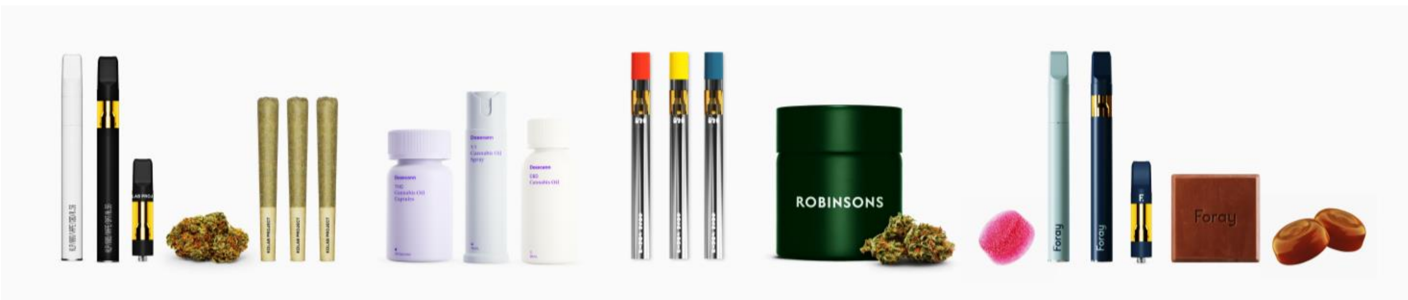
Auxly

Auxly in Top Spot for 2.0 Products

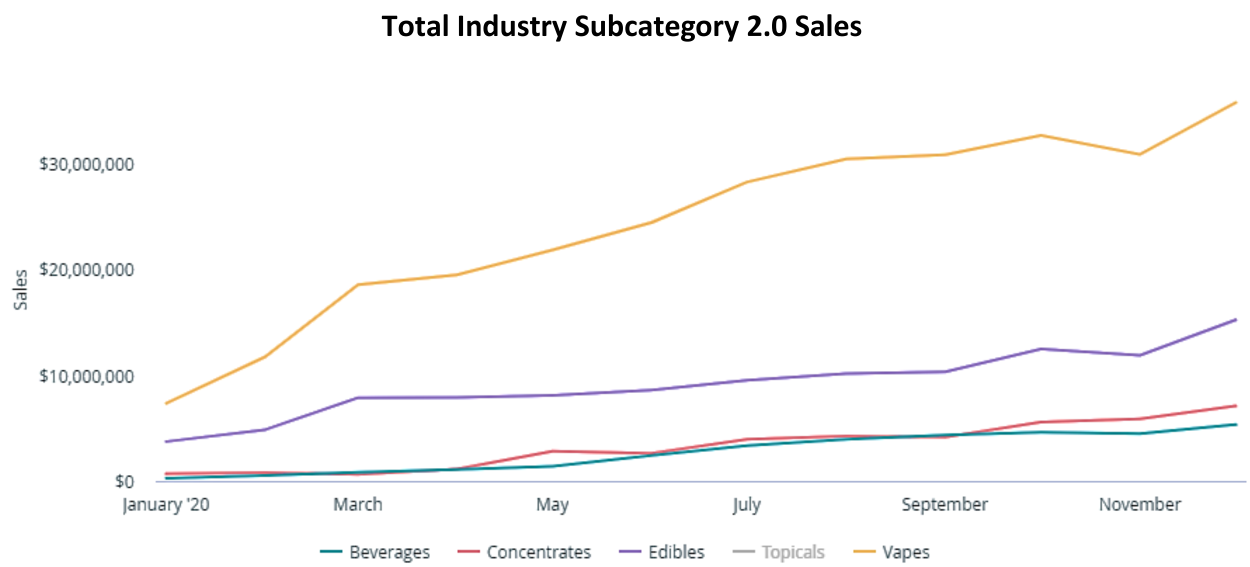
Headset data confirms Auxly as the top-selling licensed producer of Cannabis 2.0 products for 2020, with a 14% share of the total 2.0 market[i]



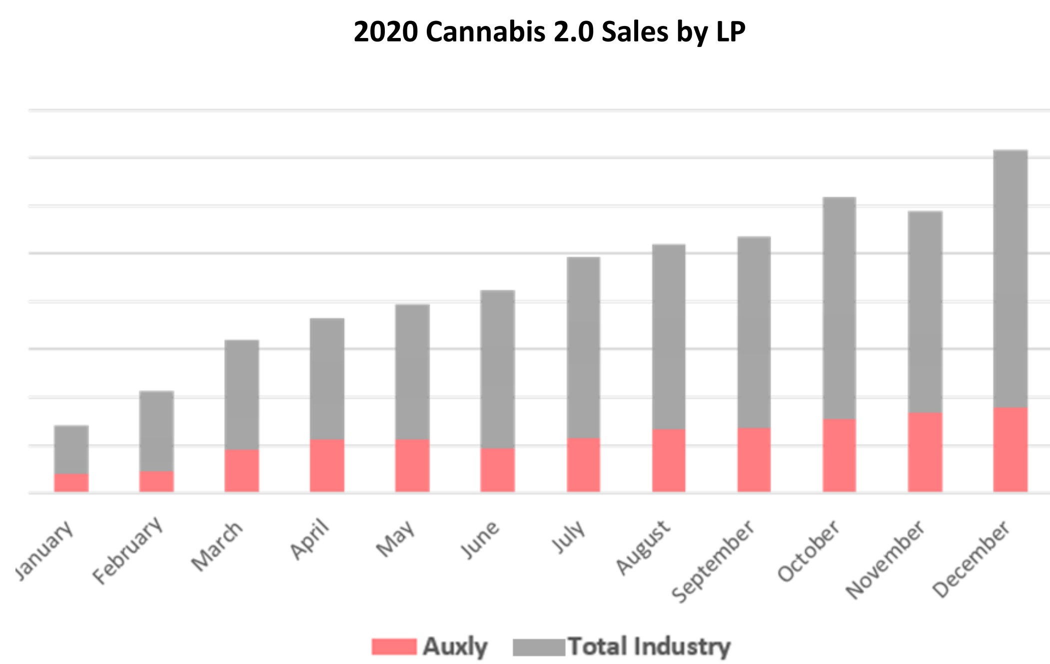
News Release

TORONTO, Ontario, January 19, 2021 – Auxly Cannabis Group Inc. (TSX.V - XLY) ("**Auxly**" or the "**Company**"), a leading consumer packaged goods company in the cannabis products market, is pleased to announce that the Company achieved the #1 market share position for Cannabis 2.0 products in 2020, as confirmed by Headset Canadian Insights data. 2020 was the first full year for the sale of Cannabis 2.0 products, which is generally understood to consist of vapes, edibles, beverages, extracts and topicals. Despite not participating in every 2.0 category, Auxly's 19.2% share of the total vape market and 12% share of the total edibles market propelled the Company to the #1 spot in overall 2.0 sales for the year. Auxly saw robust sales growth quarter over quarter, especially in its vape product offering – the largest 2.0 category – securing 23% of the national vape market share in the fourth quarter[ii].

"We are extremely proud to be the #1 LP for Cannabis 2.0 in Canada," said Hugo Alves, CEO, Auxly. "The amount of support and overwhelmingly positive feedback we have received from Canadian retail consumers throughout this first year of sales has been tremendous. Our commitment to delivering high-quality, differentiated and innovative cannabis products has clearly struck a chord with Canadians and our entire team remains highly motivated to continue our growth trajectory as we start a new year."



Caption: Canadian Cannabis 2.0 sales for 2020, by category, according to Headset Canadian Insights.



Caption: Canadian Cannabis 2.0 sales for 2020, by Licensed Producer, according to Headset Canadian Insights.

Additional Operational Highlights for 2020 included:

- One of the first LPs to market with 2.0 products, with initial shipments made to nine provinces.
- Listed as the #1 LP in national vape sales in the fourth quarter of 2020, with 23% market share.
- During the third quarter, successfully completed the second-floor expansion at its Dosecann facility located in Prince Edward Island, enabling increased production, fulfillment rates and sale of cannabis products.

- Auxly continued to introduce new and exciting cannabis products to the market throughout the year, with the launch of the Back Forty brand, Foray Hard Maple Caramels, Dosecann Capsules, Kolab Project Cherry Cola Pop milk chocolates and Kolab Project 232 Series live terpene vape cartridges.
- Expansion into Cannabis 1.0 with the launch of Robinson's premium dried flower and Kolab Project Grower Series collaborations with Lotus Cannabis Co. and Safari Flower Co.
- Auxly's joint venture, Sunens Farms Inc., received its standard cultivation licence for the first phase of its greenhouse project.

Looking ahead into 2021, Auxly continues to focus its efforts on innovation and executional excellence as it solidifies its national footprint with its consumer brands Back Forty, Dosecann, Foray, Kolab Project and Robinsons.

ON BEHALF OF THE BOARD

"Hugo Alves" CEO

About Auxly Cannabis Group Inc. (TSX.V: XLY) (OTCQX: CBWTF)

Auxly is an international cannabis company dedicated to bringing innovative, effective, and high-quality cannabis products to the medical, wellness and adult-use markets. Auxly's experienced team of industry first-movers and enterprising visionaries has secured a diversified supply of raw cannabis, strong clinical, scientific and operating capabilities and leading product research and development infrastructure in order to create trusted products and brands in an expanding global market.

Learn more at www.auxly.com and stay up to date at Twitter: @AuxlyGroup; Instagram: @auxlygroup; Facebook: @auxlygroup; LinkedIn: company/auxlygroup/.

Investor Relations:

For investor enquiries please contact our Investor Relations Team:
Email: IR@auxly.com
Phone: 1.833.695.2414

Media Enquiries (only):

For media enquiries or to set up an interview please contact:
Email: press@auxly.com

Notice Regarding Forward Looking Information:

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities law. Forward-looking information is frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. This information is only a prediction. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking information throughout this news release. Forward looking information includes, but is not limited to: the Company's execution of its product development and commercialization strategy; consumer preferences; political change, future legislative and regulatory developments involving cannabis and cannabis products; and competition and other risks affecting the Company in particular and the cannabis industry generally.

A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this release including, but not limited to, whether: the Company's subsidiaries and partners are able to maintain the necessary regulatory authorizations to conduct business; there is acceptance and demand for current and future Company products by consumers and provincial purchasers; and general economic, financial market, regulatory and political conditions in which the Company operates will remain the same. Additional risk factors are disclosed in the annual information form of the Company for the financial year ended December 31, 2019 dated May 13, 2020.

The forward-looking information in this release is based on information currently available and what management believes are reasonable assumptions. Forward-looking information speaks only to such assumptions as of the date of this release. In addition, this release may contain forward-looking information attributed to third party industry sources, the accuracy of which has not been verified by Auxly. Readers should not place undue reliance on forward-looking information contained in this release. The forward-looking information contained in this release is expressly qualified by the foregoing cautionary statements and is made as of the date of this release. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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[i] Headset Canadian Insights, Total Canadian Cannabis 2.0 sales, January 1, 2020 - December 31, 2020

[ii] Headset Canadian Insight, Canadian Vape sales, October 1, 2020 – December 31, 2020