipality within Ontario by special resolution of the shareholders or relocated within the same municipality by resolution of the directors.

Rights of Dissent

The OBCA provides that shareholders, including beneficial holders, who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is available to shareholders, whether or not their shares carry the right to vote, where the corporation proposes to:

1. amend its articles to add, remove or change any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

2. amend its articles to add, remove or change any restriction upon the business or businesses that the corporation may carry on;

3. amalgamate with another corporation (other than for vertical or horizontal short-form amalgamations);

4. be continued under the laws of another jurisdiction;

5. sell, lease or exchange all or substantially all its property; or

6. carry out a going-private transaction.

The CBCA contains a similar dissent remedy, provided however, that in addition to the foregoing, the CBCA expressly provides for dissent rights with respect to a squeeze-out transaction. The dissent provisions of the CBCA are described under the heading "*Dissent Rights Under the Arrangement*", and the text of Section 190 of the CBCA is set forth on Schedule C to this Information Circular. Under the CBCA and OBCA, the dissenting shareholder must generally send notice of dissent at or before the resolution being passed.

Oppression Remedies

Under both the CBCA and the OBCA, a shareholder, beneficial shareholder, former shareholder or beneficial shareholder, director, former director, officer or former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, and in the case of offering corporation under the
OBCA, the Ontario Securities Commission, may apply to a court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, any act or omission of a corporation or its affiliates effects a result, the business or affairs of a corporation or its affiliates are or have been exercised in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any security holder, creditor, director or officer.

The OBCA allows a court to grant relief where a prejudicial effect to the shareholder is merely threatened, whereas the CBCA only allows a court to grant relief if the effect actually exists (that is, it must be more than merely threatened).

Under the CBCA, such remedy is also available to the CBCA Director.

Shareholder Derivative Actions

A broad right to bring a derivative action is contained in each of the CBCA and the OBCA and this right extends to officers, former shareholders, directors or officers of a corporation or its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. In addition, both statutes permit derivative actions to be commenced in the name and on behalf of a corporation or any of its subsidiaries.

Under the CBCA and OBCA, a condition precedent to a complainant bringing a derivative action is that the complainant has given at least 14 days' notice to the directors of the corporation of the complainant's intention to make an application to the court to bring such a derivative action. However, under the OBCA, a complainant is not required to give notice to the directors of the corporation of the complainant's intention to make an application to the court to bring a derivative action if all of the directors of the corporation are defendants in the action.

Under the CBCA, the CBCA Director may also commence a derivative action.

Shareholder Proposals and Shareholder Requisitions

Both statutes provide for shareholder proposals. Each statute contains certain requirements with respect to, among other things, the content, timing and delivery of proposals. Moreover, each statute includes provisions which allow a corporation to refuse to process a proposal in similar circumstances.

Under the CBCA, a shareholder entitled to vote at a meeting of shareholders may (i) submit notice of a proposal to the corporation, and (ii) discuss at the meeting any matter in respect of which such shareholder would have been entitled to submit a proposal. The registered or beneficial shareholder must either: (i) have owned for at least six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least $2,000, or (ii) have the support of persons who, in the aggregate, have

owned for at least six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least $2,000.

Under the OBCA, proposals may be submitted by both registered and beneficial shareholders who are entitled to vote at a meeting of shareholders.

Both statutes provide that holders of not less than 5% of the outstanding voting shares may requisition a meeting of shareholders, and permit the requisitioning registered shareholder to call the meeting where the board of directors of the corporation does not do so within the 21 days following the corporation's receipt of the shareholder meeting requisition.

Notice-and-Access

Both statutes permit the use of the notice-and-access delivery system ("**Notice-and-Access**") under National Instrument 51-102 – *Continuous Disclosure Obligations* and NI 54-101. However, the CBCA currently requires corporations to seek exemptive relief from the CBCA Director under Sections 151(1) and 156 of the CBCA, which exempt a corporation from the requirement to send a proxy circular to shareholders, duties related to intermediaries and the requirement to send annual financial statements to shareholders in order to use Notice-and-Access. Under the OBCA, corporations are not required to obtain such exemptive relief in order to use Notice-and-Access.

Place of Meetings

Under the OBCA, subject to the articles of the corporation and any unanimous shareholders agreement, a shareholders' meeting may be held in or outside Ontario (including outside Canada) as determined by the directors, or in the absence of such a determination, at the place where the registered office of the corporation is located.

Subject to certain exceptions, the CBCA provides that meetings of shareholders shall be held at the place within Canada provided in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine. A meeting may be held outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Virtual or hybrid shareholder meetings, which are comprised of both an in-person and virtual element, are both permitted under the OBCA and CBCA, unless the articles or by-laws of a corporation state otherwise.

Directors

Under the CBCA, at least one-quarter of the directors must be resident Canadians, unless the corporation has less than four directors, in which case at least one director must be a resident Canadian within the meaning of the CBCA.

On July 5, 2021, certain amendments to the OBCA, which were introduced pursuant to Ontario's Bill 213 – *The Better for People, Smarter for Business Act, 2020*, came into force. These amendments to the OBCA, among other things, eliminated the requirement that at least one-quarter of the directors of an Ontario corporation be resident Canadians.

SECURITIES LAW CONSIDERATIONS

Interest of Certain Persons in Matters to be Acted Upon

Except as otherwise disclosed in this Information Circular, none of the directors or executive officers of the Company, none of the Persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and none of the associates or affiliates of any of the foregoing Persons has any material interest, direct or indirect, by way of beneficial ownership of

securities or otherwise, in any matter to be acted upon at the Meeting, other than the approval of the Arrangement as further detailed below. See "*Particulars of Matters to be Acted Upon – The Arrangement*".

Certain directors and officers of the Company are also Company Shareholders and/or holders of Company Options and, accordingly, such individuals have an interest in the Arrangement Resolution as, in the event of approval of the Arrangement Resolution, such individuals will be entitled to receive HEXO Shares and/or Replacement Options, as applicable, based upon the Exchange Ratio in connection with the Arrangement. See also "*Particulars of Matters to be Acted Upon – The Arrangement – Background to the Arrangement*".

The following table sets forth the number and percentage of HEXO Shares that are expected to be beneficially owned, controlled or directed by the current directors and officers of the Company immediately following the Arrangement, as well as the securities of each of the Company and HEXO beneficially owned, controlled or directed by such Persons as of July 14, 2021:

Name and Company Position	Number and Percentage of Company Shares Held[2]	Number and Percentage of HEXO Shares Held[1]	Number and Percentage of HEXO Shares Held Following Arrangement[3]
Charles Vennat, *Chief Executive Officer and Director*[4]	808,176 (0.36%)	Nil	19,121 (0.01%)
William J. Assini, *Director*[5]	438,889 (0.19%)	Nil	10,384 (0.01%)
Martin Cauchon, *Chairman*[6]	1,088,275 (0.48%)	Nil	25,748 (0.02%)
Anne Darche, *Director*[7]	433,667 (0.19%)	Nil	10,260 (0.01%)
Alain Dubuc, *Director*[8]	540,909 (0.24%)	Nil	12,797 (0.01%)
Jim Gervais, *Director*[9]	362,778 (0.16%)	Nil	8,583 (0.01%)
Susan Nickle, *Director*	Nil (0%)	Nil	Nil (0%)

Notes:

(1) The information as to the number and percentage of securities beneficially owned, controlled or directed has been obtained from the Persons listed individually.

(2) Percentage calculated based on an aggregate of 225,312,227 Company Shares issued and outstanding as of July 14, 2021.

(3) Calculated based upon the securities of each of the Company and HEXO beneficially owned, controlled or directed by such Persons reported as of July 14, 2021, after giving effect to the Arrangement, based on the aggregate number of issued and outstanding Company Shares and HEXO Shares as of July 14, 2021.

(4) As of the date hereof, Mr. Vennat also holds 2,700,000 Company Options, 780,000 Company Warrants, and 197,234 Company RSUs. Assuming the exercise of all such Company Options and Company Warrants held by Mr. Vennat immediately prior to the completion of the Arrangement, and after giving effect to the vesting, surrender and exchange of all such Company RSUs for Company Shares prior to the exchange of Company Shares for HEXO Shares pursuant to the Arrangement in accordance with the Plan of Arrangement, immediately following completion the Arrangement, Mr. Vennat will hold approximately 0.07% of all issued and outstanding HEXO Shares on a partially diluted basis. See "*Information Concerning the Resulting Issuer – Stock Options*" in Schedule F to this Information Circular.

(5) As of the date hereof, Mr. Assini also holds 525,000 Company Options and 83,333 Company Warrants. Assuming the exercise of all such Company Options and Company Warrants held by Mr. Assini immediately prior to the completion of the Arrangement, immediately following completion the Arrangement, Mr. Assini will hold approximately 0.02% of all issued and outstanding HEXO Shares on a partially diluted basis. See "*Information Concerning the Resulting Issuer – Stock Options*" in Schedule F to this Information Circular.

(6) As of the date hereof, Mr. Cauchon also holds 700,000 Company Options and 166,666 Company Warrants. Assuming the exercise of all such Company Options and Company Warrants held by Mr. Cauchon immediately prior to the completion of the Arrangement, immediately following completion the Arrangement, Mr. Cauchon will hold approximately 0.03% of all issued and outstanding HEXO Shares on a partially diluted basis. See "*Information Concerning the Resulting Issuer – Stock Options*" in Schedule F to this Information Circular.

(7) As of the date hereof, Ms. Darche also holds 275,000 Company Options and 167,000 Company Warrants. Assuming the exercise of all such Company Options and Company Warrants held by Ms. Darche immediately prior to the completion of the Arrangement, immediately following completion the Arrangement, Ms. Darche will hold approximately 0.01% of all issued and outstanding HEXO Shares on a partially diluted basis. See "*Information Concerning the Resulting Issuer – Stock Options*" in Schedule F to this Information Circular.

(8) As of the date hereof, Mr. Dubuc also holds 275,000 Company Options. Assuming the exercise of all such Company Options held by Mr. Dubuc immediately prior to the completion of the Arrangement, immediately following completion the Arrangement, Mr. Dubuc will hold approximately 0.01% of all issued and outstanding HEXO Shares on a partially diluted basis. See "*Information Concerning the Resulting Issuer – Stock Options*" in Schedule F to this Information Circular.

(9) As of the date hereof, Mr. Gervais also holds 375,000 Company Options and 66,667 Company Warrants. Assuming the exercise of all such Company Options and Company Warrants held by Mr. Gervais immediately prior to the completion of the Arrangement, immediately following completion the Arrangement, Mr. Gervais will hold approximately 0.01% of all issued and outstanding HEXO Shares on a partially diluted basis. See "*Information Concerning the Resulting Issuer – Stock Options*" in Schedule F to this Information Circular.

In addition, in the event of approval of the Arrangement Resolution, certain of the directors and officers of the Company may continue as a director, officer or employee, as applicable, of the Company following completion of the Arrangement, and, accordingly, such individual(s) have an interest in the Arrangement Resolution in connection with their continued position with the Company as well as their entitlement to hold Replacement Options and/or Company Warrants, where and as applicable, and to receive potential future grants of stock options or other incentive securities under the Existing HEXO Plan following the Effective Date.

All benefits received, or to be received, by directors or executive officers of the Company as a result of the Arrangement are, and will be, solely in connection with their services as directors or employees of the Company or as Company Shareholders. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such Person for securities of the Company, nor is it, or will it be, conditional on the Person supporting the Arrangement.

The Arrangement Agreement provides that the Company will purchase customary directors' and officers' run-off insurance having coverage no less favourable, from an insurance carrier with the same or better credit rating, than the protection provided by the Company and its subsidiaries immediately prior to the Effective Time, for coverage for six years from the Effective Time.

The Company Special Committee and Company Board were aware of these interests and considered them when reaching their respective recommendations.

Interest of Informed Persons in Material Transactions

Other than under the heading above entitled "*Interest of Certain Persons in Matters to be Acted Upon*", no director, executive officer, shareholder beneficially owning or exercising control or direction over (directly or indirectly) more than 10% of the Company Shares or associate or affiliate of the foregoing Persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries.

Canadian Securities Laws

The following is only a general overview of certain requirements of Canadian securities laws relating to the Arrangement that are not discussed elsewhere in this Information Circular but may be applicable to Company Shareholders.

The issuance of the HEXO Shares pursuant to the Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The HEXO Shares issued pursuant to the Arrangement may be resold in each of the provinces and territories of Canada provided (i) that HEXO is a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade, (ii) the trade is not a "control distribution" as defined in NI 45-102, (iii) no unusual effort is made to prepare the market or create a demand for those securities, (iv) no extraordinary commission or consideration is paid in respect of that trade, and (v) if the selling securityholder is an "insider" or "officer" of HEXO (as such terms are defined by applicable Canadian securities laws), the insider or officer has no reasonable grounds to believe that HEXO is in default of applicable Canadian securities laws.

Each holder is urged to consult such holder's professional advisers to determine the Canadian conditions and restrictions applicable to trades in the HEXO Shares. Resales of any securities acquired in connection with the Arrangement may be required to be made through properly registered securities dealers.

To the extent that a Company Shareholder resides in a non-Canadian jurisdiction, the HEXO Shares received by the Company Shareholder may be subject to certain additional trading restrictions under Applicable Laws. All Company Shareholders residing outside Canada are advised to consult their own legal advisors regarding such resale restrictions.

U.S. Securities Laws

The following discussion is a general overview of certain requirements of U.S. federal securities laws applicable to U.S. Company Securityholders in connection with the Arrangement. All U.S. Company Securityholders are urged to consult with their own legal counsel to ensure that the resale of HEXO Shares or Replacement Options issued to them under the Arrangement complies with applicable securities laws. Further information applicable to U.S. Company Securityholders under U.S. securities laws is disclosed under the heading "*Note to U.S. Company Securityholders*".

The following discussion does not address the Canadian securities laws that will apply to the issue of HEXO Shares or Replacement Options or the resale of the HEXO Shares or Replacement Options in Canada by U.S. Company Securityholders. U.S. Company Securityholders reselling their HEXO Shares or Replacement Options in Canada must comply with Canadian securities laws.

(a) Exemption for the Issuance of HEXO Shares and Replacement Options

The HEXO Shares and Replacement Options to be issued to and exchanged with Company Securityholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable securities laws of any state of the United States, and will be issued in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable securities laws of any state of the United States. The Section 3(a)(10) Exemption exempts from registration the issuance and exchange of securities that are issued in exchange for one or more *bona fide* outstanding securities, claims or property interests where the terms and conditions of such issue and exchange are approved, after a hearing upon the procedural and substantive fairness of such terms and conditions at which all Persons to whom it is proposed to issue securities in such exchange have the right to appear and receive timely and adequate notice thereof, by a court of competent jurisdiction that is expressly authorized by Applicable Law to grant such approval. The Court is authorized by Applicable Law to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered.

The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Final Order will be relied upon to constitute the basis for the Section 3(a)(10) Exemption with respect to the HEXO Shares and Replacement Options to be issued and exchanged pursuant to the Arrangement. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance and exchange of the HEXO Shares and Replacement Options by HEXO in connection with the Arrangement.

(b) Resales of HEXO Shares and Replacement Options Issued to U.S. Company Securityholders

The ability of a U.S. Company Securityholders to freely resell the HEXO Shares or Replacement Options issued to it pursuant to the Arrangement at the Effective Time will depend on whether such holder is an "affiliate" of HEXO or has been an "affiliate" of HEXO within ninety days prior to the contemplated resale transaction. The HEXO Shares or Replacement Options received by U.S. Company Securityholders upon completion of the Arrangement may be resold without restriction under the U.S. Securities Act, except by Persons who are "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of HEXO after the Effective Date or who have been affiliates of HEXO within 90 days before the Effective Date.

As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer whether through the ownership of voting securities, by contract or otherwise. Typically, Persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its "affiliates".

The resale rules applicable to U.S. Company Securityholders are summarized below. U.S. Company Securityholders and are urged to consult with their own legal counsel to ensure that the resale of HEXO Shares and Replacement Options issued to them pursuant to the Arrangement complies with all applicable securities legislation.

U.S. Company Securityholders who have not been affiliates of HEXO within ninety days prior to the Effective Date and who will not be affiliates of HEXO after the Effective Date, may resell the HEXO Shares or Replacement Options, as applicable, issued to them in accordance with the Arrangement without restriction under the U.S. Securities Act.

U.S. Company Securityholders who are affiliates of HEXO after the Effective Date or who were affiliates of HEXO within ninety days prior to the Effective Date, will be subject to restrictions on resale of the HEXO Shares and Replacement Options under the U.S. Securities Act. These affiliates may not resell their HEXO Shares or Replacement Options unless such HEXO Shares or Replacement Options are registered under the U.S. Securities Act or an exemption from such registration requirements is available. Affiliates may resell their HEXO Shares and Replacement Options in the United States in accordance with the provisions of Rule 144 under the U.S. Securities Act, including the availability of current public information regarding HEXO, the volume and manner of sale limitations, and notice filing requirements of Rule 144 under the U.S. Securities Act.

U.S. Company Securityholders who are affiliates of HEXO at the time of, or within ninety days before, their resale of HEXO Shares or Replacement Options or who were affiliates of HEXO within ninety days prior to the Effective Date, will be subject to restrictions on resale imposed by the U.S. Securities Act with respect to the HEXO Shares and Replacement Options. These U.S. Company Securityholders may not resell their HEXO Shares or Replacement Options unless such securities are registered under the U.S. Securities Act or an exemption from registration is available, such as pursuant to Regulation S or Rule 144, if available, as follows:

- *Resale of HEXO Shares and Replacement Options Pursuant to Regulation S.* In general, under Regulation S, persons who are affiliates of HEXO at the time of their resale of HEXO Shares or Replacement Options solely by virtue of their status as an officer or director of HEXO may sell HEXO Shares and Replacement Options outside of the United States in an "offshore transaction" (which would include a sale through the TSX, TSXV or CSE, if applicable) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions are applicable to a holder of HEXO Shares and Replacement Options who is an affiliate of HEXO at the time of their resale of HEXO Shares and Replacement Options other than by virtue of his or her status as an officer or director of HEXO.

- *Resale of HEXO Shares and Replacement Options Pursuant to Rule 144.* In general, in accordance with the provisions of Rule 144 under the U.S. Securities Act, if available, persons who are affiliates of HEXO at the time of, or within 90 days before, their resale of HEXO Shares and Replacement Options, or who were affiliates of HEXO within 90 days prior to the Effective Date, will be entitled to sell HEXO Shares and Replacement Options in the United States, provided that during any three-month period, the number of such HEXO Shares or Replacement Options sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are

listed on a United States securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about HEXO.

(c) Replacement Options

Holders of Company Options are advised that the Section 3(a)(10) Exemption will not exempt the issuance of securities issued upon exercise of securities issued pursuant to the Section 3(a)(10) Exemption. Therefore, the Section 3(a)(10) Exemption will not be available in respect of the HEXO Shares issuable upon the exercise of Replacement Options. The HEXO Shares issuable upon the exercise of Replacement Options will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act. The Replacement Options may only be exercised in the United States, or by or on behalf of a U.S. Person or a Person in the United States, in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Prior to any such exercise, HEXO may require delivery of reasonably satisfactory evidence, which may include, without limitation, an opinion of counsel reasonably satisfactory to HEXO to the effect that such exercise does not require registration under the U.S. Securities Act or applicable U.S. state securities laws.

HEXO Shares received upon exercise of the Replacement Options after the Effective Time by holders in the United States or who are U.S. Persons will be "restricted securities", as such term is defined in Rule 144(a)(3), and may not be resold unless such securities are registered under the U.S. Securities Act and all applicable U.S. state securities laws or unless an exemption from such registration requirements is available.

MI 61-101

The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, and is accordingly subject to applicable securities laws of such provinces. In addition, the securities regulatory authorities in the province of Ontario (the Ontario Securities Commission), Alberta (the Alberta Securities Commission), Manitoba (the Manitoba Securities Commission), and New Brunswick (the Financial and Consumer Services Commission of New Brunswick) have adopted MI 61-101.

MI 61-101 regulates certain types of transactions to ensure fair treatment of security holders when, in relation to a transaction, there are persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other security holders. If MI 61-101 applies to a proposed acquisition of a reporting issuer, then some of the following may be required: (i) enhanced disclosure in documents sent to security holders, (ii) the approval of security holders excluding, among others, "interested parties" (as defined in MI 61-101), (iii) a formal valuation of the equity securities being acquired, prepared by an independent and qualified valuator, and (iv) an independent committee of the board of the directors of the reporting issuer to carry out specified responsibilities. The security holder protections provided by MI 61-101 go substantially beyond the requirements of corporate law.

The protections afforded by MI 61-101 apply to, among other transactions, "business combinations" (as defined in MI 61-101) which may terminate the interests of security holders without their consent in certain circumstances, including, where, at the time the transaction is agreed to, a "related party" of the issuer (as defined in MI 61-101) is entitled to receive, directly or indirectly as a consequence of the transaction, a "collateral benefit" (as defined in MI 61-101). The directors and the executive officers of the Company are all related parties of the Company.

MI 61-101 excludes from the meaning of "collateral benefit" certain benefits to a related party received solely in connection with the related party's services as an employee, director or consultant of an issuer where, among other things, (a) the benefit is not conferred for the purposes of increasing the value of the consideration paid to the related party for securities relinquished under the transaction, (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner,

(c) full particulars of the benefits are disclosed in the disclosure document for the transaction, and (d) the related party and its associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding securities of each class of equity securities of the issuer (the "**De Minimis Exemption**").

Pursuant to MI 61-101, the Arrangement is a "business combination" due to the fact that it is a transaction pursuant to which a person that, at the time the transaction is agreed to, is a "related party" (as defined in MI 61-101) to the Company, is entitled to receive, a "collateral benefit" (as defined in MI 61-101). Accordingly, the Arrangement will require "minority approval" (as defined in MI 61-101) in accordance with MI 61-101. See "*Collateral Benefits*" and "*Minority Approval*" below.

Collateral Benefits

A "collateral benefit", as defined in MI 61-101, includes any benefit that a "related party" (as defined in MI 61-101) of the Company (which includes, a director or senior officer of the Company) is entitled to receive, directly or indirectly, as a consequence of the transaction, including, without limitation, an increase in salary, a lump-sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of the Company.

Certain of the executive officers and directors of the Company hold Company RSUs. Pursuant to the Arrangement, all Company RSUs outstanding immediately prior to the Effective Time, whether vested or unvested, will, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, and such Company RSUs will be, and will be deemed to be, surrendered to the Company by the holders thereof for one Company Share (which will subsequently be exchanged for HEXO Shares pursuant to the Plan of Arrangement, in accordance with the Exchange Ratio), less any amounts withheld pursuant to the Plan of Arrangement.

As a result of the acceleration of the Company RSUs, it is possible that the directors and senior officers of the Company in receipt of Company Shares, as a result of such acceleration, may be considered to be receiving a "collateral benefit" in connection with the Arrangement. However, following disclosure by each of the directors and senior officers to the Company Board of the number of Company Shares, Company Warrants, Company Options, and Company RSUs held by them and the benefits that they expect to receive pursuant to the Arrangement, the Company Board has determined that, except as described below with respect to Mr. Charles Vennat, the aforementioned benefits fall within the De Minimis Exemption. As a result, the benefits received by such officers and directors under the Arrangement are not "collateral benefits" and such directors and officers are not "interested parties" for purposes of MI 61-101.

Mr. Charles Vennat, the Chief Executive Officer and a director of the Company, beneficially owns or exercises control or direction over, more than 1% of the issued and outstanding Company Shares, as calculated in accordance with MI 61-101. Accordingly, Mr. Vennat may be deemed to be receiving a "collateral benefit", as the De Minimis Exception does not apply to Mr. Vennat.

Accordingly, pursuant to MI 61-101, the Arrangement is a "business combination" due to the fact that it is a transaction pursuant to which Mr. Vennat, being a Person that is, at the time the Arrangement was agreed to, a "related party" (as defined in MI 61-101) of the Company, may be deemed to be receiving a "collateral benefit" (as defined in MI 61-101, and discussed above). Accordingly, the Arrangement will require "minority approval" (as defined in MI 61-101) in accordance with MI 61-101. See "*Minority Approval*" below.

Minority Approval

In order to comply with MI 61-101, the Arrangement Resolution must be approved by not less than a simple majority of the votes cast by the Company Shareholders, present in person (or virtually) or represented by proxy and entitled to vote at the Meeting, excluding for this purpose the votes attached to Company Shares required to be excluded pursuant to MI 61-101. This minority approval is in addition to the requirement that the Arrangement Resolution be approved by at least 66 2/3% of the votes cast by the Company Shareholders present or represented by proxy at the Meeting and entitled to vote thereat.

To the knowledge of the Company Board, the following table sets out the details of the votes attaching to the Company Shares outstanding at the Record Date that are required to be excluded pursuant to MI 61-101 for the purposes of determining whether minority shareholder approval of the Arrangement under MI 61-101 has been obtained.

Name of Shareholder	Number of Company Shares Owned or Controlled(1)
Charles Vennat	808,176

Notes:

(1) Excluding Company Shares issuable upon future exercise of Company Options, Company Warrants, and the acceleration of Company RSUs.

Formal Valuation

Pursuant to MI 61-101, the Company is not required to obtain a formal valuation under MI 61-101 as (i) no "interested party" (as defined in MI 61-101) of the Company is, as a consequence of the Arrangement, directly or indirectly acquiring the Company or its business or combining with the Company, through an amalgamation, arrangement or otherwise, whether alone or with "joint actors", and (ii) neither the Arrangement nor any of the transactions contemplated thereunder, is a "related party transaction" (as defined in MI 61-101) for which the Company would be required to obtain a formal valuation.

(a) Specified Disclosure in respect of Business Combination

Pursuant to MI 61-101, the Company is required to include, and has included and/or incorporated by reference into this Information Circular, certain disclosure prescribed by Form 62-104F2 – *Issuer Bid Circular* ("**Form 62-104F2**") of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*, to the extent applicable to the Arrangement (and with necessary modifications).

DISSENT RIGHTS UNDER THE ARRANGEMENT

The following description of the dissent procedures is a summary only and is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Company Shares, as applicable, and is qualified in its entirety by the reference to the full text of the Interim Order, Section 190 of the CBCA, and the Plan of Arrangement, which are attached to this Information Circular as Schedule H, Schedule C and Schedule B, respectively. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, and seek independent legal advice. Failure to comply strictly with the provisions of Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

Section 190 of the CBCA provides registered shareholders of a corporation with the right to dissent from certain resolutions that effect extraordinary corporate transactions or fundamental corporate changes. The Interim Order expressly provides Registered Company Shareholders entitled to vote at the Meeting (being, those holders of Company Shares of record at the close of business on July 13, 2021) with Dissent Rights in respect of the Arrangement Resolution, in accordance with Section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order. Any such Registered Company Shareholder who duly and validly dissents from the Arrangement Resolution in strict compliance with Section 190 of the CBCA, as modified by the Plan of Arrangement, the Interim Order, and the Final Order, will be entitled, in the event the Arrangement becomes effective, to be paid the fair value of the Company Shares held by such Dissenting Shareholder, which fair value, notwithstanding anything contrary contained in Section 190 of the CBCA, shall be determined as of the close of business on the Business Day before the Arrangement Resolution is adopted, and such Dissenting Shareholder shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such Company Shares.

In many cases, Company Shares beneficially owned by a non-Registered Company Shareholder are registered either: (a) in the name of an Intermediary that the non-Registered Company Shareholder deals with in respect of the Company Shares, or (b) in the name of a depositary (such as CDS) of which the Intermediary is a participant. Accordingly, a non-Registered Company Shareholder will not be entitled to exercise its Dissent Rights directly (unless the Company Shares are re-registered in the non-Registered Company Shareholder's name). A non-Registered Company Shareholder that wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the non-Registered Company Shareholder deals in respect of its Company Shares, and either (i) instruct the Intermediary to exercise the Dissent Rights on the non-Registered Company Shareholder's behalf (which, if the Company Shares are registered in the name of CDS or other clearing agency, may require that such Company Shares first be re-registered in the name of the Intermediary), or (ii) instruct the Intermediary to re-register such Company Shares in the name of the non-Registered Company Shareholder, in which case the non-Registered Company Shareholder would be able to exercise the Dissent Rights directly. In addition, pursuant to Section 190 of the CBCA, as modified by the Plan of Arrangement and the Interim Order, a Registered Company Shareholder may not exercise Dissent Rights in respect of only a portion of the Company Shares held by such Registered Company Shareholder, but rather, may dissent only with respect to all Company Shares held by such Registered Company Shareholder.

A Registered Company Shareholder who is entitled to dissent under the Plan of Arrangement and who wishes to dissent must deliver a written notice of dissent (a "**Notice of Dissent**") to the Company c/o Bennett Jones LLP, Attention: Alan Gardner and Joseph Blinick, at One First Canadian Place, Suite 3400 - 100 King Street West, P.O. Box 130, Toronto, Ontario, M5X 1A4, Canada by not later than 5:00 p.m. (Toronto time) on Friday, August 13, 2021 (or the day that is two (2) Business Days prior to the date that any adjourned or postponed Meeting is reconvened or held, as the case may be), and such Notice of Dissent must strictly comply with the requirements of Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement. The dissent procedures described in this Information Circular are different than the statutory dissent procedures of the CBCA, which would permit a notice of objection to be provided at or prior to the Meeting. **Failure to comply strictly with the provisions of Section 190 of the CBCA, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein, may result in the loss of any Dissent Right.**

The filing of a Notice of Dissent does not deprive a Registered Company Shareholder of the right to vote at the Meeting. However, the CBCA provides, in effect, that a Registered Company Shareholder who has submitted a Notice of Dissent and who votes in favour of the Arrangement Resolution will no longer be considered a Dissenting Shareholder with respect to the Company Shares voted in favour of the Arrangement Resolution. The CBCA does not provide, and the Company will not assume, that a proxy submitted instructing the proxyholder to vote against the Arrangement Resolution, or an abstention from voting, constitutes a Notice of Dissent, but, a Registered Company Shareholder is not required to vote its Company Shares against the Arrangement Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxyholder to vote in favour of the Arrangement Resolution does not constitute a Notice of Dissent. However, any proxy granted by a Registered Company Shareholder who intends to dissent, other than a proxy that instructs the proxyholder to vote against the Arrangement Resolution, should be validly revoked in order to prevent the proxyholder from voting such Company Shares in favour of the Arrangement Resolution and thereby causing the Registered Company Shareholder to forfeit its Dissent Rights.

The Company is required, within ten (10) days after the Company Shareholders adopt the Arrangement Resolution, to notify each Dissenting Shareholder that the Arrangement Resolution has been adopted. Such notice is not required to be sent to any Shareholder that voted in favour of the Arrangement Resolution or who has withdrawn his, her, their or its Notice of Dissent.

A Dissenting Shareholder that has not withdrawn his, her, their or its Notice of Dissent prior to the Meeting must, within twenty (20) days after receipt of notice that the Arrangement Resolution has been adopted, or if the Dissenting Shareholder does not receive such notice, within twenty (20) days after learning that the Arrangement Resolution has been adopted, send to the Company a written notice containing his, her, their or its name and address, the number of Dissent Shares and a demand for payment of the fair value of such

Company Shares (a "**Demand for Payment**"). Within thirty (30) days after sending the Demand for Payment, the Dissenting Shareholder must send to the Company the share certificate(s) representing the Dissent Shares. The Company or the Depositary will endorse, on the share certificate(s) received from a Dissenting Shareholder, a notice that the holder is a Dissenting Shareholder and will forthwith return the share certificate(s) to the Dissenting Shareholder. A Dissenting Shareholder that fails to make a Demand for Payment in the time required, or to send the share certificate(s) representing Dissent Shares in the time required, has no right to make a claim under Section 190 of the CBCA, as modified by the Plan of Arrangement, the Interim Order, and the Final Order.

Under Section 190 of the CBCA, as modified by the Plan of Arrangement, the Interim Order, and the Final Order, after sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a Company Shareholder in respect of its Dissent Shares other than the right to be paid the fair value of the Dissent Shares by HEXO, as determined pursuant to the Interim Order and the Final Order, unless (i) the Dissenting Shareholder withdraws its Notice of Dissent before HEXO makes an Offer to Pay, (ii) HEXO fails to make an Offer to Pay in accordance with subsection 190(12) of the CBCA and the Dissenting Shareholder withdraws the Demand for Payment, or (iii) the Company Board revokes the Arrangement Resolution. In the case of (i) and (ii), the Dissenting Shareholder shall be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholder as at and from the Effective Time.

Pursuant to the Plan of Arrangement, in no case shall the Company, HEXO, or any other Person be required to recognize any Dissenting Shareholder as a Company Shareholder after the Effective Time, and the names of such Shareholders shall be deleted from the list of Registered Company Shareholders at the Effective Time. Further, pursuant to the Plan of Arrangement, (i) Dissenting Shareholders that are ultimately determined to be entitled to be paid the fair value for their Dissent Shares shall be deemed to have irrevocably transferred such Dissent Shares to the Company for cancellation in consideration for such fair value with effect at the Effective Time, and (ii) Dissenting Shareholders that are ultimately determined not to be entitled, for any reason, to be paid the fair value for their Dissent Shares, shall be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholder as at and from the Effective Time.

HEXO is required, not later than seven (7) days after the later of the Effective Date and the date on which a Demand for Payment is received from a Dissenting Shareholder, to send to each Dissenting Shareholder that has sent a Demand for Payment an Offer to Pay for its Dissent Shares in an amount considered by HEXO to be the fair value of the Company Shares, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay for Company Shares of the same class must be on the same terms. HEXO must pay for the Dissent Shares of a Dissenting Shareholder within ten (10) days after an Offer to Pay has been accepted by a Dissenting Shareholder, but any such offer lapses if HEXO does not receive an acceptance within thirty (30) days after the Offer to Pay has been made.

If HEXO fails to make an Offer to Pay for the Dissent Shares of a Dissenting Shareholder, or if a Dissenting Shareholder fails to accept an Offer to Pay that has been made, HEXO may, within fifty (50) days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix a fair value for the Dissent Shares. If HEXO fails to apply to the Court, a Dissenting Shareholder may apply to the Court for the same purpose within a further period of twenty (20) days or within such further period as the Court may allow. A Dissenting Shareholder is not required to give security for costs in such an application. Further, any such application by HEXO or a Dissenting Shareholder must be made to the Court in Ontario or a court having jurisdiction in the place where the Dissenting Shareholder resides if HEXO carries on business in that province.

Before making any such application to the Court itself after receiving a notice that a Dissenting Shareholder has made an application to a court, HEXO will be required to notify each affected Dissenting Shareholder of the date, place and consequences of the application and of a Dissenting Shareholder's right to appear and be heard in person (or virtually, by teleconference or other means) or by counsel. Upon an application to the Court, all Dissenting Shareholders that have not accepted an Offer to Pay will be joined as parties and be bound by the decision of the Court. Upon any such application to the Court, the Court may determine whether any other Person is a Dissenting Shareholder that should be joined as a party, and the Court will

then fix a fair value for the Dissent Shares of all Dissenting Shareholders. The final order of the Court will be rendered against HEXO in favour of each Dissenting Shareholder for the amount of the fair value of its Dissent Shares as fixed by the Court. The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Effective Date until the date of payment.

Company Shareholders that are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Company Shares as determined under the applicable provisions of Section 190 of the CBCA (as modified by the Plan of Arrangement, the Interim Order, the Final Order, or any other order of the Court) will be more than or equal to the consideration payable under the Arrangement. Further, Company Shareholders that are considering exercising Dissent Rights should consult their own legal and financial advisors (and in particular, as to the consequences under Canadian federal income tax laws of exercising Dissent Rights in respect of the Arrangement).

The above summary is not a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Company Shares. A Dissenting Shareholder who intends to exercise the Dissent Rights should carefully consider and comply with the provisions of Section 190 of the CBCA, as modified by the Interim Order, the Final Order, and the Plan of Arrangement, and seek independent legal advice. Failure to comply strictly with the provisions of Section 190 of the CBCA, as modified by the Interim Order, the Final Order, and the Plan of Arrangement, and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

If, as of the Effective Date, the aggregate number of Dissent Shares or Company Shares in respect of which Company Shareholders have instituted proceedings to exercise Dissent Rights in connection with the Arrangement, exceeds 5% of the Company Shares then outstanding, HEXO is entitled, in its discretion, not to complete the Arrangement. See "*Particulars of Matters to be Acted Upon – The Arrangement – Conditions to the Arrangement Becoming Effective – Additional Conditions in Favour of HEXO*".

OTHER INFORMATION

Indebtedness of Directors and Executive Officers

No director, officer or employee, or former director, officer or employee of the Company or its subsidiaries, or any of their associates, is indebted to the Company or its subsidiaries as of the Record Date nor was indebted to the Company or its subsidiaries during the financial year ended June 30, 2020, nor have any such individuals been or are currently indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any of its subsidiaries, for indebtedness other than "routine indebtedness", as that term is defined by applicable securities law.

Management Contracts

Other than as described below, the management functions of the Company, and its subsidiaries, are performed by the directors and executive officers of the Company and its subsidiaries, as applicable, and the Company does not have any management agreements or arrangements under which such management functions are performed by Persons other than the directors and executive officers of the Company or its subsidiaries.

Other Matters

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the Persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

Other Material Facts

There are no other material facts relating to the Arrangement not disclosed elsewhere in this Information Circular.

Auditor, Transfer Agent and Registrar

The auditor of the Company is MNP LLP, Chartered Professional Accountants, of Mississauga, Ontario.

The transfer agent and registrar for the Company Shares is Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

Interest of Experts

Certain legal matters relating to the Arrangement as described herein will be passed upon by Bennett Jones LLP on behalf of the Company and Norton Rose Fulbright Canada LLP on behalf of HEXO. Partners of Bennett Jones LLP and their associates own, in the aggregate, less than 1% of all issued and outstanding HEXO Shares and less than 1% of all issued and outstanding Company Shares as of the date hereof. Partners of Norton Rose Fulbright Canada LLP and their associates own, in the aggregate, less than 1% of all issued and outstanding HEXO Shares and less than 1% of all issued and outstanding Company Shares as at the date hereof.

Echelon provided the Fairness Opinion to the Company Board in connection with the Arrangement. Advisors at Echelon, in the aggregate, own less than 1% of all issued and outstanding HEXO Shares and less than 1% of all issued and outstanding Company Shares as of the date hereof.

PricewaterhouseCoopers LLP, Chartered Professional Accountants is the auditor of HEXO and is independent of HEXO within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the Public Company Accounting and Oversight Board.

MNP LLP is the auditor of the Company and is independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Additional Information

Additional information relating to the Company is available on the Company's profile on SEDAR at http://www.sedar.com. Financial information is provided in the Company's consolidated financial statements and Management Discussion and Analysis for the financial year ended June 30, 2020, as updated in the Company's subsequently filed interim financial statements and Management Discussion and Analysis. Shareholders may contact the Company at its principal office address at 257 Adelaide Street West, Suite 500, Toronto, Ontario, M5H 1X9, to request copies of the Company's financial statements and Management Discussion and Analysis.

The information contained or referred to in this Information Circular with respect to the HEXO Group has been furnished by HEXO. Additional information relating to HEXO is available on HEXO's profile on SEDAR at http://www.sedar.com. The information contained or referred to in this Information Circular with respect to the Company and its subsidiaries has been furnished by the Company. The Company and its respective directors and officers have relied on the information relating to the HEXO Group provided by HEXO and take no responsibility for any errors in such information or omissions therefrom.

COMPANY BOARD APPROVAL

The contents and the sending of this Information Circular have been approved by the directors of the Company.

BY ORDER OF THE BOARD OF DIRECTORS OF THE COMPANY

"*Charles Vennat*"

Chief Executive Officer and Director

CONSENT OF ECHELON WEALTH PARTNERS INC.

To the Board of Directors and the Special Committee of 48North Cannabis Corp. (the "**Company**")

Reference is made to the fairness opinion dated May 16, 2021 (the "**Fairness Opinion**"), which we prepared for the board of directors and the special committee of the Company in connection with the proposed Arrangement (as defined in the Company's management information circular dated July 14, 2021 (the "**Information Circular**")), involving the Company and HEXO Corp.

We hereby consent to the inclusion of the Fairness Opinion, a summary of the Fairness Opinion and the use of our firm name in the Information Circular. In providing such consent, we do not intend that any Person other than the board of directors and the special committee of the Company rely upon the Fairness Opinion.

DATED as of July 14, 2021.

"*Signed*"

ECHELON WEALTH PARTNERS INC.

Schedule A
Arrangement Resolution

BE IT RESOLVED THAT:

(1) The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") of 48North Cannabis Corp. (the "**Corporation**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated July 14, 2021 of the Corporation accompanying the notice of this meeting and as it may be amended, modified or supplemented in accordance with the arrangement agreement dated May 17, 2021 between the Corporation and HEXO Corp. (as it may from time to time be amended, modified or supplemented, the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

(2) The plan of arrangement of the Corporation (the "**Plan of Arrangement**"), as it may be amended, modified or supplemented in accordance with its terms and the Arrangement Agreement, the full text of which is set out in Schedule B to the Circular, is hereby authorized, approved and adopted.

(3) The (i) Arrangement Agreement and all related transactions contemplated therein, (ii) actions of the directors of the Corporation in approving the Arrangement and Arrangement Agreement, and (iii) actions of the directors and officers of the Corporation in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

(4) The Corporation is hereby authorized to apply for a final order from the Superior Court of Justice of Ontario, or other court as applicable to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented).

(5) Notwithstanding that this resolution has been passed (and the Arrangement approved and adopted) by the shareholders of the Corporation or that the Arrangement has been approved by the Superior Court of Justice of Ontario, or other court as applicable, the directors of the Corporation are hereby authorized and empowered to, without notice to or approval of the shareholders of the Corporation, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement but solely to the extent permitted thereby, and (ii) subject to the express terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

(6) Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver for filing with the Director under the CBCA articles of arrangement and such other documents as may be necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

(7) Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such Person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

Schedule B
Plan of Arrangement

See attached.

PLAN OF ARRANGEMENT
UNDER SECTION 192 OF
THE *CANADA BUSINESS CORPORATIONS ACT*

Article 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, capitalized terms used but not defined shall have the meanings ascribed to them below:

"**Affected Person**" has the meaning ascribed thereto in Section 6.3;

"**Arrangement**" means an arrangement pursuant to section 192 of the CBCA in accordance with the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 9.14 of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court either in the Interim Order or Final Order with the written consent of Company and Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated as of May 17, 2021 between Company and Purchaser, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

"**Arrangement Resolution**" means the special resolution of the Company Shareholders approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and with the contents of Schedule A to the Arrangement Agreement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Interim Order with the consent of Company and Purchaser, each acting reasonably;

"**Broker**" has the meaning ascribed thereto in Section 6.3;

"**Business Day**" means any day (other than a Saturday, a Sunday or a statutory or civic holiday) on which commercial banks located in Toronto, Ontario are open for the conduct of business;

"**CBCA**" means the *Canada Business Corporations Act;*

"**Circular**" means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, and information incorporated by reference in such management information circular, to be sent to, among others, the Company Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

"**Company**" means 48North Cannabis Corp., a corporation existing under the CBCA;

"**Company Options**" means the options to purchase Company Shares granted under and/or governed by the Share Option Plan which are outstanding as of the Effective Time;

"**Company RSUs**" means the restricted share units granted under and/or governed by the Restricted Share Unit Plan which are outstanding as of the Effective Time;

"**Company Securities**" means, collectively, the Company Shares, the Company Warrants and the Incentive Securities;

"**Company Securityholders**" means the holders of the Company Securities;

"**Company Shareholders**" means the registered or beneficial holders of the Company Shares immediately prior to the Effective Time as the context requires, except that with respect to Dissent Rights, Company Shareholders shall refer only to registered holders of Company Shares.

"**Company Shares**" means the common shares in the capital of Company, including common shares issued prior to completion of the Arrangement on the conversion, exchange, exercise or settlement of the Company Warrants and the Incentive Securities;

"**Company Warrants**" means the warrants of the Company which are outstanding or issuable as of the Effective Time, whether issued (or issuable) under the Warrant Indentures or evidenced (or to be evidenced) by one or more Warrant Certificates;

"**Consideration**" means the consideration to be received by Company Shareholders pursuant to the Plan of Arrangement as consideration for each Company Share that is issued and outstanding immediately prior to the Effective Time, consisting of 0.02366 (namely the Exchange Ratio) of a Purchaser Share per one (1) Company Share;

"**Court**" means the Ontario Superior Court of Justice;

"**Depositary**" means TSX Trust Company, in its capacity as depositary for the Arrangement, or such other entity chosen by agreement in writing by the Parties to act as depositary for the Arrangement;

"**Dissent Rights**" has the meaning specified in Section 4.1(a);

"**Dissenting Shareholder**" means a registered Company Shareholder as of the Record Date who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and whose Dissent Rights remain valid immediately prior to the Effective Time, but only in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such registered Company Shareholder;

"**Effective Date**" means the date upon which the Arrangement is consummated and becomes effective, as set out in Section 2.7 of the Arrangement Agreement;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as Company and Purchaser agree to in writing before the Effective Date;

"**Exchange Ratio**" means 0.02366;

"**Final Order**" means the final order of the Court, in a form acceptable to Company and Purchaser, each acting reasonably, approving the Arrangement as such order may be amended by the Court (with the consent of both Company and Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both Company and Purchaser, each acting reasonably) on appeal;

"**Former Company Shareholders**" means, at and following the Effective Time, the registered holders of Company Shares immediately prior to the Effective Time;

"**Governmental Entity**" means any (i) supranational, multinational, federal, territorial, provincial, state, regional, municipal, local or other governmental or public ministry, department, central bank, court, commission, tribunal, board, bureau or agency, domestic or foreign, (ii) subdivision, agent or authority of any of the above, (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, or (iv) stock exchange (including the Toronto Stock Exchange and NYSE American LLC), and "**Governmental Entities**" means more than one Governmental Entity;

"**Incentive Securities**" means collectively the Company Options and Company RSUs, and "**Incentive Security**" shall mean any one of them;

"**Incentive Securities Plans**" means, collectively, the Share Option Plan and the Restricted Share Unit Pan, as well as any predecessor share option and/restricted share unit or similar plans or contracts pursuant to which options, and/or restricted share units to purchase or receive, as applicable, Company Shares were granted and are outstanding;

"**Interim Order**" means the interim order of the Court, in a form acceptable to Company and Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of Company and Purchaser, each acting reasonably;

"**Law**" or "**Laws**" means any applicable laws, including international, multinational, federal, national, provincial, state, municipal and local laws (statutory, common or otherwise), constitutions, treaties, conventions, statutes, principles of law and equity, rulings, ordinances, judgments, determinations, awards, decrees, injunctions, writs, certificates and orders, notices, bylaws, rules, regulations, ordinances, or other requirements, guidelines, policies or instruments, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, or applied by any Governmental Entity having the force of law, and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are binding upon or applicable to such person or its assets;

"**Letter of Transmittal**" means the letter of transmittal to be forwarded by Company to the Company Shareholders together with the Circular or such other equivalent form of letter of transmittal acceptable to Purchaser acting reasonably;

"**Liens**" means any mortgage, hypothec, pledge, assignment, charge, lien, claim, security interest, encroachment, option, right of first refusal or first offer, occupancy rights, defect in title, covenants, adverse interest, adverse claim, easement, right of way or other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Meeting**" means the special meeting of the Company Shareholders, including any adjournment or postponement thereof in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution among other things;

"**Parties**" means, together, Company and Purchaser, and "**Party**" means either of them;

"**Person**" includes an individual, general partnership, limited partnership, corporation, company, limited liability company, body corporate, joint venture, unincorporated organization, other form of business organization, trust, trustee, executor, administrator or other legal representative, Governmental Entity or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement and any amendments or variations hereto made in accordance with the terms of the Arrangement Agreement or this plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of Company and Purchaser, each acting reasonably;

"**Purchaser**" means HEXO Corp., a corporation existing under the laws of the Ontario;

"**Purchaser Shares**" means common shares in the capital of Purchaser;

"**Record Date**" means the record date fixed pursuant to the Interim Order for purposes of determining those Company Shareholders entitled to receive notice of, and vote at, the Meeting;

"**Replacement Options**" means option granted by Purchaser in replacement of Company Options, on the basis set forth in Section 3.1(d);

"**Replacement RSUs**" means restricted share units granted by Purchaser in replacement of Company RSUs, on the basis set forth in Section **Error! Reference source not found.**;

"**Restricted Share Unit Plan**" means the restricted share unit plan, as amended, adopted by Company's board of directors on November 1, 2019 and last approved by holders of Company Shares on December 17, 2019;

"**Share Option Plan**" means the share option plan, as amended, adopted by Company's board of directors on November 1, 2019 and last approved by holders of Company Shares on December 17, 2019;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Warrant Certificate**" means a certificate issued by Company evidencing the issuance by Company of a Company Warrant;

"**Warrant Indentures**" means (i) the Warrant Indenture dated April 2, 2019 between Company and Computershare Trust Company of Canada, as warrant agent, and (ii) the Warrant Indenture dated April 16, 2021 between Company and Computershare Trust Company of Canada, as warrant agent; and

"**Withholding Obligations**" shall have the meaning ascribed thereto in Section 6.3.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, Subsection, paragraph or clause by number or letter or both refer to the Article, Section, Subsection, paragraph or clause, respectively, bearing that designation in this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day. In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in, and all payments provided for herein shall be made in lawful money of Canada and "$" refers to such lawful money of Canada.

1.6 Other Definitional and Interpretive Provisions

(a) References in this Plan of Arrangement to the words “include”, “includes” or “including” shall be deemed to be followed by the words “without limitation” whether or not they are in fact followed by those words or words of like import.

(b) References to “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of,”.

(c) The words “hereof”, “herein” and “hereunder” and words of like import used in this Plan of Arrangement shall refer to this Plan of Arrangement as a whole and not to any particular provision of this Plan of Arrangement.

(d) References to any agreement, contract, license, lease, indenture, arrangement or commitment are to that agreement, contract, license, lease, indenture, arrangement or commitment as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Agreement to any Person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that Person.

(e) References to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.7 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in any Letter of Transmittal are local time in Toronto, Ontario unless otherwise stipulated herein.

Article 2
ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement.

2.2 Binding Effect

At the Effective Time, this Plan of Arrangement and the Arrangement shall become effective, and be binding on Purchaser, Company, Company Shareholders (including Dissenting Shareholders), all holders and beneficial owners of other Company Securities, the registrar and transfer agent in respect of the Company Shares and the Purchaser Shares and the Depositary, in each case without any further action or formality required on the part of any Person.

Article 3
ARRANGEMENT

3.1 Arrangement

Commencing at the Effective Time, each of the following shall occur and shall be deemed to occur sequentially on the Effective Date, in the following order, without any further act or formality required on the part of any person:

(a) each outstanding Company Share held by a Dissenting Shareholder shall be deemed to have been transferred by the holder thereof to Purchaser free and clear of any Liens of any kind whatsoever, and:

(i) each such Dissenting Shareholder shall cease to be the holder of such Company Shares and to have any rights as a Company Shareholder other than the right to be paid the fair value of such Company Shares in accordance with Article 4 hereof;

(ii) each such Dissenting Shareholder's name shall be removed as the holder of such Company Shares from the register of Company Shareholders maintained by or on behalf of Company;

(iii) the Purchaser shall be deemed to be the transferee of such Company Shares free and clear of any Liens of any kind whatsoever (other than the right to be paid fair value for such Company Shares as set out in Section 4.1), and shall be entered in the register of Company Shares maintained by or on behalf of Company; and

(b) each Company RSU issued and outstanding immediately prior to the Effective Time shall, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, whereupon:

(i) each holder of such Company RSU shall cease to be the holder thereof or to have any rights as a holder of a Company RSU;

(ii) the name of each such holder shall be removed from the register of the holders of Company RSUs maintained by or on behalf of the Company; and

(iii) each such former holder of such Company RSU shall be deemed to be the holder of the corresponding number of Company Shares and shall be entered in the register of the Company Shareholders maintained by or on behalf of the Company and entitled to receive the Consideration in accordance with Section 3.1(c);

(c) each outstanding Company Share (other than any Company Shares held by a Dissenting Shareholder) shall be and be deemed to be assigned and transferred by the holder thereof to Purchaser (free and clear of any Liens of any kind whatsoever) in exchange for the Consideration, and:

(i) each holder of such Company Shares shall cease to be the holder thereof and to have any rights as a Company Shareholder other than the right to be paid the Consideration per Company Share in accordance with this Plan of Arrangement;

(ii) the name of each such holder shall be removed from the register of the Company Shares maintained by or on behalf of Company;

(iii) Purchaser shall be deemed to be the transferee of such Company Shares free and clear of all Liens of any kind whatsoever and shall be entered in the register of Company Shares maintained by or on behalf of Company; and

(iv) Purchaser will be the registered and beneficial holder of all of the outstanding Company Shares; and

(d) each unexercised Company Option outstanding at the Effective Time (whether vested or unvested) will be exchanged for the corresponding Replacement Option to acquire such number of Purchaser Shares as is equal to: (A) that number of Company Shares that were issuable upon exercise of such Company Option immediately prior to the Effective Time,

multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of Purchaser Shares, at an exercise price, if applicable, per Purchaser Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Share at which such Company Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, shall be the same as the Company Option for which it was exchanged, and any certificate or option agreement previously evidencing the applicable Company Option shall thereafter evidence and be deemed to evidence such Replacement Option.

3.2 No Fractional Purchaser Shares

In no event shall any fractional Purchaser Shares be issued under this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder as Consideration would result in a fraction of a Purchaser Share being issuable, then the number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number without any additional compensation or cost.

Article 4
DISSENT RIGHTS

4.1 Rights of Dissent

(a) Each registered holder of a Company Share as of the Record Date may exercise dissent rights with respect to the Company Shares held by such holder (such rights, "**Dissent Rights**") pursuant to and in the manner set forth in subsections 190(3) to 190(26) of the CBCA, as same may be modified by this Article 4, the Interim Order and the Final Order; provided that, (i) notwithstanding subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in subsection 190(5) of the CBCA must be received by Company not later than 5:00 p.m. on the Business Day that is two (2) Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time) and (ii) notwithstanding any subsection of section 190 of the CBCA, Purchaser and not Company will be required to pay the fair value of such Company Shares held by the Dissenting Shareholders and to offer and pay the amount to which such holder is entitled. Dissenting Shareholders that validly exercise such holder's Dissent Rights shall be deemed to have transferred the Company Shares held by such holder and in respect of which Dissent Rights have been validly exercised to Purchaser free and clear of all Liens of any kind whatsoever (other than the right to be paid fair value for such Common Shares as set out in this Section 4.1), as provided in Section 3.1(a) and if they:

(i) are ultimately entitled to be paid fair value for their Company Shares: (i) shall be deemed not to have participated in the transactions in Article 3 (other than Section 3.1(a)); (ii) will be entitled to be paid the fair value of such Company Shares by Purchaser, which fair value, notwithstanding anything to the contrary contained in section 190 of the CBCA, shall be determined as of the close of business on the Business Day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such Company Shares; or

(ii) are ultimately not entitled, for any reason, to be paid fair value for their Company Shares, shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Company Shares and shall be entitled to receive only the Consideration contemplated in

Subsection 3.1(b) hereof that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights.

4.2 Recognition of Dissenting Shareholders

(a) In no circumstances shall Company, Purchaser or any other Person be required to recognize a Person purporting to exercise Dissent Rights unless such Person is the registered holder of those Company Shares as of the Record Date in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall Company, Purchaser or any other Person be required to recognize Dissenting Shareholders as holders of Company Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 3.1(a), and the names of such Dissenting Shareholders shall be removed from the register of holders of Company Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 3.1(a). In addition to any other restrictions under section 190 of the CBCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of any Company Securities other than Company Shares; and (ii) Company Shareholders who vote, or who have instructed a proxyholder to vote in favour of the Arrangement Resolution (but only in respect of Company Shares so voted).

Article 5
COMPANY WARRANTS

5.1 Company Warrants

(a) Each holder of a Company Warrant, to the extent the holder of such Company Warrant has not exercised its rights of acquisition thereunder prior to the Effective Time, shall, upon the exercise of such rights, be entitled to be issued and receive and shall accept, for the same aggregate consideration, upon such exercise, in lieu of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants, the kind and aggregate number of Purchaser Shares that such holder would have been entitled to be issued and receive if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Company Shares to which such holder was theretofore entitled upon exercise of such Company Warrants.

(b) Each Company Warrant, if applicable, shall continue to be governed by and be subject to the terms of the applicable Warrant Indenture or applicable Warrant Certificate.

5.2 Exercise of Company Warrants Post-Effective Time

Upon any exercise of a Company Warrant following the Effective Time, Company shall: (i) deliver, or cause to be delivered, Purchaser Shares needed to settle such exercise, and (ii) cause Purchaser to issue the necessary number of Purchaser Shares needed to settle such exercise; and Purchaser shall cooperate with and do all necessary things so as to allow Company to comply with the foregoing.

5.3 Idem

This Article 5 is subject to adjustment in accordance with the terms of the Warrant Indentures and Warrant Certificates.

Article 6
DELIVERY OF PURCHASER SHARES

6.1 Delivery of Purchaser Shares

(a) Before the Effective Time, Purchaser shall deposit or cause to be deposited with the Depositary, for the benefit of and to be held on behalf of Former Company Shareholders entitled to receive the Consideration pursuant to Section 3.1(b), certificates or other evidence of ownership representing the aggregate number of Purchaser Shares which such Former Company Shareholders are entitled to receive pursuant to Section 3.1(b), subject to Section 3.2 and Section 6.3, for distribution to such Former Company Shareholders in accordance with the provisions of this Article 6.

(b) Upon surrender to the Depository for cancellation of a certificate that immediately before the Effective Time represented outstanding Company Shares that were exchanged for the Consideration in accordance with Section 3.1(b) hereof together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered certificate shall be entitled at the Effective Time to receive in exchange therefor, and the Depository shall deliver to such holder as soon as practicable and in accordance with Section 3.1(b) the certificate(s) or other evidence of ownership representing the Purchaser Shares that such holder is entitled to receive in accordance with Section 3.1(b) hereof.

(c) Until surrendered as contemplated by Section 6.1(b), each certificate that immediately prior to the Effective Time represented one or more Company Shares shall be deemed, immediately after the transactions contemplated in Section 3.1(b), to represent only the right to receive upon such surrender, the Consideration for the Company Shares represented by such certificate as contemplated in Section 3.1(b), subject to Section 3.2 and Section 6.3. Any such certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Shares of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.

(d) No Company Securityholder shall be entitled to receive any consideration with respect to any Company Securities other than the consideration to which such Company Securityholder is entitled to receive in accordance with Section 3.1, and, no such Company Securityholder shall be entitled to receive any interest, dividends, premium or other payment in connection therewith.

6.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that were transferred pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration that such Company Shareholder has the right to receive in accordance with Section 3.1 and such Company Shareholder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration is to be delivered shall as a condition precedent to the delivery of such Consideration, give a bond satisfactory to Purchaser and the Depositary (each acting reasonably) in such sum as Purchaser may direct (acting reasonably), or otherwise indemnify Purchaser and Company in a manner satisfactory to Purchaser (acting reasonably) against any claim that may be made against Purchaser and Company with respect to the certificate alleged to have been lost, stolen or destroyed.

6.3 Withholding Rights

Purchaser, Company and the Depository, as the case may be, shall be entitled to deduct and withhold from any consideration otherwise payable to any Former Company Shareholder, Company Securityholders or other person (an "**Affected Person**") under this Plan of Arrangement (including any amounts payable pursuant to Section 4.1) or the Arrangement Agreement, such amounts as Company, Purchaser or the Depositary, as the case may be, determines, acting reasonably, are required or permitted to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Laws or under the administrative practice of the relevant Governmental Entity administering such Law ("**Withholding Obligations**"). To the extent that amounts are so withheld or deducted and are actually remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Plan of Arrangement and the Arrangement Agreement as having been paid to such person as the remainder of the payment in respect of which such deduction or withholding was made. Purchaser, Company and the Depository shall also have the right to withhold and sell, on their own account or through a broker (the "**Broker**"), and on behalf of any Affected Person, such number of Purchaser Shares issued or issuable to such Affected Person pursuant to Section 3.1 as it considers necessary to produce sale proceeds (after deducting commissions payable to the broker and other costs and expenses) sufficient to fund any Withholding Obligations. Any such sale of Purchaser Shares shall be affected on a public market and as soon as practicable following the Effective Date. None of Purchaser, Company, the Depository or the Broker will be liable for any loss arising out of any sale of such Purchaser Shares, including any loss relating to the manner or timing of such sales, the prices at which the Purchaser Shares are sold or otherwise.

6.4 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind whatsoever.

Article 7
AMENDMENTS

7.1 Amendments to Plan of Arrangement

(a) Purchaser and Company may amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) approved by Purchaser and Company, each acting reasonably, (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to holders of Company Shares or Former Company Shareholders, as applicable, if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Company or Purchaser at any time prior to or at the Meeting (provided that Company or Purchaser, as applicable, shall have consented thereto in writing) with or without any other prior notice or communication and, if so proposed and approved by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Meeting shall be effective only: (i) if it is consented to in writing by Company and Purchaser, each acting reasonably; and (ii) if required by the Court, it is approved by the holders of Company Shares voting at the Meeting in the manner directed by the Court.

(d) This Plan of Arrangement may be amended, modified or supplemented following the Effective Time unilaterally by Purchaser, provided that it concerns a matter that, in the reasonable opinion of Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Former Company Shareholder, or holder or former holder of Company Securities (other than Company Shares).

Article 8
FURTHER ASSURANCES

8.1 Further Assurances

Notwithstanding that the transactions and events set out herein in this Plan of Arrangement shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

Schedule C
Dissent Provisions

SECTION 190 OF THE CBCA

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation’s assets would thereby be less than the aggregate of its liabilities.

Schedule D
Information Concerning the Company

The following information is presented on a pre-Arrangement basis and is reflective of the current business, financial and share capital position of the Company and its subsidiaries. See "*Information Concerning the Resulting Issuer*" in Schedule F to this Information Circular for *pro forma* business, financial and share capital information relating to the Company after giving effect to the Arrangement.

Documents Incorporated by Reference

The following documents, filed by the Company with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada in which it is a reporting issuer, are specifically incorporated by reference into, and form an integral part of, this Information Circular as of the date of this Information Circular (collectively, the "**Company Documents**"):

(a) the annual information form of the Company for the financial year ended June 30, 2020, dated March 1, 2021 (the "**Company AIF**");

(b) the audited consolidated financial statements of the Company for the financial year ended June 30, 2020, together with the independent auditor's reports thereon and the notes thereto (the "**Company Annual Financial Statements**");

(c) the management's discussion and analysis of the Company for the financial year ended June 30, 2020;

(d) the unaudited condensed interim consolidated financial statements of the Company and the notes thereto as at and for the three and nine months ended March 31, 2021 and 2020 ("**Company Interim Financial Statements**");

(e) the management's discussion and analysis of the Company for the three and nine months ended March 31, 2021;

(f) the management information circular dated November 10, 2020, prepared in connection with the annual general meeting of Company Shareholders held on December 18, 2020;

(g) the material change report of the Company dated November 13, 2020, in respect of the announcement of a brokered private placement financing;

(h) the material change report of the Company dated March 16, 2021, in respect of the announcement of the 2021 Offering;

(i) the material change report of the Company dated April 5, 2021, in respect of the announcement of certain operational changes at the Company;

(j) the material change report of the Company dated April 21, 2021, in respect of the closing of the 2021 Offering; and

(k) the material change report of the Company dated May 17, 2021, in respect of the announcement of the Arrangement Agreement.

Any documents of the type referred to in paragraphs (a) to (k) above or similar material and any documents required to be incorporated by reference in a short form prospectus pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* filed by the Company with certain securities commissions or similar regulatory authorities in Canada after the date of this Information Circular and prior to the date the Arrangement is completed or withdrawn shall be deemed to be incorporated by reference in this Information Circular.

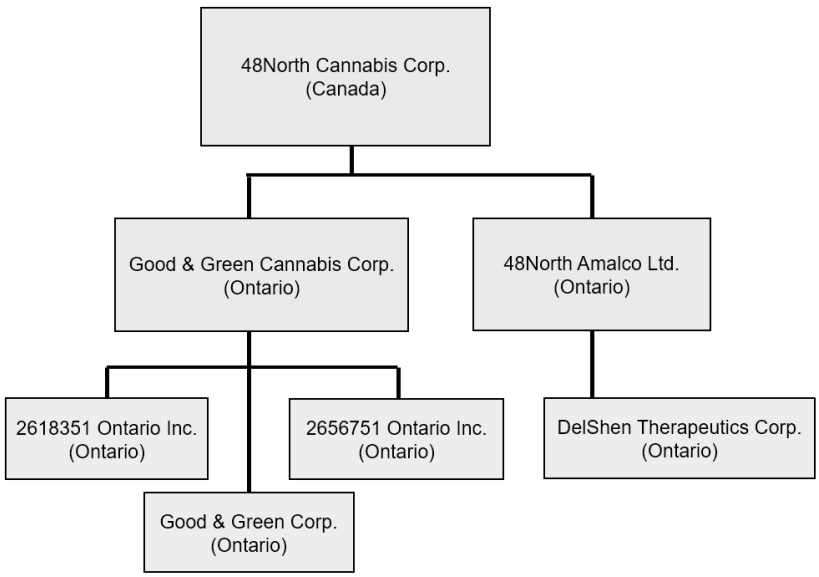
Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for the purposes of this Information Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated herein by reference modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Information Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated or deemed to be incorporated herein by reference may be obtained on request without charge from Company, at 257 Adelaide Street West, Suite 500, Toronto, Ontario, M5H 1X9 and are also available electronically under the Company's profile on SEDAR at http://www.sedar.com.

References to the Company's website in any documents that are incorporated by reference into this Information Circular, do not incorporate by reference the information on such website, and the Company disclaims any such incorporation by reference.

Corporate Structure

The following chart illustrates, as of July 14, 2021, the Company's corporate structure and the place of incorporation of each subsidiary (of which, unless otherwise noted, the percentage of voting securities beneficially owned by the Company is 100%):



Description of the Company's Business

The Company is a vertically integrated cannabis company. The Company primarily operates its cannabis business through two, indirect, wholly-owned subsidiaries, DelShen Therapeutics Corp. ("**DelShen**") and Good & Green Corp. (formerly 2599760 Ontario Corp.) ("**G&G**"), both of which are licenced under the Cannabis Act. DelShen is licenced to produce, sell and extract cannabis pursuant to the Cannabis Act at DelShen's indoor cannabis production facility (the "**DelShen Facility**"), located near Kirkland Lake, Ontario. G&G is licenced to produce and extract cannabis pursuant to the Cannabis Act at G&G's indoor cannabis

production facility ("**Good House**"), located in Brantford, Ontario and is licenced to produce cannabis pursuant to the Cannabis Act at G&G's 100-acre outdoor cannabis production facility ("**Good Farm**"), located in Brant County, Ontario (which ceased operations effective March 29, 2021, and is pending sale to an arm's length third party pursuant to the terms of a conditional agreement of purchase and sale entered into on June 25, 2021). The Company grows unique genetics, which are grown to exacting standards at the DelShen Facility.

The core market for the cannabis business of the Company is Canada, and the Company distributes recreational cannabis products in accordance with the regulatory framework for recreational cannabis in Canada. The Company, through DelShen, is also permitted to sell its medical cannabis products to permitted persons under Part 14 of the Cannabis Regulations. However, to date, the Company has not sold medical cannabis directly to patients.

The Company's business is focused on Canada, and its policy is that it will not invest, directly or indirectly, in any business that derives revenue from the sale of cannabis or cannabis products in the U.S. or in any other jurisdiction where the sale of cannabis is federally unlawful.

See the Company AIF, and also, "*Particulars of Matters to be Acted Upon – The Arrangement – Background to the Arrangement*".

Description of Share Capital

The Company's authorized share capital consists of an unlimited number of Company Shares, of which, as at July 14, 2021, there were 225,312,227 Company Shares issued and outstanding.

Holders of Company Shares are entitled to receive notice of any meetings of the Company Shareholders, and to attend and to cast one (1) vote per Company Share held at all such meetings. Holders of Company Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Company Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Company Shares are entitled to receive on a *pro rata* basis such dividends, if any, as and when declared by the Company Board at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a *pro rata* basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Company Shares with respect to dividends or liquidation. The Company Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Consolidated Capitalization

The following table sets forth the capitalization of the Company as of July 14, 2021.

Securities	Outstanding
Company Shares (authorized – unlimited)	225,312,227
Company Options	8,100,685
Company RSUs	893,957
Company Warrants(1)	66,184,332

Notes:

(1) Includes an aggregate of 3,875,430 broker warrants of the Company. Each Broker Warrant is exercisable into units of the Company comprised of Company Shares and Company Warrants, with an aggregate of 7,153,152 Company Shares issuable upon the exercise of the broker warrants and the Company Warrants underlying such broker warrants.

Prior Sales

The following table sets forth all securities issued by the Company during the twelve-month period preceding the date of this Information Circular.

Date	Issue / Exercise Price per Security	Number	Type of Securities Issued	Notes
July 12, 2021	$0.14	37,500	Company Shares	(1)
June 7, 2021	$0.185	84,494	Company Shares	(1)
April 22, 2021	$0.14	25,000	Company Shares	(1)
April 16, 2021	$0.21	25,694,400	Company Shares	(2)
April 16, 2021	$0.26	25,694,400	Company Warrants	(3)
April 16, 2021	$0.21	1,541,664	Company Warrants (Broker Warrants)	(4)
April 5, 2021	$0.185	30,000	Company Options	(5)
March 6, 2021	$0.185	300,000	Company RSUs	(6)
March 4, 2021	$0.30	1,052,476	Company RSUs	(6)
March 4, 2021	$0.30	1,020,500	Company Options	(5)
February 9, 2021	$0.71	33,333	Company Shares	(1)
January 19, 2021	$0.71	40,000	Company Shares	(1)
January 15, 2021	$0.60	600,000	Company Shares	(1)
December 3, 2020	$0.17	75,000	Company Options	(5)
November 9, 2020	$0.155	4,540,000	Company Options	(5)
November 4, 2020	$0.15	22,767,000	Company Shares	(7)
November 4, 2020	$0.30	22,767,000	Company Warrants	(8)
November 4, 2020	$0.15	1,138,350	Company Warrants (Broker Warrants)	(9)
September 28, 2020	$0.18	7,000	Company Options	(5)
August 4, 2020	$0.20	50,000	Company Options	(5)
July 27, 2020	$0.21	500,000	Company Options	(5)

Notes:

(1) Issued upon the vesting of Company RSUs which were settled by the delivery of Company Shares to certain directors, executive officers, and/or employees of the Company, with the Issue Price per Security reflecting the closing price of the Company Shares on the TSXV as at the respective date.

(2) Issued pursuant to the 2021 Offering.

(3) Issued pursuant to the 2021 Offering. Each Company Warrant entitles the holder thereof to acquire, upon exercise in accordance with its terms, one (1) Company Share at any time during a period of 30 months from the date of issuance.

(4) Issued pursuant to the 2021 Offering. Each broker warrant unit entitles the holder there to acquire, upon exercise in accordance with its terms, one (1) Company Share and one (1) Company Warrant at any time before April 16, 2023, with each such underlying Company Warrant entitling the holder thereof to acquire one (1) additional Company Share at an exercise price of $0.26 in accordance with its terms.

(5) Issued to certain directors, executive officers, and/or employees of the Company. Each Company Option entitles the holder thereof to acquire, upon exercise in accordance with its terms, one (1) Company Share.

(6) Issued to certain directors, executive officers, and/or employees of the Company. Each Company RSU entitles the holder thereof to receive, upon vesting in accordance with its terms, one (1) Company Share.

(7) Issued pursuant to the 2020 Offering.

(8) Issued pursuant to the 2020 Offering. Each Company Warrant entitles the holder thereof to acquire, upon exercise in accordance with its terms, one (1) Company Share at any time during a period of 24 months from the date of issuance.

(9) Issued pursuant to the 2020 Offering. Each broker warrant unit entitles the holder there to acquire, upon exercise in accordance with its terms, one (1) Company Share and one (1) Company Warrant at any time before May 4, 2023, with each such underlying Company Warrant entitling the holder thereof to acquire one (1) additional Company Share at an exercise price of $0.30 in accordance with its terms.

Trading Price and Volume

The Company Shares are listed and posted for trading on the TSXV under the symbol “NRTH”. The following table sets out the price range and aggregate volumes traded or quoted on the TSXV on a monthly basis for each month for the twelve-month period before the date of this Information Circular.

Date	High	Low	Close	Aggregate Volume
July 1, 2021 to July 14, 2021	$0.165	$0.135	$0.14	3,319,800
June 2021	$0.195	$0.16	$0.165	10,159,000
May 2021	$0.19	$0.145	$0.185	16,855,200

Date	High	Low	Close	Aggregate Volume
April 2021	$0.205	$0.14	$0.165	20,337,900
March 2021	$0.34	$0.15	$0.335	25,728,800
February 2021	$0.42	$0.185	$0.285	24,109,776
January 2021	$0.26	$0.15	$0.19	8,459,981
December 2020	$0.175	$0.13	$0.155	5,541,335
November 2020	$0.18	$0.14	$0.165	5,780,397
October 2020	$0.195	$0.15	$0.155	3,722,242
September 2020	$0.215	$0.15	$0.17	4,571,543
August 2020	$0.21	$0.16	$0.18	3,714,043
July 2020	$0.235	$0.19	$0.20	2,014,968
June 2020	$0.24	$0.19	$0.20	4,171,348

On May 14, 2021, the last trading day before the date of the announcement of the Arrangement, the closing price of the Company Shares on the TSXV was $0.18 per Company Share. On July 14, 2021, the closing price of the Company Shares on the TSX was $0.14 per Company Share.

Certain Company Warrants, which were issued on April 2, 2019 and are exercisable until April 2, 2024 for one Company Share at a price of $1.72 per share, are listed and posted for trading on the TSXV under the symbol "NRTH.WT" (the "**Listed Company Warrants**"). The following table sets out the price range and aggregate volumes traded or quoted on the TSXV on a monthly basis for each month for the twelve-month period before the date of this Information Circular.

Date	High	Low	Close	Aggregate Volume
July 1, 2021 to July 14, 2021	$0.02	$0.03	$0.02	247,800
June 2021	$0.03	$0.02	$0.02	430,160
May 2021	$0.03	$0.02	$0.02	866,183
April 2021	$0.04	$0.03	$0.03	70,500
March 2021	$0.07	$0.02	$0.05	1,021,711
February 2021	$0.12	$0.03	$0.06	1,933,542
January 2021	$0.04	$0.02	$0.03	863,472
December 2020	$0.02	$0.01	$0.015	217,450
November 2020	$0.025	$0.01	$0.015	766,650
October 2020	$0.02	$0.01	$0.01	83,475
September 2020	$0.02	$0.015	$0.015	94,475
August 2020	$0.03	$0.015	$0.015	628,358
July 2020	$0.03	$0.02	$0.025	445,172
June 2020	$0.035	$0.025	$0.025	740,618

On May 14, 2021, the last trading day before the date of the announcement of the Arrangement, the closing price of the Listed Company Warrants on the TSXV was $0.03 per Listed Company Warrant. On July 14, 2021, the closing price of the Listed Company Warrants on the TSXV was $0.02 per Listed Company Warrant.

Risk Factors

There are various risks, including those discussed in the Company Documents, each of which are incorporated herein by reference, that could have a material adverse effect on, among other things, the operating results, earnings, properties, business and condition (financial or otherwise) of the Resulting Issuer. These risk factors, together with all of the other information included or incorporated by reference in this Information Circular, including information contained in the sections entitled "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Particulars of Matters to be Acted Upon – The Arrangement– Risk Factors Relating to the Arrangement*" of this Information Circular, should be carefully reviewed and considered by Company Shareholders before a decision concerning the Arrangement is made. Additional risk factors include:

Regulatory Risks

The activities of the Company and certain of its subsidiaries are subject to governmental regulation, particularly by Health Canada. Achievement of the Company's business objectives are contingent, in part, upon its compliance with regulatory requirements enacted by Governmental Entities and obtaining and maintaining in good standing all regulatory approvals, where necessary, for the sale of its products. Any failure to obtain or maintain regulatory approvals, would significantly impact or delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Cannabis Act is a relatively new regime, having been established in October 2018. As such, revisions to the regime could be implemented that could have an impact on operations. There may also be uncertainty regarding the interpretation of certain regulatory provisions by the regulator. Any such revisions or uncertainties could significantly reduce the addressable market and could materially and adversely affect the business, financial condition and results of operations of the Company.

Change in Laws, Regulations and Guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacturing, management, transportation, storage and disposal of cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. The Cannabis Act, which came into force in October 2018, creates a strict legal framework for controlling the production, distribution, sale and possession of adult-use cannabis in Canada. While to the knowledge of the Company's management, the Company is currently in compliance with all such laws in all material respects, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to the Company's operations.

Schedule E
Information Concerning HEXO

The following information, including information contained in documents incorporated by reference herein, contains forward-looking information about HEXO, including information following completion of the Arrangement. See "Cautionary Statement Regarding Forward Looking Statements" in this Information Circular in respect of forward-looking information that is included in this Appendix and in the documents incorporated by reference herein.

The following information was prepared and provided by HEXO for inclusion in this Information Circular and HEXO is responsible for its completeness and accuracy. All capitalized terms used in this Appendix and not defined herein have the meaning ascribed to such terms in the "Glossary of Defined Terms" or elsewhere in this Information Circular. The information contained in this Appendix, unless otherwise indicated, is given as of the date of this Information Circular and should be read in conjunction with the information about HEXO contained elsewhere or incorporated by reference in this Information Circular.

Upon completion of the Arrangement, each Company Shareholder will become a shareholder of HEXO, other than those Company Shareholders who are Dissenting Shareholders.

Documents Incorporated by Reference

The following documents, filed by HEXO with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, and filed with, or furnished to, the SEC, are specifically incorporated by reference into, and form an integral part of, this Information Circular as of the date of this Information Circular (collectively, the "**HEXO Documents**"):

(a) the annual information form for the financial year ended July 31, 2020, dated October 29, 2020 (the "**HEXO AIF**");

(b) the audited consolidated financial statements for the financial year ended July 31, 2020, together with the independent auditor's report thereon and the notes thereto (the "**HEXO Annual Financial Statements**");

(c) the management's discussion and analysis for the financial year ended July 31, 2020 (the "**HEXO Annual MD&A**");

(d) the unaudited condensed interim consolidated financial statements for the three and nine months ended April 30, 2021 and 2020 (the "**HEXO Interim Financial Statements**");

(e) the management's discussion and analysis for the three and nine months ended April 30, 2021 and 2020 (the "**HEXO Interim MD&A**");

(f) the management information circular dated October 28, 2020 in connection with the annual and special meeting of HEXO Shareholders held on December 11, 2020 (as amended on December 7, 2020) (the "**HEXO Management Information Circular**");

(g) the material change report dated September 24, 2020 regarding the hiring of its Chief Financial Officer, Trent MacDonald;

(h) the material change report dated December 23, 2020 regarding the consolidation of HEXO Shares on the basis of four (4) old HEXO Shares for one (1) new HEXO Share, as approved at its annual and special meeting of HEXO Shareholders;

(i) the material change report dated February 26, 2021 regarding the announcement of the arrangement agreement between HEXO and Zenabis Global Inc. ("**Zenabis**") pursuant to which HEXO would acquire all of the issued and outstanding common shares in the capital of Zenabis;

(j) the material change report dated May 11, 2021 regarding the establishment of an at-the-market equity program that allows HEXO to issue and sell up to $150,000,000 of common shares in the capital of HEXO from treasury to the public, from time to time;

(k) the material change report dated June 2, 2021 regarding the closing of the registered direct offering of US$360,000,000 aggregate principal amount of senior secured convertible notes directly to an institutional purchaser and certain of its affiliates or related funds (the "**HEXO Senior Secured Convertible Notes**"); and

(l) the amended and restated material change report dated July 14, 2021 regarding the announcement of the definitive share purchase agreement to acquire all of the outstanding shares of the entities that carry on the business of RedeCan (the "**RedeCan Acquisition**") and including certain historical and *pro forma* financial statements as schedules thereto.

Any documents of the type referred to in paragraphs (a) – (l) above or similar material and any documents required to be incorporated by reference in a short form prospectus pursuant to National Instrument 44-101 — *Short Form Prospectus Distributions* filed by HEXO with certain securities commissions or similar regulatory authorities in Canada after the date of this Information Circular and prior to the date the Arrangement is completed or withdrawn shall be deemed to be incorporated by reference in this Information Circular. In addition, any document filed by HEXO with the SEC or furnished to the SEC on Form 6-K or otherwise after the date of this Information Circular (and prior to the date the Arrangement is completed or withdrawn) shall be deemed to be incorporated by reference into this Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for the purposes of this Information Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated herein by reference modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Information Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated or deemed to be incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of HEXO, at 3000 Solandt Road, Kanata, Ontario, K2K 2X2 or by telephone at 1-866-438-8429 and are also available electronically at www.sedar.com under HEXO's profile.

References to HEXO's website in any documents that are incorporated by reference into this Information Circular, do not incorporate by reference the information on such website, and HEXO disclaims any such incorporation by reference.

Description of HEXO's Business

HEXO is in the business of producing, marketing and selling cannabis through its wholly owned subsidiary, HEXO Operations Inc., a licenced producer under the Cannabis Regulations, from its facilities in Ontario and Québec. It was founded in 2013 for the purpose of producing medical cannabis under Health Canada's Marihuana for Medical Purposes Regulations ("**MMPR**") and was the first licensed producer in Quebec.

The MMPR was replaced by the Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") in August 2016, and on October 17, 2018, the Cannabis Regulations came into force and the ACMPR were repealed. Generally, the Cannabis Act provides that licences issued under the ACMPR that were in force immediately before the Cannabis Act coming into force are deemed to be licences issued under the corresponding provisions of the Cannabis Act and any such licences will continue in force until it is revoked or expires.

Under HEXO's licence for its facility located in Gatineau, Quebec, it is authorized to conduct activities relating to cannabis and such licence permits the production, sale, possession, shipping, transportation, delivery and destruction of fresh cannabis, dried cannabis, cannabis plants, cannabis seeds, cannabis oil and cannabis resin, all as set out in such licence, in accordance with the Cannabis Act and the *Controlled Drugs and Substances Act* (Canada). The licence has a term ending on April 7, 2023.

HEXO also has a research and development licence (the "**R&D Licence**") from Health Canada for its Gatineau facility, which expands the scope of work that can be conducted on cannabis and its derivatives at the Gatineau facility. The R&D Licence also allows HEXO to conduct research and development at its Belleville and Vaughan, Ontario facilities. The R&D Licence expires on October 25, 2024.

Through its acquisition of Newstrike Brands Ltd. in May 2019, HEXO also obtained two Health Canada licences for Newstrike Brand Ltd.'s subsidiary, Up Cannabis, one of which was subsequently revoked in connection with the sale of the Niagara facility to which it related in June 2020. The licence for HEXO's facility in Brantford, Ontario, remains, and has a term ending on December 6, 2022.

In October 2019, HEXO obtained an initial licence for its Belleville facility (the "**Belleville Licence**") which was initially a processor licence authorizing standard processing and sale of cannabis for medical purposes, and has since been amended to authorize the sale of dried and fresh cannabis, cannabis extracts, cannabis topicals and edible cannabis products. An amendment to the Belleville licence also encompasses an expansion of the licenced area to include the beverage production area dedicated to the Truss Limited Partnership ("**Truss**") HEXO's joint venture with Molson Coors Canada, which is currently operated through HEXO's Cannabis Infused Beverages division pending Truss obtaining its own independent licence from Health Canada. HEXO holds a 42.5% interest in Truss, while Molson Coors Canada holds the remaining 57.5% interest. The Belleville Licence has a term ending October 21, 2023.

On April 15, 2020, Molson Coors Beverage Company and HEXO announced the formation of the Truss CBD USA joint venture to explore opportunities for non-alcohol hemp-derived cannabidiol ("**CBD**") beverages in Colorado. Established in Colorado, Truss CBD USA is majority owned (57.5%) by Molson Coors Beverage Company and operates as a standalone entity with its own board of directors, management team, resources and go-to-market strategy. Truss CBD USA launched Veryvell™, a new line of non-alcoholic, sparkling hemp-derived CBD beverages, exclusively available in the State of Colorado, in January 2021. Veryvell™ is produced and distributed within Colorado state lines following the state's established regulatory framework for hemp-derived CBD in food and beverages and is exclusively distributed by Coors Distributing Company.

HEXO has also established the Keystone Isolation Technologies USA LLC ("**KIT USA**") joint venture with Chroma Global Technologies Inc. to leverage the technology developed by KIT for its U.S. expansion plans. KIT USA will allow for in state, HEXO controlled cannabis extraction activity to support the manufacturing of CBD beverages and future products in the U.S. In addition to its Truss CBD USA joint venture with Molson Coors Beverage Company in the State of Colorado, HEXO is aiming to enter select U.S. states and to offer its "Powered by HEXO®" products to U.S. CBD markets via KIT USA and future partners, to the extent that such activities fully comply with Applicable Laws. HEXO has recently appointed a general manager for its U.S. operations who is based in the U.S. and will be responsible for all implementation aspects of U.S. operations, starting in the State of Colorado, including stand up and commissioning of production facilities, overseeing operations, supply chain and logistics, and building HEXO's U.S. team. HEXO has recently acquired a facility in Colorado to use for its U.S. expansion plans, and that would be used by KIT USA in particular.

HEXO only conducts business outside of Canada in jurisdictions where such activities are legally permissible in accordance with the laws of the applicable jurisdictions and the rules and policies of the TSX and the NYSE.

HEXO is not currently aware of any reason why it would not be able to receive renewal of any of its four licences described above.

HEXO's near-term strategy is to be a vertically integrated consumer packaged goods company in the emerging legal adult-use and previously existing medical cannabis markets across Canada with the intention to expand internationally where regulations allow. Its primary business is to cultivate, process, package and distribute cannabis in order to serve these markets, which it currently does through its 143-acre campus in Gatineau, Québec, which features 1,292,000 sq. ft. of greenhouse cultivation space and 10,000 sq. ft. of advanced automated manufacturing space, and its processing, manufacturing and distribution centre in Belleville, Ontario, which features 932,190 sq. ft. of commercial space and serves as HEXO's main production facility for processing, extraction and packaging and the manufacturing of cannabis derivative products.

HEXO serves the legalized Canadian adult-use market through its HEXO, HEXO Plus, Up and Original Stash brands and the medical market through its HEXO brand.

HEXO’s overall strategy is to establish a top global cannabis company with a leading market share in Canada through having strong standards of operational excellence, execution at scale, growing low-cost, high-quality cannabis, building targeted brands for all types of cannabis consumer segments and by partnering with large, established consumer packaged goods companies to introduce Powered by HEXO® products across their existing manufacturing and distribution infrastructure. HEXO is focused on building long-term sustainable shareholder value through consistent and profitable sales growth, careful management of selling, general and administrative expenses and maintaining a relatively low depreciable asset base and debt to equity ratio. The strategy is built upon three pillars: operational scalability, innovative products and brand leadership. In striving to achieve operational excellence, HEXO’s immediate focus remains on effective demand planning and production.

HEXO's head office is located at 3000 Solandt Road, Kanata, Ontario, K2K 2X2 and its registered office is located at Suite 6000, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1E2.

Description of Share Capital

The authorized capital of HEXO consists of an unlimited number of HEXO Shares and an unlimited number of special shares issuable in series. As of July 14, 2021, there were 152,427,156 HEXO Shares issued and outstanding. The holders of HEXO Shares are entitled to one vote per share at all meetings of shareholders either virtually or in person, as the case may be, or by proxy. The holders of HEXO Shares are also entitled to dividends, if and when declared by the directors of HEXO and the distribution of the residual assets in the event of a liquidation, dissolution or winding up of HEXO. The HEXO Shares rank equally as to all benefits which might accrue to the holders thereof, including the right to receive dividends, voting powers, and participation in assets and in all other respects, on liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other disposition of the assets among its shareholders for the purpose of winding up its affairs after HEXO has paid out its liabilities. The HEXO Shares are not subject to call or assessment rights or any pre-emptive or conversion rights. There are no provisions for redemption, purchase for cancellation, surrender or purchase of funds.

Dividend Policy

HEXO has never paid any dividends on HEXO Shares and does not intend to pay dividends on the HEXO Shares in the foreseeable future. In addition, HEXO is restricted from paying dividends pursuant to certain solvency tests prescribed under the OBCA. Any decision to pay dividends on the HEXO Shares in the future will be at the discretion of the HEXO Board and will depend on, among other things, HEXO's results of

operations, current and anticipated cash requirements and surplus, financial condition, any contractual restrictions and financing agreement covenants, the solvency tests imposed by corporate law and other factors that the HEXO Board may deem relevant.

Prior Sales

The following table sets forth the details regarding all issuances of HEXO Shares, including issuances of all securities convertible into, exchangeable for or exercisable to acquire HEXO Shares, during the 12-month period before the date of this Information Circular:

Date of Issuance	Type of Security Issued	Note	Issuance / Exercise Price per Security	Number of Securities Issued
July 29, 2020	Stock Options	1	$0.96	838,938
October 29, 2020	Stock Options	2	$0.97	2,660,040
October 29, 2020	Restricted Share Units	3	$0.81	28,645
December 17, 2020	4:1 Stock Consolidation			
December 22, 2020	Stock Options	4	$5.44	1,340,776
January 11, 2021	Common Shares	10	$4.20	3,000
January 11, 2021	Common Shares	10	$3.84	5,000
January 12, 2021	Common Shares	10	$4.20	6,250
January 12, 2021	Common Shares	10	$4.20	10,000
January 14, 2021	Common Shares	13	$5.08	5,625
January 14, 2021	Common Shares	13	$5.48	9,000
January 14, 2021	Common Shares	10	$3.84	4,375
January 14, 2021	Common Shares	10	$4.20	500
January 15, 2021	Common Shares	10	$4.20	11,250
January 15, 2021	Common Shares	13	$5.08	5,625
January 18, 2021	Common Shares	10	$3.84	16,875
January 19, 2021	Common Shares	10	$3.84	41
January 20, 2021	Common Shares	10	$3.84	26,250
January 20, 2021	Common Shares	13	$5.08	6,250
February 3, 2021	Common Shares	10	$3.84	229
February 8, 2021	Common Shares	10	$4.20	26,051
February 8, 2021	Common Shares	10	$4.20	238
February 11, 2021	Common Shares	10	$3.84	6,132
February 12, 2021	Common Shares	10	$4.20	46,110
February 16, 2021	Common Shares	10	$4.20	2,934
February 25, 2021	Common Shares	10	$3.84	557
February 25, 2021	Common Shares	10	$3.84	26,250
March 11, 2021	Common Shares	10	$3.84	6,500
March 11, 2021	Common Shares	10	$3.84	3,808
March 11, 2021	Common Shares	10	$4.20	471
March 11, 2021	Common Shares	10	$3.84	4,100
March 11, 2021	Common Shares	10	$4.20	666
March 11, 2021	Common Shares	10	$4.20	4,295
March 22, 2021	Common Shares	10	$4.20	10,672
March 22, 2021	Common Shares	13	$3.07	56,750
March 29, 2021	Common Shares	10	$3.84	10,682
April 5, 2021	Common Shares	10	$4.20	1,147.00
April 6, 2021	Common Shares	10	$3.84	1,339.00
April 12, 2021	Common Shares	13	$5.08	3,563.00
May 14, 2021	Common Shares	5	$8.14	296,500
May 14, 2021	Common Shares	5	USD$6.74	580,000
May 14, 2021	Common Shares	5	$7.61	110,901
May 14, 2021	Common Shares	5	USD$6.30	300,000
May 17, 2021	Common Shares	5	$7.29	181,200
May 17, 2021	Common Shares	5	USD$6.00	360,000
May 18, 2021	Common Shares	5	$7.35	515,000

May 18, 2021	Common Shares	5	USD$6.07	674,000
May 19, 2021	Common Shares	5	$7.36	265,100
May 19, 2021	Common Shares	5	USD$6.10	507,000
May 20, 2021	Common Shares	5	$7.28	244,200
May 20, 2021	Common Shares	5	USD$6.04	479,091
May 21, 2021	Common Shares	5	$6.96	175,200
May 21, 2021	Common Shares	5	USD$5.74	275,000
May 25, 2021	Common Shares	5	$7.01	235,700
May 25, 2021	Common Shares	5	USD$5.81	420,000
May 25, 2021	Common Shares	5	USD$5.82	479,934
May 25, 2021	Common Shares	5	$7.02	275,100
May 27, 2021	Common Shares	6	USD$7.01	46,647,646
June 1, 2021	Common Shares	7	n/a	17,579,336
June 1, 2021	Warrants	15	n/a	5,970,370
June 1, 2021	Restricted Share Units	16	n/a	203,562
June 1, 2021	Deferred Share Units	17	n/a	19,934
June 1, 2021	Stock Options	18	n/a	906,744
June 2, 2021	Common Shares	8	USD$6.24	53,495
June 2, 2021	Common Shares	9	n/a	448,639
June 2, 2021	Common Shares	10	$3.84	86,998
June 3, 2021	Common Shares	10	$4.20	83,726
June 9, 2021	Common Shares	8	USD$6.24	2,644,231
June 17, 2021	Stock Options	11	$7.43	120,613
June 17, 2021	Restricted Share Units	12	$7.17	9,413
June 17, 2021	Common Shares	10	$7.34	67,461
June 17, 2021	Common Shares	10	$4.40	14,224
June 17, 2021	Common Shares	10	$7.34	67,461
June 24, 2021	Common Shares	10	$7.34	19,274
June 24, 2021	Common Shares	13	$2.82	121,700
June 25, 2021	Common Shares	13	$2.82	175,996
June 25, 2021	Common Shares	10	$5.64	27,643
June 28, 2021	Common Shares	8	USD$5.75	1,094,515
June 30, 2021	Common Shares	10	$3.84	1,769
July 6, 2021	Common Shares	14	$6.85	9,988

(1) HEXO granted stock options under its omnibus long-term incentive plan to non-executive employees which are exercisable for a total of 838,938 HEXO Shares.
(2) HEXO granted stock options under its omnibus long-term incentive plan to executive and non-executive employees which are exercisable for a total of 349,652 and 315,358 HEXO Shares, respectively.
(3) HEXO issued restricted share units under its omnibus long-term incentive plan to certain directors which give rights to HEXO Shares.
(4) HEXO granted stock options under its omnibus long-term incentive plan to executive and non-executive employees which are exercisable for a total of 380,673 and 960,100 HEXO Shares, respectively.
(5) HEXO established an At-the-Market Offering on May 11, 2021 allowing HEXO to raise up to $150 million.
(6) HEXO issued senior secured convertible notes at a purchase price of US$327,000,000 which are convertible into HEXO Shares.
(7) HEXO Shares issued in connection with the Zenabis Transaction
(8) HEXO Shares issued upon election of early redemption in connection with the HEXO Senior Secured Convertible Notes.
(9) HEXO Shares issued as finders fee compensation in relation to the Zenabis Transaction.
(10) HEXO Shares issued on exercise of Hexo Share purchase warrants.
(11) HEXO granted stock options under its omnibus long-term incentive plan to certain executives which are exercisable for a total of 75,000 HEXO Shares and non-executive employees which are exercisable for a total of 45,613 HEXO Shares.
(12) HEXO granted restricted share units to certain HEXO board members exercisable for 9,413 HEXO Shares.
(13) HEXO Shares issued upon the exercise of Existing HEXO Options.
(14) HEXO Shares issued upon the maturity and conversion of Existing HEXO RSUs.
(15) Zenabis warrants that remained outstanding at closing of the Zenabis Transaction which now entitle the holders thereof to be issued and receive for the same aggregate consideration, upon exercise, a number of HEXO Shares in lieu of common share of Zenabis to which such holders were theretofore entitled.
(16) Restricted share units of Zenabis exchanged with replacement warrants in connection with the Zenabis Transaction that entitle the holders thereof to acquire HEXO Shares in lieu of Zenabis common shares subject to applicable adjustments.
(17) Deferred share units of Zenabis exchanged with replacement deferred share units in connection with the Zenabis Transaction that entitle the holders thereof to acquire HEXO Shares in lieu of Zenabis common shares subject to applicable adjustments.

(18) Stock options of Zenabis exchanged with replacement stock options in connection with the Zanabis Transaction that entitle the holders thereof to acquire HEXO Shares in lieu of Zenabis common shares subject to applicable adjustments.

Trading Price and Volume

Common Shares

The HEXO Shares are currently listed on the TSX and the NYSE under the trading symbol "HEXO". The following table sets forth the reported high and low trading prices and monthly trading volume of the HEXO Shares on the TSX and the NYSE for the periods listed:

	TSX			NYSE		
Period	**High**	**Low**	**Volume**	**High**	**Low**	**Volume**
July 1, 2021 - July 14, 2021	$6.85	$5.75	9,763,371	US$5.71	US$4.59	34,648,641
June 2021	$8.89	$6.88	32,194,400	US$7.35	US$5.55	80,008,700
May 2021	$9.13	$6.82	35,584,200	US$7.55	US$5.64	77,140,000
April 2021	$8.48	$6.36	25,656,800	US$6.91	US$5.02	64,230,400
March 2021	$10.59	$7.08	39,928,567	US$8.50	US$5.58	85,072,556
February 2021	$14.00	$7.88	61,657,046	US$11.04	US$6.13	175,721,928
January 2021	$9.94	$4.55	61,203,962	US$7.82	US$3.58	189,487,358
December 23 – 31, 2020	$5.59	$4.62	5,554,067	US$4.33	US$3.63	22,239,949
December 23, 2020			**4:1 Stock Consolidation**			
December 1 – 22, 2020	$1.72	$1.21	84,829,342	US$1.33	US$0.95	135,527,394
November 2020	$1.45	$0.80	111,166,775	US$1.13	US$0.61	119,044,234
October 2020	$1.05	$0.76	39,201,876	US$0.85	US$0.58	36,926,901
September 2020	$1.02	$0.80	35,021,064	US$0.78	US$0.61	28,429,400
August 2020	$1.09	$0.90	42,957,841	US$0.83	US$0.65	50,506,254
July 2020	$1.10	$0.91	50,657,700	US$0.82	US$0.66	171,014,800
June 2020	$1.73	$0.87	222,202,100	US$1.29	US$0.65	606,557,400
May 2020	$1.14	$0.56	147,375,600	US$0.89	US$0.40	359,462,800

(1) Source: Yahoo Finance.

The closing price of the HEXO Shares on the TSX and the NYSE on July 14, 2021 was $5.75 and US$4.59, respectively.

Warrants

Certain common share purchase warrants of Newstrike Brands Ltd. which were listed on the TSX-V and which expire on June 19, 2023 were assumed by HEXO through its acquisition of Newstrike Brands Ltd. and continue to trade on the TSX-V under the trading symbol "HIP.WT.A". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the warrants on the TSX-V on a monthly basis for the periods listed below.

	TSX		
Period	**High**	**Low**	**Volume**
July 1, 2021 – July 14, 2021	$0.02	$0.01	443,234
June 2021	$0.025	$0.02	58,000
May 2021	$0.025	$0.015	423,270
April 2021	$0.025	$0.015	678,250
March 2021	$0.030	$0.020	1,869,760
February 2021	$0.040	$0.025	3,677,591
January 2021	$0.040	$0.015	2,267,687
December 2020	$0.030	$0.010	4,890,712
November 2020	$0.040	$0.010	1,054,094
October 2020	$0.020	$0.010	493,900
September 2020	$0.020	$0.010	291,200
August 2020	$0.030	$0.015	740,782
July 2020	$0.02	$0.02	222,277
June 2020	$0.04	$0.02	1,206,243
May 2020	$0.02	$0.01	1,176,940
April 2020	$0.02	$0.01	629,300

Certain common share purchase warrants of Zenabis that were issued on April 17, 2019 and are exercisable until April 17, 2022 remain listed and trade on the TSX. As a result of the arrangement between HEXO and Zenabis which closed on June 1, 2021 (the "**Zenabis Transaction**") and in accordance with the terms and conditions set out in the supplemental warrant indenture dated June 1, 2021 among HEXO, Zenabis and Computershare Trust Company of Canada, each whole Zenabis warrant exercised after June 1, 2021 will be exercisable for 0.024610 of a HEXO Share (rather than 1.3888 common shares in the capital of Zenabis) at an exercise prise of $3.82 per 0.024610 of a HEXO Share (or an effective exercise price of approximately $111.75 per one whole HEXO Share), which represents an increase in the exercise price in a corresponding proportion to give effect to the 0.01772 exchange ratio in respect of the Zenabis Transaction. Following the closing of the Zenabis Transaction, the Zenabis warrants that previously traded on the TSX under the symbol "ZENA.WT" were re-designated and now trade on the TSX under the symbol "HEXO.WT". The following table sets out the price range and aggregate volumes traded or quoted on the TSX on a monthly basis for the periods listed below.

	TSX		
Period	**High**	**Low**	**Volume**
July 1, 2021 – July 14, 2021	$0.02	$0.02	172,000
June 2021	$0.045	$0.01	2,013,415
May 2021	$0.025	$0.015	569,185
April 2021	$0.02	$0.01	1,620,000
March 2021	$0.025	$0.015	1,160,000
February 2021	$0.045	$0.015	9,090,000
January 2021	$0.045	$0.015	4,720,000
December 2020	$0.025	$0.005	605,201
November 2020	$0.025	$0.005	266,431
October 2020	$0.025	$0.015	192,331
September 2020	$0.035	$0.015	916,481
August 2020	$0.05	$0.02	721,879
July 2020	$0.035	$0.02	562,541
June 2020	$0.05	$0.02	2,370,000
May 2020	$0.06	$0.015	3,491,567
April 2020	$0.035	$0.015	1,049,784

Risk Factors

There are various risks, including those discussed in the HEXO Documents, each of which are incorporated herein by reference, that could have a material adverse effect on, among other things, the operating results, earnings, properties, business and condition (financial or otherwise) of HEXO. These risk factors, together with all of the other information included or incorporated by reference in this Information Circular, including information contained in the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Particulars of Matters to be Acted Upon – The Arrangement – Risk Factors Relating to the Arrangement" of this Information Circular, should be carefully reviewed and considered by Company Shareholders before a decision to concerning the Arrangement is made.

Auditor, Registrar and Transfer Agent

PricewaterhouseCoopers LLP, Chartered Professional Accountants is the auditor of HEXO and is independent of HEXO within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the Public Company Accounting and Oversight Board.

HEXO changed its auditor to PricewaterhouseCoopers LLP from MNP LLP on January 31, 2020. MNP LLP was independent of HEXO within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and within the meaning of the applicable rules and regulations adopted by the Public Company Accounting Oversight Board (United States) and the SEC until January 31, 2020.

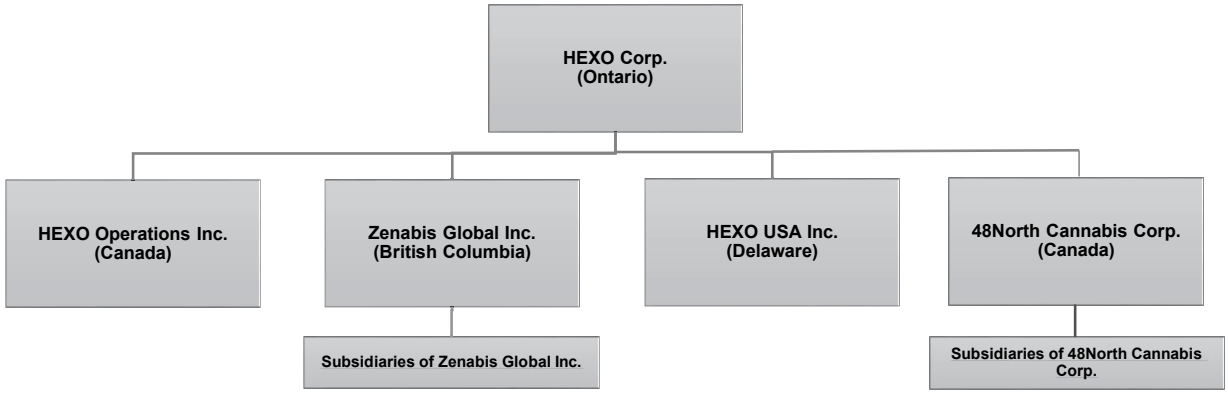
The registrar and transfer agent for the HEXO Shares is TSX Trust Company at its office in Toronto, Ontario. The co-transfer agent for the HEXO Shares in the United States is Continental Stock Transfer & Trust Company at its office in New York, New York.

Schedule F
Information Concerning the Resulting Issuer

The following information is presented on a post-Arrangement basis and reflects the projected consolidated business, financial and share capital position of HEXO assuming the completion of the Arrangement. It contains significant amounts of forward-looking information. Readers are cautioned that actual results may vary. This section only includes information respecting HEXO after completion of the Arrangement that is materially different from information provided elsewhere in this Information Circular. See the disclosure in Schedule D to this Information Circular for additional information regarding the Company.

Corporate Structure

Upon completion of the Arrangement, the Company will become a direct wholly-owned subsidiary of HEXO. As a result, all of the subsidiaries and assets of the Company will become indirectly held by HEXO. Following the Arrangement, the Company will continue to exist under the CBCA and HEXO will continue to exist under the OBCA. Set out below is a corporate organization chart for HEXO following completion of the Arrangement. Unless otherwise noted, the percentage of voting securities held is 100%.



Description of Resulting Issuer's Business

Following the Arrangement, the business objectives of HEXO will continue to be the cultivation, processing, packaging and distribution of cannabis, in order to serve the emerging legal adult-use and previously existing medical cannabis markets across Canada with the intention to expand internationally where regulations allow.

Consolidated Capitalization

The following table sets forth HEXO's indebtedness and shareholders' equity as of April 30, 2021, on an actual basis and adjusted to give effect to the Arrangement, in each case as though it had occurred on April 30, 2021. The table below should be reviewed in conjunction with the HEXO Interim Financial Statements and the HEXO Interim MD&A and the other financial information contained in or incorporated by reference in this Information Circular.

Designation	As at April 30, 2021 ('000s except share amounts)	As at April 30, 2021, after giving effect to the Arrangement[(1)] ('000s except share amounts)
HEXO Share Capital	$1,031,525	$1,031,036
HEXO Shares (Authorized – Unlimited)	122,465,538	126,998,770

Designation	As at April 30, 2021 ('000s except share amounts)	As at April 30, 2021, after giving effect to the Arrangement[1] ('000s except share amounts)
Cash, Cash Equivalents and Short-Term Investments	$81,038	$82,479
Total Debt	$59,245	$63,923

(1) Assumes (a) all Company Shares are acquired by HEXO pursuant to the Arrangement and (b) no Company Shareholders exercise their Dissent Rights.

Post-Arrangement Shareholdings

To the knowledge of HEXO and its directors and executive officers, no person will beneficially own, directly or indirectly, or exercise control or direction over, more than 5% of the outstanding HEXO Shares upon the completion of the Arrangement.

Immediately after completion of the Arrangement, assuming that no holder of Company Shares exercises Dissent Rights, assuming no other issuances of Company Shares or HEXO Shares and excluding and without giving effect to any future issuance of HEXO Shares issuable in connection with the RedeCan Acquisition and/or the HEXO Senior Secured Convertible Notes, the relative shareholdings of HEXO Shares by former holders of Company Shares and holders of HEXO Shares immediately prior to the completion of the Arrangement are expected to be as follows:

Description	Number of HEXO Shares	Percentage of Total
HEXO Shares held by current holders of HEXO Shares	152,427,156[1]	96.61%
HEXO Shares held by securityholders of the Company	5,352,038[2]	3.39%
TOTAL	157,779,194	100**%**

(1) Based on HEXO Shares outstanding as of July 14, 2021.
(2) Based on 0.02366 of a HEXO Share issued for each Company Share.

Stock Options, Restricted Share Units and Warrants

Upon completion of the Arrangement, all Existing HEXO Options and Existing HEXO RSUs will continue to exist under the Existing HEXO Plan.

At the Effective Time, all Company RSUs, whether vested or unvested, will, without any further act or formality by or on behalf of any holder of a Company RSU, be deemed to be fully vested, and such Company RSUs will be deemed to be surrendered to the Company by the holders thereof, in exchange for one Company Share (which will subsequently be exchanged for HEXO Shares pursuant to the Plan of Arrangement, in accordance with the Exchange Ratio), less any amounts withheld pursuant to the Arrangement, if any.

Each unexercised Company Option outstanding at the Effective Time, whether vested or unvested, will immediately be exchanged for the corresponding Replacement Option, with each Replacement Option entitling the holder thereof to acquire such number of HEXO Shares as is equal to: (A) that number of Company Shares that were issuable upon exercise of such Company Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of HEXO Shares, at an exercise price per HEXO Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Company Share at which such Company Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, will be the same as the Company Option for which it was exchanged, and any certificate or agreement

previously evidencing such Company Option will thereafter evidence, and be deemed to evidence, such Replacement Option.

Following the Effective Date, holders of unexercised Company Warrants will receive, upon exercise thereof and in lieu of Company Shares, the kind and aggregate number of HEXO Shares that such holder would have received if, immediately prior to the Effective Time such holder had been the registered holder of the number of Company Shares such holder would theretofore have been entitled to upon exercise of such Company Warrants.

Dividends

HEXO has never paid any dividends on HEXO Shares and does not intend to pay dividends on the HEXO Shares in the foreseeable future. In addition, HEXO is restricted from paying dividends pursuant to certain solvency tests prescribed under the OBCA.

HEXO does not plan or intend to alter its divided policy after completion of the Arrangement. Any decision to pay dividends on the HEXO Shares in the future will be at the discretion of the HEXO Board and will depend on, among other things, HEXO's results of operations, current and anticipated cash requirements and surplus, financial condition, any contractual restrictions and financing agreement covenants, the solvency tests imposed by corporate law and other factors that the HEXO Board may deem relevant.

For these reasons, as well as others, there can be no assurance that dividends will be paid in the future on the HEXO Shares.

Governance and Management of HEXO Following Completion of the Arrangement

Following the completion of the Arrangement there are no anticipated changes to the current governance and management of HEXO, except for HEXO's agreement in the definitive share purchase agreement entered into by Hexo in relation to the RedeCan Acquisition to increase the size of the HEXO Board by two directors and nominate two of the current directors of the entities that carry on the business of RedeCan as nominees to be elected to the HEXO Board.

Executive Officers and Compensation

Following the completion of the Arrangement, there are not anticipated to be any changes to the current executive compensation arrangements of HEXO. See the HEXO Management Information Circular, which is incorporated by reference herein.

Risk Factors

The risk factors disclosed in the HEXO AIF, which is incorporated by reference hereto, with respect to the business of the HEXO Group as well as the risk factors disclosed in the Company AIF, which is incorporated by reference hereto, and the risk factors set forth under "*Information Concerning the Company – Risk Factors*" in Schedule D to this Information Circular in respect of the business of the Company, will apply to the Resulting Issuer upon completion of the Arrangement.

Schedule G
Fairness Opinion

See attached.

ECHELON
WEALTH PARTNERS INC.

Echelon Wealth Partners Inc.
1 Adelaide Street East, Suite 2100
Toronto, Ontario, M5C 2V9

May 16, 2021

Special Committee of the Board of Directors
48North Cannabis Corp.
257 Adelaide Street West
Suite 500
Toronto, Ontario
M5H 1X9

To the Special Committee:

Echelon Wealth Partners Inc. ("**Echelon**" or "**we**" or "**us**") understands that 48North Cannabis Corp. ("**48North**" or the "**Company**"), and HEXO Corp. (the "**Acquiror**") propose to enter into an arrangement agreement to be dated May 17, 2021 (the "**Arrangement Agreement**") that contemplates, among other things, the acquisition by the Acquiror of all of the issued and outstanding common shares of the Company ("**Shares**") for a price equal to 0.02366 common shares of the Acquiror for each Share (the "**Consideration**") pursuant to an arrangement under the *Canada Business Corporations Act* (the "**Arrangement**"). In connection with the Arrangement, we also understand that the Acquiror proposes to provide 48North with a $5 million subordinated secured bridge loan following the signing of the Arrangement Agreement, to fund 48North's short-term working capital requirements (the "**Bridge Loan**"). The terms and conditions of the Arrangement, including the Bridge Loan, will be summarized in the Company's management information circular (the "**Circular**") to be mailed to holders of Shares (the "**Shareholders**") in connection with a special meeting of the securityholders of the Company to be held to consider and, if deemed advisable, approve the Arrangement.

We have been retained to provide financial advice to the special committee of the board of directors of the Company (the "**Special Committee**"), including our opinion (the "**Opinion**") to the Special Committee as to the fairness from a financial point of view of the Consideration to be received by the Shareholders, pursuant to the Arrangement.

ENGAGEMENT OF ECHELON

Echelon was initially contacted on behalf of the Special Committee regarding a potential advisory assignment in April 2021. Echelon was formally engaged by the Company pursuant to an agreement dated May 2, 2021 (the "**Engagement Agreement**"). The Engagement Agreement provides the terms upon which Echelon has agreed to act as financial advisor to the Special Committee in connection with the Arrangement including, among other things, the Opinion.

Echelon will receive a fixed fee for rendering the Opinion, no part of which is contingent upon the Opinion being favourable or upon success of the Arrangement. The Company has also agreed to

reimburse us for reasonable out-of-pocket expenses and to indemnify, among others, Echelon in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly out of our engagement.

Subject to the terms of the Engagement Agreement, Echelon consents to the inclusion of the Opinion in the Circular (with a summary thereof, in a form acceptable to Echelon) to be mailed to Shareholders, and to the filing thereof by Company with the required applicable Canadian securities regulatory authorities.

CREDENTIALS OF ECHELON

Echelon is an independent Canadian financial services firm that offers an integrated platform of corporate finance, mergers and acquisitions, equity research, institutional sales and trading, and private client services. Echelon has been a financial advisor in a significant number of transactions, and is regularly engaged in providing financial advice to public and private companies across a variety of sectors and has extensive experience preparing fairness opinions.

This Opinion represents the opinion of Echelon and its form and content have been approved for release by a committee of our senior officers, each of whom is experienced in merger and acquisition, divestiture, valuation, fairness opinion and capital markets matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither Echelon nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "**Securities Act**") or the rules made thereunder) of the Company or the Acquiror or any of their respective associates or affiliates (collectively, the "**Interested Parties**").

Echelon acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, Echelon conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to one or more Interested Parties or the Arrangement.

Other than as set forth above, there are no understandings, agreements or commitments between Echelon and the Interested Parties with respect to future business dealings. Echelon may, in the future, in the ordinary course of its business, perform financial advisory, investment banking or other financial services to one or more of the Interested Parties from time to time.

SCOPE OF REVIEW

In connection with the Opinion, Echelon reviewed and relied upon or carried out, among other things, the following:

1. a draft of the Arrangement Agreement dated May 16, 2021;

2. certain other publicly available information related to the business, operations, financial conditions and trading history of the Company and the Acquiror and other selected publicly available information Echelon considered relevant;

3. internal forecasts, projections, estimates and budgets prepared or provided by or on behalf of the management of the Company;

4. other internal financial, operating, corporate, and other information concerning the Company, the Acquiror, and their subsidiaries, that was prepared and provided by management of the Company;

5. discussions with management of the Company regarding the Company's past and current business plan, operations and financial conditions and prospects;

6. discussions with the Special Committee and the board of directors of the Company;

7. select publicly available financial information and statistics regarding precedent transactions we considered relevant;

8. various reports published by equity research analysis and industry sources we considered relevant;

9. a letter of representation as to certain factual matter and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by the Chief Executive Officer and Chief financial Officer of the Company; and

10. such other information, investigations, analysis and discussion as we considered necessary or appropriate in the circumstances.

Echelon has not, to the best of its knowledge, been denied access by the Company to any information under the Company's control requested by Echelon.

ASSUMPTIONS AND LIMITATIONS

Echelon has relied upon the accuracy, completeness and fair presentation of all information, data, representations, opinions, financial statements, management discussion and analysis, internal financial information, and other material obtained by us or on behalf of the Company or otherwise

obtained by us in connection with our engagement (the "**Information**"). The Opinion is conditional upon such accuracy, completeness, and fair presentation. We have assumed that forecasts, projections, estimates and budgets provided to us and used in our analysis were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company and the Acquiror, having regard to the Company's business, plans, financial condition and prospects.

Senior officers of the Company have represented to Echelon in a certificate dated the date hereof, among other things, that: (i) the Information provided to Echelon by or on behalf of the Company relevant to the subject matter of the Arrangement or the Opinion were true, accurate, complete and correct in all material respects at the date the Information was provided and, with respect to the financial statements, were prepared in accordance with generally accepted accounting principles consistently applied (except as to the absence of full note disclosure in non-audited financial statements); (ii) the Information did not and as of the date hereof does not contain any untrue statement of a material fact (as such term is defined in the Securities Act*)* in respect of or involving the Company, the Company's assets or the Arrangement; (iii) the Information did not and as of the date hereof does not omit to state a material fact in respect of the Company, its assets or the Arrangement necessary to make the Information (or any statement therein) not misleading in light of the circumstances under which the Information was made or provided; and (iv) since the date that the Information was provided to Echelon and as of the date thereof, there has been no material change (as such term is defined in the Securities Act), financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company that has not been disclosed in writing to Echelon and there has been no change in any material fact or new material fact which is of a nature so as to render the Information untrue or misleading in any material respect, or which would reasonably be expected to have a material effect on the Opinion, that has not been disclosed in writing to Echelon.

In preparing the Opinion, Echelon has made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to Echelon, all conditions precedent to be satisfied to complete the Arrangement can and will be satisfied or waived, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the Arrangement will be obtained, without adverse condition or qualification, that all steps or procedures being followed to implement the Arrangement are valid and effective.

The Opinion has been provided for the exclusive use of the Special Committee in considering the Arrangement and is not intended to be, and does not constitute, a recommendation as to how any Shareholder should vote their Shares or act on any matter relating to the Arrangement. The Opinion must not be used by any other person or relied upon by any other person other than the Special Committee without the express prior written consent of Echelon. The Opinion does not address the relative merits of the Arrangement as compared to other strategic alternatives that might be available to the Company. Except for the inclusion of the Opinion in the Circular (with a summary thereof, in a

form acceptable to us), the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

The Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing on that date hereof and the condition and prospects, financial and otherwise, of the Company and its subsidiaries as they were reflected in the Information provided to Echelon. In our analysis and in preparing the Opinion, Echelon made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond our control or that of any party involved in the Arrangement.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the company or of any of its affiliates, and the Opinion should not be construed as such. Echelon has not undertaken an independent evaluation, appraisal or, other than as disclosed above, physical inspection of any assets or liabilities of the Company or its subsidiaries, is not an expert on, and did not render advice to the Company regarding, and assumes no and disclaims all liability and obligation in respect of, legal, accounting, regulatory or tax matters.

The Opinion is given as of the date hereof and, although Echelon reserves the right to change or withdraw the Opinion if we learn that any of the information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date hereof.

Echelon believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

CONCLUSION

Based upon and subject to the foregoing and such other matters that Echelon considered relevant, Echelon is of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair from a financial point of view to the Shareholders.

Yours truly,

Echelon Wealth Partners Inc.

ECHELON WEALTH PARTNERS INC.

Schedule H
Interim Order

See attached.

Court File No. CV-21-00665135-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 14th
	)	
JUSTICE DIETRICH	)	DAY OF JULY, 2021

IN THE MATTER OF AN APPLICATION under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended

AND IN THE MATTER OF AN APPLICATION under Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended

AND IN THE MATTER OF a proposed arrangement of 48North Cannabis Corp. involving HEXO Corp.

48NORTH CANNABIS CORP.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, 48North Cannabis Corp. ("48North"), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "CBCA") was heard this day by videoconference due to the COVID-19 pandemic.

ON READING the Notice of Motion, the Notice of Application issued on July 6, 2021 and the affidavit of William Assini, a director of 48North, sworn July 8, 2021, (the "Assini Affidavit"), including the Plan of Arrangement, which is attached as Schedule B to the draft management information circular of 48North (the "Information Circular"), which is attached as Exhibit A to the Assini Affidavit, and on hearing the submissions of counsel for 48North and

counsel for HEXO Corp. ("HEXO") and on being advised that the Director appointed under the CBCA (the "Director") does not consider it necessary to appear.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that 48North is permitted to call, hold and conduct a special meeting (the "Meeting") of the holders (the "Shareholders") of voting common shares in the capital of 48North ("48North Shares") to be held in a virtual-only format via live audio webcast online at https://web.lumiagm.com/418612599 on August 17, 2021 at 10:00 a.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "Arrangement Resolution").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the "Notice of Meeting") and the articles and by-laws of 48North, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "Record Date") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be July 13, 2021.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

a) the Shareholders or their respective proxyholders;

b) the officers, directors, auditors and advisors of 48North;

c) representatives and advisors of HEXO;

d) the Director; and

e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that 48North may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by 48North and that the quorum at the Meeting shall be not less than two persons present in person (or virtually) at the opening of the Meeting who are entitled to vote at the Meeting either as Shareholders or proxyholders holding personally or representing as proxies not less than 5% of the issued and outstanding 48North Shares on the Record Date.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that 48North is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any

additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as 48North may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that 48North is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that 48North, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting

on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as 48North may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, 48North shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as 48North may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "Meeting Materials"), to the following:

a) the registered Shareholders at the close of business (Toronto time) on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of 48North, or its registrar and transfer agent, at the close of business (Toronto time) on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of 48North;

ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of 48North, who requests such transmission in writing and, if required by 48North, who is prepared to pay the charges for such transmission;

b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators; and

c) the directors and auditors of 48North, and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that 48North elects to distribute the Meeting Materials, 48North is hereby directed to distribute the Information Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by 48North to be necessary or desirable (collectively, the "Court

Materials") to the holders of options, restricted share units, and warrants of 48North by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 of this Interim Order (provided that delivery need only be made once notwithstanding that a person may be entitled to Court Materials under more than one paragraph hereof). Unless distributed by inter-office mail, distribution to such persons shall be to their addresses as they appear on the books and records of 48North or its registrar and transfer agent at the close of business (Toronto time) on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by 48North to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of 48North, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of 48North, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that 48North is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as 48North may determine in accordance with the terms of the Arrangement Agreement ("Additional Information"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as 48North may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that 48North is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as 48North may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. 48North and HEXO are authorized, at their expense, to solicit proxies, directly or through their officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as they may determine. 48North may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if 48North deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s.148(4)(a)(i) of the CBCA: (a) may be deposited at the registered office of 48North or with the

transfer agent of 48North as set out in the Information Circular; and (b) any such instruments must be received by 48North or its transfer agent not later than 5:00 p.m. (Toronto time) on the date that is two (2) business days (excluding Saturdays, Sundays and holidays) prior to the Meeting (or any adjournment or postponement thereof).

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person (or virtually) or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold voting 48North Shares as of the close of business (Toronto time) on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per 48North Share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

i) an affirmative vote of at least two-thirds ($66^{2}/_{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting by Shareholders present in person (or virtually) or represented by proxy; and

ii) a simple majority of the votes cast in respect of the Arrangement Resolution at the Meeting by Shareholders present in person (or virtually) or represented by proxy, other than votes cast by Shareholders that are required to be excluded

pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators.

Such votes shall be sufficient to authorize 48North to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting 48North (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each voting 48North Share held.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder as at the close of business (Toronto time) on the Record Date shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any such Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to 48North in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by 48North c/o Bennett Jones LLP, One First Canadian Place, Suite 3400, 100 King Street West, P.O. Box 130, Toronto, Ontario, M5X 1A4, Attention: Alan Gardner and Joseph Blinick, not later than 5:00 p.m.

(Toronto time) on August 13, 2021, or in the event that the Meeting is postponed or adjourned, not later than 5:00 p.m. (Toronto time) on the second (2nd) business day immediately preceding the day of the postponed or adjourned Meeting, and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the "court" referred to in section 190 of the CBCA means this Honourable Court.

23. **THIS COURT ORDERS** that, notwithstanding section 190(3) of the CBCA, HEXO, not 48North, shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolution, for voting 48North Shares held by Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Shareholders may be entitled pursuant to the terms of the Plan of Arrangement. In accordance with the Plan of Arrangement and the Information Circular, all references to the "corporation" in subsections 190(3) and 190(11) to 190(26), inclusive, of the CBCA (except for the second reference to the "corporation" in subsection 190(12) and the two references to the "corporation" in subsection 190(17)) shall be deemed to refer to "HEXO" in place of the "corporation", and HEXO shall have all of the rights, duties and obligations of the "corporation" under subsections 190(11) to 190(26), inclusive, of the CBCA.

24. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its voting 48North Shares, shall be deemed to have transferred those voting 48North Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances,

charges, adverse interests or security interests to HEXO for cancellation in consideration for a payment of cash from HEXO equal to such fair value; or

ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its voting 48North Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall 48North, HEXO or any other person be required to recognize such Shareholders as holders of voting 48North Shares at or after the time at which the Arrangement becomes effective and the names of such Shareholders shall be deleted from 48North's register of holders of voting 48North Shares at that time.

Hearing of Application for Approval of the Arrangement

25. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, 48North may apply to this Honourable Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for 48North, with a copy to counsel for HEXO, as soon as reasonably practicable, and, in any event, no less than five (5) days before the hearing of this Application at the following addresses:

BENNETT JONES LLP
Suite 3400, 1 First Canadian Place
100 King Street West, P.O. Box 130
Toronto, Ontario M5X 1A4

Attention: Alan P. Gardner and Joseph N. Blinick

Solicitors for 48North

NORTON ROSE FULBRIGHT CANADA LLP
Suite 3000, 22 Bay Street, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Teskey and Elana Friedman

Solicitors for HEXO

28. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

i) 48North and its counsel;

ii) HEXO and its counsel;

iii) the Director; and

iv) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure.*

29. **THIS COURT ORDERS** that any materials to be filed by 48North in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned date.

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the voting 48North Shares, and the options, restricted share units, and warrants of 48North, or any instrument creating, governing or collateral to a contingent entitlement in respect of voting 48North Shares, or the articles or by-laws of 48North, this Interim Order shall govern.

Extra-Territorial Assistance

32. **THIS COURT SEEKS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

33. **THIS COURT ORDERS** that 48North shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

Dietrich J.

IN THE MATTER OF AN APPLICATION under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended
AND IN THE MATTER OF AN APPLICATION under Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 48NORTH CANNABIS CORP. INVOLVING HEXO CORP.

48NORTH CANNABIS CORP.
Applicant

Court File No. CV-21-00665135-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

INTERIM ORDER

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto ON M5X 1A4

Alan P. Gardner (#41479N)
Telephone: (416) 777-6231
Email: gardnera@bennettjones.com

Joseph N. Blinick (#64325B)
Telephone: (416) 777-4828
Email: blinickj@bennettjones.com

Fax: (416) 863-1716

Lawyers for the Applicant,
48North Cannabis Corp.

Schedule I
Notice of Application

See attached.

Court File No. CV-21-00665135-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended

AND IN THE MATTER OF AN APPLICATION under Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended

AND IN THE MATTER OF a proposed arrangement of 48North Cannabis Corp. involving HEXO Corp.

48NORTH CANNABIS CORP.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The application made by the Applicant appears on the following pages.

THIS APPLICATION will come on for hearing

☐ In person

☐ By telephone conference

☑By video conference

at a Zoom videoconference link to be circulated in advance of the hearing, on August 26, 2021 or such later date as the Court may direct, at 11:30 am ET, or as soon after that time as the application may be heard.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least five days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: July 6, 2021

Issued by Maggie Sawka

Digitally signed by Maggie Sawka
DN: cn=Maggie Sawka, o=Ministry of the Attorney General, ou=Superior Court of Justice, email=maggie.sawka@ontario.ca, c=CA
Date: 2021.07.06 15:39:30 -04'00'

Local registrar

Address of court office: 330 University Ave. 7th Floor
Toronto, ON M5G 1R7

TO: **THE DIRECTOR UNDER THE *CANADA BUSINESS CORPORATIONS ACT***
Corporations Canada
Innovations, Science and Economic Development Canada
C.D. Howe Building
235 Queen Street
Ottawa, ON K1A 0H5

AND TO: **ALL HOLDERS OF COMMON SHARES OF 48NORTH CANNABIS CORP. AS AT JULY 13, 2021**

AND TO: **ALL HOLDERS OF OPTIONS OF 48NORTH CANNABIS CORP. AS AT JULY 13, 2021**

AND TO: **ALL HOLDERS OF RESTRICTED SHARE UNITS OF 48NORTH CANNABIS CORP. AS AT JULY 13, 2021**

AND TO: **ALL HOLDERS OF WARRANTS OF 48NORTH CANNABIS CORP. AS AT JULY 13, 2021**

AND TO: **ALL DIRECTORS OF 48NORTH CANNABIS CORP.**

AND TO: THE AUDITOR FOR 48NORTH CANNABIS CORP.

AND TO: HEXO CORP.
c/o Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto ON M5K 1E7

APPLICATION

1. **THE APPLICANT MAKES AN APPLICATION FOR:**

(a) an interim order (the "**Interim Order**") for advice and directions pursuant to section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**"), with respect to a proposed plan of arrangement (the "**Arrangement**") involving 48North, the holders of common shares of 48North ("**48North Shares**"), the holders of options of 48North ("**48North Options**"), the holders of warrants of 48North ("**48North Warrants**"), the holders of restricted share units of 48North ("**48North RSUs**"), and HEXO Corp. ("**HEXO**"), as described in more detail below;

(b) a final order approving the Arrangement pursuant to section 192 of the CBCA;

(c) an order for abridged or abbreviated service and filing of the application and related materials, and validating such service or dispensing with service, if necessary;

(d) such further orders or directions as are required for the administration of the Arrangement; and

(e) such further and other relief as this Honourable Court may deem just.

2. **THE GROUNDS OF THE APPLICATION ARE:**

(a) the Applicant, 48North, is a company incorporated under the CBCA, with its head and registered office located in Toronto, Ontario. The Applicant is a vertically integrated cannabis company, which primarily operates its cannabis business through two, indirect, wholly-owned subsidiaries, DelShen Therapeutics Corp. ("**DelShen**") and Good & Green Corp. (formerly 2599760 Ontario Corp.) ("**G&G**"), both of which are licensed under the *Cannabis Act*. DelShen is licensed to produce, sell and extract cannabis pursuant to the *Cannabis Act* at DelShen's indoor cannabis production facility located near

Kirkland Lake, Ontario. G&G is licensed to produce and extract cannabis pursuant to the *Cannabis Act* at G&G's indoor cannabis production facility located in Brantford, Ontario and is licensed to produce cannabis pursuant to the *Cannabis Act* at G&G's 100-acre outdoor cannabis production facility located in Brant County, Ontario. The Applicant is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland. The 48North Shares are listed for trading on the TSX Venture Exchange under the symbol "NRTH";

(b) the acquirer, HEXO, is a company incorporated under the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16, as amended, with its head office located in Kanata, Ontario and its registered office located in Toronto, Ontario. HEXO is in the business of producing, marketing and selling cannabis through its wholly owned subsidiary, HEXO Operations Inc., a licenced producer under the *Cannabis Act*, from its facilities in Ontario and Québec. HEXO is a reporting issuer in each of the provinces and territories of Canada. HEXO's common shares are listed for trading on the Toronto Stock Exchange and the New York Stock Exchange under the symbol "HEXO";

(c) the purpose of the Arrangement is to, among other things, effect the business combination of 48North and HEXO in accordance with the terms of the arrangement agreement dated as of May 17, 2021 between 48North and HEXO (the "**Arrangement Agreement**"), and the plan of arrangement attached as Schedule "B" thereto (the "**Plan of Arrangement**");

(d) pursuant to and subject to the terms of the Arrangement, among other things:

(i) each outstanding 48North Share held by a Dissenting Shareholder (as defined in the Plan of Arrangement) shall be deemed to have been transferred by the holder thereof to HEXO free and clear of any liens of any kind whatsoever, and such Dissenting Shareholder shall cease to be the holder of such 48North Shares and to have any rights as a shareholder of 48North (a "**48North Shareholder**") other than the right

to be paid the fair value of such 48North Shares in accordance with Article 4 of the Plan of Arrangement;

(ii) each 48North RSU issued and outstanding immediately prior to the Effective Time (as defined in the Plan of Arrangement) shall be deemed to be fully vested, whereupon each holder of such 48North RSU shall (A) cease to be the holder thereof or to have any rights as a holder of a 48North RSU, (B) be deemed to be the holder of the corresponding number of 48North Shares and (C) be entitled to receive the Consideration (as defined below) in accordance with the Plan of Arrangement;

(iii) each outstanding 48North Share (other than any 48North Shares held by a Dissenting Shareholder) shall be and be deemed to be assigned and transferred by the holder thereof to HEXO (free and clear of any liens of any kind whatsoever) in exchange for 0.02366 of common share of HEXO (each whole share, a "**HEXO Share**") per each (1) 48North Share held (the "**Consideration**"), and each holder of such 48North Shares shall cease to be the holder thereof and to have any rights as a 48North Shareholder other than the right to be paid the Consideration per 48North Share in accordance with the Plan of Arrangement;

(iv) each unexercised 48North Option outstanding at the Effective Time (whether vested or unvested) will be exchanged for the corresponding replacement option of HEXO, with each such replacement option exercisable following the Effective Time to acquire HEXO Shares, as more particularly described in the Plan of Arrangement; and

(v) each holder of unexercised 48North Warrants outstanding at the Effective Time will be entitled to be issued and receive upon exercise thereof following the Effective Time, the kind and aggregate number of HEXO Shares that such holder would have been entitled to be issued

and receive if, immediately prior to the Effective Time, such holder had been the registered holder of the number of 48North Shares to which such holder was theretofore entitled upon exercise of such 48North Warrants;

(e) upon completion of the Arrangement 48North will become a wholly-owned subsidiary of HEXO;

(f) the Arrangement is an "arrangement" within the meaning of section 192(1) of the CBCA;

(g) all statutory requirements for an arrangement under the CBCA and any Interim Order the Court may grant either have been or will be fulfilled by the return date of this Application;

(h) the relief sought in the Interim Order is within the scope of section 192(4) of the CBCA and will enable the Court to consider the Arrangement on the return of this Application;

(i) the directions set out and the approvals required pursuant to any Interim Order of this Court will be followed and obtained by the return date of this Application;

(j) the Arrangement is in the best interests of 48North and its stakeholders, and is put forward in good faith;

(k) it is not practicable to effect a fundamental change in the nature of the Arrangement under any provision of the CBCA other than section 192;

(l) 48North will not be insolvent for the purposes of subsection 192(2) of the CBCA at the time of the Arrangement or at any other material time;

(m) the Arrangement is procedurally and substantively fair and reasonable and it is appropriate for this Honourable Court to approve the Arrangement;

(n) if the Arrangement is approved, the final order approving the Arrangement will constitute the basis for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, as set forth in Section 3(a)(10) thereof, in respect of the securities to be issued or distributed under the Arrangement;

(o) this Notice of Application will be sent to all 48North Shareholders, and the holders of 48North Options, 48North Warrants, and 48North RSUs at their addresses as they appear on the books and records of 48North pursuant to the terms of the Interim Order;

(p) to the extent any of the 48North Shareholders, or any of the holders of 48North Options, 48North Warrants, or 48North RSUs are resident outside of Ontario, they will be served at their addresses as they appear on 48North's books and records pursuant to Rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure*, R.R.O., Reg. 194, and the terms of any Interim Order for advice and directions granted by this Honourable Court;

(q) section 192 of the CBCA;

(r) National Instrument 54-101 – *Communication with Beneficial Owners of a Reporting Issuer* of the Canadian Securities Administrators;

(s) rules 1.04, 1.05, 2.03, 3.02, 14.05(2), 14.05(3), 16.04, 17.02, 37, 38 and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

(t) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

(a) such Interim Order as may be granted by this Court;

(b) the affidavit of a representative of 48North, to be sworn, describing the Arrangement and outlining the basis for the Interim Order for advice and directions, with exhibits thereto;

(c) further affidavit(s) to be sworn on behalf of 48North, with the exhibits thereto, including an affidavit outlining the basis for the final order approving the Arrangement, and reporting as to compliance with the Interim Order and the results of any meeting conducted pursuant to the Interim Order; and

(d) such further and other material as counsel may advise and this Honourable Court may permit.

July 6, 2021

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48North Cannabis Corp.

IN THE MATTER OF AN APPLICATION under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended
AND IN THE MATTER OF AN APPLICATION under Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 48NORTH CANNABIS CORP. INVOLVING HEXO CORP.

48NORTH CANNABIS CORP.
Applicant

CV-21-00665135-00CL
Court File No. .

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

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If you have any questions or require any assistance in executing your proxy or voting instruction form, please contact Gryphon Advisors Inc. at:

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48North Cannabis Corp. is traded on the TSX Venture Exchange under the symbol "NRTH"