

Auxly Cannabis Group

Corporate Presentation

May 2024

Auxly



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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

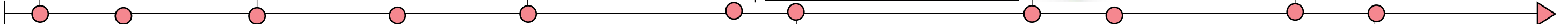


Since introducing its unique genetic strains to the market, Auxly has captured significant market share in the most competitive category in the industry




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


A Persistent Drive for Excellence




June 2017
Auxly Founded




September 2019
Strategic Investment from Imperial Brands




May 2018
Acquired Auxly Charlottetown



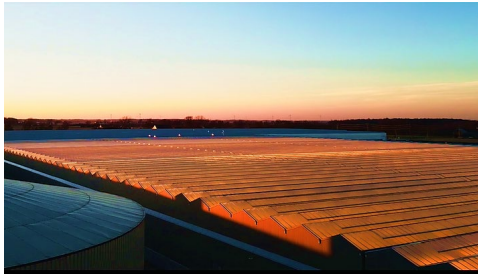
December 2019
Commenced Commercial Sales of Cannabis 2.0 Products in Canada




December 2020
#1 LP for National 2.0 Product Sales




November 2021
Acquired Auxly Leamington & Strategic Expansion into Cannabis 1.0 Products




June 2022
Canadian Licensed Producer of the Year




2022
5th Largest and Fastest Growing LP in Canada




Q1 2023
Achieved Positive Adjusted EBITDA



Q2 2024
Launched first branded product into Quebec



Q4 2023
Achieved record Revenue & Adjusted EBITDA Positive



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



PIE & COOKIES COMBO PACK

This 40s combo pack features a pack of each of our best-selling strains, Wedding Pie & Mandarin Cookies. So, ditch the cone style pre-rolls and grab a pack of our 40s... or two.



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 #1 pre-roll brand in Ontario¹
- 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, YT), and one wholesaler (Open Fields – SK market).
- Auxly is present in over 92% 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

Q1 2024 Overview



Q1 2024 Review

- Achieved best Q1 in the Company's history across key metrics of revenue, margin and Adjusted EBITDA¹
 - Net revenues of \$25.2 million, an increase of 5% compared to prior year
 - Gross Margin on Finished Cannabis Inventory Sold¹ of 38%, a record for historical Q1 periods
 - Adjusted EBITDA¹ of \$2.2 million, an improvement of 1,522% or \$2.1 million YoY
 - Continued reductions in SG&A by over 15% YoY
 - Strengthen the balance sheet with Imperial Brands plc conversion of over \$123 million of debt into shares, resulting in 19.8% ownership of the Company and completed the extension of the Auxly Leamington credit facility to December 31, 2025
- Top 10 LP in Canada, securing 5% share of market
 - Maintained leadership position in the competitive vapour category, growing market share to over 10% and securing the #2 LP position in national sales
 - Back Forty maintained its #1 brand position in Ontario in the pre-roll category and is quickly becoming a consumer favourite brand in dried flower, ranking #6 in national sales
 - Subsequent to quarter end, expanded Back Forty brand into the province of Quebec, with products now available in all Canadian provinces and two territories
 - Subsequent to quarter end, introduced its advanced, fully automated for precision, 0.75g three pack pre-rolls under Back Forty



**SPEND MORE
TIME IN THE
BACK FORTY.**

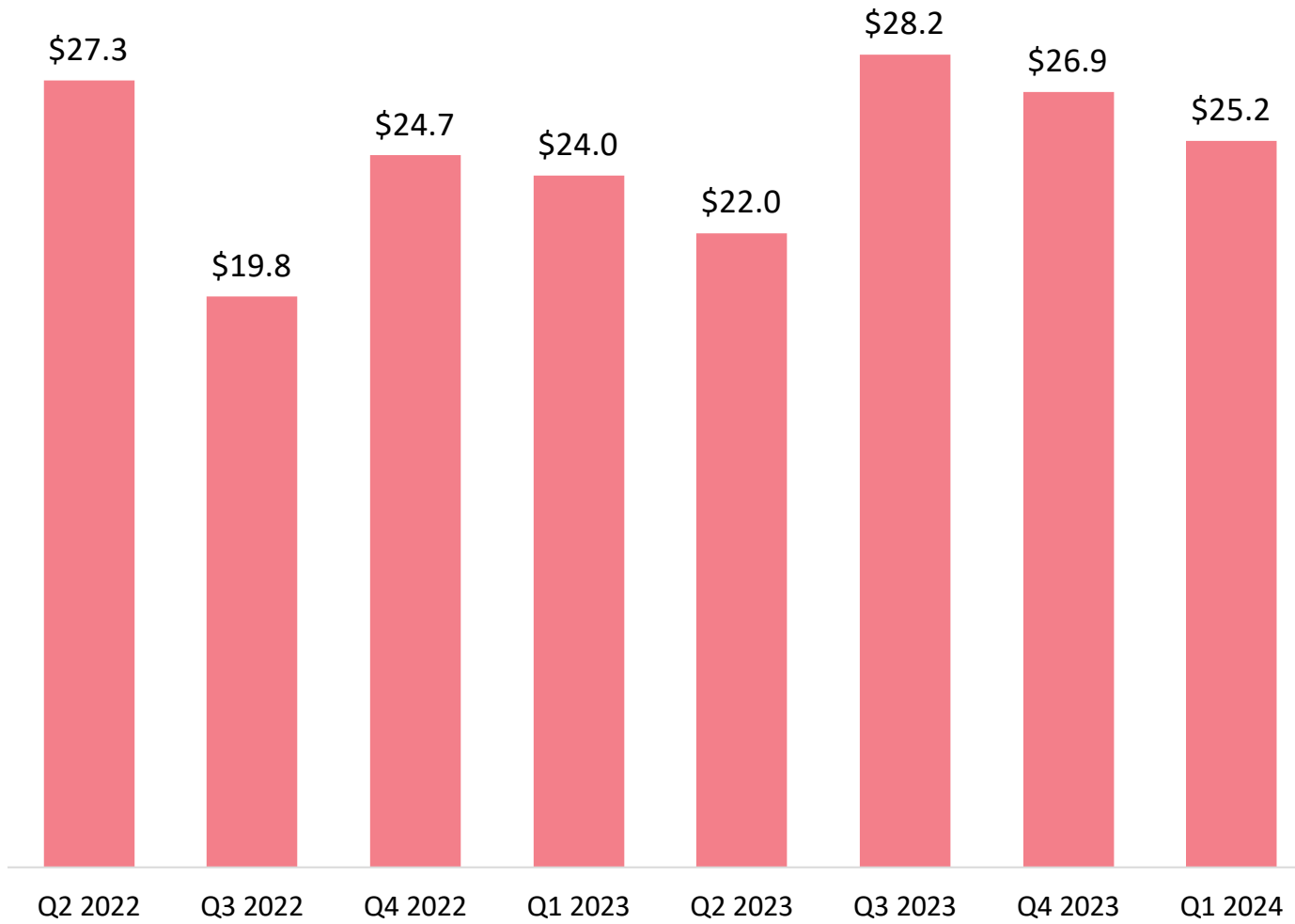
Now you can go the distance
with our longer-lasting
0.75g straight cut pre-rolls.

BACK FORTY

Net Revenue Snapshot

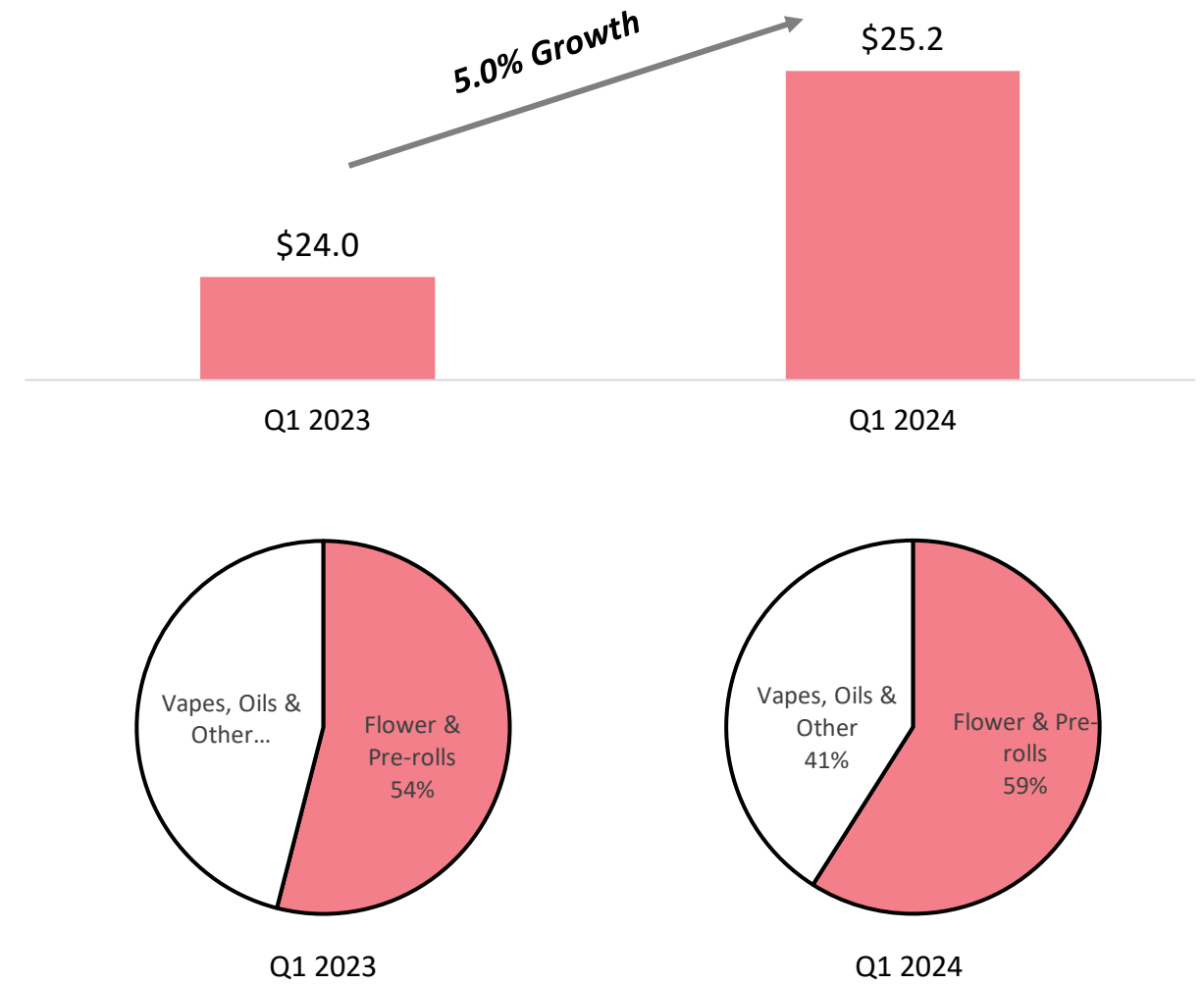
Net Revenue by Quarter

(Net Revenue, In Millions)



Revenue and Segment Overview¹

(Net Revenue, In Millions)



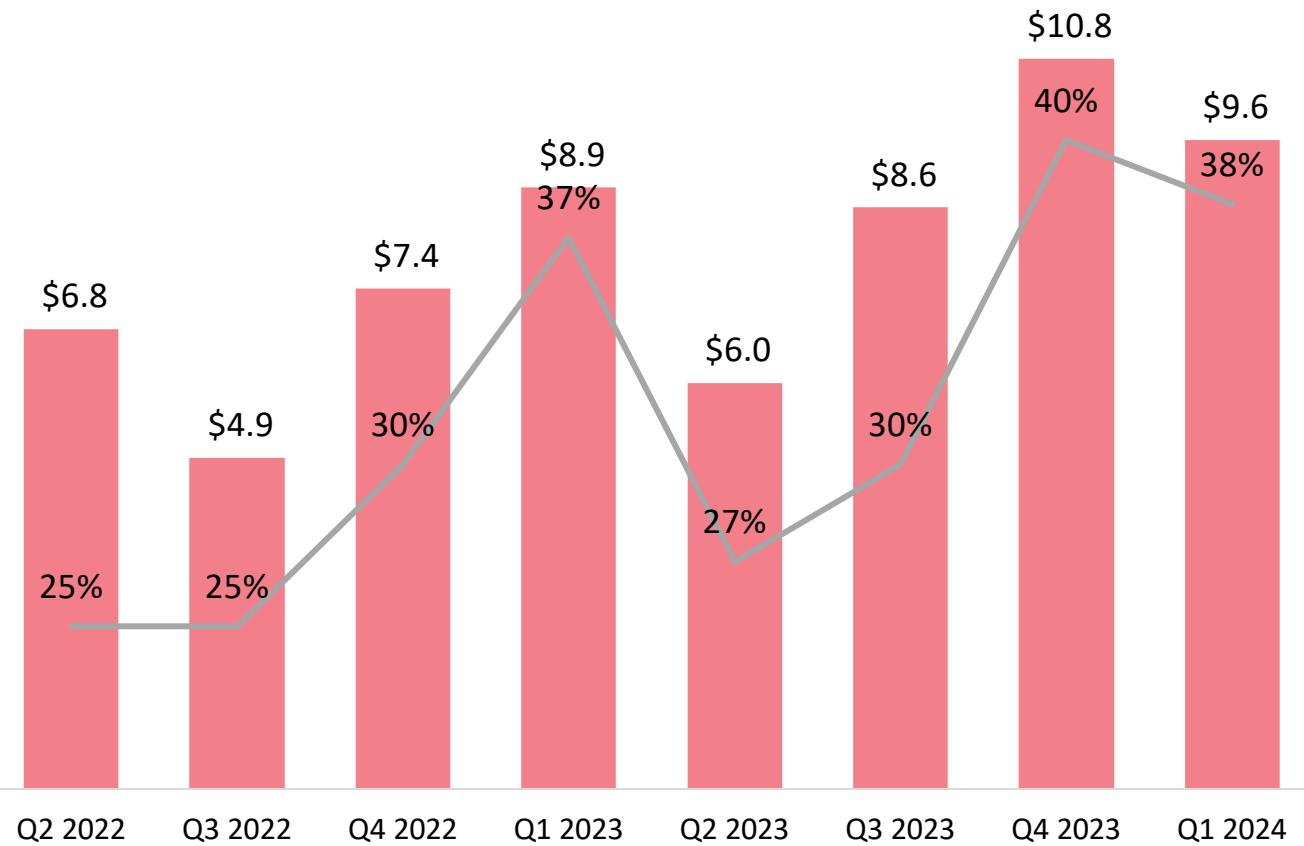
1) Cannabis 1.0 includes Dried Flower and Pre-roll sales; Cannabis 2.0 includes edible cannabis, cannabis extracts and cannabis topicals.

Key Profitability Metrics

Gross Margin on Finished Cannabis Inventory Sold¹

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

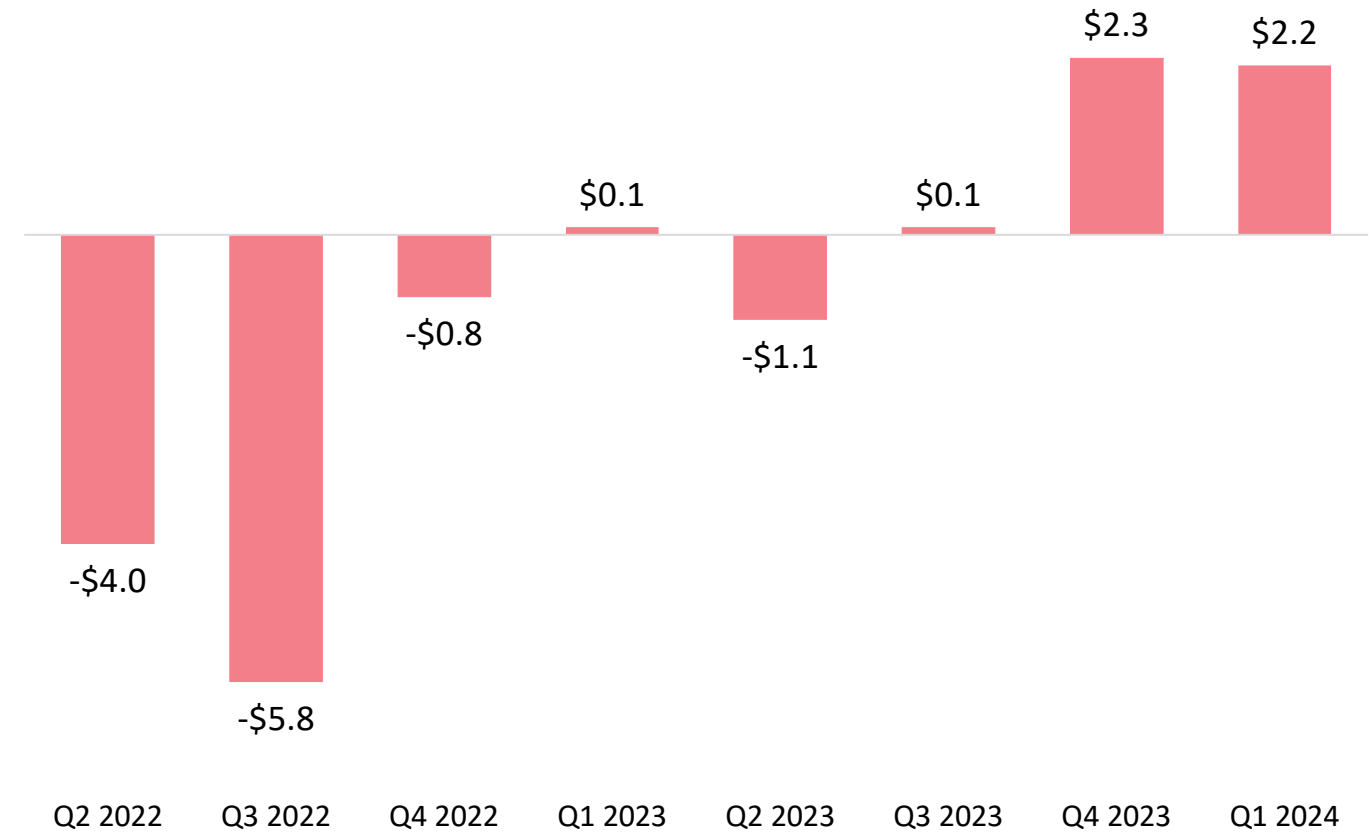
0.6% GM% Improvement YoY



Adjusted EBITDA¹

(Adjusted EBITDA, In Millions)

\$2.1M Improvement YoY



Q1 2024 Key Financial Metrics

(In Millions unless otherwise indicated)

	Q1 2024	Q1 2023	% Change
Gross revenue	38.3	37.5	2%
Excise taxes	13.1	13.5	-3%
Net revenue	25.2	24.0	5%
Gross margin on finished cannabis inventory sold ¹	9.6	8.9	7%
Gross margin on finished cannabis inventory sold (%) ¹	38%	37%	1%
Selling, general and administrative expenses	8.6	10.1	-15%
Adjusted EBITDA ¹	2.2	0.1	1523%
Net income/(loss)	(26.0)	(10.2)	-154%



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



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