Auxly Maintains Top Position in 2.0, Dominates Vape Sales and Grows National Market Share Through 1.0 Expansion in 2021

Headset data confirms Auxly almost doubled overall market share, ending the year as the #5 LP in Canada and continues to hold the #1 LP position in National Cannabis 2.0 sales[i]

News Release

TORONTO, Ontario, January 13, 2022 – Auxly Cannabis Group Inc. (TSX - XLY) ("**Auxly**" or the "**Company**"), a leading consumer packaged goods company in the cannabis products market, is thrilled to report its continued national leadership in Cannabis 2.0 product sales in 2021, securing a 15% share of the growing category (up from 14% in 2020), as confirmed by Headset Canadian Insights data. The Company's #1 spot is driven by its dominance in the vapour segment, where it achieved 23% national market share for the year, with all three of its vape brands - Back Forty, Kolab Project and Foray – securing a spot in the top 5 selling brands across the country.

The Company also saw a steady quarter-over-quarter growth in total market share, achieving its strategic objective of reaching the #5 LP position in overall sales by the end of 2021. As one of the few Canadian LPs to gain market share throughout the year, Auxly successfully captured 7.4% of the total market in Q4 2021 (up from 4% in Q1 2021), securing a new leading position among the top performing LPs in the country. Leading the growth in market share was the Company's expansion into dried flower and pre-rolls, which still account for over 75% of national cannabis sales, and remains a key growth driver for Auxly going into the new year where it will leverage the added support of its newly acquired 1.1 million sq. ft. greenhouse cannabis cultivation facility in Leamington, ON.

"2021 was a phenomenal year for Auxly. It validated our focused strategy of bringing innovative and differentiated products to the Canadian cannabis market under brands that consumers can trust and love," said Hugo Alves, CEO of Auxly. "I want to express my utmost gratitude to everyone at Auxly for their hard work and determination, especially during another year of the pandemic. We've solidified our position within the top-ranking LPs in the country and have no intention of slowing down as we further optimize our operations to facilitate long-term growth and continue to build deeper connections with our targeted consumers through our innovative branded cannabis products. We couldn't be more excited for 2022."

Additional Operational Highlights for 2021 Include:

- Launched 52 SKUs in 2021, including 10 first-to-market innovations such as Kolab Project 232 Series Live Terpene Sticks;

- Made significant progress in building to leadership in both the dried flower and pre-roll categories with the launch of new and exciting product formats that include Back Forty 40s and the introduction of unique cannabis strains that Canadian consumers trust and love, like one of Ontario's top selling dried flower SKUs, Back Forty's Wedding Pie[ii];
- Acquired the remaining equity interest in its joint venture project, Sunens Farm Inc., a state-of-the-art, 1.1 million sq. ft. greenhouse cannabis cultivation facility in Leamington, Ontario, providing the Company with complete control over large-scale cultivation and access to a proprietary genetic library of more than 150 cannabis strains to supply its growing product suite;
- Strengthened its Board of Directors with the appointment of Murray McGowan, strategic partner Imperial Brands' Chief Strategy and Development Officer; and
- Graduated to the Toronto Stock Exchange, raising the Company's profile in the investment community as it strives to build long-term shareholder value.

As the Company looks ahead to 2022, Auxly continues to be driven by its unwavering commitment to Canadian consumers, helping them live happier lives through its curated portfolio of branded cannabis products that deliver on the Company's promise of quality, safety and efficacy.

ON BEHALF OF THE BOARD

"Hugo Alves" CEO

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

Auxly is a leading Canadian cannabis company dedicated to bringing innovative, effective, and high-quality cannabis products to the wellness and adult-use markets. Auxly's experienced team of industry first-movers and enterprising visionaries have secured a diversified supply of raw cannabis, strong clinical, scientific and operating capabilities and leading 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, commercialization strategy and expansion plans; the relevance of the Company's current and proposed products; 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 is able to maintain and grow its market share; 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, 2020 dated April 23, 2021.

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 Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock 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, Jan 1, 2021 – December 31, 2021
[ii] OCS Data, Wedding Pie 28g SKU was a top selling SKU in Ontario in Q4 2021