

Auxly Cannabis Group

Corporate Presentation

November 2024

Auxly



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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
- Committed leadership team of industry experts
- Strategic investment from Imperial Brands plc (4th largest global tobacco company)
- Secure access to large volumes of high-quality cannabis at superior costs through ownership of one of the largest, most advanced, purpose-built cannabis greenhouses in the world
- Expert developer, manufacturer and vendor of branded cannabis products:
 - Dried Flower; Pre-Rolls; Vapes
 - Leader in national vape sales since legalization
 - 4th largest LP nationally in recreational sales
 - Proven innovator of category-defining, first-to-market products



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

A Culture of Regulatory & Compliance Excellence

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



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	BACK FORTY	KOLAB PROJECT	Foray	Dosecann	Parcel
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
- Over 12 million vape units sold since December 2019

Increasing Breadth and Depth of Distribution

- Auxly has supply arrangements on the recreational side with 10 provincial and territorial boards
- Auxly is present in over 97% 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

1) Trellis, as of September 2024

Q3 2024 Overview



Financial Performance

Q3 2024 Review

- Delivered another record-breaking quarter of financial results:
 - Net revenues of \$33.3 million, an increase of 18% YoY and 14% QoQ
 - Gross Margin on Finished Cannabis Inventory Sold¹ of 47%, an improvement of 17% YoY
 - SG&A of \$8.5 million, a 16% decrease YoY
 - Fifth consecutive quarter of positive adjusted EBITDA¹ of \$8.3 million
 - Net income of \$3.2 million and cash flow from operations of \$12.9 million
 - 54% reduction in the Company's debt¹ compared to the end of 2023
- Moved into the #4 LP position in national recreational cannabis sales:
 - Secured over 36% of the total market share in the all-in-one vape category and 50% of the top 10 vape SKU positions
 - Back Forty's cultivar Liquid Imagination ended the quarter as the #1 selling flower nationally
 - Back Forty's Wedding Pie and Banna OG secured the #3 and #4 position respectively in national non-infused pre-roll sales

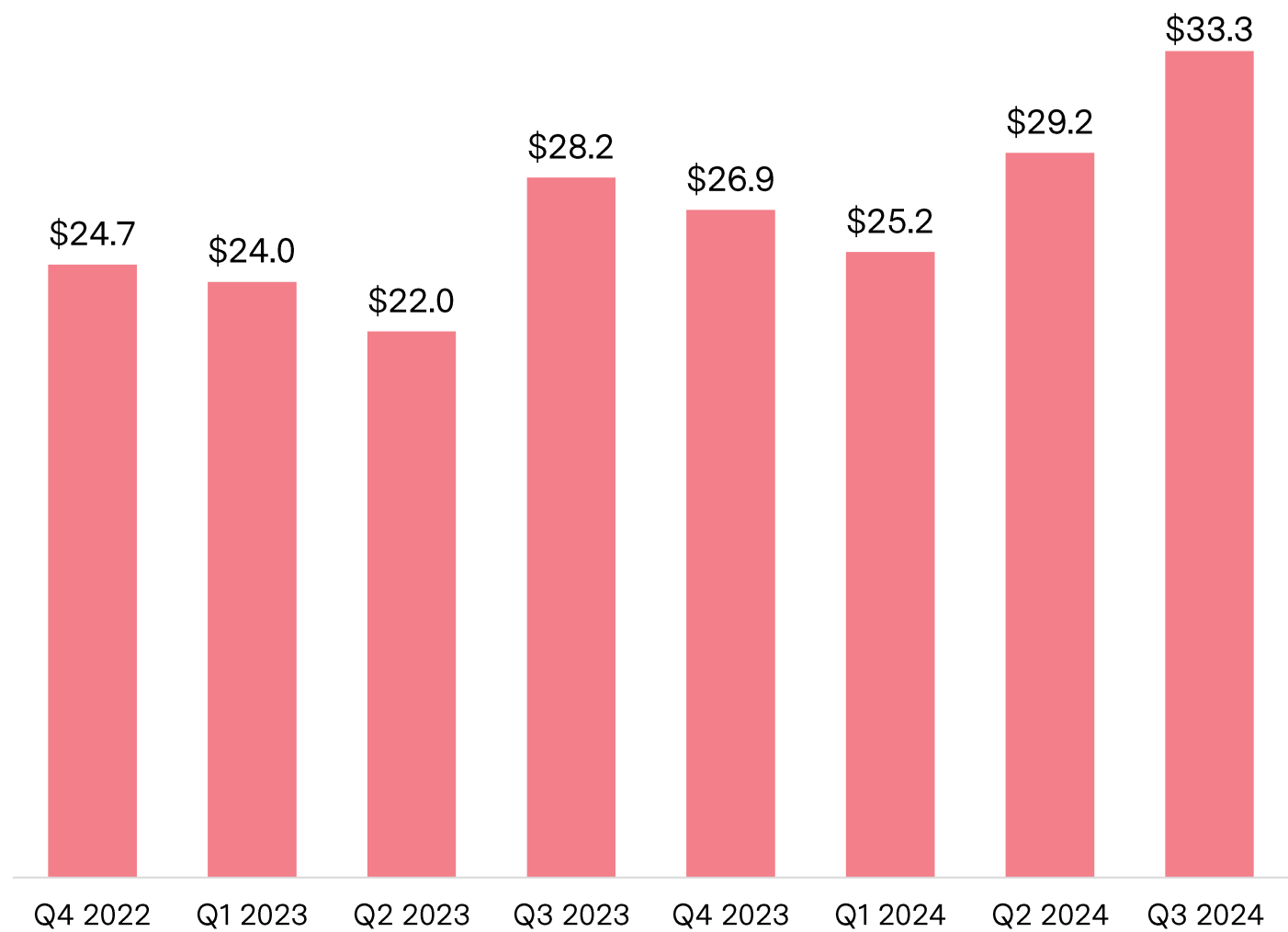


Financial Performance

Net Revenue Snapshot

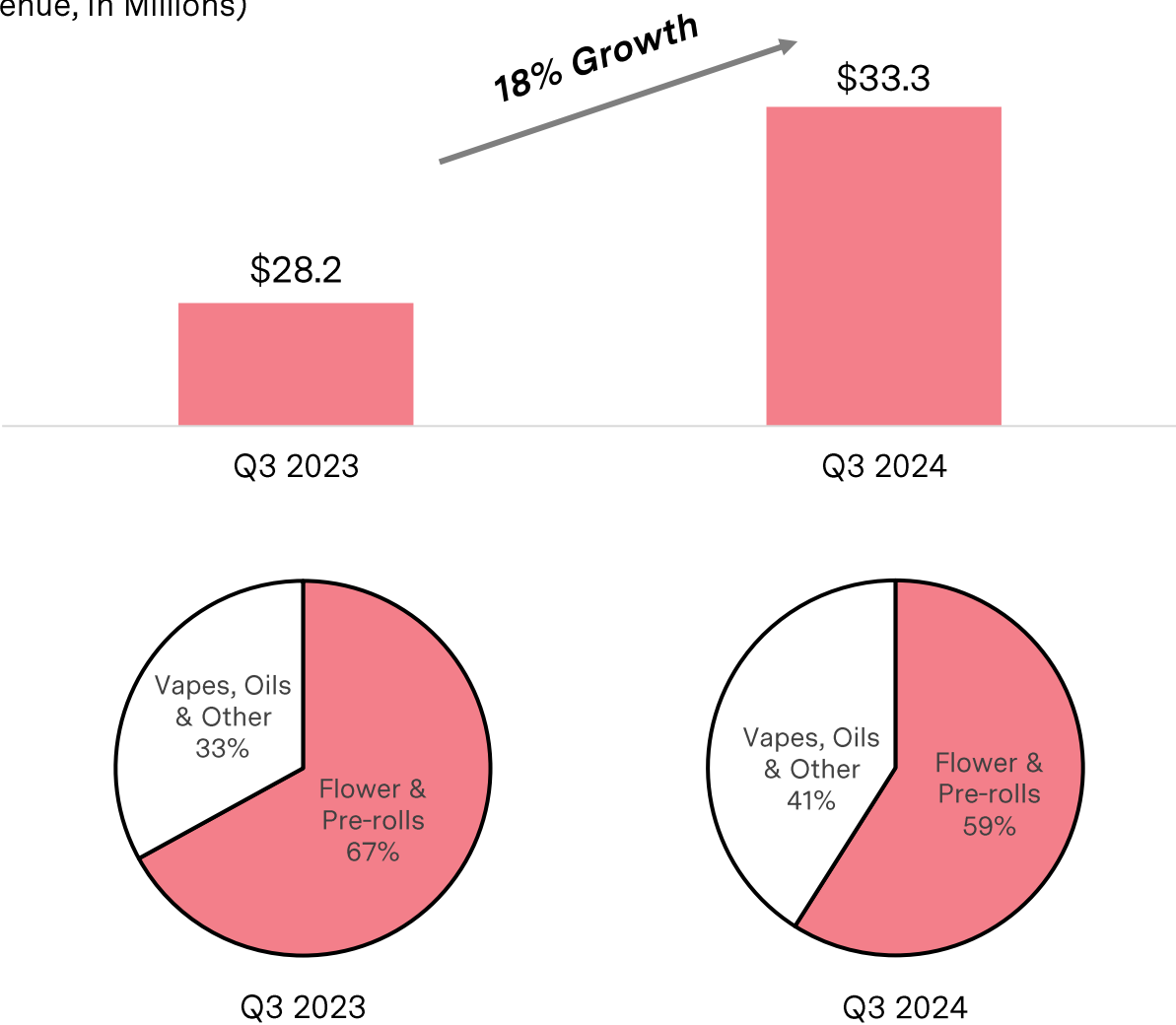
Net Revenue by Quarter

(Net Revenue, In Millions)



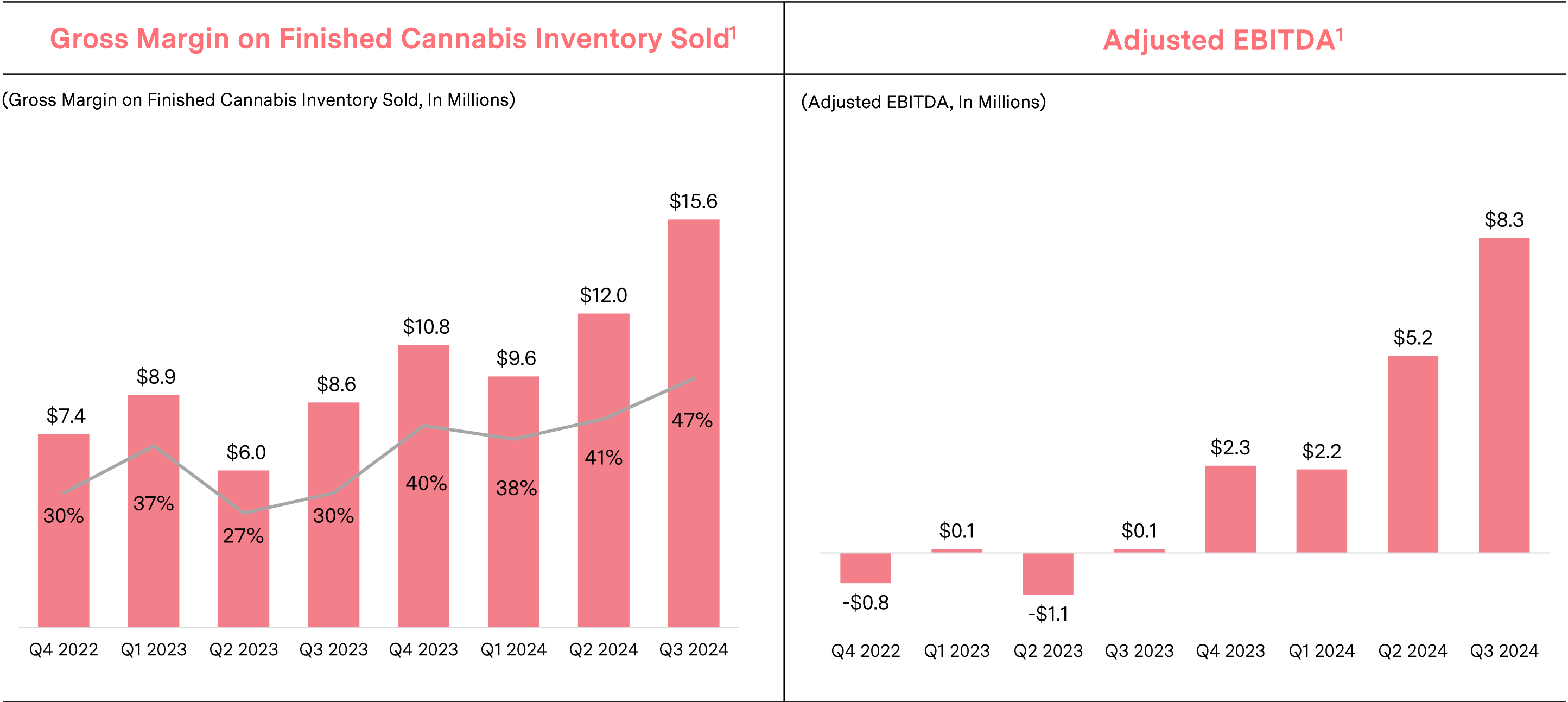
Revenue and Segment Overview

(Net Revenue, In Millions)



Financial Performance

Key Profitability Metrics



Q3 2024 Key Financial Metrics

(In Millions unless otherwise indicated)

	Q3 2024	Q3 2023	% Change
Gross revenue	51.0	39.9	28%
Excise taxes	17.7	11.7	51%
Net revenue	33.3	28.2	18%
Gross margin on finished cannabis inventory sold ¹	15.6	8.6	81%
Gross margin on finished cannabis inventory sold (%) ¹	47%	30%	17%
Selling, general and administrative expenses	8.5	10.0	-16%
Adjusted EBITDA ¹	8.3	0.1	6982%
Net income/(loss)	3.2	32.6 ²	-90%



1) Non-IFRS financial measure not defined by and does not have any standardized meaning under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See the cautionary statement regarding non-IFRS financial measures in MD&A.
2) Net income includes a gain from the extension of the maturity of the Imperial Brands debenture

Summary

A Market Leader Poised for Profitability and Growth

- Top 5 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
- Poised for continued growth domestically and internationally





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

