

This is Auxly

# Q1 2023 Earnings Presentation

May 15<sup>th</sup>, 2023

**Auxly**

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## Use of Non-IFRS Measures

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# Agenda

1. 2023 Strategic Goals
2. Q1 2023 Results
3. Q&A

# Speakers



**Hugo Alves, JD**  
Chief Executive Officer

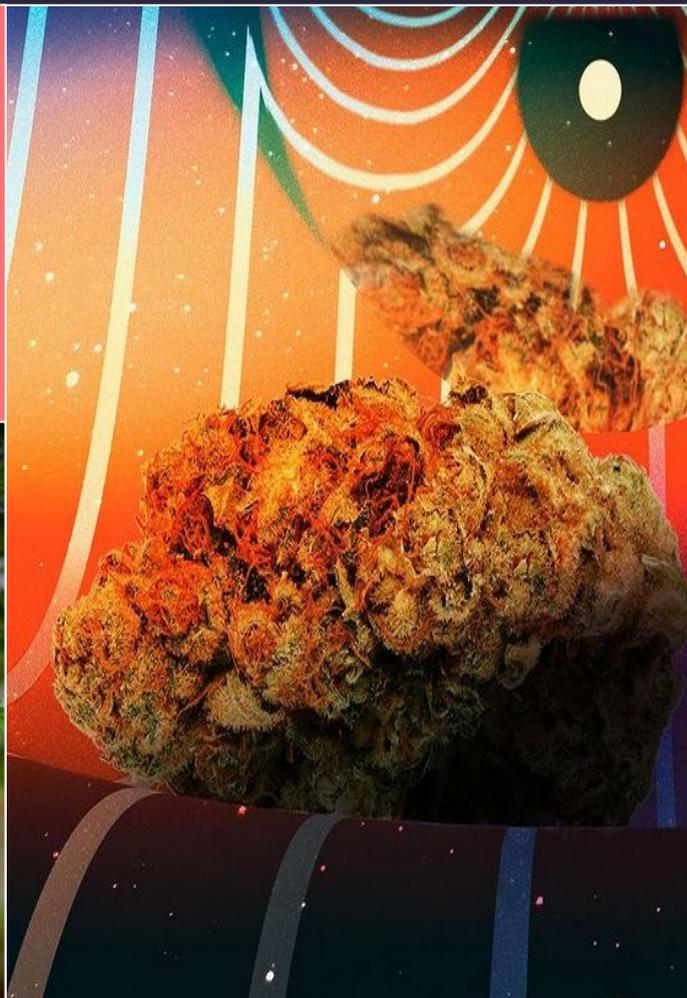


**Brian Schmitt, CPA, CFA**  
Chief Financial Officer

# Growth and Profitability in 2023

# 15%

Increase in Net Revenue



# 35-40%

Blended Gross Margins



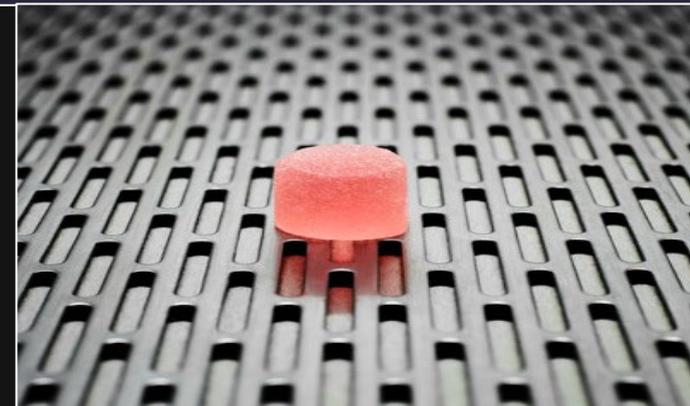
**950**  
SERIES

The perfect joint exists  
with the *950 Series*.

*Go analogue with the 950 Series*

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Nunc sed neque placerat, facilisis magna efficitur, egestas sapien. Duis tristique elementum nibh, id molestie odio mattis feugiat. Proin vel urna erat. Nam a ornare met.

**KOLAB PROJECT**  
[www.kolabproject.com](http://www.kolabproject.com)



# < 40%

Maintain SG&A to below  
40% of NOR



Evolving Consumer Needs

# Focus on Key Product Categories

**PINE CONES ARE THE ONLY CONES IN THE BACK FORTY.**

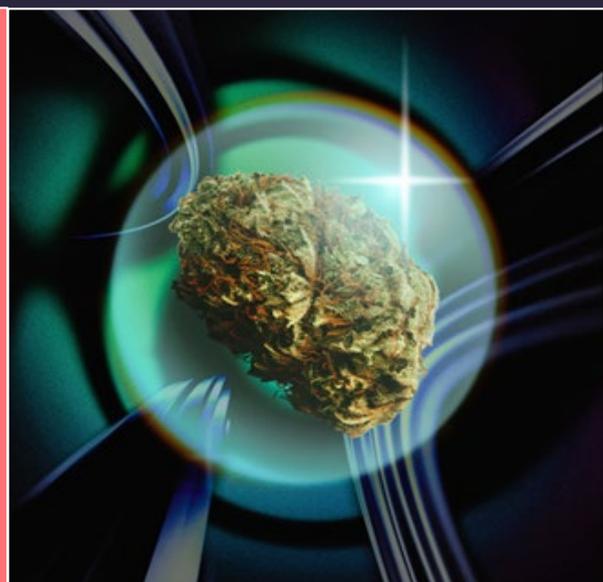
Ditch the cones & grab a pack of 40s. They're slim, sleek and packed with the good stuff.



**BACK FORTY**

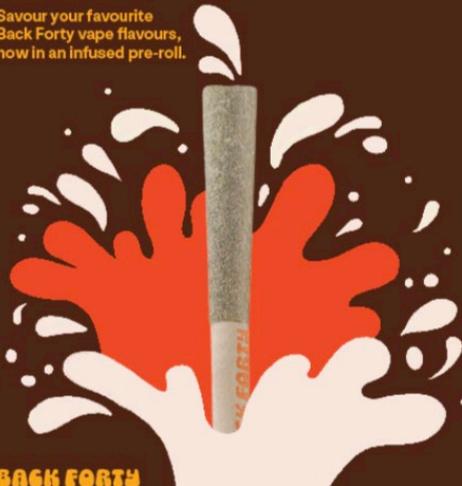
**#3**

in Vape Category  
(11.2% National Market Share)



**SAVOUR THE INFUSED FLAVOUR.**

Savour your favourite Back Forty vape flavours, now in an infused pre-roll.



**BACK FORTY**

**#5**

in Dried Flower Category  
(5.7% National Market Share)

**#10**

in Pre-Roll Category  
(2.9% National Market Share)

**157**  
SERIES



**The 157 Series stands the test of time.**

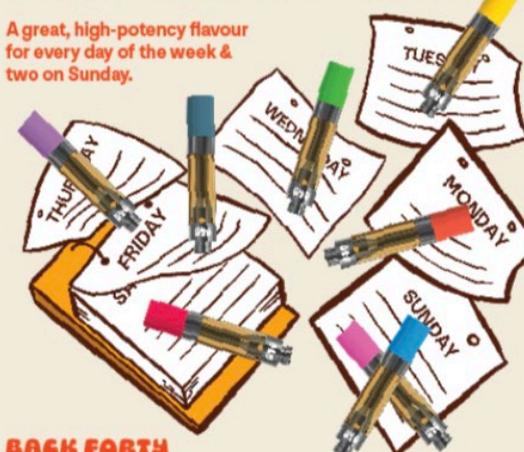
*You'll believe it when you feel it.*

Looking for the ultimate vaping experience? Look no further than the 157 Series! One of Canada's top-selling cartridges since the beginning, thanks to its unbeatable combination of cutting-edge hardware, premium distillate, and botanical terpenes. Experience the legacy.

**KOLAB PROJECT**  
www.kolabproject.com

**MORE FLAVOURS THAN DAYS IN THE WEEK.**

A great, high-potency flavour for every day of the week & two on Sunday.

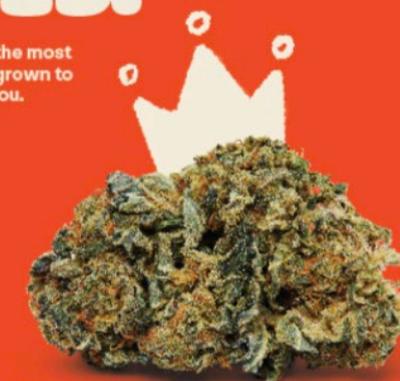


**BACK FORTY**



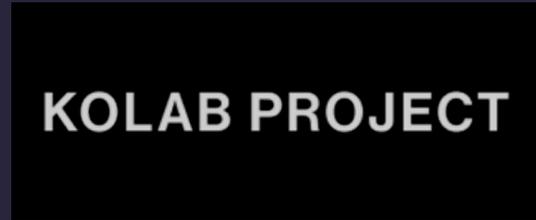
**NO NEED TO STRAIN YOURSELF LOOKING FOR GOOD WEED.**

Back Forty has the most unique strains, grown to perfection for you.



**BACK FORTY**

# Brand Evolution To Drive Continued Growth

				
Ultra-Value	Value	Mainstream	Mainstream	Premium
Dried Flower, Milled Flower	Dried Flower, Milled Flower, Pre-Rolls, Vape, Edibles	Vape, Edibles	CBD Capsules, Oils, Topicals	Dried Flower, Pre-Rolls, Vape, Concentrates, Edibles
Parcel delivers on its promise – high quality cannabis for less. No bells, no whistles, just really good cannabis grown by really good people.	Take a Trip. Explore the Back Forty. Back Forty is all about embracing simplicity, getting back to basics and not taking life too seriously. Back Forty’s mission is to bring to consumers a simple, uncomplicated cannabis product that already feels familiar.	Foray is a versatile, modern, and inviting cannabis brand, designed for the curious. Foray is an accessible entry point for anybody—at any stage of their cannabis journey. Designed for the curious, Foray is an approachable brand that aims to both celebrate and guide one’s foray into cannabis, ultimately inviting them to see cannabis differently.	We believe in the natural potential of cannabis. Backed by science and advanced research and development, Dosecann products are driving today’s innovation and establishing tomorrow’s standards. Cannabis down to a science.	Offering a refined collection of high-quality cannabis products and design-focused, purposeful goods. We connect consumers with a carefully selected group of collaborators in order to create experiences that are inspired by the ever-evolving world we live in.

Focused Innovation to Drive Organic Growth

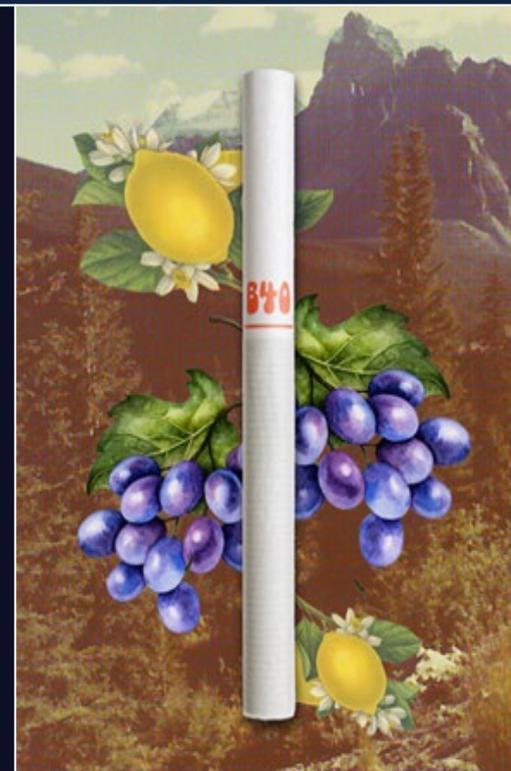
# Key Product Category Innovation Focus in 2023



THE CUTTING EDGE OF ANCIENT TECHNOLOGY

KOLAB PROJECT  
**950**  
SERIES

950 Series Flower  
Inzane in the Membrane

A large, detailed cannabis flower (bud) is the central focus, surrounded by a futuristic, glowing grid pattern. The text 'THE CUTTING EDGE OF ANCIENT TECHNOLOGY' is at the top. At the bottom, it says 'KOLAB PROJECT 950 SERIES' and '950 Series Flower Inzane in the Membrane'.

Focus on Key Categories:

- Dried Flower
- Pre-Roll
- Vapour

STRAIN SATIVA

## Mandarin Cookies

THC 21%-28%

TASTE  
Tangy citrus with a hint of sweet nuttiness

TOP TERPENES  
Beta-caryophyllene, Beta-myrcene, Limonene, Alpha-humulene, Alpha-bisabolol

**BAG FORTY**

A cannabis flower is shown surrounded by mandarin oranges. The text includes 'STRAIN SATIVA', 'Mandarin Cookies', 'THC 21%-28%', 'TASTE Tangy citrus with a hint of sweet nuttiness', and 'TOP TERPENES Beta-caryophyllene, Beta-myrcene, Limonene, Alpha-humulene, Alpha-bisabolol'. The 'BAG FORTY' logo is at the bottom.

# 23

SKUs Newly Available in 2023

A large number '23' is centered on a pink background. Below it, the text reads 'SKUs Newly Available in 2023'.

## SAVOUR

THE INFUSED FLAVOUR

UP TO 26%  
THC

### Kush Mint

**BAG FORTY**  
BAGFORTY.COM • 1-866-FORBAZE

WELCOME TO *Flavour Valley*  
Mt. Kush Mint  
Blackberry Vanilla Bay  
Strawberry Cough Canyon  
\*WISH YOU WERE HERE\*

Three Kush Mint pre-rolls are shown on a mountain landscape. The text includes 'SAVOUR THE INFUSED FLAVOUR', 'UP TO 26% THC', 'Kush Mint', 'BAG FORTY BAGFORTY.COM • 1-866-FORBAZE', and 'WELCOME TO Flavour Valley Mt. Kush Mint Blackberry Vanilla Bay Strawberry Cough Canyon \*WISH YOU WERE HERE\*'. The 'BAG FORTY' logo is at the bottom.

# ORANGE SUNKISS

A B40 vape pen is surrounded by oranges. The background is a scenic landscape with mountains and a river.

Advanced Cultivation

## Focusing on our High-Quality, Low-Cost Advantage for the Next Stage



Continuous Improvements in  
Product Quality and Yields

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Post Harvest Enhancements

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New Unique Genetics Driven by  
Consumer Insights Launching in H1

Advanced Manufacturing  
Leveraging Scale and Automation



State-of-the-Art Automation

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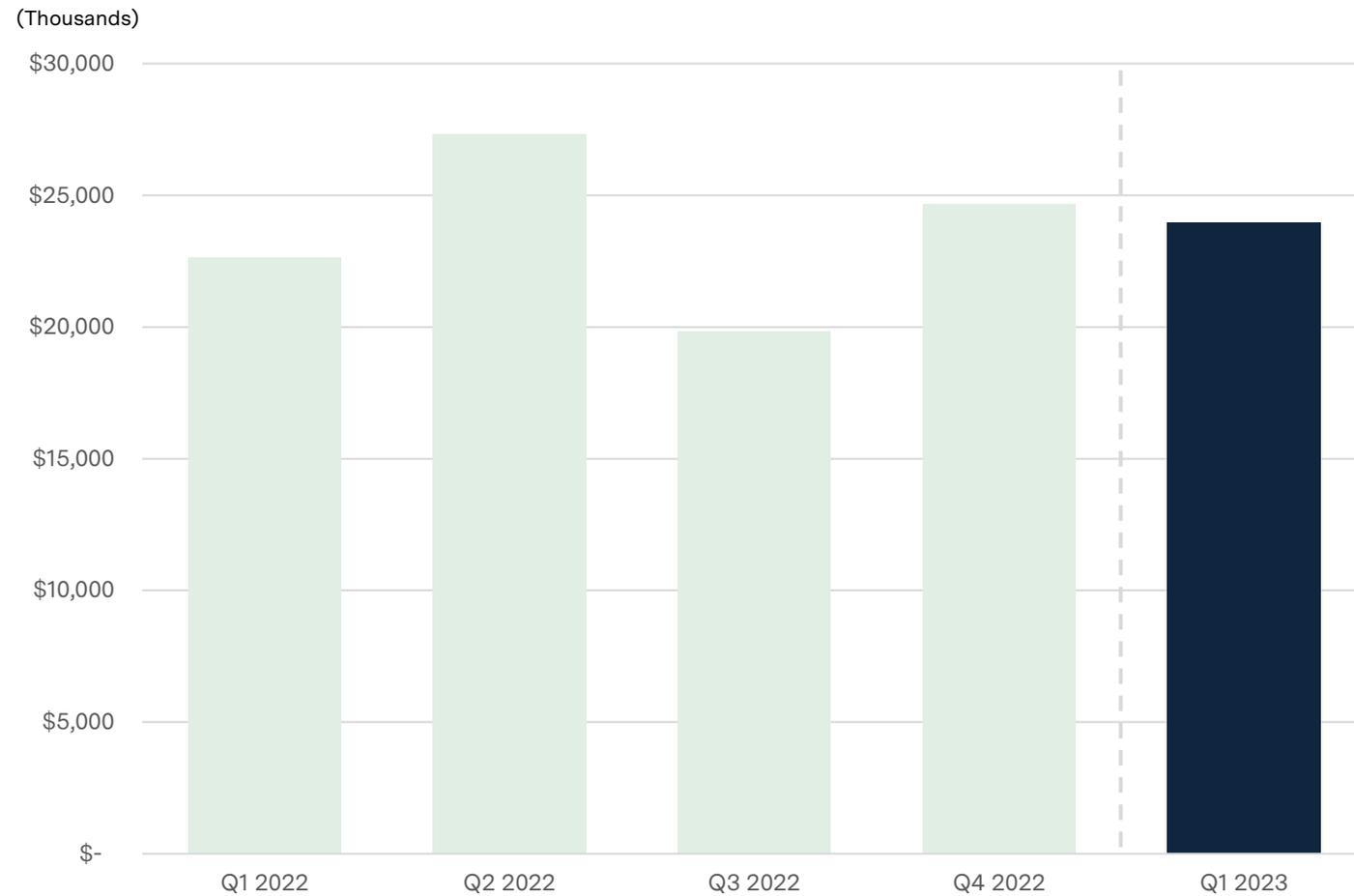
Further Ramp in Manufacturing  
Capacity

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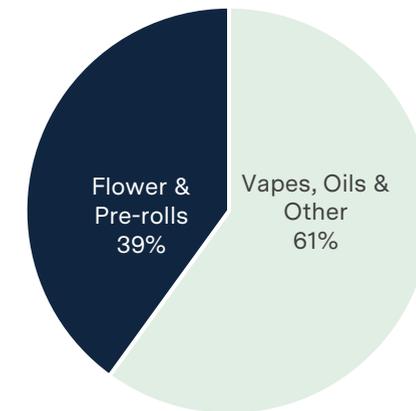
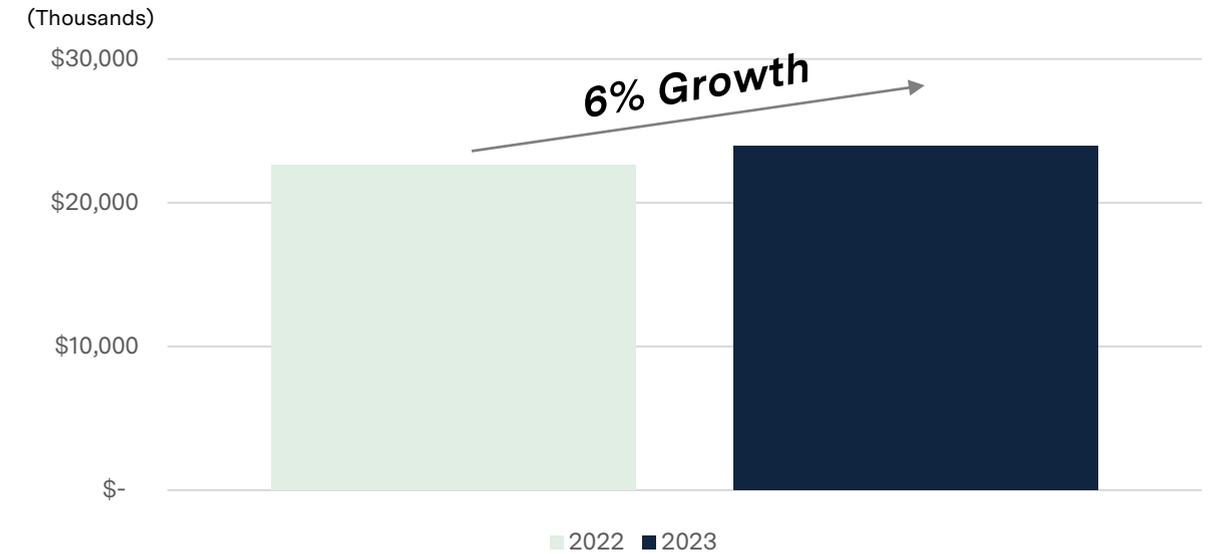
Consistent, High-Quality Product

# Revenue Snapshot

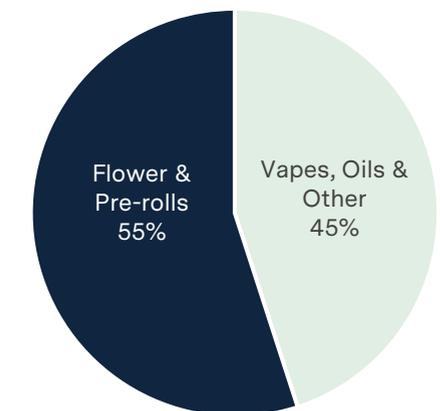
### Auxly's Net Revenue Trend



### Auxly's First Quarter Revenue and Segment Overview



2022



2023

# Earnings Overview

Gross Profit Margin	SG&A	Net Loss <sup>1</sup>																		
<table border="1"> <caption>Gross Profit Margin</caption> <thead> <tr> <th>Quarter</th> <th>Margin (%)</th> </tr> </thead> <tbody> <tr> <td>Q1 2022</td> <td>~16%</td> </tr> <tr> <td>Q1 2023</td> <td>~33%</td> </tr> </tbody> </table>	Quarter	Margin (%)	Q1 2022	~16%	Q1 2023	~33%	<table border="1"> <caption>SG&amp;A (Thousands)</caption> <thead> <tr> <th>Quarter</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>Q1 2022</td> <td>~\$12,500</td> </tr> <tr> <td>Q1 2023</td> <td>~\$10,000</td> </tr> </tbody> </table>	Quarter	Amount (\$)	Q1 2022	~\$12,500	Q1 2023	~\$10,000	<table border="1"> <caption>Net Loss<sup>1</sup> (Thousands)</caption> <thead> <tr> <th>Quarter</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>Q1 2022</td> <td>~-\$40,000</td> </tr> <tr> <td>Q1 2023</td> <td>~-\$10,000</td> </tr> </tbody> </table>	Quarter	Amount (\$)	Q1 2022	~-\$40,000	Q1 2023	~-\$10,000
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Cost of Finished Cannabis Inventory Sold Margin*	Adjusted EBITDA	Cash used in Operating Activities																		
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\* This measure includes depreciation

# Agenda

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2. Q1 2023 Results
3. Q&A

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