

Auxly Cannabis Group

Corporate Presentation

August 2024

Auxly



Disclaimer

Legal Disclaimer

The information provided herein is not intended to provide financial, tax, legal or accounting advice. The contents hereof do not constitute an offer to sell or a solicitation of an offer to buy securities of Auxly Cannabis Group Inc. (the “**Company**”) or represent an intention to induce any person to make an investment in the Company or to assist any person in the making of an investment decision. Information provided in this document is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state in the United States of America in which such offer, solicitation or sale would be unlawful. This presentation includes market share, industry and other statistical information that the Company has obtained from independent industry publications, government publications, market research reports and other published independent sources. Such publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although the Company believes these publications and reports to be reliable, it has not independently verified any of the data or other statistical information contained therein, nor has it ascertained or validated the underlying economic or other assumptions relied upon by these sources. The Company has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as, and to the extent required by applicable securities laws.

Forward-looking Information

This corporate document contains “forward-looking statements” and “forward-looking information” (collectively, “**forward-looking information**”) within the meaning of applicable securities legislation. Thereafter, all references should be to “forward-looking information”. This corporate document may use words such as “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook”, and other similar expressions to identify forward-looking information. In addition, the Company’s assessment of, and targets for, future cultivation, production timelines, product launches, facility licences and amendments, average selling prices, cost of goods sold, operating expenses, gross margin on finished cannabis inventory sold and adjusted EBITDA are considered forward-looking information. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking information in this corporate document, and, accordingly, investors should not place undue reliance on any such forward-looking information. Forward-looking information involves significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements and accordingly, should not be read as guarantees of future performance or results. Forward-looking information involves risks and uncertainties including, but not limited to, the Company’s anticipated business strategies, anticipated trends in the Company’s business and anticipated market share, general business, economic and competitive uncertainties, regulatory risks including risks related to the cannabis market in the United States, Europe, Latin America and Canada, and market risks, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking information. New factors emerge from time to time, and it is not possible for the Company to predict all of such factors or to assess in advance the impact of each such factor on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Forward-looking information contained in this presentation is based on the Company’s current estimates, expectations and projections, which the Company believes are reasonable as of the current date. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct. Historical statements should not be taken as a representation that such trends will be replicated in the future. No statement in this presentation is intended to be nor may be construed as a profit forecast.

Use of Non-IFRS Measures

This presentation refers to Adjusted EBITDA and Gross Margin on Finished Cannabis Inventory Sold because certain investors may use this information to assess the Company’s performance and also determine the Company’s ability to generate cash flow. This data is furnished to provide additional information and are non-IFRS measures and do not have any standardized meaning prescribed by IFRS. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company’s financial information reported under IFRS.

Established Leader in the Canadian Cannabis Market

Vision to be a global leader in cannabis products

Mission helping consumers live happier lives by providing them with quality cannabis products that they trust and love

- Founded in 2017; headquartered in Toronto, Ontario
- Consistently ranked among the top 10 LPs in national sales since legalization
- Track record of consumer-focused innovation
- Established portfolio of popular brands
- Extensive consumer-tailored product suite
- Focused product development and genetics expansion utilizing its state-of-the-art greenhouse facility

Industry Leading Product Development



Auxly has held a leadership position in national vape sales since legalization



Since introducing its unique genetic strains to the market, Auxly has captured significant market share in the most competitive category in the industry



Industry-leading technology in pre-roll manufacturing has propelled Auxly to the forefront in the pre-roll category

A Persistent Drive for Excellence



Key Strengths

Quality Cannabis Products Passionately Crafted for Everyday Happiness



State-of-the-art facilities and equipment that ensure a consistent product that meets our vigorous quality, safety and cost efficiency standards

Carefully curated product suite that speaks directly to each of our targeted consumers

Dedicated team that works tirelessly to meet ongoing market demand and ensure continued executional excellence

Dedicated to Canadian Consumers

Leading the Market in Quality Products

Product Development

- Reputation in Canada for producing high quality, safe and effective products
- Best-in-class in-house analytical lab operated by experienced analytical scientists
- Developed proprietary testing methods to monitor and measure product quality, stability and consistency in real-time

Manufacturing

- Designed sophisticated quality management systems across all areas of operations
- Stringent quality control across all the Company's facilities ensuring the delivery of quality products that have been thoroughly tested and inspected

Compliance

- History of regulatory and compliance excellence with Health Canada
- Auxly has received a “Class A+” Vendor status (highest rating possible) with the Ontario Cannabis Store for inbound quality inspections due to its high compliance record



**A Culture of Regulatory
and Compliance
Excellence**



Compelling Brands Across All Major Price Points



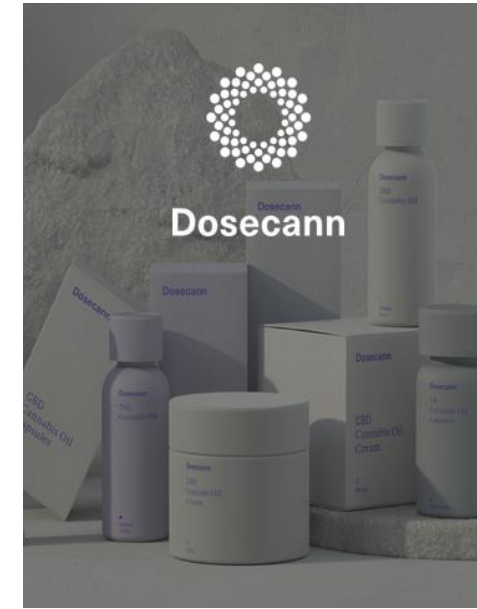
Back Forty a simple, uncomplicated cannabis brand that already feels familiar. High potency suite of products, consumers don't need to overthink its purpose.



Kolab Project offers a refined collection of high-quality cannabis products and design-focused, purposeful goods.



Foray is a versatile, modern, and inviting brand, designed for the curious. It's an accessible entry point for anybody and aims to celebrate and guide one's foray into cannabis.




Dosecann is a wellness focused brand that embraces science to unlock the therapeutic power of cannabis.



Parcel is an ultra-value brand that delivers quality cannabis at unbeatable prices, disproving the idea that less expensive equals lower quality.

A Portfolio of Winning Products

Product Categories	BAGK FORTY	KOLAB PROJECT	Parcel	Foray	
Dried Flower	✓	✓	✓		
Pre-Roll	✓	✓	✓		
Vapes	✓	✓	✓	✓	
Edibles	✓			✓	
Concentrates		✓			
Oils (bottle; capsule)					✓
Topical					✓



High-Quality, Low-Cost Cultivation Advantage

Auxly Leamington



Overview & Capabilities

- 1.1 million sq. ft. purpose-built, highly automated greenhouse facility in Leamington, Ontario
- Customized growing environment with precision control over lighting, temperature and humidity
- State-of-the-art technology and automation throughout the facility allows for consistent high-quality product
 - Moving Table System
 - Climate Controls
 - Craft-At-Scale Post-Harvest Processes
 - Automated Packaging
- Unique genetics portfolio (~200 cultivars) with ongoing R&D program to meet evolving consumer needs
- Significant quality upgrades made in 2023 include hang drying, curing and dry trim

The Future of Pre-Roll Automation is Here

Next-Generation Pre-Roll Capabilities



Overview

- World's most advanced high-speed cannabis pre-roll filling and packaging capabilities
- Unrivaled operational and technical know-how
- Strain-specific primary processes to ensure consistent, high-quality product
- Back Forty is the #2 pre-roll brand in the country¹
- Category expansion through format innovation and portfolio expansion

Innovation and Manufacturing Excellence

Auxly Charlottetown



Overview & Capabilities

- Purpose-built, 52,000 sq. ft. processing and Cannabis 2.0 product manufacturing facility located in Charlottetown, PEI
- Specializes in research and development, innovation and advanced manufacturing
- Culture of innovation
 - First-to-market innovations across product classes
 - ~100 new SKUs developed over last two years
- Recognized as an industry leader in product quality
- Material product development and manufacturing know-how across all product classes

Increasing Breadth and Depth of Distribution

- Auxly has supply arrangements on the recreational side with 10 provincial and territorial boards (BC, AB, MB, ON, NL, NS, NB, PEI, NWT, QC, YT), and one wholesaler (Open Fields – SK market).
- Auxly is present in over 93% of all stores in Canada¹
- Strategic partnerships in place with 20 retail chains (total of 768 retail stores)
- Auxly has agreements with five major medical distributors

Provincial Cannabis Boards and Private Wholesalers



- Mix of physical and digital store fronts
- Key account and category management
- Forecasting & demand planning collaboration
- Regional assortment opportunities to deliver against consumer preference

Multi-Provincial Chains



- Key account and Joint Business Planning
- Merchandising Planning
- In-store merchandising and trade tools
- Ongoing education for budtenders
- Forecasting collaboration

Provincial Retail Chains



- Opportunities for store level influence through trade tools and budtender engagement
- Manage trade areas and seasonality to support critical times
- Developed the 'Auxly Connect Program' to further reach the independent retailers and sign them into joint partnerships to better service consumers

Q2 2024 Overview



Financial Performance

Q2 2024 Review

- Continued to achieve record-breaking financial results and establish new benchmarks across key metrics of revenue, margin and adjusted EBITDA¹
 - Net revenues of \$29.2 million, an increase of 33% compared to prior year and 16% compared to the previous quarter
 - Achieved its highest reported Gross Margin on Finished Cannabis Inventory Sold¹ of 41% in the quarter, an improvement of 14% from the comparative period
 - Improved adjusted EBITDA¹ over 580% YoY, reporting an all-time record of \$5.2 million
 - SG&A was \$0.2 million lower YoY, net of non-recurring restricting costs of \$0.7 million
 - Net income of \$2.0 million and positive cash flow from operations of \$2.9 million
 - 48% reduction in the Company's debt¹ compared to the end of 2023
- Maintained its top 10 LP position in national recreational sales with 5% market share
 - Continued to grow its position in vape sales, securing 32% share of market in the all-in-one vape category and maintained the top four selling all-in-one SKU positions in Canada
 - Back Forty ended the quarter as the #2 pre-roll brand in the country securing two of the top five non-infused pre-roll sales positions nationally
 - Back Forty's cultivar Liquid Imagination, proudly grown at the Auxly Leamington facility, secured the top ten dried flower sales position in Canada



WHITE FREEZE

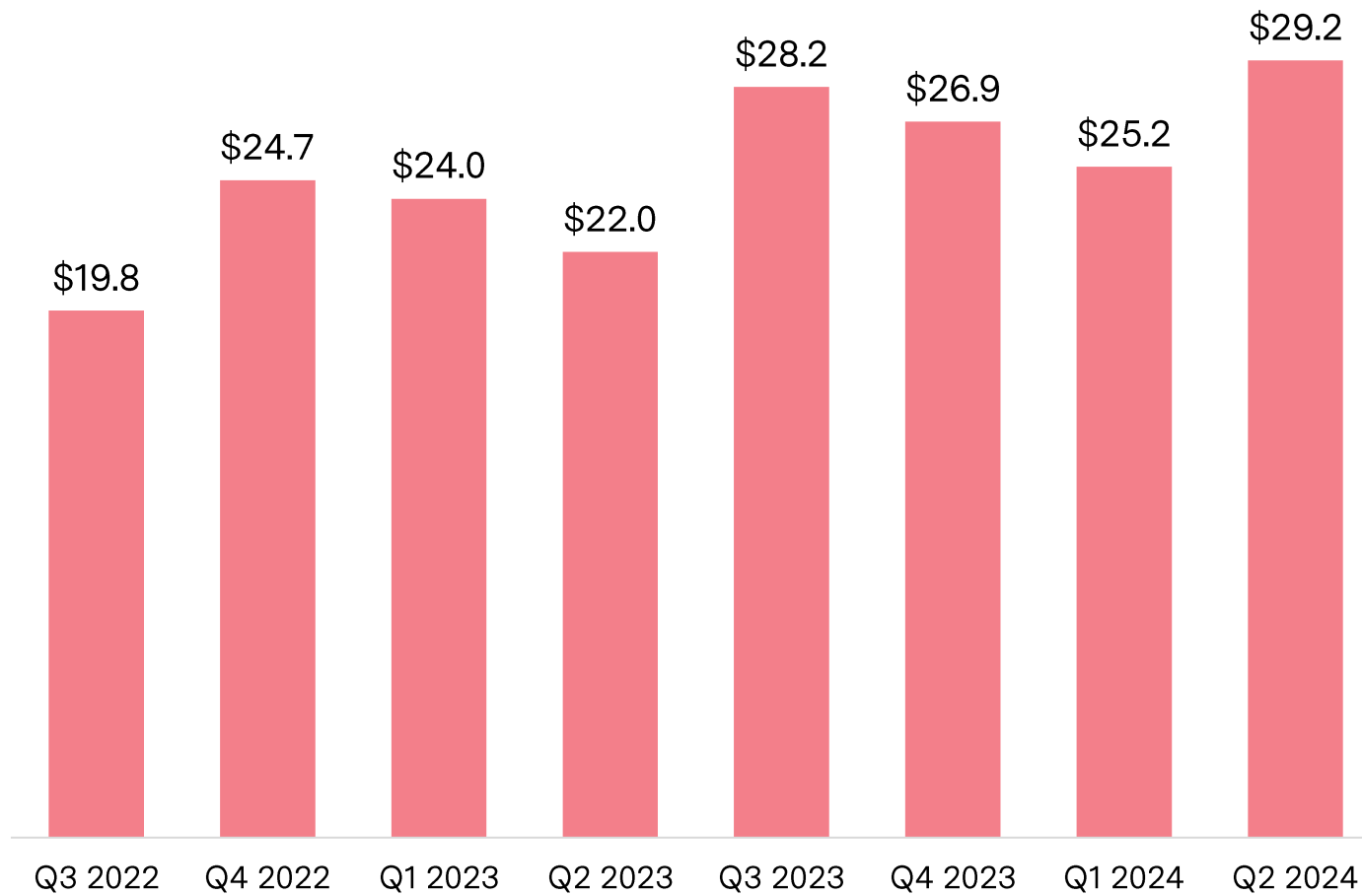
Just in time for summer, White Freeze delivers notes of cream soda & vanilla with an icy cool exhale.

BACK FORTY

Net Revenue Snapshot

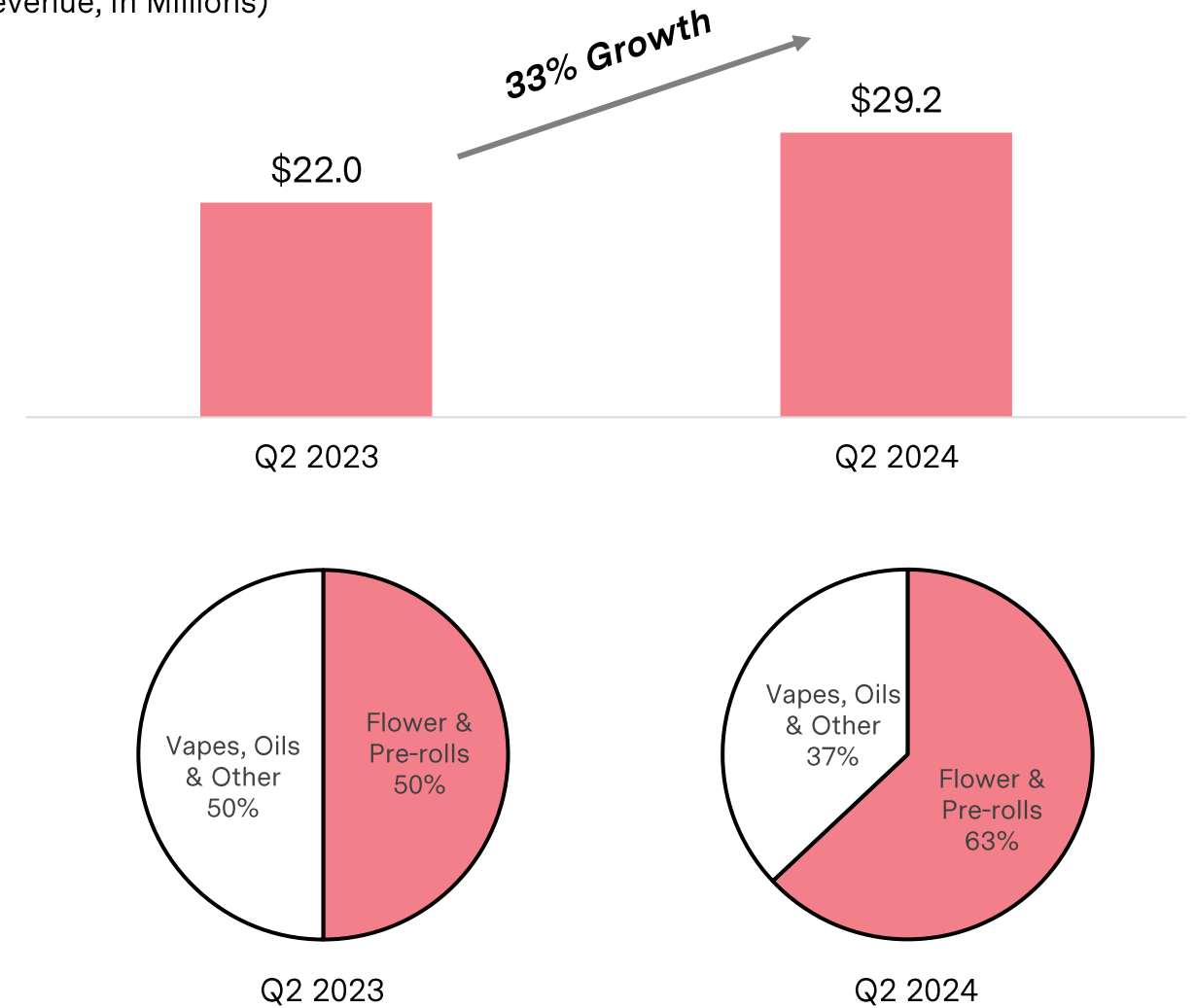
Net Revenue by Quarter

(Net Revenue, In Millions)



Revenue and Segment Overview¹

(Net Revenue, In Millions)

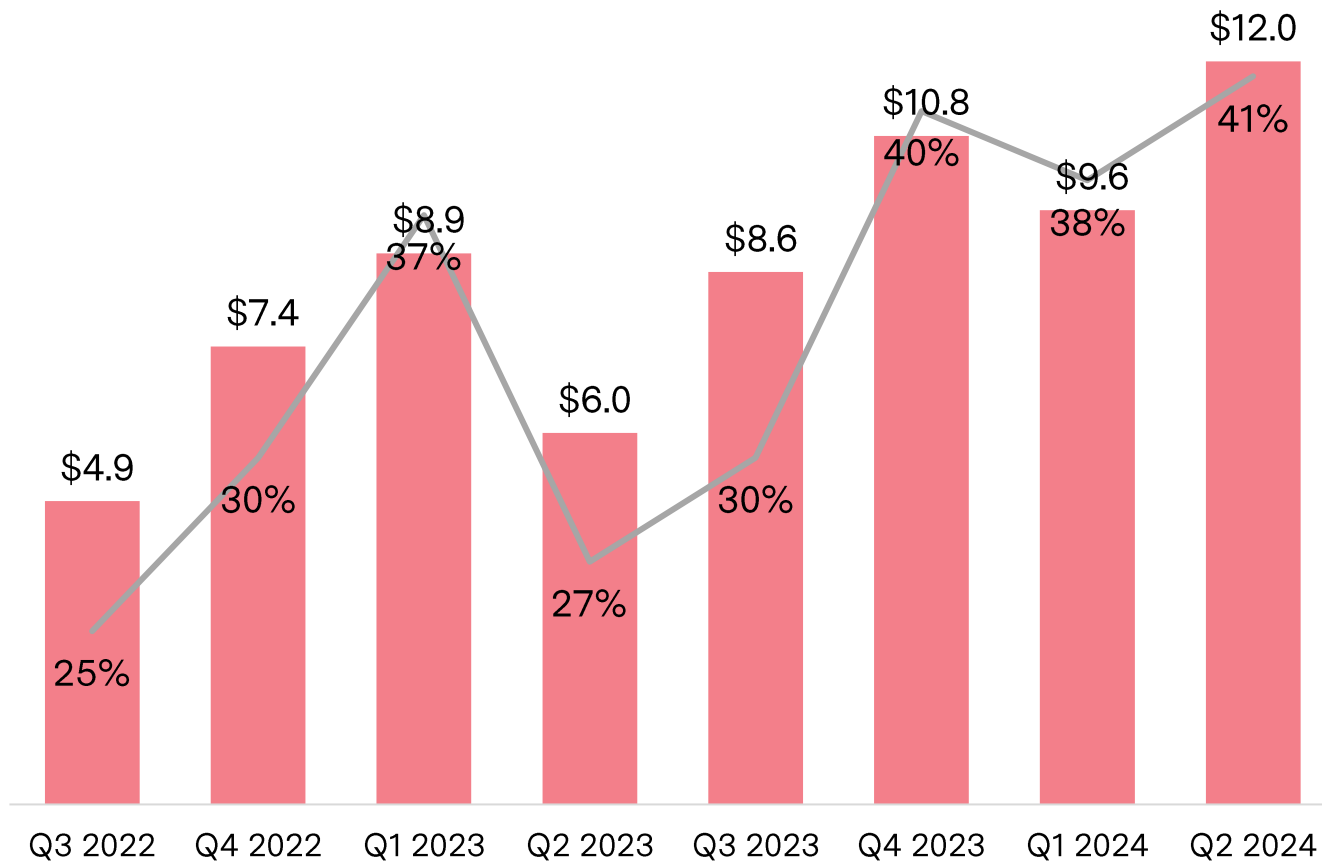


1) Cannabis 1.0 includes Dried Flower and Pre-roll sales; Cannabis 2.0 includes edible cannabis, cannabis extracts and cannabis topicals.

Key Profitability Metrics

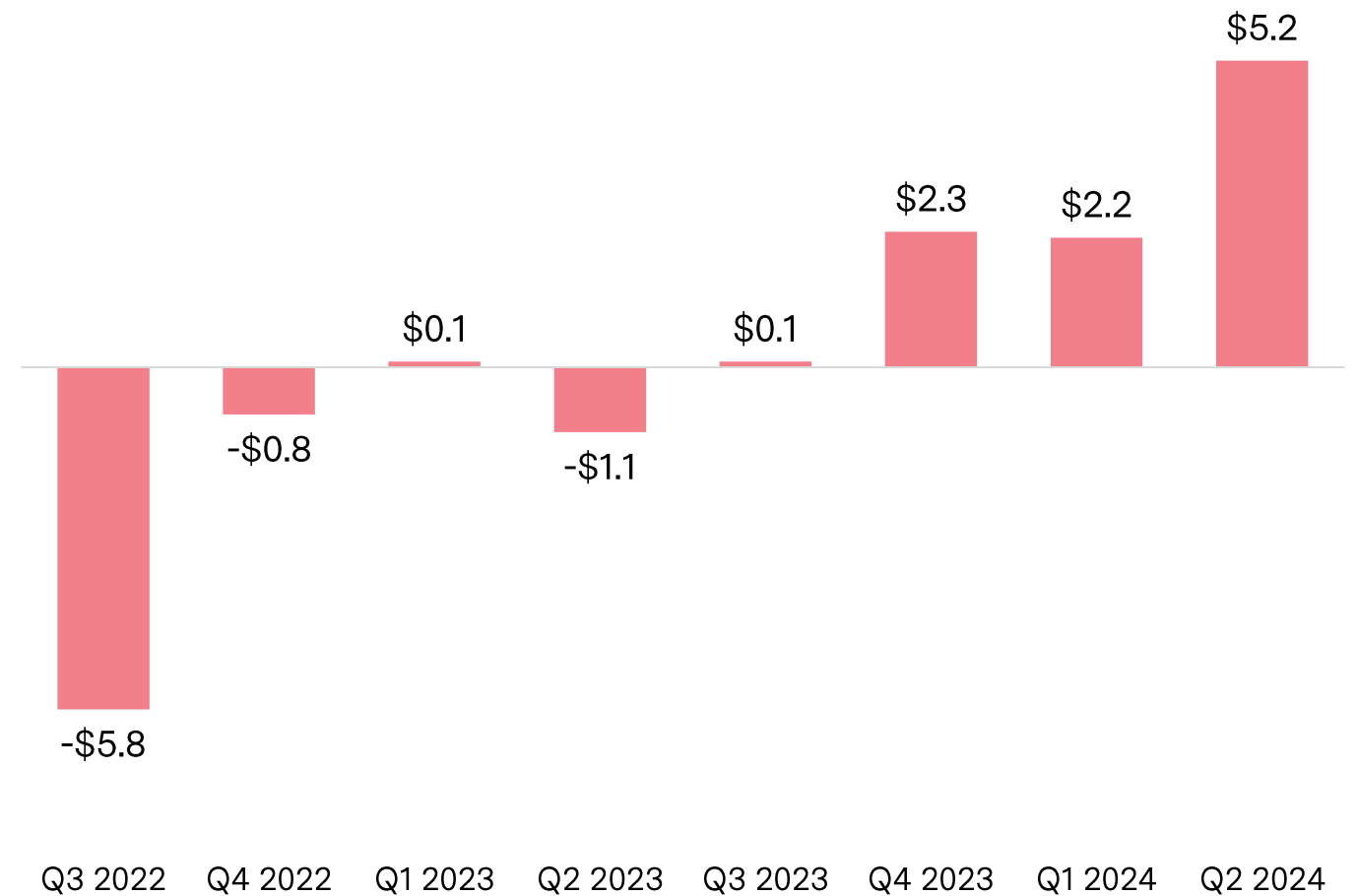
Gross Margin on Finished Cannabis Inventory Sold¹

(Gross Margin on Finished Cannabis Inventory Sold, In Millions)



Adjusted EBITDA¹

(Adjusted EBITDA, In Millions)



Q2 2024 Key Financial Metrics

(In Millions unless otherwise indicated)

	Q2 2024	Q2 2023	% Change
Gross revenue	43.4	34.5	26%
Excise taxes	14.3	12.5	14%
Net revenue	29.2	22.0	33%
Gross margin on finished cannabis inventory sold ¹	12.0	6.0	102%
Gross margin on finished cannabis inventory sold (%) ¹	41%	27%	14%
Selling, general and administrative expenses	9.3	8.8	6%
Adjusted EBITDA ¹	5.2	(1.1)	580%
Net income/(loss)	2.0	(12.9)	116%



Summary

A Market Leader Poised for Profitability and Growth

- Top 10 LP in Canada
- Experienced and committed management team
- Industry-leading cultivation and manufacturing capabilities
- Established portfolio of brands and products with broad distribution
- Deep cannabis product development and innovation knowhow
- Track-record of quality and safety





Auxly

Auxly Cannabis Group
777 Richmond St W Unit 002
Toronto Ontario M6J 0C2

Investor Relations

Direct Line +1.647.812.0121
Facsimile Line
+1.855.669.7881 Email
info@auxly.com