



AUXLY ANNOUNCES NON-BINDING TERM SHEET TO EXTEND AUXLY LEAMINGTON CREDIT FACILITY FOR UP TO 3 YEARS AND THIRD INTERIM EXTENSION

TORONTO, Ontario, January 3, 2024 – Auxly Cannabis Group Inc. (TSX: XLY) (OTCQB: CBWTF) ("Auxly" or the "Company"), a leading consumer packaged goods company in the cannabis products market, today announced that it has signed a non-binding term sheet to amend and restate the credit facility (the **"Credit Facility"**) between its wholly-owned subsidiary Auxly Leamington Inc. and a syndicate of lenders, led by the Bank of Montreal as administrative agent upon the following revised terms:

- Extension of the maturity date by two years until December 31, 2025, with an option for Auxly Leamington to extend the maturity date for an additional year by making \$2.5 million principal repayment by December 31, 2025;
- Updated, EBITDA and other financial and operational covenants for Auxly Leamington;
- Increased quarterly principal payments throughout the term; and
- The obligations of Auxly Leamington under the Credit Facility continuing to be supported by a \$33 million limited guarantee by Auxly, and a pledge by Auxly of all of its securities of Auxly Leamington.

Auxly and the lenders are working towards a definitive binding amendment to the Credit Facility, although there can be no assurance that a definitive amendment agreement with the lenders will be reached. While Auxly and the lenders work toward definitive documentation, the lenders have provided Auxly with a third interim extension of the maturity date of the Credit Facility to January 31, 2024.

About Auxly Cannabis Group Inc. (TSX: XLY)

Auxly is a leading Canadian consumer packaged goods company in the cannabis products market, headquartered in Toronto, Canada. Our mission is to help consumers live happier lives through quality cannabis products that they trust and love.

Our vision is to be a leader in branded cannabis products that deliver on our consumer promise of quality, safety and efficacy.

Learn more at www.auxly.com and stay up to date at Twitter: @AuxlyGroup; Instagram: @auxlygroup; Facebook: @auxlygroup; LinkedIn: [company/auxlygroup/](https://www.linkedin.com/company/auxlygroup/).

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: expectations regarding the Company's ability to enter into a formal credit agreement amendment with the lenders and the terms and timing thereof; 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 will be able to reach an agreement with the lenders on terms acceptable to the Company and in a timely manner or at all; there is acceptance and demand for current and future Company products by consumers and provincial purchasers; and general economic, financial market, legislative, 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, 2022 dated March 31, 2023.

New factors emerge from time to time, and it is not possible for management to predict all of those 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 information. 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. 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.

Investor Relations:

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