

Auxly

Investor Presentation

March 2025

TSX: XLY

OTCQ: CBWTF

www.auxly.com



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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.

OUR MISSION IS TO HELP
PEOPLE LIVE HAPPIER
LIVES BY PROVIDING
THEM WITH QUALITY
CANNABIS PRODUCTS
THAT THEY TRUST AND
LOVE

OUR VISION IS TO BE A
GLOBAL LEADER IN
CANNABIS PRODUCTS





THE GREAT CANNABIS OPPORTUNITY

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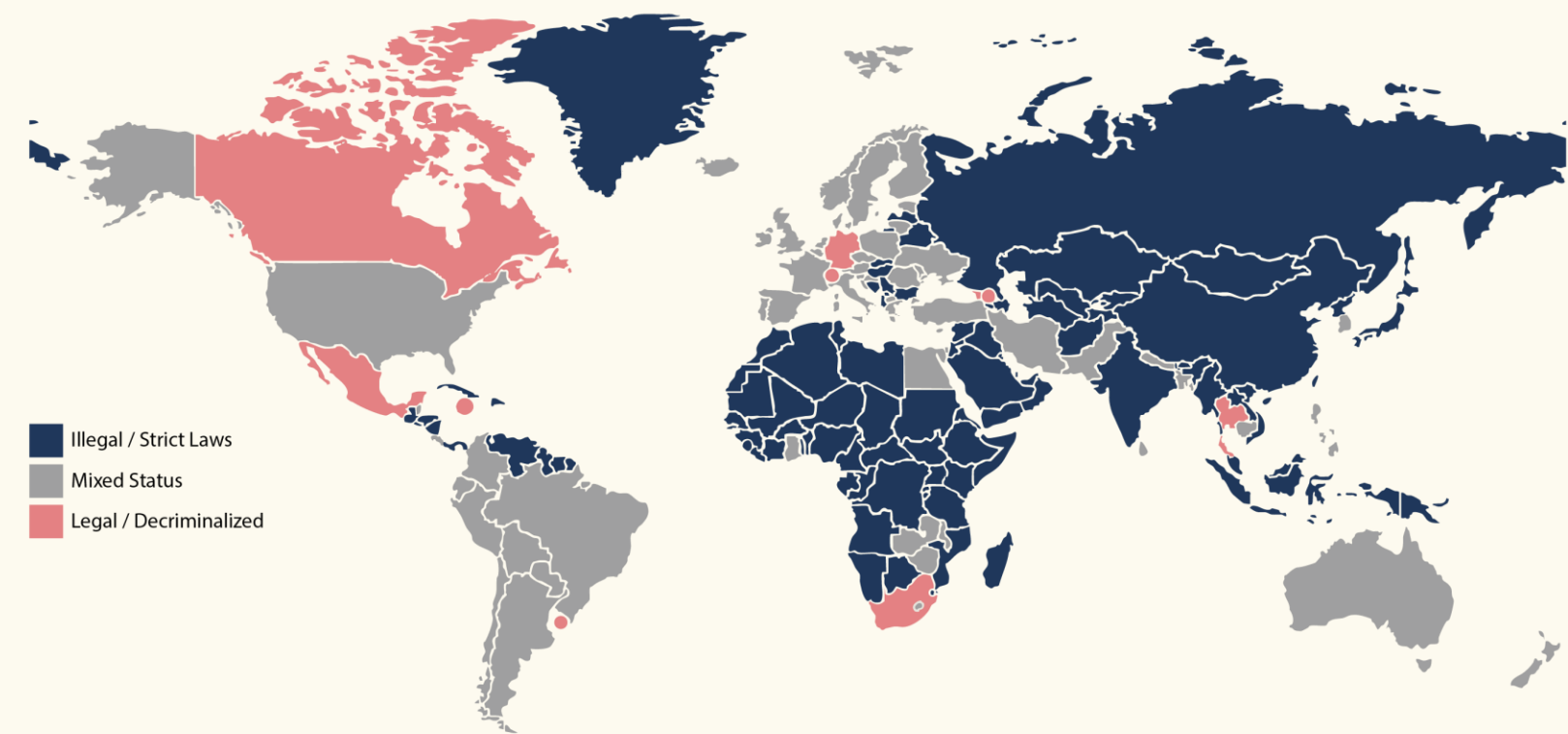
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A Growing Global Opportunity

Canada as a launchpad for global leadership

\$134B (USD)

Global Legal Cannabis Market in 2030¹



- Nearly 50 countries have fully or partially legalized cannabis for medical and/or recreational use
- Canada is the only federally legal recreational market globally
- Increasing international demand for high-quality cannabis

Canadian Advantage



Capital and infrastructure advantage. Largest exporter of cannabis globally, increasing 36% YoY



Valuable IP, genetics and expertise developed in a highly regulated market



Strategic partnerships that unlock global infrastructure to rapidly expand in key jurisdictions

Source: Cannabis Business Plan, Statista, Straits Research, thcaffiliates
1) Grand View Research, Legal Cannabis Market Growth and Trends, April 2022

\$7.4B (CAD)

2030 TAM in Canada¹

56%

Of Canadians find cannabis socially acceptable; up from 44% in 2018

12.6%

Growth in recreational cannabis sales YoY, whereas alcohol sales were down 0.5% nationally²

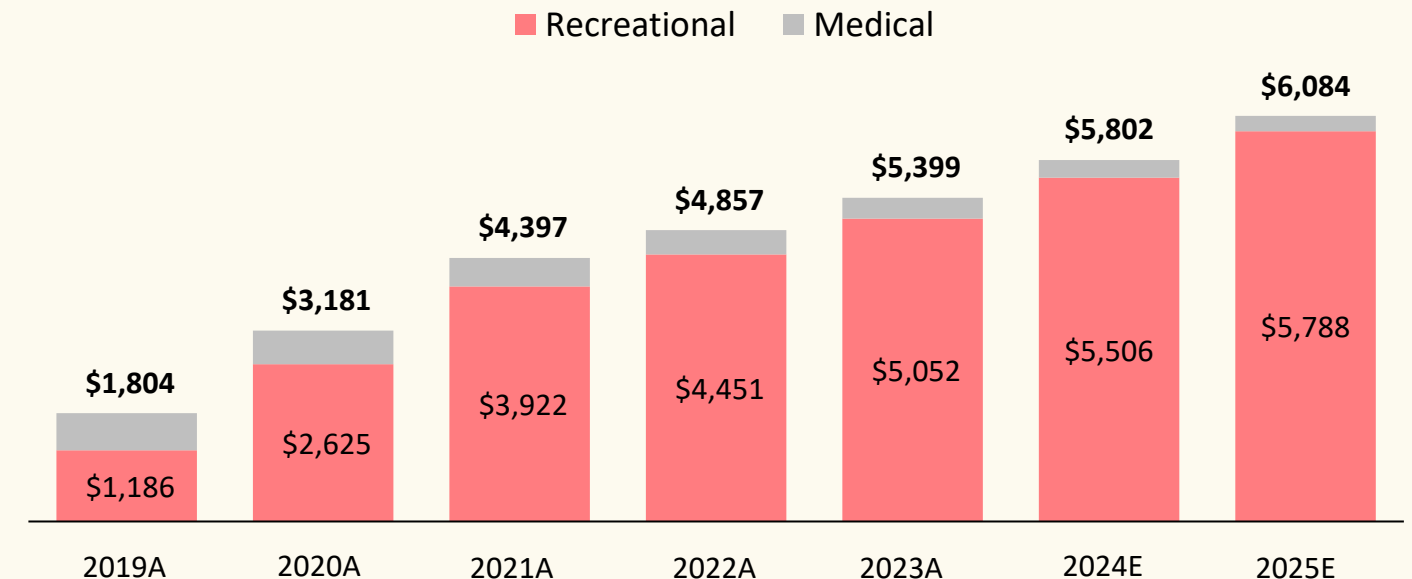
72%

Of cannabis consumers purchased from a legal source in 2024; 39% in 2019



Canadian Cannabis Market Continues to Grow

(c\$000)



Source: Statista, Hifyre IQ, Canadian Cannabis Survey, Statistics Canada

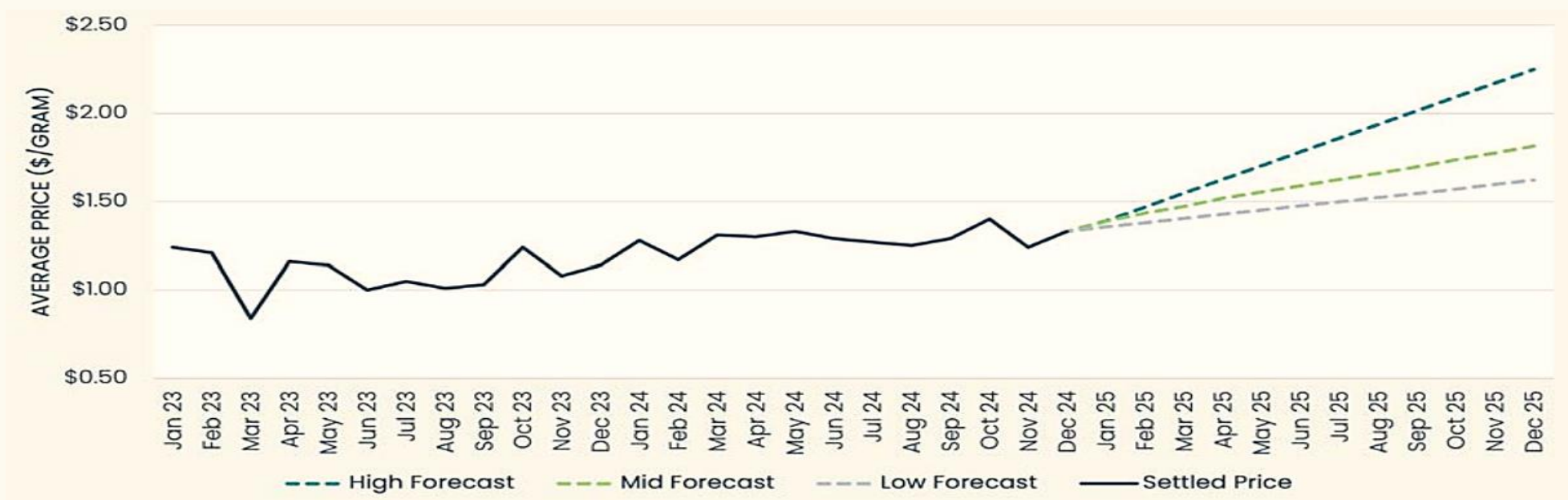
1) ATB capital markets, Life Sciences Canadian Cannabis 2025 Outlook, Dec 2024

2) Statistics Canada, as of March 7, 2025

Growing with Confidence

Rising Flower Pricing Providing Greater Stability and Growth

Average Wholesale Price of Cannabis in Canada



Shortage of high-quality, high-potency flower

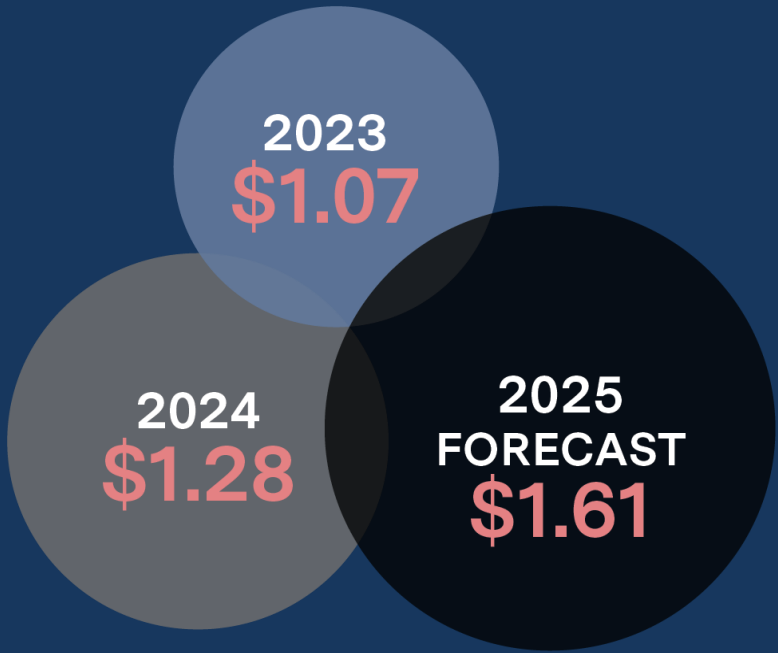
- Indoor canopy decreased 6.2% in 2024; expected to decrease in 2025
- Global export volumes grew 48.1% in 2024; expected to grow in 2025

Increased Pricing Power

- Avg. PPG increased 19.6% in 2024; expected to increase in 2025
- High capital investment is significant barrier to entry

Demand for Flower Exceeds Industry Supply

Better pricing and greater stability



SOURCE: CANADIAN CANNABIS EXCHANGE

Average wholesale flower price per year (\$/gram) (mid forecast)¹

Source: Canadian Cannabis Exchange

1) Canadian Cannabis Exchange, Bulk wholesale cannabis & extract pricing report, 2024 review & 2025 outlook



Auxly Cannabis Group

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Putting People First

Our greatest strength lies in our collective dedication to our consumers; our passion for our mission and our shared values of teamwork, quality and continuous improvement.

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Passionate Team Members

Coast to Coast Reach

10 Provinces

2 Territories

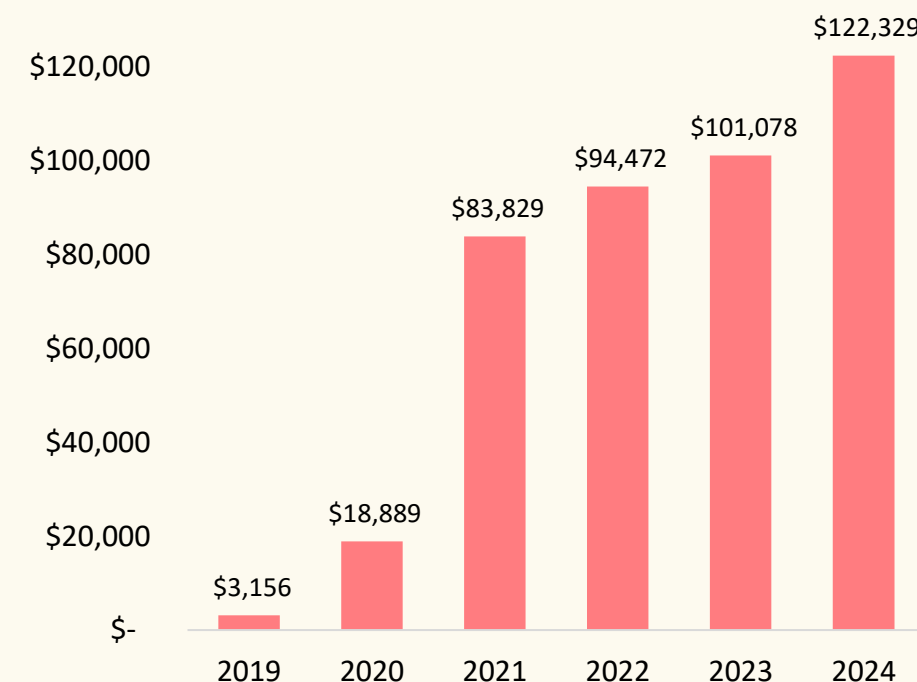
97% of all retail stores in Canada¹

Our Brands

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Delivering Growth

(Annual Net Revenue, C\$000s)



***Increased Revenues
3,776% over 5 Years***

Homegrown Success, Driving Market Leadership

Trusted Brands, Winning Assets, Sustainably Profitable

#1
Best-selling non-infused
pre-roll brand

#1
Best-selling all-in-one vape
Brand

#1
Best-selling Flower
Brand

#4
LP in Canada

2
State-of-the Art facilities

6
Consecutive Quarters of
positive Adj. EBITDA

Valued Strategic Partnership



Source: Hifyre IQ, As of Feb 2025 by dollars sold



Auxly Leamington

- 1.1 million sq. ft. facility located in Leamington, Ontario, the Greenhouse Capital of North America
- Highly automated purpose-built facility with advanced lighting, temperature, and humidity control, powered by state-of-the-art technology
- Annual production run rate of ~100,000 kgs, with ability to scale within existing footprint and 40+ acres for future growth
- CUMCS certification (GACP) for international export
- Award winning genetics library with ongoing R&D for sourcing and testing new cultivars



**Large Operational
Capacity**



**Post Harvest
Process**



**Processing
Capacity**



**National
Distribution**



**Wholesale
Arrangements**

Auxly Charlottetown

- 52,000 sq. ft. facility located in Charlottetown, PEI
- Purpose-built for high throughput vape manufacturing, product development and innovation
- 5+ years of industry innovation leadership in first-to-market, category-defining innovations
- Over 26 million units produced since legalization
- Fully licensed for processing, sales, analytical testing, research and sensory testing
- Recognized as industry leaders in quality with lowest vape failure/return rates in Canada



Just Getting Started

Strong foundations for continued growth and value creation



Products Consumers Trust & Love

- Innovation leadership
- Efficient portfolio & award-winning brands
- Leadership of largest & fastest growing categories
- Distribution Excellence



Efficient & Profitable

- Enhanced efficiency & profitability through streamlined operations
- Investments in automation & innovation driving sustainable growth
- Six consecutive quarters of adj. EBITDA growth



Winning Assets & Capabilities

- Focused innovation on largest & fastest growing categories
- Ownership of large-scale cultivation facility to meet growing demands
- Imperial Brands partnership for international growth



Strengthening Financial Position

- Proactive debt reduction
- Strong cash flow generation
- Disciplined cost management



Value creation accelerating as the Company executes on its growth strategy



Our Financial Overview

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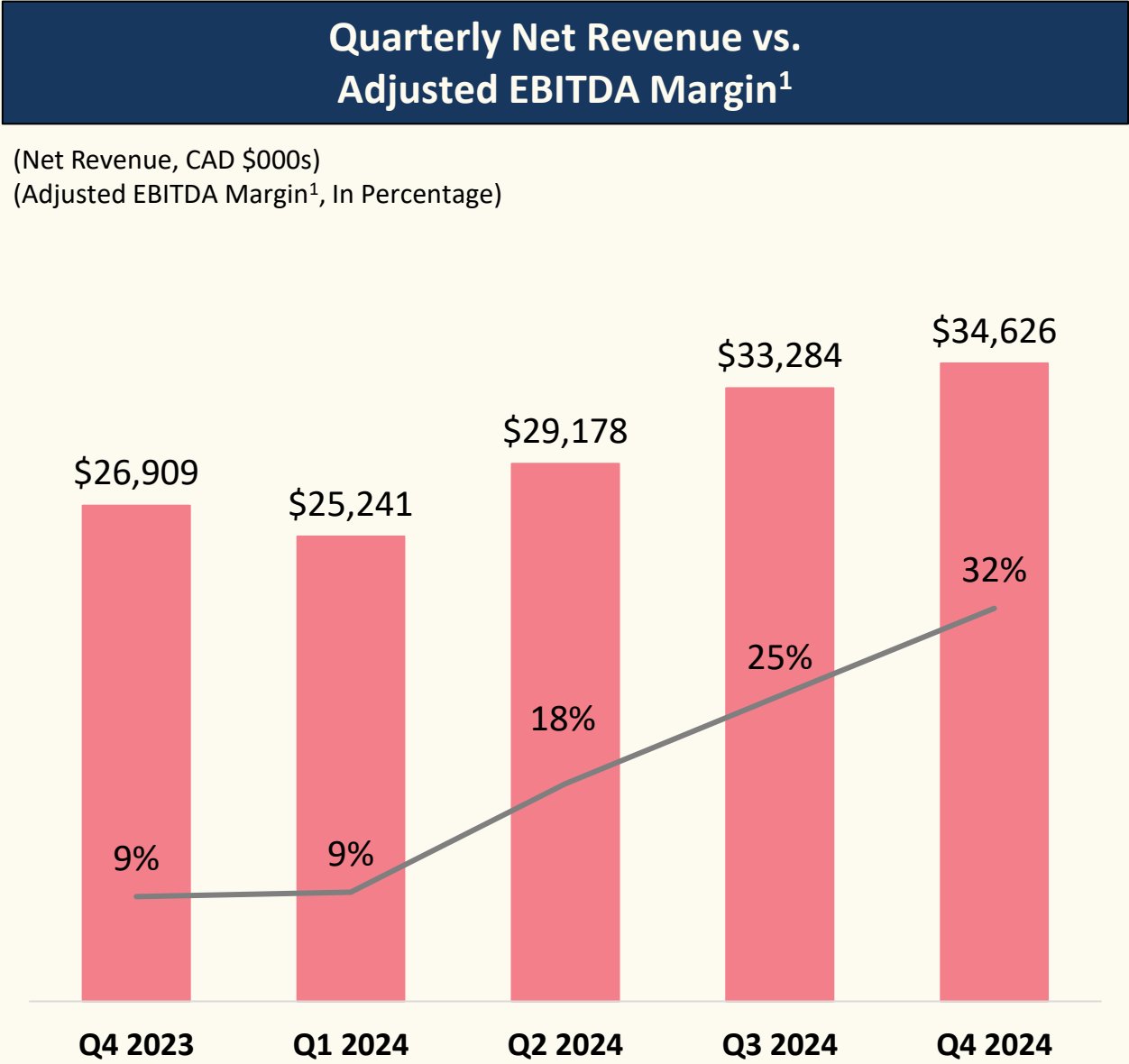
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Financial Overview

Q4 Net Revenue Increased 29% YoY; Achieved 32% Adjusted EBITDA Margin

Summary Income Statement			
(CAD \$000s)	Q4 2023		Q4 2024
Net Revenue	\$	26,909	\$ 34,626
Gross Margin on Finished Cannabis Inventory Sold ¹		10,804	18,684
Gross Margin on Finished Cannabis Inventory Sold (%) ¹		40%	54%
Selling, General Administrative expenses		9,725	9,287
Adjusted EBITDA ¹		2,294	11,006
Net Income/(loss) ²		(54,020)	4,423

Summary Balance Sheet		
(CAD \$000s)	Dec 31, 2024	
Cash	\$	18,356
Total Assets		261,530
Debt ¹		54,683



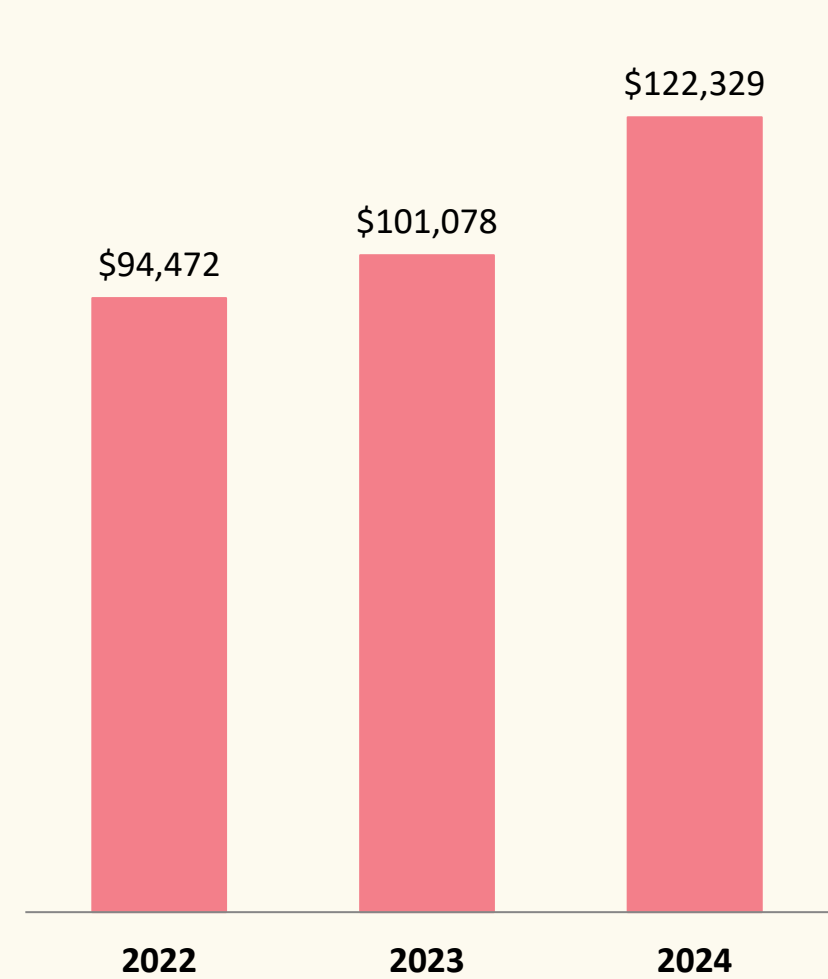
1) Non-IFRS financial measure not defined by and does not have any standardized meaning under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See the cautionary statement regarding non-IFRS financial measures in MD&A.
2) Net income/(loss) includes a non-cash impairment charge taken in Q4 2023 and a non-cash income tax expense from the conversion of the Imperial Brands convertible debenture in Q1 2024.

Financial Overview

Strong & improving financial performance YoY

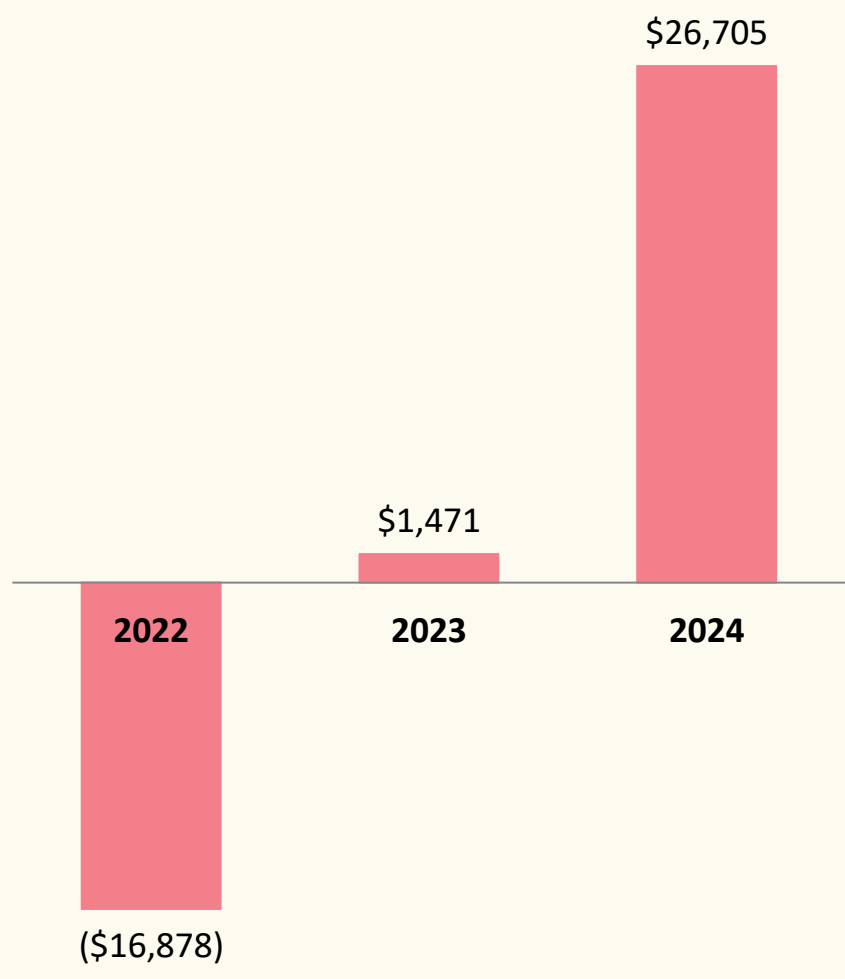
Net Revenue

(CAD \$000s)



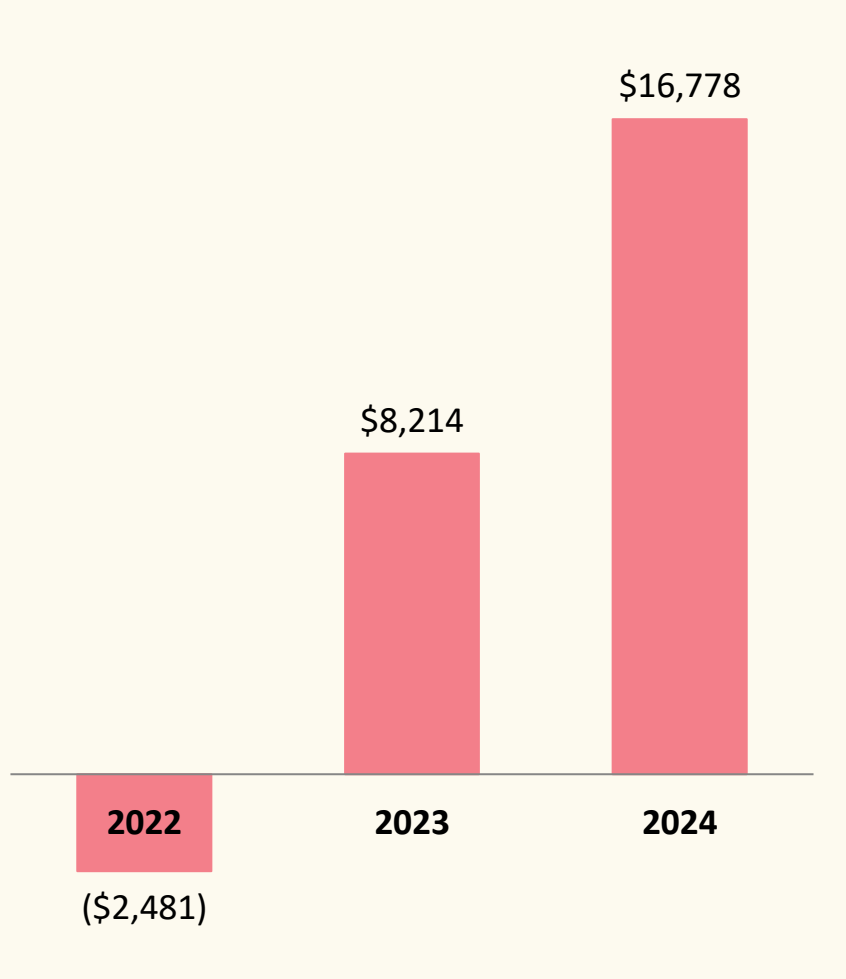
Adjusted EBITDA¹

(CAD \$000s)



Cash Flow From Operations

(CAD \$000s)



1) Non-IFRS or supplementary financial measure. Refer to the Non-GAAP Measures section in the MD&A for definitions.

Financial Overview

Capitalization Table

As of Dec 31, 2024

Issues and Outstanding Shares

Outstanding Shares	1,306,367,512
Escrow Shares	1,888,421
Total Issued and Outstanding Shares	1,308,255,933

Outstanding Securities

Warrants	109,970,142
Convertible Debentures	1,234,568
Options	19,286,581
Restricted Share Units	84,913,751
Total Outstanding Securities	215,405,042

Total Fully Diluted Shares	1,523,660,975
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Financial Overview

Q4 Non-GAAP Supplemental Information

Net Income to Adjusted EBITDA Reconciliation

Three Months Ended Dec 31

(CAD \$000s)	Q4 2023	Q4 2024
Net Income/(loss)	\$ (54,020)	\$ 4,423
Interest and accretion expenses	6,837	2,291
Interest and other income	(22)	(27)
Income tax expense/(recovery)	(3,238)	-
Depreciation and amortization included in cost of sales	1,084	1,338
Depreciation and amortization included expenses	1,708	990
EBITDA¹	\$ (47,651)	\$ 9,015
Impairment of inventory	\$ 5,109	\$ 729
Unrealized fair value loss/(gain) on biological transformation	(2,481)	(11,073)
Realized fair value loss/(gain) on inventory	5,428	11,625
Restructuring and acquisition costs	131	271
Equity-based compensation	148	1,103
Impairment of assets	37,118	-
Loss/(gain) on settlement of assets, liabilities and disposals	4,006	(1,461)
Foreign exchange loss/(gain)	486	797
Adjusted EBITDA¹	\$ 2,294	\$ 11,006

1) Non-IFRS or supplementary financial measure. Refer to the Non-GAAP Measures section in the MD&A for definitions.



Financial Overview

Year End Non-GAAP Supplemental Information Net Income to Adjusted EBITDA Reconciliation

Twelve Months Ended December 31

(CAD \$000s)	2022	2023	2024
Net Income/(loss)	\$ (130,293)	\$ (44,511)	\$ (16,348)
Interest and accretion expenses	\$ 21,578	\$ 25,715	\$ 15,041
Interest and other income	(337)	(32)	(240)
Income tax expense/(recovery)	(6,262)	(3,238)	15,992
Depreciation and amortization included in cost of sales	5,368	4,266	5,792
Depreciation and amortization included expenses	14,816	6,943	4,484
EBITDA¹	\$ (95,130)	\$ (10,857)	\$ 24,721
Impairment of biological assets	\$ 704	\$ -	\$ -
Impairment of inventory	10,732	10,474	2,332
Unrealized fair value loss/(gain) on biological transformation	(28,518)	(16,207)	(32,627)
Realized fair value loss/(gain) on inventory	24,780	18,751	26,227
Restructuring and acquisition costs	193	411	851
Equity-based compensation	4,023	1,641	5,055
Impairment of assets	67,180	39,706	-
Non-recurring bad debt expense/(recovery)	-	1,140	(123)
Loss/(gain) on settlement of assets, liabilities and disposals	81	(44,359)	(948)
Foreign exchange loss/(gain)	(923)	771	1,217
Adjusted EBITDA¹	\$ (16,878)	\$ 1,471	\$ 26,705

1) Non-IFRS or supplementary financial measure. Refer to the Non-GAAP Measures section in the MD&A for definitions.



Strong Foundations for Continued Growth

A clear path to continued value creation and long-term success



Products & Brands that Consumers Trust & Love

- #1 Brand in Canada
- Leadership of largest and fastest growing categories



Efficient & Profitable

- Automated and efficient operations
- Strong gross margins
- Sustainable profitability



Winning Assets & Capabilities

- Industry leading, large-scale cultivation & manufacturing
- Award winning innovation team



Strengthening Financial Position

- Focused on reducing debt and de-leveraging company to strengthen balance sheet

Auxly Canadian Market Leader Poised for Continued Growth



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Thank You

