



HYDROPOTHECARY

TSXV:THCX

Marijuana Médicale

CORPORATE
PRESENTATION

JULY 28, 2017



CONFIDENTIALITY

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ABOUT HYDROPOTHECARY

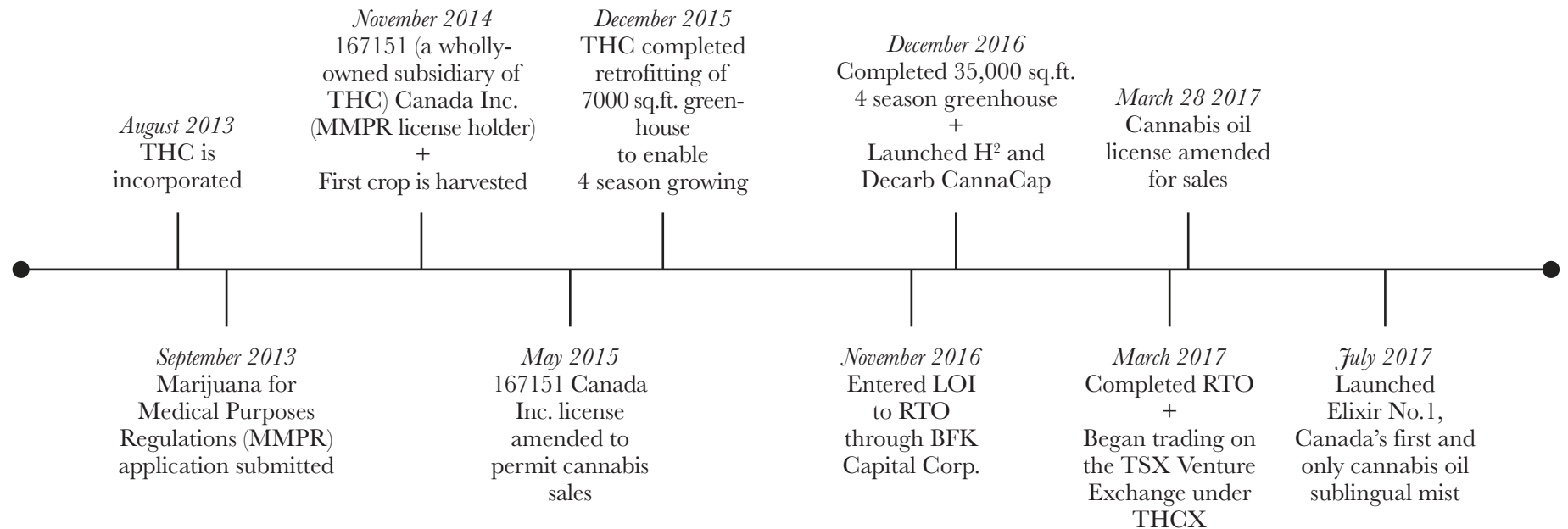
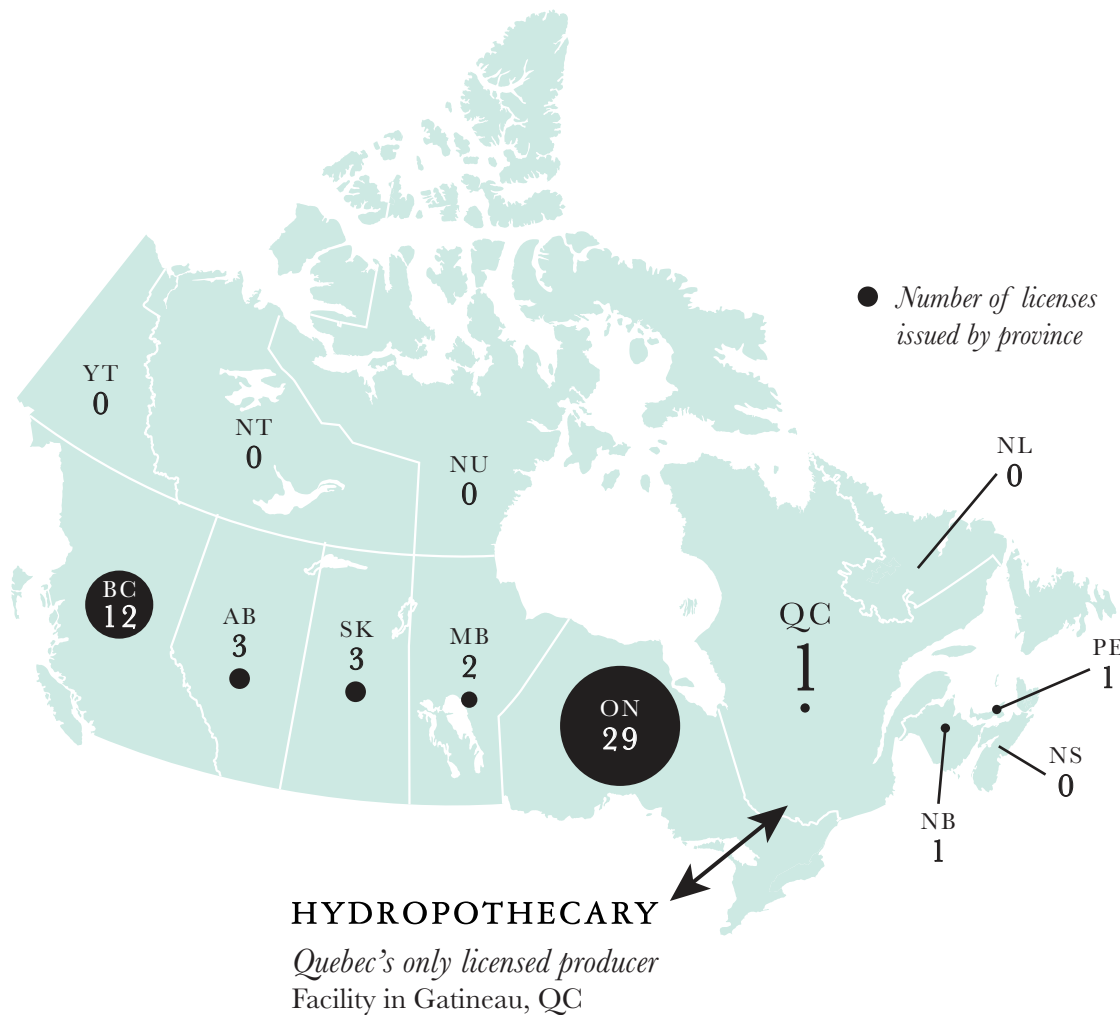


Photo: Hydropothecary operations 2014-2017

CURRENT LANDSCAPE: MEDICAL CANNABIS IN CANADA



- 52 licensed producers in Canada compared to over 3,000 in California for about the same population (36m).
- Only 30 producers, including Hydropothecary, have full licenses (both cultivation and sale).
- Licensing process takes 1 to 2 years to complete from receipt of initial cultivation license.
- Only 19 producers, including Hydropothecary, licensed to produce and sell cannabis oil.
- Estimated size of the medical cannabis market est. at \$1.1B¹.

Source



Health
Canada

Santé
Canada

<https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/authorized-licensed-producers/authorized-licensed-producers-medical-purposes.html>

1 - Source: Mackie Research Report "As High as the Rockies - The Canadian Marijuana Opportunity"

FUTURE LANDSCAPE: LEGALIZATION OF RECREATIONAL MARIJUANA IN CANADA



- *April 2017*: Federal government tables legislation for legalization of adult use recreational marijuana in Canada
- *July 2018*: Expected date of recreational legalization
- *\$8.7B*: Estimated size of recreational market in Canada¹

Deloitte.

1 - Source: Deloitte Report "Recreational Marijuana Insights and Opportunities, 2016"

Photo: Hydrothecary's After Dinner in flowering stage

HYDROPOTHECARY FUNDAMENTALS

LOW CASH INVENTORY COST PER GRAM



HIGH REVENUE PER GRAM



FOCUS ON QUALITY

- Safety of product
- Quality of product

SCALE

- 50,000 sq. ft. licensed facility with annual capacity of 3,600kg
- 250,000 sq. ft. expansion planned to be completed in 2018

PRODUCT INNOVATION

- Premium producer with affordable luxury options
- Four distinct product lines, including Elixir, the first and only cannabis oil based spray with peppermint in the industry as well as the industry exclusive Decarb, CannaCap products

FOCUS ON QUALITY: PATIENT SAFETY

- All products are tested by an independent 3rd party lab and the results are available to patients on our website
- Testing includes:
 - Heavy metals
 - Pesticides
 - Micro organisms
 - Aflatoxins
- Strict adherence to Standard Operating Procedures
- Subject to regular unannounced Health Canada site inspections

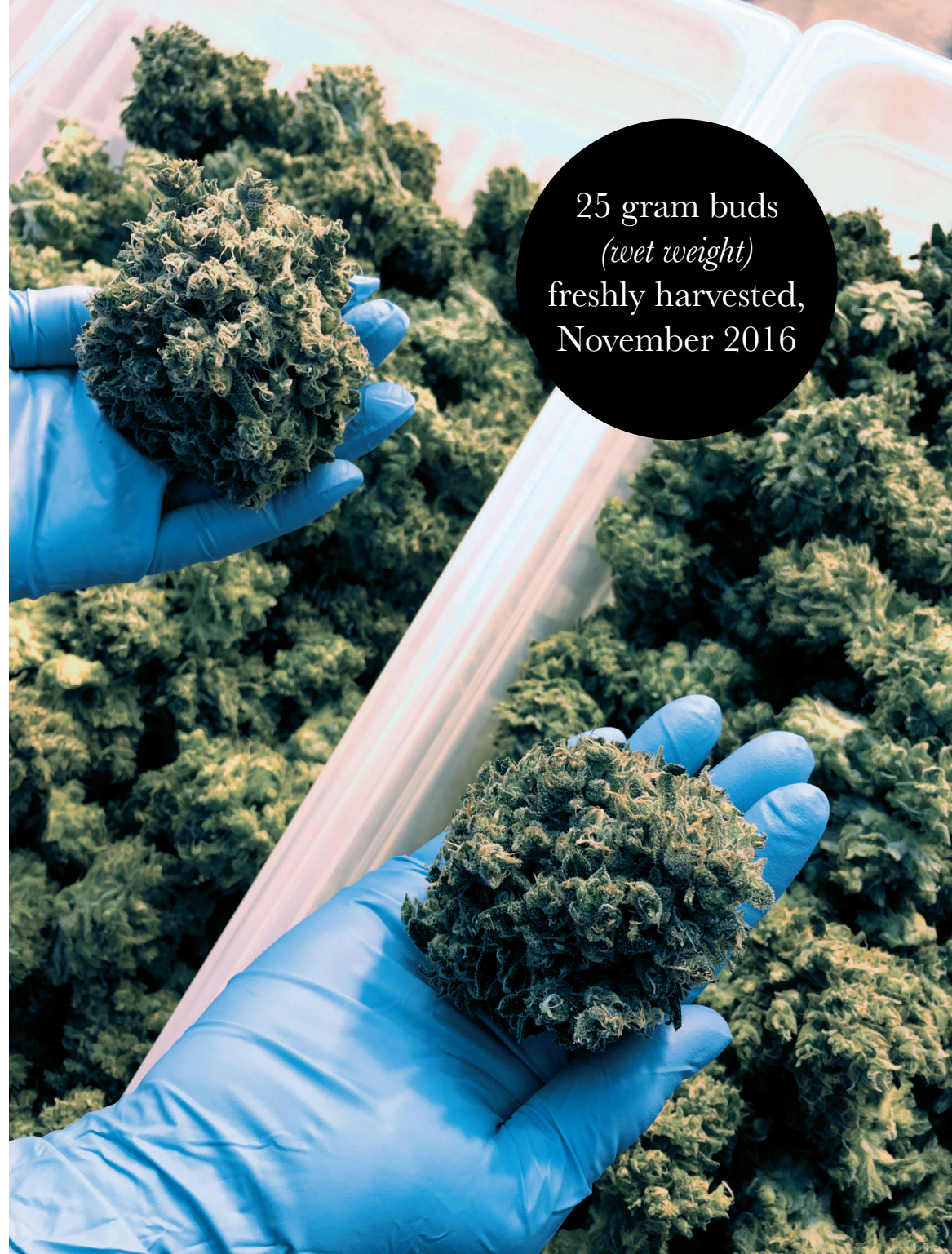


Photo: Employee operating one of our oil extractor machines

FOCUS ON QUALITY: PREMIUM PRODUCT

SUN GROWN NATURALLY

- Custom feed solutions
- Hybrid greenhouse
- Hand manicured



25 gram buds
(wet weight)
freshly harvested,
November 2016

SCALE:

300,000 SQ. FT. OF PRODUCTION CAPACITY ON A 65 ACRE PROPERTY

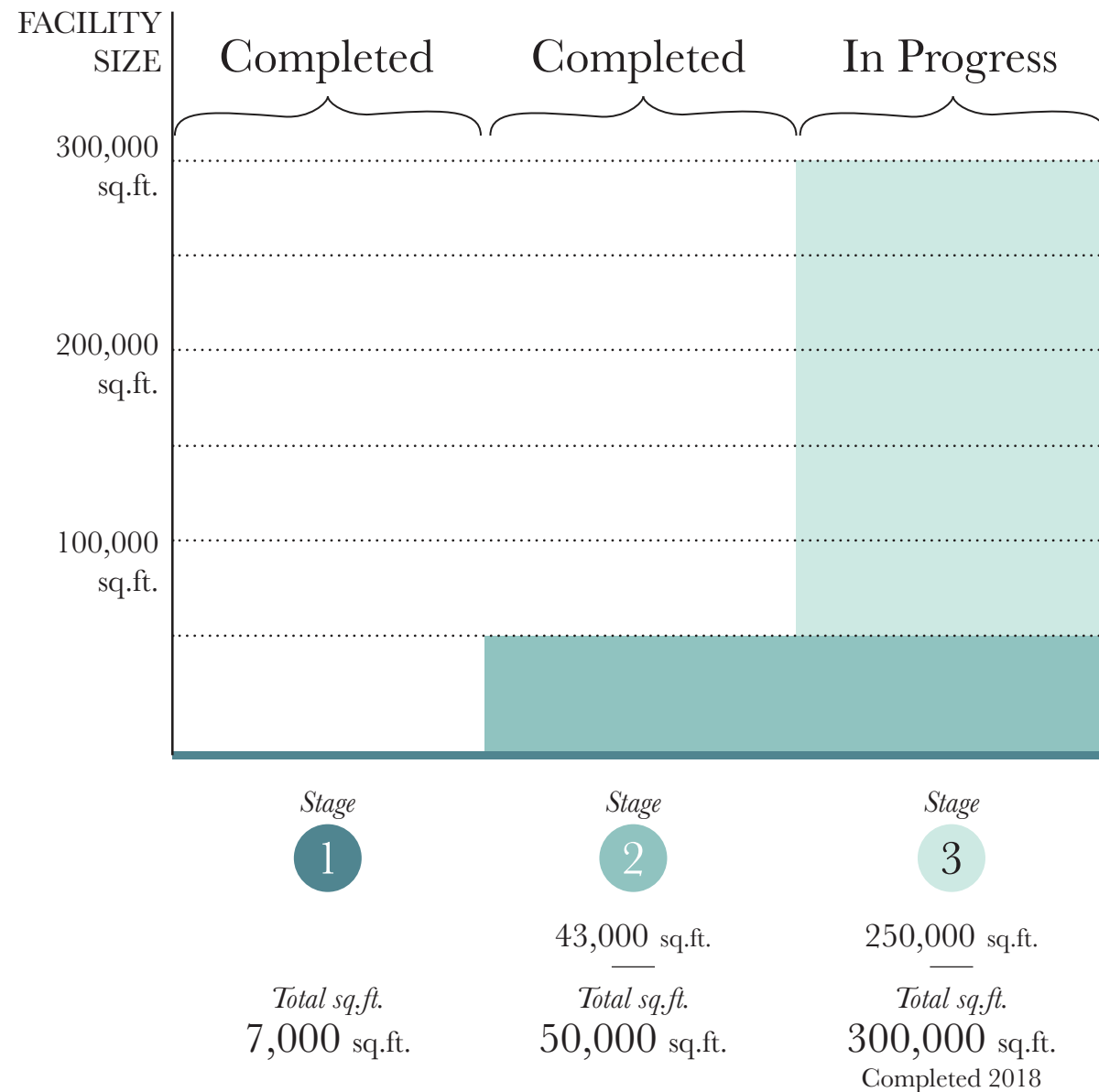
LEGEND

-  *Current facilities*
50,000 sq. ft.
-  *Future facilities*
250,000 sq. ft.
 - \$25M project
 - **Anticipated Opening 2018**
-  *Total property size*
65 acres



Note: Please refer to Forward Looking Information

SCALE: GROWING TO 300,000 SQ. FT. CAPACITY



ESTIMATED ANNUAL REVENUE CAPACITY*

Current
1 2 \$23M

Future
3 \$180M

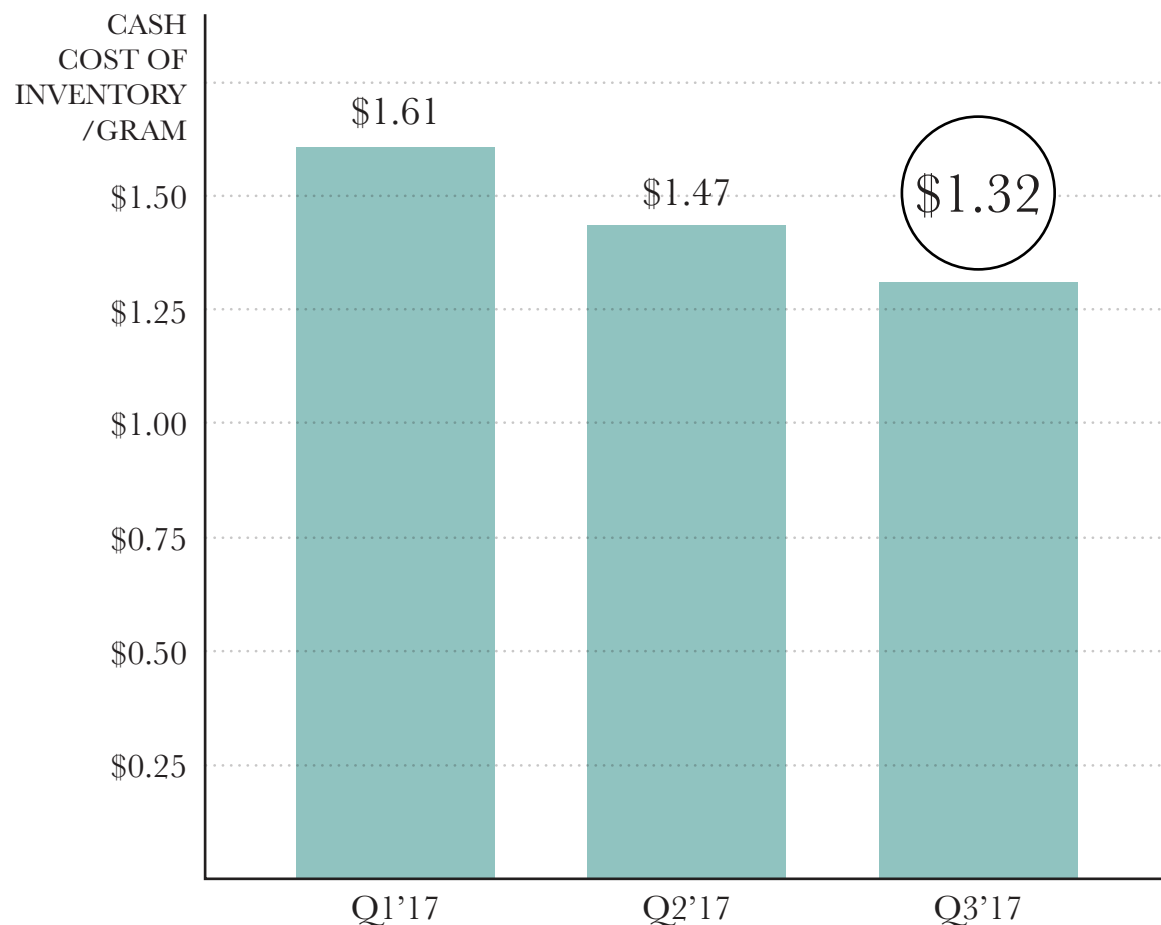
LICENSING

- Unlimited sales and production license
- Entire site licensed under single civic address

*At current market prices
Note: Please refer to Forward Looking Information

COST

COST PER GRAM DECREASE



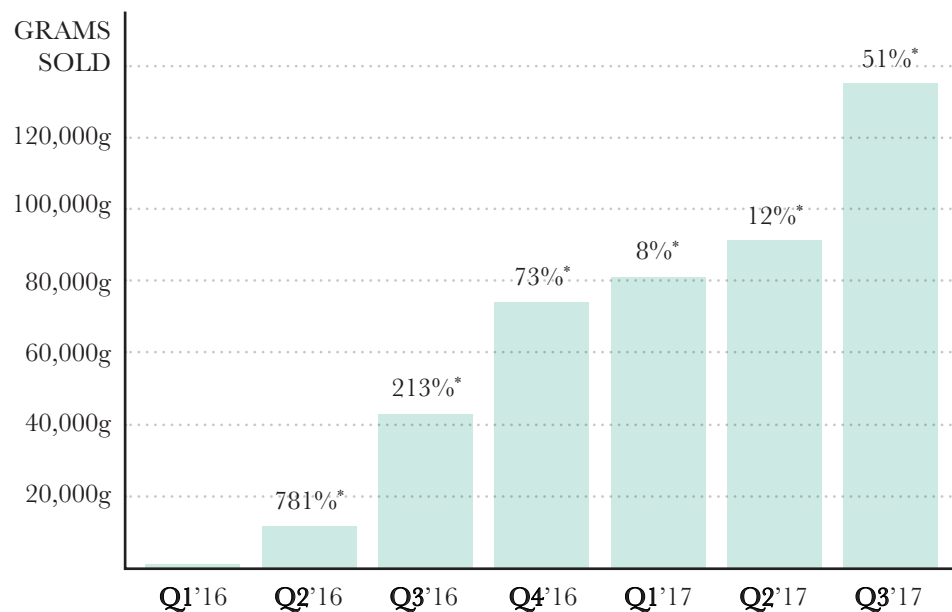
LOW COST DRIVERS

- The Province of Quebec has **favourable utility rates** compared with other provinces
- **Reduction in hydro consumption** (compared with indoor growers) through the utilization of curved greenhouse roof and naturally available sunlight
- Economies of scale from **centralized green house location** and achieving full production capacity

Cash Cost of Inventory includes the direct cost of materials and labour related to the medical cannabis grown, divided by the number of grams in inventory at the end of the quarter. This would include growing, cultivation and harvesting costs, and quality control costs such as testing and irradiation

REVENUE

GRAMS SOLD PER QUARTER

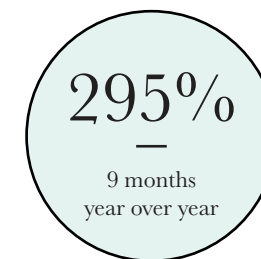


| Nine months ended April 30 | |
|----------------------------|---------|
| 2017 | 2016 |
| REVENUE (\$) | |
| 3,235,096 | 818,459 |
| GRAMS SOLD (G) | |
| 308,423 | 58,567 |

REVENUE PER GRAM



SALES INCREASE



* Growth over the previous quarter

PRODUCT INNOVATION



ELIXIR NO.1

The only licensed producer currently offering Elixir No.1, Canada's first and only medical cannabis peppermint oil sublingual mist.

Elixir No.1 allows you to micro-dose. This product fits any lifestyle, ensuring medication can be discreetly taken, when and where it's needed.

PRODUCT INNOVATION



DECARB

The only licensed producer currently offering Decarb, fine milled marijuana designed for oral consumption.

Prepared using a proprietary drying method and exacting scientific standards.

—

And more

- RESIN SALES LICENSE TO OTHER LICENSED PRODUCERS

OUR 16 PRODUCTS: DIVERSITY IN VARIETIES & PRICING

Legend

Dried Buds
Coarse Milled
Fine Milled
Capsules
Oil

ELIXIR

Redefining Cannabis Oil

decarb

CannaCap

New Product

PASSION FRUIT Hybrid

\$10/g

TIME *of* DAY

Exclusive offering in Canada

New Product

\$89/15ml

Exclusive offering in Canada

\$10/g

\$12/g

\$8.50/g

\$15/g

PAPAYA GROVE Sativa

\$9/g

DRAGON FRUIT Hybrid

\$8/g

JUNIPER BERRY Indica

\$8/g

BITTER MELON Indica

\$10/g

SATIVA Milled

\$7.25/g

INDICA Milled

\$7.75/g

GOOD MORNING

\$15/g

MIDDAY

\$15/g

AFTER DINNER

\$15/g

EVENING

\$15/g

DISTRIBUTION

CURRENT

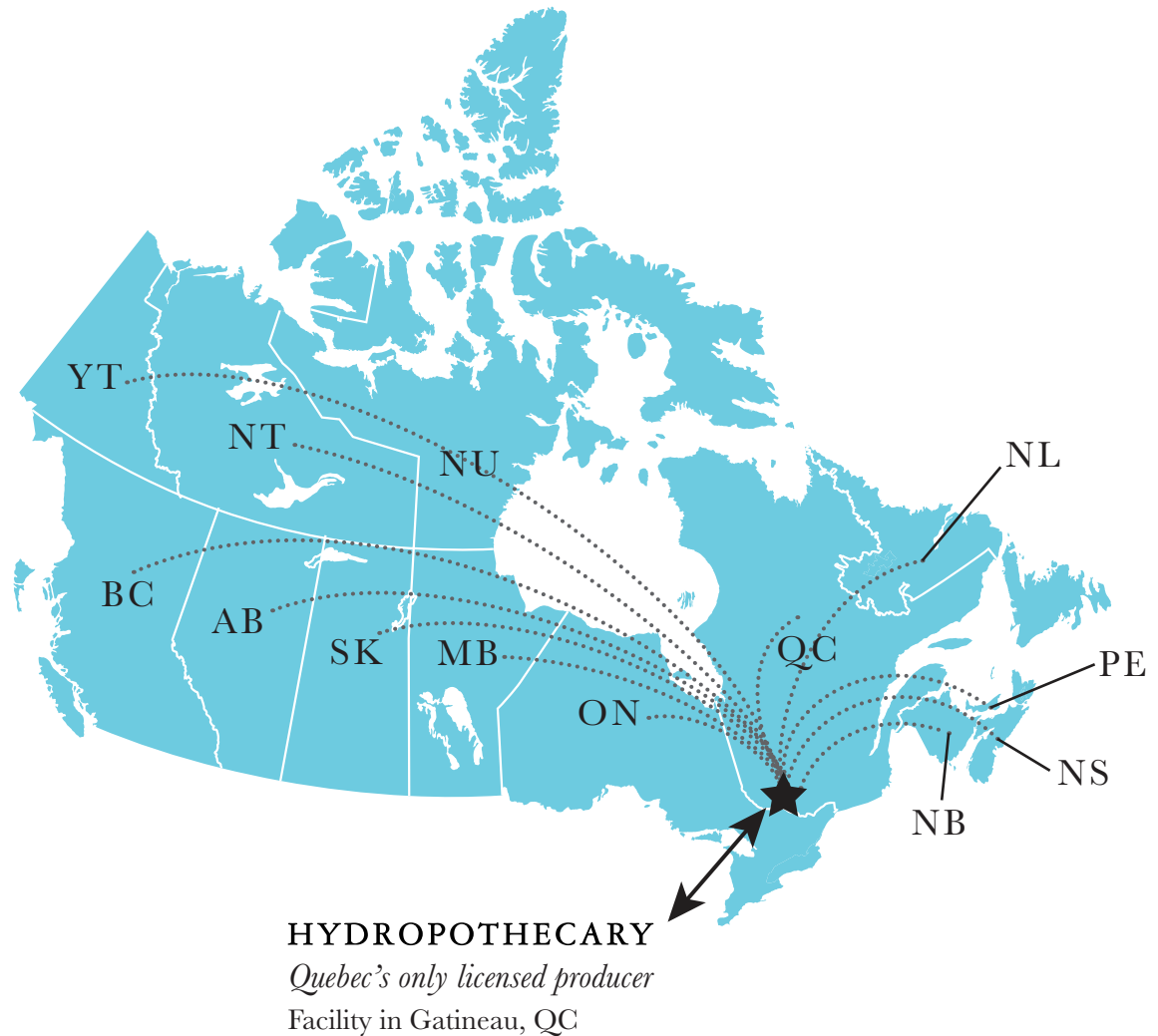
Medical

- Discreet shipping to patients across Canada
- Network of 90+ partner clinic locations across Canada
- Coral Health Group, wholly owned, virtual online health clinic, that works with doctors and nurses across the country providing prescriptions for medical marijuana over telemedicine

FUTURE

Medical and Recreational

- Exploring all provincial distribution systems
- National adult use mail order expected July 2018



COMPETITOR COMPARISON

PRODUCTION CAPACITY

in relation to market capitalization comparison

| | Funded sq. ft. | Market Capitalization* |
|-----------------------|-------------------|---------------------------|
| Aphria | 1,000,000 | \$900M |
| Aurora | 895,000 | \$952M |
| Canopy Growth | 765,000 | \$1.5B |
| Hydroponthecary | 300,000 | \$117M |
| Organigram | 242,943 | \$246M |

*Based on July 28, 2017 closing share price



TEAM



SÉBASTIEN ST. LOUIS
*Co-Founder &
Chief Executive Officer*

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



ED CHAPLIN
Chief Financial Officer

- 18 years experience with high growth company
- Chartered Accountant
- Formerly held senior and executive positions at Corel and Ernst and Young
- Involved in acquisitions totalling approximately \$600 million
- Helped raise over \$480M in debt and equity



ADAM MIRON
*Co-Founder &
Chief Brand Officer*

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



DR. SHANE MORRIS
*VP, Quality Assurance
and Scientific Affairs*

- Doctorate in biotechnology from the National University of Ireland
- Formerly held senior and executive positions at Natural Resources Canada, Canadian Food Inspection Agency, Public Health Agency of Canada



JAMES McMILLAN
VP, Business Development

- 19 years of experience in sales, marketing and business development



AGNES KWASNIEWSKA
Master Grower

- Masters of Science degree from McGill University
- 9 years experience in progressive experience in agriculture, environment and research roles



ARNO GROLL
Director of Operations

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



MAX CYR
*Director of Customer Experience
and Compliance*

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

BOARD OF DIRECTORS



DR. MICHAEL MUNZAR
*Chairman of the Board &
Independent Director*

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



JASON EWART
Independent Director

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



VINCENT CHIARA
Independent Director

- Lawyer
- President and sole owner of Group Mach, a private holding company which holds significant investments representing more than 6.5 million square feet of office buildings in Montreal, Quebec



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*Co-Founder &
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- Co-founder of iPolitics.ca
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SHARE CAPITALIZATION

COMMON SHARES ISSUED

& OUTSTANDING as at July 28, 2017..... **76,192,990**

WARRANTS

Warrants @ \$0.75.....2,447,970

Warrants @ \$0.83.....5,337,846

Warrants @ \$0.76 USD.....2,053,500

Warrants @ \$2.00.....7,856,300

Broker and other warrants.....2,514,132

STOCK OPTIONS

\$0.16 strike price.....1,020,000

\$0.58 strike price.....1,329,396

\$0.75 strike price2,511,996

\$0.90 strike price177,777

\$1.27 strike price.....643,000

\$1.55 strike price66,000

CONVERTIBLE DEBENTURES..... 15,687,500
conversion price of \$1.60

FULLY DILUTED SHARES.....**117,838,407**

MANAGEMENT OWNERSHIP as at April 30, 2017.....**30.54%**

EXPIRY DATES

Aug '17 - July '19

Mar. '19 - June '20

Nov. '19

July '19

Dec. '17 - Mar. '22

May '19

Nov. '24 - July '25

Nov. '24 - Jan. '27

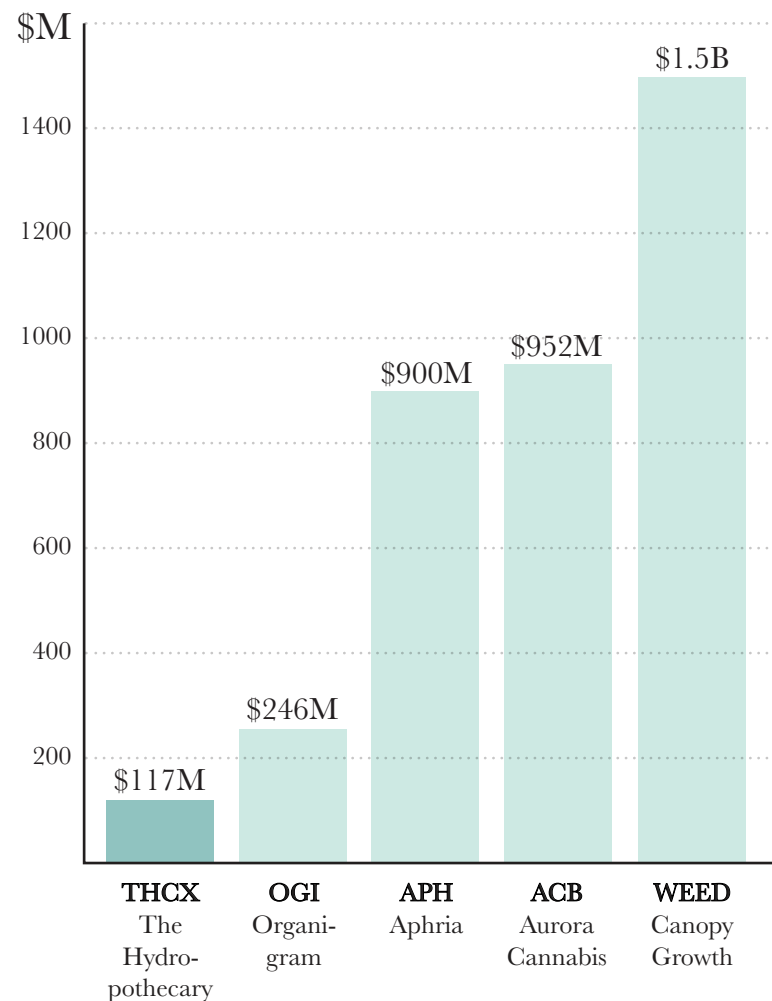
Mar. '18

July '27

Mar. '20

June '19

MARKET CAPITALIZATION*



*Based on July 28, 2017 closing share price

CONTACT INFORMATION



INVESTOR RELATIONS
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invest@thcx.com

Photo: Hydropothecary closeup of flowering stage