UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**
x **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the nine month fiscal period ended **March 31, 2023** Commission File Number: **001-38691**

AURORA CANNABIS INC.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada	**2833**	**N/A**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

3498 63 Avenue ,
Leduc, Alberta, T9E 0G8
Tel: 1-855-279-4652
(Address and telephone number of Registrant's principal executive offices)

CORPORATION SERVICE COMPANY
251 Little Falls Drive
County of New Castle
Wilmington, Delaware 19808
Tel: 1-800-927-9800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares, no par value	**ACB**	**The Nasdaq Global Select Market**
Rights to purchase Common Shares, without par value		

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

x Annual Information Form x Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: 345,269,310

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes x No ¨

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ¨

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ¨

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

INTRODUCTORY INFORMATION

Aurora Cannabis Inc. (the "**Company**" or "**Aurora**") is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Exchange Act on Form 40-F pursuant to the multi-jurisdictional disclosure system (the "**MJDS**") adopted by the United States Securities and Exchange Commission (the "**SEC**"). The Company's common shares are listed on the Toronto Stock Exchange and the Nasdaq Global Select Market (" **Nasdaq**") under the trading symbol "ACB".

In this annual report, references to "we", "our", "us", the "Company" or "Aurora", mean Aurora Cannabis Inc. and our wholly owned subsidiaries, unless the context suggests otherwise.

Unless otherwise indicated, all amounts in this annual report are in Canadian dollars and all references to "$" mean Canadian dollar and references to "U.S. dollars" or "US$" are to United States dollars.

AUDITED FINANCIAL STATEMENTS, MANAGEMENT'S DISCUSSION AND ANALYSIS AND ANNUAL INFORMATION FORM

The following principal documents are filed as exhibits to, and incorporated by reference into, this Annual Report:

Document	Exhibit No.
Audited consolidated financial statements of the Company and notes thereto as at and for the nine month fiscal period ended March 31, 2023, together with the report thereon of the independent registered public accounting firm*	99.5
Management's Discussion and Analysis of the Company for the nine month fiscal period ended March 31, 2023 (the ""MD&A")*	99.6
Annual Information Form of the Company for the nine month fiscal period ended March 31, 2023 (the "AIF")*	99.7

- The company changed its fiscal year from June 30 to March 31 during the period covered by this Annual Report.

FORWARD-LOOKING STATEMENTS

This Annual Report includes or incorporates by reference certain statements which may constitute "forward-looking information and "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act of 1995* (collectively, "**forward-looking statements**" or "**FLS**"). These forward-looking statements are made as of the date of this Annual Report and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS. Certain FLS in this Annual Report and the documents incorporated by reference include, but are not limited to the following:

- pro forma measures including revenue, cash flow, adjusted gross margin before fair value adjustments, expected selling, general and administrative ("**SG&A**") run-rates, and grams produced;
- the strategy of the Company and other matters discussed under the heading "Our Strategy";
- the anticipated disposition of legal claims disclosed under the heading "Legal Proceedings and Regulatory Actions";
- the Company's ability to deliver positive EBITDA and operating cash flow;
- the Company's ability to fund operations until the Company is cash flow positive;

- planned cost efficiencies, including, but not limited to, operational efficiencies and other reductions in SG&A expenses;
- expectations related to the development and legalization of adult recreational and medical markets;
- growth opportunities, including the expansion into additional international adult recreational markets;
- expectations related to the Company's ability to participate in the adult recreational market in Germany when it opens;
- the Company's product portfolio and innovation;
- competitive advantages including, but not limited to, medical and scientific leadership, multi-jurisdictional regulatory expertise, and the Company's ongoing investment in cannabis breeding and genetics;
- expectations regarding biosynthetic production and associated intellectual property;
- the acquisition of Thrive and associated benefits;
- the acquisition of a majority stake in Bevo and associated benefits; and
- the impact of the COVID-19 pandemic on the Company's business, operations, capital resources and/or financial results.

Forward looking information or statements contained in this document have been developed based on assumptions management considers to be reasonable. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Such forward looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. These risks include, but are not limited to, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and facilities improvements, the risk of successful integration of acquired business and operations, management's estimation that SG&A will grow only in proportion of revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from cannabis growing operations, product demand, changes in prices of required commodities, competition, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, as well as updates provided herein. **See also "Description of the Business - Risk Factors" in the AIF**. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this Annual Report and in the documents incorporated by reference herein are expressly qualified by this cautionary statement.

This discussion, and the discussion of risk factors contained in the AIF and MD&A incorporated by reference herein, are not exhaustive of the factors that may affect any of the forward-looking statements or information concerning the Company.

NOTE TO UNITED STATES READERS: DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company has historically prepared its consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, which differ in certain respects from United States generally accepted accounting principles ("**US GAAP**") and from practices prescribed by the SEC. Therefore, the Company's financial statements incorporated by reference in this Annual Report may not be comparable to financial statements prepared in accordance with U.S. GAAP.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on March 31, 2023 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = $1.3533.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The information provided in the section entitled “Internal Controls over Financial Reporting” under the sub-heading “Disclosure Controls and Procedures” contained in the MD&A filed as Exhibit 99.6 to this Annual Report on Form 40-F is incorporated by reference herein.

Management’s Annual Report on Internal Controls over Financial Reporting

The information provided in the section entitled “Internal Controls over Financial Reporting” under the sub-heading “Management’s Assessment on Internal Control over Financial Reporting” contained in the MD&A filed as Exhibit 99.6 to this Annual Report on Form 40-F is incorporated by reference herein.

Attestation Report of the Registered Public Accounting Firm

The disclosure provided under the heading “Report of Independent Registered Public Accounting Firm” contained in the Company’s audited annual financial statements filed as Exhibit 99.5 to this Annual Report on Form 40-F is incorporated by reference herein.

Changes in Internal Controls over Financial Reporting

The information provided in the section entitled “Internal Controls Over Financial Reporting” under the sub-heading “Changes in Internal Controls over Financial Reporting” contained in the MD&A filed as Exhibit 99.6 to this Annual Report on Form 40-F is incorporated by reference herein.

CORPORATE GOVERNANCE

The Company’s Board of Directors (the “**Board**”) is responsible for the Company’s corporate governance and has the following independent designated standing committees: the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee and the Audit Committee. The charters of each committee can be viewed on the Company’s corporate website at https://www.auroramj.com/investors/corporate-governance/. In addition, the Company’s Audit Committee Charter is attached as Schedule “A” to the AIF, which is filed as Exhibit 99.7 to this Annual Report.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the “**N&CGC**”) is responsible for screening nominees to the Board, and it annually assesses the skills and qualifications of directors and nominees to ensure the Board members have the skills and qualifications appropriate to the current needs of the Company. In addition, the N&CGC annually reviews the Board skills matrix, committee charters and Board policies, oversees Board effectiveness processes and director onboarding and education, and is responsible for overseeing and monitoring the Company’s approach, policies and practices related to environmental, social and governance, or ESG, matters. The N&CGC is comprised of Norma Beauchamp (Chair), Ron Funk, Chitwant Kohli, Adam Szweras and Lance Friedmann. The Board has determined that all of the members of the N&CGC are independent, based on the criteria for independence prescribed by Nasdaq’s director independence standards at Rule 5605(a)(2).

Human Resources and Compensation Committee

The Human Resources and Compensation Committee (the “**HRCC**”) is responsible for (a) reviewing and approving directors’ and executive compensation based on the Company’s goals and objectives, (b) reviewing and approving the Company’s incentive compensation and equity-based plans and arrangements, and (c) reporting regularly to the Board on the activities of the HRCC. To make its recommendation on directors’ and executive officer compensation,

the HRCC takes into account the types of compensation and the amounts paid to directors and executive officers of comparable publicly traded Canadian companies. The HRCC is comprised of Theresa Firestone (Chair), Adam Szweras, Shan Atkins and Lance Friedmann. The Board has determined that all of the members of the HRCC are independent, based on the criteria for independence prescribed by Nasdaq's director independence standards at Rule 5605(a)(2).

AUDIT COMMITTEE

Our Board has established an independent Audit Committee for the purpose of overseeing our accounting and financial reporting processes and the audit of our annual financial statements.

The Audit Committee is comprised of Shan Atkins (Chair), Ron Funk, Chitwant Kohli, Theresa Firestone and Norma Beauchamp. The Board has determined that the Audit Committee meets the composition requirements set forth in Nasdaq Rule 5605(c)(2)(A), and that each of the members of the Audit Committee is independent as determined under Rule 10A-3 of the Exchange Act and Nasdaq's director independence standards at Rule 5605(a)(2). All five members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised in the Company's financial statements.

Audit Committee Financial Experts

The Board has determined that Shan Atkins and Chitwant Kohli each qualify as an "audit committee financial expert" (as defined in paragraph (8)(b) of General Instruction B to Form 40-F) and a "financially sophisticated audit committee member" under Nasdaq Rule 5605(c)(2)(A).

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors and requires the Audit Committee to pre-approve all permitted non-audit services to be provided by the Company's external auditors, in accordance with applicable law.

PRINCIPAL ACCOUNTING FEES AND SERVICES - INDEPENDENT AUDITORS

KPMG LLP, of Vancouver, British Columbia, Canada, Audit Firm I.D.: 85, ("**KPMG**") acted as our independent registered public accounting firm for the fiscal periods ended March 31, 2023 and June 30, 2022.

The following table sets forth information regarding amounts billed to us by KPMG for each of our last two fiscal periods in Canadian dollars:

Financial Period Ending	Audit Fees ($)[2]	Audit Related Fees ($)[3]	Tax Fees ($)[4]	All Other Fees ($)[5]
March 31, 2023[1]	3,388,832	—	356,438	—
June 30, 2022	4,378,890	—	255,944	32,800

Notes

(1) The Company changed its fiscal year end from June 30 to March 31 during the period covered by this Annual Report and, as such, the figures in this row represent information for the nine (9) months ended March 31, 2023.
(2) "Audit Fees" includes fees for the performance of the annual audit and quarterly reviews of the financial statements, which includes the audit of significant transactions and matters, and reviews of prospectus and financing documents including related assistance to underwriters.
(3) "Audit-Related Fees" includes fees for assurance or accounting related services that have not been reflected under (1).
(4) "Tax Fees" includes fees for tax compliance and tax advice.
(5) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents.

Audit Committee Pre-Approval Polices

From time to time, management of the Company recommends to, and requests approval from, the audit committee for audit and non-audit services to be provided by the Company's auditor.

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

OFF-BALANCE SHEET ARRANGEMENTS

The information provided in the section entitled "Internal Controls Over Financial Reporting" under the sub-heading "Changes in Internal Controls over Financial Reporting" contained in the MD&A filed as Exhibit 99.6 to this Annual Report on Form 40-F is incorporated by reference herein.

CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics (the " **Code**") that applies to our officers (including without limitation, the CEO, CFO and other high-ranking executive officers), employees and directors of the Company and its subsidiaries and promotes, among other things, honest and ethical conduct. The Code meets the requirements for a "code of ethics" within the meaning of that term under Form 40-F. The Code was last reviewed and approved by the Company's Board of Directors on March 29, 2023. The Code is available under the Company's profile on www.SEDAR.com and on the Company's website at https://investor.auroramj.com/about-aurora/corporate-governance/.

During the nine month fiscal period ended March 31, 2023, no material amendment was made to the Code which would be required to be disclosed pursuant to Paragraph 9 of General Instruction B, and no waivers of the Code were granted to any principal officer of the Company or any person performing similar functions.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the nine month period fiscal period ended March 31, 2023 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

NASDAQ CORPORATE GOVERNANCE

Our common shares are quoted for trading on Nasdaq under the symbol "ACB". Nasdaq Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of the Nasdaq corporate governance requirements if such issuer, amongst other requirements, makes appropriate disclosure in its annual report filed with the SEC relating to each requirement of Rule 5600 that it does not follow including a brief statement of the home country practice it follows in lieu of such Nasdaq corporate governance requirements.

Our governance practices differ from those followed by domestic companies pursuant to Rule 5600 of the Nasdaq Rules in the following way:

***Shareholder Meeting Quorum Requirement*:** Rule 5620(c) requires that each listed company provide for a quorum for any meeting of the holders of the listed company's common stock that is not less than 33 1/3% of the listed company's outstanding shares of common stock entitled to vote. The Company's quorum requirement is set forth in its Articles, which states that a quorum for a meeting of shareholders of the Company is present if there are two persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least five percent of the issued common shares.

Shareholder Approval Requirements: In certain instances, Nasdaq Listing Rule 5635 requires each issuer to obtain shareholder approval prior to an issuance of securities in connection with: (i) the acquisition of the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) transactions other than public offerings. The Company does not follow this Nasdaq Listing Rule. Instead, the Company complies with home country practice, which has different requirements for shareholder approval (including, in certain instances, not requiring any shareholder approval) in connection with issuances of securities in the circumstances listed above.

The foregoing is consistent with the laws, customs and practices in Canada.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.5	Audited consolidated financial statements of the Company and notes thereto as at and for the nine months ended March 31, 2023, together with the report thereon of the independent auditor
99.6	Management's Discussion and Analysis for the nine months ended March 31, 2023
99.7	Annual Information Form of the Company for the nine months ended March 31, 2023
99.8	Consent of KPMG LLP
101	Interactive Data File (formatted as Inline XBRL)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

[signature page follows]

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 14, 2023

AURORA CANNABIS INC.

By *(signed) "Glen Ibbott"*

Glen Ibbott
Chief Financial Officer

CERTIFICATION

I, Miguel Martin, certify that:

1. I have reviewed this annual report on Form 40-F of Aurora Cannabis Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 14, 2023

By:/s/ Miguel Martin
Miguel Martin
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Glen Ibbott, certify that:

1. I have reviewed this annual report on Form 40-F of Aurora Cannabis Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 14, 2023

By:/s/ Glen Ibbott
Glen Ibbott
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurora Cannabis Inc. (the "Company") on Form 40-F for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Miguel Martin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 14, 2023

By: /s/ Miguel Martin
Miguel Martin
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Aurora Cannabis Inc. and will be retained by Aurora Cannabis Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurora Cannabis Inc. (the "Company") on Form 40-F for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glen Ibbott, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 14, 2023

By: /s/ Glen Ibbott
Glen Ibbott
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Aurora Cannabis Inc. and will be retained by Aurora Cannabis Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



AURORA CANNABIS INC.

Consolidated Financial Statements

For the nine months ended March 31, 2023 and year ended June 30, 2022
(in Canadian Dollars)

Management's Responsibility

To the Shareholders of Aurora Cannabis Inc.:

Management is responsible for the preparation and presentation of the consolidated financial statements and accompanying note disclosures in accordance with International Financial Reporting Standards. This responsibility includes selection of appropriate accounting policies and principles as well as decisions related to significant estimates and areas of judgment.

The Board of Directors is primarily composed of Independent Directors and the Audit Committee is entirely composed of Independent Directors. The Board is responsible for the oversight of management in the performance of its financial reporting responsibilities and approval of the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

KPMG LLP, an independent registered public accounting firm, has been appointed by the Company's shareholders to audit the consolidated financial statements and report directly to them. The external auditors have full and free access to the Audit Committee and management to discuss their audit findings.

June 14, 2023

/s/ Miguel Martin
Miguel Martin
Chief Executive Officer

/s/ Glen Ibbott
Glen Ibbott
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors Aurora Cannabis Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Aurora Cannabis Inc. (the Company) as of March 31, 2023 and June 30, 2022, the related consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the nine months ended March 31, 2023 and the year ended June 30, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and June 30, 2022, and its financial performance and its cash flows for the nine months ended March 31, 2023 and the year ended June 30, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 14, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of intangible assets in the Canadian cannabis cash generating unit and in the European cannabis cash generating unit

As discussed in Note 15 to the consolidated financial statements, the intangible assets balance was $59,680 thousand as of March 31, 2023. The Company conducts an impairment test annually at year-end, and whenever events or circumstances make it more likely than not that an impairment may have occurred. The recoverable amounts of the relevant Canadian cannabis cash generating unit and the European cannabis cash generating unit (together, the relevant CGUs) to which intangible assets are allocated were determined based on the fair value less costs of disposal method. An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. For the period ended March 31, 2023, the Company recognized impairment of intangible assets of $21,743 thousand.

We identified the evaluation of the fair value less costs of disposal of the intangible assets in the relevant CGUs as a critical audit matter. There was a high degree of auditor judgment required to evaluate the significant assumptions used in determining the fair value less costs of disposal. The significant assumptions used in the valuation model were the forecasted revenues, forecasted earnings before interest, taxes, depreciation and amortization (EBITDA) margins, discount rates and the royalty rates. The sensitivity of reasonably possible changes to those assumptions could have had a significant impact on the determination of the fair value less costs of disposal of intangible assets and the Company's determination of the amount of impairment. Additionally, the audit judgment associated with certain of these significant assumptions required the involvement of professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We compared the Company's historical revenue and EBITDA margin forecasts to actual results to assess the Company's ability to accurately forecast. We evaluated the reasonableness of the Company's forecasted revenues and EBITDA margins for the relevant CGUs by comparing the growth assumptions to historical actual results of the Company and external industry reports. We performed sensitivity analyses over forecasted revenues and EBITDA margins to assess their impact on the determination of the fair value less costs of disposal. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the methodologies used by the Company to determine the fair value of intangible assets;
- evaluating the discount rates used in the impairment analyses by comparing them to discount rates that were independently developed using publicly available market data for comparable entities; and,
- evaluating the royalty rates used by comparing them to publicly available market data for comparable transactions.

Fair value measurement of acquired land and buildings related to a business combination

As discussed in Note 13 to the consolidated financial statements, the Company acquired Bevo Agtech Inc. (Bevo) on August 25, 2022. The Company performed a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. The Company estimated the fair value of the property, plant and equipment acquired to be $92,887 thousand including land and buildings of $74,120 thousand using a combination of the cost approach and sales comparison approach.

We identified the evaluation of the fair value measurement of acquired land and buildings related to the business combination of Bevo as a critical audit matter. A high degree of auditor judgment was required in evaluating the significant assumptions used in determining the fair values. The significant assumptions used were the rate per acre in the fair value measurement of the acquired land and replacement cost per square foot in the fair value measurement of the acquired buildings. The sensitivity of reasonably possible changes to those assumptions could have had a significant impact on the determination of the fair values of the acquired land and buildings. Additionally, evaluation of the assumptions required the involvement of professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Company's rate per acre and

replacement cost per square foot by comparing to independently developed ranges using market data such as costing guides and industry transaction databases.

/s/ KPMG LLP
Chartered Professional Accountants
Vancouver, Canada
June 14, 2023

We have served as the Company's auditor since 2018.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Aurora Cannabis Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Aurora Cannabis Inc.'s (the Company) internal control over financial reporting as of March 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of March 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of March 31, 2023 and June 30, 2022, the related consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the nine months ended March 31, 2023 and the year ended June 30, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated June 14, 2023 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to the following has been identified and included in management's assessment:

Management Review Controls: The Company did not consistently execute and document sufficiently precise management review controls impacting impairment of goodwill, intangible assets and property, plant & equipment, lease accounting, business combinations and purchase price allocation, inventory provisioning, and financial statement close processes.

The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

The Company acquired Bevo Agtech Inc. during 2023, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2023, Bevo Agtech Inc's internal control over financial reporting associated with total current assets of $25,386 thousand, total non-current assets of $39,869 thousand, total current liabilities of $21,207 thousand, total non-current liabilities of $45,315 thousand, total revenues of $20,681 thousand and net loss of $1,268 thousand included in the consolidated financial statements of the Company as of and for the nine months ended March 31, 2023. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Bevo Agtech Inc.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Assessment on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the

U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
Chartered Professional Accountants

Vancouver, Canada
June 14, 2023

AURORA CANNABIS INC.

Consolidated Statements of Financial Position

As at March 31, 2023 and June 30, 2022

(Amounts reflected in thousands of Canadian dollars)

	Notes	March 31, 2023	June 30, 2022
		$	$
Assets			
Current			
Cash and cash equivalents		234,942	437,807
Restricted cash	23	65,900	50,972
Accounts receivable	4, 5, 30(a)	41,308	46,995
Income taxes receivable		37	57
Marketable securities	7	—	1,331
Biological assets	9	22,690	23,827
Inventory	10	106,132	116,098
Prepaids and other current assets	14	8,280	6,539
Assets held for sale	12	638	61,495
		479,927	745,121
Property, plant and equipment	11	322,969	233,465
Derivatives	7	7,249	26,283
Deposits and other long-term assets	14	15,786	3,150
Investments in associates and joint ventures	8	—	1,207
Lease receivable		6,496	4,434
Intangible assets	15	59,680	70,696
Goodwill	15	18,715	—
Deferred tax assets	13	15,500	—
Total assets		926,322	1,084,356
Liabilities			
Current			
Accounts payable and accrued liabilities	30(b)	75,825	69,874
Income taxes payable		161	167
Deferred revenue	27	1,739	3,850
Convertible debentures	16	132,571	26,854
Loans and borrowings	17	9,571	—
Lease liabilities	18	5,413	6,150
Provisions	3	4,453	5,410
Other current liabilities	5	12,572	12,564
Liabilities held for sale	12	—	5,988
		242,305	130,857
Convertible debentures	16	—	199,650
Loans and borrowings	17	36,163	—
Lease liabilities	18	43,804	36,837
Derivative liability	16, 19(c)	9,634	37,297
Contingent consideration payable	29, 30(b)	12,487	14,371
Other long-term liability	13	48,047	128
Deferred tax liability	13, 24	16,745	2,862
Total liabilities		409,185	422,002
Shareholders' equity			
Share capital	19	6,841,234	6,754,626
Reserves		154,040	157,213
Accumulated other comprehensive loss		(212,365)	(211,721)
Deficit		(6,296,833)	(6,038,275)
Total equity attributable to Aurora shareholders		486,076	661,843
Non-controlling interests	14	31,061	511
Total equity		517,137	662,354
Total liabilities and equity		926,322	1,084,356

Nature of Operations (Note 1)
Commitments and Contingencies (Note 26)
Subsequent Events (Note 32)

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Loss and Comprehensive Loss

Nine months ended March 31, 2023 and year ended June 30, 2022

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	Nine months ended March 31 2023	Year ended June 30, 2022
		$	$
Revenue from sale of goods	27	195,497	251,607
Revenue from provision of services	27	1,088	1,696
Excise taxes	27	(21,617)	(31,964)
Net revenue		174,968	221,339
Cost of sales	10	150,835	212,713
Gross profit before fair value adjustments		24,133	8,626
Changes in fair value of inventory and biological assets sold	10	57,487	106,072
Unrealized gain on changes in fair value of biological assets	9	(34,129)	(118,671)
Gross profit		775	21,225
Expense			
General and administration		83,164	113,212
Sales and marketing		39,475	62,025
Acquisition costs		5,638	4,689
Research and development		4,921	10,389
Depreciation and amortization	11, 15	14,916	48,602
Share-based compensation	20(a)(b)(c)	10,764	13,757
		158,878	252,674
Loss from operations		(158,103)	(231,449)
Other Income (expense)			
Legal settlement and contract termination fees	26(a), (b)(i)	(2,644)	(1,227)
Interest and other income		14,252	4,507
Finance and other costs	30(a)	(29,596)	(71,813)
Foreign exchange (loss) gain		5,975	(299)
Other (losses) gains	6(d), 22	(5,109)	47,088
Restructuring charges	3	(325)	(3,131)
Impairment of property, plant and equipment	11, 12	(22,249)	(259,115)
Impairment of investment in associates	8	(1,240)	(5,479)
Impairment of intangible assets and goodwill	15	(22,493)	(1,199,202)
		(63,429)	(1,488,671)
Loss before taxes		(221,532)	(1,720,120)
Income tax (expense) recovery			
Current	24	(3,167)	(52)
Deferred, net	13, 24	18,404	2,193
		15,237	2,141
Net loss		(206,295)	(1,717,979)

The accompanying notes are an integral part of these Consolidated Financial Statements.

(Continued)

	Notes	Nine months ended March 31 2023	Year ended June 30, 2022
		$	$
Net loss		(206,295)	(1,717,979)
Other comprehensive loss ("OCI") that will not be reclassified to net loss			
Unrealized gain on marketable securities	7(a)	(1,205)	(2,067)
		(1,205)	(2,067)
Other comprehensive (loss) income that may be reclassified to net loss			
Share of loss from investment in associates	8	—	(2)
Foreign currency translation (gain) loss		561	(2,641)
		561	(2,643)
Total other comprehensive (gain) loss		(644)	(4,710)
Comprehensive loss		(206,939)	(1,722,689)
Net loss attributable to:			
Aurora Cannabis Inc.		(198,997)	(1,717,624)
Non-controlling interests	14	(7,298)	(355)
Comprehensive loss attributable to:			
Aurora Cannabis Inc.		(199,641)	(1,722,334)
Non-controlling interests		(7,298)	(355)
Loss per share - basic and diluted			
Total operations	21	($0.62)	($7.99)

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Changes in Equity

Nine months ended March 31, 2023

(Amounts reflected in thousands of Canadian dollars, except share amounts)

		Share Capital		Reserves						AOCI							
	Note	Common Shares	Amount	Share-Based Compensation	Compensation Options/ Warrants/Shares Issued	Convertible Notes	Change in Ownership Interest	Obligation to Issue Shares	Total Reserves	Fair Value	Deferred Tax	Associate OCI Pick-up	Foreign Currency Translation	Total AOCI	Deficit	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2022		297,772,238	6,754,626	206,244	37,350	419	(86,800)	—	157,213	(213,394)	18,919	208	(17,454)	(211,721)	(6,038,275)	511	662,354
Shares issued/issuable for business combinations	19(b)	2,614,995	9,683	—	(9,683)	—	—	—	(9,683)	—	—	—	—	—	—	—	—
Shares issued through equity financing	19(a)	44,551,253	75,154	—	—	—	—	414	414	—	—	—	—	—	—	—	75,568
Equity financing transaction costs		—	(2,381)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,381)
Deferred tax on transaction costs		—	(516)	—	—	—	—	—	—	—	—	—	—	—	—	—	(516)
Share issued under RSU, PSU and DSU plans	20(b) (c)	330,824	4,668	(4,668)	—	—	—	—	(4,668)	—	—	—	—	—	—	—	—
Share-based compensation[1]	20	—	—	10,764	—	—	—	—	10,764	—	—	—	—	—	—	—	10,764
NCI contribution	14	—	—	—	—	—	—	—	—	—	—	—	—	—	—	25,925	25,925
Put option liability	13	—	—	—	—	—	—	—	—	—	—	—	—	—	(47,638)	—	(47,638)
Change in ownership interests in net assets	14	—	—	—	—	—	—	—	—	—	—	—	—	—	(11,923)	11,923	—
Comprehensive loss for the period		—	—	—	—	—	—	—	—	(1,205)	—	—	561	(644)	(198,997)	(7,298)	(206,939)
Balance, March 31, 2023		345,269,310	6,841,234	212,340	27,667	419	(86,800)	414	154,040	(214,599)	18,919	208	(16,893)	(212,365)	(6,296,833)	31,061	517.137

[1] Included in share-based compensation is nil relating to milestone payments for the nine months ended March 31, 2023 (year ended June 30, 2022 - $0.5 million).

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Changes in Equity

Year ended June 30, 2022

(Amounts reflected in thousands of Canadian dollars, except share amounts)

		Share Capital		Reserves					AOCI							
	Note	Common Shares	Amount	Share-Based Compensation	Compensation Options/ Warrants	Convertible Notes	Change in Ownership Interest	Total Reserves	Fair Value	Deferred Tax	Associate OCI Pick-up	Foreign Currency Translation	Total AOCI	Deficit	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2021		198,068,923	6,424,296	200,214	27,667	419	(86,800)	141,500	(211,327)	18,919	210	(14,813)	(207,011)	(4,321,085)	—	2,037,700
Shares issued/issuable for business combinations	13, 19(b)	2,467,421	9,230	—	9,683	—	—	9,683	—	—	—	—	—	—	—	18,913
Shares released for earn out payments	19(b)	193,554	1,000	—	—	—	—	—	—	—	—	—	—	—	—	1,000
Shares issued through equity financing	19(b)	96,570,138	326,446	—	—	—	—	—	—	—	—	—	—	—	—	326,446
Equity financing transaction costs		—	(13,410)	—	—	—	—	—	—	—	—	—	—	—	—	(13,410)
Deferred tax on transaction costs		—	(2,193)	—	—	—	—	—	—	—	—	—	—	—	—	(2,193)
Exercise of RSUs, PSUs, and DSUs	20(b), 20(c)	375,193	7,727	(7,727)	—		—	(7,727)	—	—	—	—	—	—	—	—
Share-based compensation [1]	20	—	—	13,757	—	—	—	13,757	—	—	—	—	—	—	—	13,757
NCI Contribution	14	—	—	—	—	—	—	—	—	—	—	—	—	434	866	1,300
Shares issued from treasury		97,009	1,530	—	—	—	—	—	—	—	—	—	—	—	—	1,530
Comprehensive loss for the period		—	—	—	—	—	—	—	(2,067)	—	(2)	(2,641)	(4,710)	(1,717,624)	(355)	(1,722,689)
Balance, June 30, 2022		297,772,238	6,754,626	206,244	37,350	419	(86,800)	157,213	(213,394)	18,919	208	(17,454)	(211,721)	(6,038,275)	511	662,354

[1] Included in share-based compensation is nil relating to milestone payments for the nine months ended March 31, 2023 (year ended June 30, 2022 - $0.5 million).

The accompanying notes are an integral part of these Consolidated Financial Statements.

	Notes	Nine months ended March 31 2023	Year ended June 30, 2022
		$	$
Operating activities			
Net loss		(206,295)	(1,717,979)
Adjustments for non-cash items:			
Unrealized gain on changes in fair value of biological assets	9	(34,129)	(118,671)
Changes in fair value included in inventory sold	10	57,487	106,072
Depreciation of property, plant and equipment	11	31,987	60,174
Amortization of intangible assets	15	693	33,486
Share-based compensation		10,764	13,757
Impairment of property, plant and equipment	11, 12	22,249	259,115
Impairment of investments in associates	8	1,240	5,479
Impairment of loans receivable	30(a)	—	10,509
Impairment of intangible assets and goodwill	15	22,493	1,199,202
Accrued interest and accretion expense	16	15,866	30,082
Interest and other income		(168)	(433)
Deferred tax recovery		(18,404)	(2,193)
Other losses (gains)	22	5,112	(39,604)
Foreign exchange loss		(1,503)	(1,915)
Deferred compensation amortization		1,903	—
Changes in non-cash working capital	23	(25,116)	52,652
Net cash used in operating activities		(115,821)	(110,267)
Investing activities			
Proceeds from investment in derivatives		3,362	—
Purchase of property, plant and equipment and intangible assets	11, 15	(12,132)	(32,213)
Disposal of property, plant and equipment	12	20,253	19,648
Acquisition of businesses, net of cash acquired	13	(38,790)	(23,171)
Payment of contingent consideration		—	(250)
Deposits (paid) received		16	(185)
Net cash used in investing activities		(27,291)	(36,171)
Financing activities			
Proceeds from long-term loans	17	7,242	—
Repayment of long-term loans	17	(3,053)	—
Repayment of convertible debenture	16	(128,706)	(163,286)
Payments of principal portion of lease liabilities	18	(5,148)	(7,545)
Restricted cash	23	(14,928)	(31,578)
Shares issued for cash, net of share issue costs		73,187	350,188
Net cash provided by (used in) financing activities		(71,406)	147,779
Effect of foreign exchange on cash and cash equivalents		11,653	15,009
Increase (decrease) in cash and cash equivalents		(202,865)	16,350
Cash and cash equivalents, beginning of period		437,807	421,457
Cash and cash equivalents, end of period		234,942	437,807

Supplemental cash flow information (Note 23)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 Nature of Operations

Aurora Cannabis Inc. (the "Company" or "Aurora") was incorporated under the *Business Corporations Act* (British Columbia) on December 21, 2006 as Milk Capital Corp. Effective October 2, 2014, the Company changed its name to Aurora Cannabis Inc. The Company's shares are listed on the Nasdaq Global Select Market ("Nasdaq") and the Toronto Stock Exchange ("TSX") under the trading symbol "ACB", and on the Frankfurt Stock Exchange ("FSE") under the trading symbol "21P1".

The Company's head office and principal address is 3498 - 63 Avenue, Leduc, Alberta, Canada, T9E 0G8. The Company's registered and records office address is Suite 1700, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8.

The Company's principal strategic business lines are focused on the production, distribution and sale of cannabis related products in Canada and internationally. Aurora currently conducts the following key business activities in the jurisdictions listed below:

- Production, distribution and sale of medical and consumer cannabis products in Canada pursuant to the *Cannabis Act;*
- Distribution of wholesale medical cannabis in the European Union ("EU") pursuant to the *German Medicinal Products Act and German Narcotic Drugs Ac*t; and
- Distribution of wholesale medical cannabis in various international markets, including Australia, the Caribbean, South America and Israel.

On August 25, 2022, the Company acquired a 50.1% controlling interest in Bevo Agtech Inc. ("Bevo"), the sole parent of Bevo Farms Ltd. in order to support the Company's principal cannabis operations. Bevo is one of the largest suppliers of propagated vegetables and ornamental plants in North America.

Note 2 Significant Accounting Policies and Judgments

IFRS requires management to make judgments, estimates, and assumptions that affect the carrying values of certain assets and liabilities and the reported amounts of income and expenses during the period. Actual results may differ from these judgments, estimates, and assumptions.

Significant accounting policies, which affect the consolidated financial statements as a whole, as well as key accounting estimates and areas of significant judgment are highlighted in this section. This note also describes change in accounting policies, new accounting standards adopted during the current year and upcoming accounting pronouncements, which are not yet effective but are expected to impact the Company's consolidated financial statements in the future. Accounting policies, estimates, or judgments that have a significant effect on the amounts recognized in the financial statements include government grants (Note 5), biological assets (Note 9), inventory (Note 10), impairment of non-financial assets (Note 10, 11, and 15), business combinations (Note 13), convertible debentures (Note 16), share, share-based compensation (Note 20), deferred taxes (Note 24), segmented information (Note 28) and the fair value of financial instruments, including put options (Note 29).

(a) Basis of Presentation and Measurement

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"). Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except share and per share data.

The Company has reclassified certain comparative balances to conform with the current period's presentation.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on June 14, 2023.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In February 2023, the Company changed its reporting year end from June 30 to March 31. Accordingly, the current period is for the nine months ended March 31, 2023 whereas the comparative period is for the twelve months ended June 30, 2022. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except where noted.

(b) Basis of Consolidation

The consolidated financial statements include the financial results of the Company and its subsidiaries. Subsidiaries include entities which are wholly-owned as well as entities over which Aurora has the authority or ability to exert power over the investee's financial and/or operating decisions (i.e. control), which in turn may affect the Company's exposure or rights to the variable returns from the investee. The consolidated financial statements include the operating results of acquired or disposed entities from the date control is obtained or the date control is lost, respectively. All intercompany balances and transactions are eliminated upon consolidation.

The Company's principal subsidiaries during the nine months ended March 31, 2023 are as follows:

Major subsidiaries	Percentage Ownership	Functional Currency
2105657 Alberta Inc. ("2105657")	100%	Canadian Dollar
Aurora Cannabis Enterprises Inc. ("ACE")	100%	Canadian Dollar
Aurora Deutschland GmbH ("Aurora Deutschland")	100%	European Euro
Aurora Nordic Cannabis A/S ("Aurora Nordic")	100%	Danish Krone
Reliva, LLC ("Reliva")	100%	United States Dollar
TerraFarma Inc.	100%	Canadian Dollar
Whistler Medical Marijuana Corporation ("Whistler")	100%	Canadian Dollar
Bevo Agtech Inc.	50.1%	Canadian Dollar
CannaHealth Therapeutics Inc.	100%	Canadian Dollar
ACB Captive Insurance Company Inc.	100%	Canadian Dollar

All shareholdings are of ordinary shares or other equity. Other subsidiaries, while included in the consolidated financial statements, are not material and have not been reflected in the table above.

(c) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. Transactions undertaken in foreign currencies are translated into Canadian dollars at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive loss.

The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive loss and accumulated in equity.

(d) Cash and Cash Equivalents

Cash and cash equivalents are financial assets that are measured at amortized cost, which approximate fair value. Cash and cash equivalents includes cash deposits in financial institutions and other deposits that are highly liquid and readily convertible into cash. Restricted cash includes funds reserved in the Captive to cover self-insurance over property related risks and collateral held for letters of credit and corporate credit cards.

(e) Investment Tax Credit Grants

The Company is entitled to certain Canadian federal and provincial tax incentives for qualified expenditures. These investment tax credits ("ITCs") are recorded as a reduction to the related expenditures in the fiscal period when there is reasonable assurance that such credits will be realized.

Investment tax credits, whether or not recognized in the financial statements, may be carried forward to reduce future Canadian federal and provincial income taxes payable. The Company applies judgment when determining whether the reasonable assurance threshold has been met to recognize ITCs in the financial statements. The Company must interpret eligibility requirements in accordance with Canadian income tax laws and must assess whether future taxable income will be available against which the ITCs can be utilized. Any changes in these interpretations and assessments could have an impact on the amount and timing of ITCs recognized in the financial statements.

(f) Provisions

The Company recognizes a provision if there is a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

An onerous contract provision is recorded when the Company has a contract under which it is more likely than not that the unavoidable costs of meeting the contractual obligations will be greater than the economic benefits that the Company expects to receive under the contract. An onerous contract provision represents the lesser of the cost of exiting from the contract and the cost of fulfilling it.

(g) New Accounting Policy

Put option liability

The Company has entered into a put option with certain non-controlling interest shareholders of Bevo such that the Company is required to purchase their shareholding under certain conditions as of the exercise date. When accounting for options related to non-controlling interests, the Company applies IFRS 10, *Consolidated Financial Statements*, and the terms of the contracts are analyzed to assess whether they provide the Company or the non-controlling interest with access to the risks and rewards associated with the actual ownership of the shares. The Company

has elected the present-access method of accounting for non-controlling interests. As a result, the Company has recognized a financial liability at the present value of the amount payable on exercise of the put option and has excluded it from the purchase price allocation. Remeasurement adjustments are recorded in deficit.

(h) Adoption of New Accounting Pronouncements

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company adopted the Amendments to IAS 41 effective July 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

Amendments to IFRS 9: Financial Instruments

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company adopted the Amendments to IFRS 9 effective July 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company adopted the amendments to IAS 37 effective July 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

(i) New Accounting Pronouncements Not Yet Adopted

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company will make this assessment as required at the end of each reporting date.

Amendments to IAS 1: Covenants

The amendment that clarify how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual periods beginning on or after January 1, 2024. Management is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Amendments to IAS 12: Income Taxes

The amendment clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The standard is effective for annual periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Amendments to IAS 16: Leases

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15: Revenue to be accounted for as a sale. The amendment is effective for annual periods beginning on or after January 1, 2024.The Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Note 3 Provisions

Accounting Policy

Restructuring Provision

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those individuals who are affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which reflect amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Loan Loss Provision

The loan loss provision originates from the operations of the insurance company incorporated by the Company, for self insurance related to properties. A loan loss provision is an estimate for known reported losses and loss expenses plus a provision for losses incurred but not reported. These amounts are based upon estimates or losses reported by loss adjusters plus an estimate for losses incurred but not reported in accordance with the recommendations of an independent actuary using the past experience of the Company and industry data.s, offset by actual claims paid. Changes in the loan loss provision are reflected in the consolidated statements of loss and comprehensive loss.

During the year ended June 30, 2022 the Company announced an operational efficiency plan including the centralization of the Company's Canadian manufacturing processes to the Aurora River facility and the resultant closure of the western Canada manufacturing facility. In addition, with the repositioning of the Company's production footprint and its shift toward a premium product portfolio, the Company announced the closure of Aurora Sky, Valley, Anandia and Whistler Alpha Lake facilities. The restructuring includes a reduction to the number of corporate and production level employees across the organization in an effort to reduce spending.

During the nine months ended March 31, 2023, the Company recorded restructuring charges of $0.5 million (year ended June 30, 2022 - $2.8 million) relating to workforce reductions associated with the closure of production facilities.

The provisions below represent the present value of the best estimate of the future outflow of economic benefits that will be required to settle the expected liabilities and may vary as a result of new events affecting the amounts that will need to be paid.

	Restructuring	Loan Loss Provision	Other	Total
	$	$	$	
Balance, June 30, 2021	—	78	—	78
Remeasurement	2,752	3,535	800	7,087
Settlements	(1,755)	—	—	(1,755)
Balance, June 30, 2022	997	3,613	800	5,410
Remeasurement	513	832	8	1,353
Settlements	(1,510)	—	(800)	(2,310)
Balance, March 31, 2023	—	4,445	8	4,453

Note 4 Accounts Receivable

Accounting Policy

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period. Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date.

Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the AFDA provision are recognized in the statement of comprehensive loss. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off.

	Notes	March 31, 2023	June 30, 2022
		$	$
Trade receivables, net [1]	30(a)	35,016	28,665
Sales taxes receivable		1,214	3,137
Lease receivable	30(a)	2,094	1,883
Consideration receivable from divestiture		—	2,361
Government grant receivable	5	1,913	6,088
Consideration receivable from sale of facility		—	3,800
Other receivables, net [1] [2]		1,071	1,061
		41,308	46,995

[1] Refer to (Note 30(a)) for credit risk loss provisions.
[2] Includes interest receivable from the convertible debenture investments (Note 6).

Note 5 Government Grant

Accounting Policy

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. Government grants related to income are recognized as other gains (losses) in the statements of net loss while government grants related to assets, including non-monetary grants at fair value, are recognized as a reduction of the related asset's carrying amount.

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program. CEWS provided a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including the demonstration of revenue declines. The Company has determined that it has qualified for this subsidy and has applied for CEWS. For the nine months ended March 31, 2023, the Company has recognized no government grant income (year ended June 30, 2022 - $10.7 million), within other gains (losses) in the statements of comprehensive loss. Estimation uncertainty arises when interpreting certain definitions as prescribed by CEWS. For the nine months ended March 31, 2023, the Company received no cash (year ended June 30, 2022 - $19.5 million) from CEWS. As at March 31, 2023, $12.4 million (June 30, 2022 - $12.4 million) is recognized as other current liabilities on the statements of financial position.

For the nine months ended March 31, 2023, the Company received a $3.3 million (June 30, 2022 - nil) government grant related to the co-generation project at the Aurora River facility to offset the costs relating to capital expenditures that would have otherwise been capitalized as property, plant and equipment.

Note 6 Investments

(a) Choom Holdings Inc. ("Choom")

Choom is a consumer cannabis company that is developing retail networks across Canada. Choom is publicly listed on the Canadian Securities Exchange.

(i) Convertible Debenture

Effective July 8, 2021, the Company restructured its debt with Choom by extinguishing its existing $20.0 million unsecured convertible debenture and accrued interest of $2.1 million in exchange for: (i) 79,754,843 common shares in Choom with a fair value of $5.2 million; and (ii) a $6.0 million secured convertible debenture ("2021 Debenture") which approximated fair value. The 2021 Debenture is secured by a second ranking

security interest in all of Choom's present and future acquired property. The 2021 Debenture bears interest at 7.0% per annum, matures on December 23, 2024, and is convertible into common shares in Choom at $0.10 per share. Additionally, the Company and Choom (i) amended the Investor Rights Agreement providing the right to nominate up to two directors to Choom's Board of Directors and a participation right to maintain Aurora's pro-rata ownership, and (ii) established a debt restructuring fee payable by Choom to Aurora based on products sold at Choom's retail stores. As a result of the amendment, the $20.0 million unsecured convertible debenture with a fair value of $18.2 million and $2.1 million interest receivable was derecognized, resulting in a loss of $9.0 million recognized in other gains (losses) on the statements of comprehensive loss.

On April 22, 2022, Choom and certain of its subsidiaries obtained an order (the "Initial Order") of the Supreme Court British Columbia providing Choom protection from their creditors pursuant to the Companies' Creditors Act (Canada) ("CCAA"). As part of the Initial Order, the Company has agreed to advance Choom up to an aggregate of $0.8 million ("Loan") to fund Choom's ongoing operations and CCAA proceedings. The Loan accrues interest at a rate of 12% per annum, and matures, at the latest, on August 31, 2022. The Loan is secured against all assets of Choom and certain of its subsidiaries pursuant to the Initial Order. During the year ended June 30, 2022, the Company recorded an impairment of $0.8 million against the outstanding loan receivable. During the nine months ended March 31, 2023, the Company received principal plus accrued interest of $0.9 million.

As of March 31, 2023, the 2021 Debenture had a fair value of nil (June 30, 2022 - nil) resulting in an unrealized loss of nil for the nine months ended March 31, 2023 (year ended June 30, 2022 - $6.0 million). The Company considers the probability of collection in its assessment of fair value.

(ii) Common Shares and Investment in Associate

As a result of the convertible debenture amendment, the Company obtained significant influence over the management of Choom based on its 19.2% ownership interest in Choom and qualitative factors described above. The 9,859,155 common shares previously held in Choom was reclassified from marketable securities (Note 7(a)) to investment in associates (Note 8) at its fair value of $0.6 million based on the quoted market price of $0.065 per share on the amendment date.

As of March 31, 2023, the Company held 89,613,998 (June 30, 2022 - 89,613,998) common shares in Choom, representing a 19.19% (June 30, 2022 - 19.19%) ownership interest with a fair value of nil. During the nine months ended March 31, 2023, the Company assessed the carrying value of the investment against the estimated recoverable amount and as a result, recognized an impairment charge of nil (year ended June 30, 2022 - 5.5 million) which has been recognized through the statements of comprehensive loss (Note 8).

(b) Australis Capital Inc. ("ACI")

ACI is a public company that is focused on investments and acquisitions in the cannabis space and more specifically, investment in the growing U.S. cannabis market. ACI was previously wholly-owned by Aurora and was spun-out to Aurora shareholders on September 19, 2018. As of March 31, 2023, the Company holds the following restricted back-in right warrants:

(a) 22,628,751 warrants exercisable at $0.20 per share expiring September 19, 2028; and
(b) The number of warrants equal to 20% of the number of common shares issued and outstanding in ACI as of the date of exercise. The warrants are exercisable at the five-day volume weighted average trading price ("VWAP") of ACI's shares and have an expiration date of September 19, 2028.

Aurora is restricted from exercising the back-in right warrants unless all of ACI's business operations in the U.S. are permitted under applicable U.S. federal and state laws and Aurora has received consent of the TSX and any other stock exchange on which Aurora may be listed, as required. As of March 31, 2023, the warrants remain unexercisable.

As of March 31, 2023, the warrants had a fair value of nil (June 30, 2022 - $1.4 million) estimated using the Binomial model with the following assumptions: share price of $0.03 (June 30, 2022 - $0.09); risk-free interest rate of 3% (June 30, 2022 - 4%); dividend yield of 0% (June 30, 2022 - 0%); stock price volatility of 122% (June 30, 2022 - 113%); an expected life of 5.48 years (June 30, 2022 - 6.23 years); and adjusted for a probability factor of legalization of cannabis in the U.S. under federal and certain state laws. As a result, the Company recognized a $1.4 million unrealized loss on the fair value during the nine months ended March 31, 2023 (year ended June 30, 2022 - $4.2 million) (Note 7(b)).

(c) Radient Technologies Inc. ("Radient")

Radient is a public company listed on the TSX Venture Exchange ("TSXV") and is a commercial manufacturer of cannabis derivatives, formulations and products.

As of March 31, 2023, the Company held 37,643,431 shares in Radient (June 30, 2022 – 37,643,431) with a fair value of nil (June 30, 2022 - $1.1 million) resulting in an unrealized loss for the nine months ended March 31, 2023 of $1.1 million (year ended June 30, 2022 - $1.9 million) (Note 7(a)).

(d) Investee-B

Investee-B is a private Canadian company that cultivates, manufactures, and distributes medical cannabis products in Jamaica. As of March 31, 2023, The Company holds a $13.5 million (US $10.0 million) (June 30, 2022 - $12.9 million (US$10.0 million)) convertible debenture in Investee-B that bears interest at 1.5% per annum, payable in cash or common shares equal to the fair value of shares at the time of issuance. The debentures are convertible into common shares of Investee-B at US $4.9585 at Aurora's option until July 2, 2023. As part of the arrangement, Aurora has the right to: (i) participate in any future equity offerings of Investee-B to enable Aurora to maintain its percentage ownership interest, and (ii) to nominate a director to Investee-B's Board of Directors as long as the Company owns at least a 10% interest.

As of March 31, 2023, the convertible debenture had a fair value ofnil (US $10.6 million) (June 30, 2022 – $14.0 million (US $10.8 million))(Note 7(b)). The Company recognized unrealized gains of $0.1 million for the nine months ended March 31, 2023 (June 30, 2022 – $1.0 million Note 7(b)). The fair value was estimated using two coupled Black-Scholes models based on the following assumptions: estimated share price of $3.71 (June 30, 2022 – $3.71); risk-free interest rate of 2.34% (June 30, 2022 – 2.77%); dividend yield of 0% (June 30, 2022 – 0%); stock price volatility of 38.39% (June 30, 2022 – 41.93%); credit spread of 1.18% (June 30, 2022 – 1.34%) and an expected life of 0.25 years (June 30, 2022 – 1.01 years). If the estimated volatility increases or decreases by 10%, the estimated fair value would increase or decrease by approximately nil (June 30, 2022 – $0.1 million). If the estimated share price increases or decreased by 10%, the estimated fair value would increase or decrease by approximately $0.1 million (June 30, 2022 – $0.2 million).

Subsequent to March 31, 2023, the Company in anticipation of a payment default, renegotiated the payment terms of the convertible debenture agreement, which included forgiveness of $6.75 million (US $5.0 million) and an extension to repay the remaining $6.75 million (US $5.0 million) to June 30, 2025. In consideration for the amendments, the Company received $0.1 million upon execution and will be paid $0.3 million on or before July 1, 2023. Additionally, the conversion feature was removed. As a result of these amendments, the Company determined there was a significant increase in credit risk and high probability of default given Investee-B's financial constraints. Accordingly, the Company recognized credit losses equal to its fair value of $14.4 million (US $10.6 million) including accrued interest in other expenses (income) on the consolidated statements of loss and comprehensive loss.

(e) High Tide Inc. ("High Tide")

High Tide is an Alberta based, retail focused cannabis company and is publicly listed on the TSX-V.

On July 23, 2020, the Company entered into an amended restated secured convertible debenture (the "July 2020 Debenture") agreement in the amount of $10.0 million. Under the terms of the amendment, the July 2020 Debenture is secured against the assets and properties of High Tide, bears no interest, are convertible into common shares of High Tide at $0.425 per share at the option of the Company at any time, and matures on January 1, 2025. The Company entered into a debt restructuring agreement on July 23, 2020 whereby High Tide will pay a 0.5% royalty payment on all non-Aurora product revenue generated by High Tide beginning November 1, 2021, with an automatic increase of an additional 0.5% each subsequent year. Payments under the July 2020 Debentures can be offset against other obligations between Aurora and High Tide.

The conversion of the July 2020 Debenture was subject to Aurora holding no more than a 25% ownership interest in High Tide in accordance with the ownership restriction applicable to licensed producers under the *Cannabis Retail Regulations* in Ontario.

During the nine months ended March 31, 2023, $0.5 million of High Tide service fees (June 30, 2022 - $1.0 million) incurred by the Company were applied against the principal outstanding under the July 2020 convertible debentures. As at March 31, 2023, the remaining July 2020 convertible debentures had a fair value of $7.1 million (June 30, 2022 – $8.4 million), resulting in an unrealized loss of $1.5 million for the nine months ended March 31, 2023 (June 30, 2022 – $7.8 million) net of $0.5 million in repayments (June 30, 2022 - $1.0 million). The fair value of the convertible debentures was estimated using the FINCAD model with the following assumptions: share price of $0.12 (June 30, 2022 – $0.17); credit spread of 12.5% (June 30, 2022 – 12.6%); dividend yield of 0% (June 30, 2022 – 0%); stock price volatility of 69% (June 30, 2022 – 94%) and an expected life of 1.76 years (June 30, 2022 – 2.51 years).

(f) Investee-C

Investee-C is a privately held Licensed Producer, based in Ontario, focused on growing premium craft cannabis in Canada.

On May 19, 2021, the Company invested $2.5 million in a secured convertible debenture that matures on October 31, 2022. The debenture bears interest at 8% per annum on the outstanding principal with the first interest payable quarterly in arrears beginning September 30, 2021. The debenture is convertible into common shares of Investee-C at a 15% discount to, the first to occur of: (i) the consideration received by a holder of Investee-C common shares pursuant to a change of control, or (ii) the issuance price of Investee-C common shares pursuant to a public offering.

On October 31, 2022, the Company entered into a Termination Agreement, whereby Investee-C agreed to repay the remaining balance on the convertible debentures. The Company received net proceeds of $2.5 million, inclusive of accrued interest and net of amounts owed by the Company, in consideration for releasing the security.

Note 7 Marketable Securities and Derivatives

(a) Marketable securities

Accounting Policy

Marketable securities are initially measured at fair value and are subsequently measured at fair value through profit or loss ("FVTPL") or are designated at fair value through other comprehensive income (loss) ("FVTOCI"). The Company designates its marketable securities as financial assets measured at FVTOCI. This designation is made on an instrument by instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive (loss) income and not through profit or loss on disposition.

As at March 31, 2023, the Company held the following marketable securities:

ıancial asset hierarchy level	Level 1	Level 1	Level 1	
Marketable securities designated at fair value through other comprehensive income ("FVTOCI")	Radient	Choom Note 6(a)	CTT Pharmaceutical Holdings	Total
	$	$	$	$
ance, June 30, 2021	3,010	741	—	3,751
ınsfer (to) from investment in associates	—	(642)	289	(353)
realized loss on changes in fair value	(1,882)	(99)	(86)	(2,067)
ance, June 30, 2022	1,128	—	203	1,331
posals	—	—	(126)	(126)
realized loss on changes in fair value	(1,128)	—	(77)	(1,205)
ance, March 31, 2023	—	—	—	—
Unrealized gain (loss) on marketable securities				
ar ended June 30, 2022				
OCI unrealized loss	(1,882)	(99)	(86)	(2,067)
ıe months ended March 31, 2023				
OCI unrealized loss	(1,128)	—	(77)	(1,205)

(b) Derivatives and Convertible Debentures

Accounting Policy

Derivatives and debentures are initially measured at fair value and are subsequently measured at FVTPL. If the transaction price does not equal to fair value at the point of initial recognition, management measures the fair value of each component of the investment and any unrealized gains or losses at inception are either recognized in profit or loss or deferred and recognized over the term of the investment, depending on whether the valuation inputs are based on observable market data. The resulting unrealized gain or loss at inception and subsequent changes in fair value are recognized in profit or loss for the period. Transaction costs, which are directly attributable to the acquisition of the investment, are expensed as incurred. Refer to Note 29 for significant judgments in determining the fair value of derivative financial instruments.

As at March 31, 2023, the Company held the following derivative investments:

Financial asset hierarchy level	Level 2	Level 2	Level 3	Level 2	Level 3	
Derivatives and convertible debentures at fair value through profit or loss ("FVTPL")	ACI Note 6(b)	Choom Note 6(a)	Investee-B	High Tide	Investee-C	Total
	$	$	$	$	$	$
Balance, June 30, 2021	5,661	18,151	14,393	18,665	2,512	59,382
Additions	—	6,000	—	—	—	6,000
Disposals	—	(18,151)	—	—	—	(18,151)
Repayment	—	—	—	(997)	—	(997)
Unrealized loss on changes in fair value	(4,243)	(6,000)	(975)	(9,226)	(50)	(20,494)
Foreign exchange	—	—	543	—	—	543
Balance, June 30, 2022	1,418	—	13,961	8,442	2,462	26,283
Repayment	—	—	—	(537)	(2,490)	(3,027)
Adjustments			—	(211)	—	(211)
Unrealized gain (loss) on changes in fair value	(1,418)	—	(14,506)	(580)	28	(16,476)
Foreign exchange	—	—	680	—	—	680
Balance, March 31, 2023	—	—	135	7,114	—	7,249
Current portion	—	—	—	—	—	—
Long-term portion	—	—	135	7,114	—	7,249
Year ended June 30, 2022						
Foreign exchange	—	—	543	—	—	543
Unrealized loss on changes in fair value	(4,243)	(6,000)	(975)	(9,226)	(50)	(20,494)
	(4,243)	(6,000)	(432)	(9,226)	(50)	(19,951)
Nine months ended March 31, 2023						
Foreign exchange	—	—	680	—	—	680
Unrealized gain (loss) on changes in fair value	(1,418)	—	(14,506)	(580)	28	(16,476)
	(1,418)	—	(13,826)	(580)	28	(15,796)

Note 8 Investments in Associates and Joint Ventures

Accounting Policy

Associates are companies over which Aurora has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence represents the power to participate in the financial and operating policy decisions of the investee but does not represent the right to exercise control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost, excluding financial assets that are not in-substance common shares and inclusive of transaction costs. When the Company holds marketable securities or derivative financial assets and subsequently obtains significant influence in that investee, the fair value of the financial instruments are reclassified to investments in associates at the deemed cost with the cumulative unrealized fair value gains or losses in other comprehensive loss, if any, transferred to deficit.

The consolidated financial statements include the Company's share of the investee's income, expenses and equity movements. Where the Company transacts with its joint ventures or associates, unrealized profits or losses are eliminated to the extent of the Company's interest in the joint venture or associate.

Investments in associates and joint ventures are assessed for indicators of impairment at each period end. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the environment in which the equity-accounted investee operates or there is a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount is lower than the carrying amount. An impairment loss is reversed if the reversal is related to an event occurring after the impairment loss is recognized. Reversals of impairment losses are recognized in profit or loss and are limited to the original carrying amount under the equity method as if no impairment had been recognized for the asset in prior periods. The Company uses judgment in assessing whether impairment has occurred or a reversal is required as well as the amounts of such adjustments.

The carrying value of investments in associates and joint ventures consist of:

	Note	CTT Pharmaceutical Holdings Inc.	Choom Note 6(a)	Venn Cannabis	Total
		$	$	$	$
Balance, June 30, 2021		289	—	—	289
Additions		—	5,825	1,156	6,981
Share of net income[1]		—	(344)	51	(293)
Disposition		(289)	—	—	(289)
Impairment		—	(5,479)	—	(5,479)
OCI FX and share of OCI loss		—	(2)	—	(2)
Balance, June 30, 2022		—	—	1,207	1,207
Additions		—	—	—	—
Share of net income[1]	22	—	—	33	33
Disposition		—	—	—	—
Impairment		—	—	(1,240)	(1,240)
OCI FX and share of OCI loss		—	—	—	—
Balance, March 31, 2023		—	—	—	—

[1] Represents an estimate of the Company's share of net income based on the latest available information of each investee.

On April 22, 2023, the Company finalized the wind up its joint venture in Venn Cannabis. In exchange for terminating the Joint Venture Operating Agreement, the Company transferred its shares in the Venn Cannabis to the joint partner. Pursuant to the the Joint Venture Operating Agreement, the Company was responsible for certain costs arising from the termination in the amount of $1.0 million. These costs have been recognized as at March 31, 2023 in accounts payable and accrued liabilities on the consolidated statements of financial position.

Note 9 Biological Assets

Accounting Policy

The Company defines biological assets as living plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 - *Agriculture* using the income approach. The Company utilizes an income approach to determine the fair value less cost to sell at a specific measurement date, based on the existing plants' stage of completion up to the point of harvest. The Company cultivates cannabis and propagation plants biological assets. For cannabis plants, the stage of completion is determined based on the specific date of clipping the mother plant, the period-end reporting date, the average growth rate for the strain and facility environment and is calculated on a weighted average basis for the number of plants in the specific lot. Propagation plants are comprised solely of plants from the Bevo business, and are sold as living plants to customers and therefore not harvested into inventory. For propagation plants, the stage of completion is determined based on the propagation date, the promised date, and the period-end reporting date.

The following inputs and assumptions are all categorized within Level 3 on the fair value hierarchy and were used in determining the fair value of cannabis biological assets:

Inputs and assumptions	Description	Correlation between inputs and fair value
Average selling price per gram	Represents the average selling price per gram of dried cannabis net of excise taxes, where applicable, for the period for all strains of cannabis sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Average attrition rate	Represents the weighted average number of plants culled at each stage of production.	If the average attrition rate was lower (higher), estimated fair value would increase (decrease).
Weighted average yield per plant	Represents the weighted average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the weighted average yield per plant was higher (lower), estimated fair value would increase (decrease).
Cost per gram to complete production	Based on actual production costs incurred divided by the grams produced in the period.	If the cost per gram to complete production was lower (higher), estimated fair value would increase (decrease).
Weighted average effective yield	Represents the estimated percentage of harvested product that meets specifications in order to be sold as a dried cannabis product.	If the weighted average effective yield were higher (lower), the estimated fair value would increase (decrease).
Stage of completion in the production process	Calculated by taking the weighted average number of days in production over a total average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

Production costs are capitalized to cannabis biological assets and include all direct and indirect costs relating to biological transformation. Costs include direct costs of production, such as labor, growing materials, as well as indirect costs such as indirect labor and benefits, quality control costs, depreciation on production equipment, and overhead expenses including rent and utilities.

The following inputs and assumptions are all categorized within Level 3 on the fair value hierarchy and were used in determining the fair value of propagation plants biological assets:

Inputs and assumptions	Description	Correlation between inputs and fair value
Selling price per plant	Represents selling price per plant, which is based on committed purchase plans.	If selling price per plant were higher (lower), estimated fair value would increase (decrease).
Stage of completion in the production process	Calculated by taking the number of days in production over the promised date less the propagation date.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

Production costs are capitalized to propagation plants biological assets based on a rolling gross margin rate and includes all direct and indirect costs relating to biological transformation. Costs include direct costs of production, such as labor, growing materials, as well as indirect costs such as indirect labor and benefits, quality control costs, depreciation on production equipment, and overhead expenses including rent and utilities.

The following is a breakdown of biological assets:

	March 31, 2023	June 30, 2022
	$	$
Indoor cannabis production facilities	8,428	23,367
Outdoor cannabis production facilities	—	460
Plant propagation production facilities	14,262	—
	22,690	23,827

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets grown at indoor cannabis production facilities:

Significant inputs & assumptions	Range of inputs		Sensitivity	Impact on fair value	
	March 31, 2023	June 30, 2022		March 31, 2023	June 30, 2022
Average selling price per gram	$4.42	$5.18	Increase or decrease of $1.00 per gram	$3,360	$9,813
Weighted average yield (grams per plant)	38.80	39.16	Increase or decrease by 5 grams per plant	$1,438	$3,219
Weighted average effective yield	91 %	89 %	Increase of decrease by 5%	$395	$1,104
Cost per gram to complete production	$1.65	$1.52	Increase or decrease of $1.00 per gram	$3,427	$6,607

As of March 31, 2023, the weighted average fair value less cost to complete and cost to sell a gram of dried cannabis produced at the Company's indoor cannabis cultivation facilities was $2.43 per gram (June 30, 2022 - $3.12 per gram).

During the nine months ended March 31, 2023, the Company's indoor cannabis biological assets produced 40,707 kilograms of dried cannabis (June 30, 2022 - 73,371 kilograms). As at March 31, 2023, it is expected that the Company's indoor cannabis biological assets will yield approximately 7,667 kilograms (June 30, 2022 – 14,754 kilograms) of dried cannabis when harvested. As of March 31, 2023, the weighted average stage of growth for indoor biological assets was 44% (June 30, 2022 – 50%).

b) Outdoor cannabis production facilities

As of March 31, 2023, the Company did not have any outdoor cannabis plants included in biological assets.

During the nine months ended March 31, 2023, the Company's outdoor cannabis biological assets produced 16,314 kilograms (June 30, 2022 - nil) of fresh frozen weight of cannabis.

c) Plant propagation production facilities

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets grown at plant propagation production facilities:

Significant inputs & assumptions	Range of inputs		Sensitivity	Impact on fair value	
	March 31, 2023	June 30, 2022		March 31, 2023	June 30, 2022
Average selling price per floral/bedding plant	$ 7.58	n/a	Increase or decrease by 10%	$1,682	n/a
Average stage of completion in the production process	56 %	n/a	Increase or decrease by 10%	$2,295	n/a

As of March 31, 2023, the weighted average fair value per propagation plant was $2.35 per plant.

The Company's estimates are, by their nature, subject to change, and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The changes in the carrying value of biological assets during the period are as follows:

	March 31, 2023	June 30, 2022
	$	$
Opening balance	23,827	20,250
Production costs capitalized	71,326	79,620
Biological assets acquired through business combinations (Note 13)	4,470	232
Sale of biological assets	(18,645)	(387)
Foreign currency translation	(234)	(1,233)
Changes in fair value less cost to sell due to biological transformation	34,129	118,671
Transferred to inventory upon harvest	(92,183)	(193,326)
Ending balance	22,690	23,827

During the nine months ended March 31, 2023, biological assets expensed to cost of goods sold was $18.1 million (year ended June 30, 2022 - $0.4 million), which included $3.5 million (year ended June 30, 2022 - $0.1 million) of non-cash expense related to the changes in fair value of biological assets sold.

Note 10 Inventory

Accounting Policy

The Company defines inventory as all cannabis products after the point of harvest ("Cannabis Inventory"), hemp products, purchased finished goods for resale, consumable supplies and accessories. Cannabis Inventory includes harvested cannabis, trim, cannabis oils, capsules, edibles and vaporizers.

Inventories of harvested cannabis are transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. By-products, such as trim, are measured at their net-realizable-value ("NRV") at point of harvest which is deducted from the total deemed cost to give a net cost for the primary product. Any subsequent post-harvest costs are capitalized to Cannabis Inventory to the extent that the cost is less than NRV. NRV for work-in-process ("WIP") and finished Cannabis Inventory is determined by deducting estimated remaining conversion/completion costs and selling costs from the estimated sale price achievable in the ordinary course of business. Conversion and selling costs are determined using average cost. In the period that Cannabis Inventory is sold, the fair value portion of the deemed cost is recorded within changes in fair value of inventory sold line, and the cost of such Cannabis Inventory, including direct and indirect costs, are recorded within the cost of sales line on the statement of comprehensive loss.

Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company reviews these types of inventory for obsolescence, redundancy and slow turnover to ensure that they are written-down and reflected at NRV.

The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of the average selling price per gram, inventory spoilage, inventory excess, age and damage.

The following is a breakdown of inventory:

	March 31, 2023			June 30, 2022		
	Capitalized cost	Fair value adjustment	Carrying value	Capitalized cost	Fair value adjustment	Carrying value
	$	$	$	$	$	$
Harvested cannabis						
Work-in-process	30,936	14,756	45,692	40,285	27,297	67,582
Finished goods	13,518	1,777	15,295	9,151	2,444	11,595
	44,454	16,533	60,987	49,436	29,741	79,177
Extracted cannabis						
Work-in-process	11,566	2,753	14,319	13,577	2,348	15,925
Finished goods	8,786	561	9,347	8,257	650	8,907
	20,352	3,314	23,666	21,834	2,998	24,832
Supplies and consumables	19,923	—	19,923	10,817	—	10,817
Merchandise and accessories	1,556	—	1,556	1,272	—	1,272
Ending balance	86,285	19,847	106,132	83,359	32,739	116,098

During the nine months ended March 31, 2023, inventory expensed to cost of goods sold was $190.2 million (year ended June 30, 2022 - $318.4 million), which included $54.0 million (year ended June 30, 2022 - $105.9 million) of non-cash expense related to the changes in fair value of inventory sold.

During the nine months ended March 31, 2023, the Company recognized $93.4 million, in inventory impairment losses (year ended June 30, 2022 - $137.1 million) consisting of $47.8 million (year ended June 30, 2022 - $71.9 million) recognized in changes in fair value of inventory sold and $45.7 million (year ended June 30, 2022 - $65.1 million) recognized in cost of sales in the consolidated statements of comprehensive loss.

Note 11 Property, Plant and Equipment

Accounting Policy

Owned Assets

Property, plant and equipment is measured at cost, net of accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the asset acquisition. The cost of self-constructed assets includes the cost of materials, direct labor, other costs directly attributable to make the asset available for its intended use, as well as relevant borrowing costs on qualifying assets as further described below. During their construction, property, plant and equipment are classified as construction in progress (“CIP”) and are not subject to depreciation. When the asset is available for use, it is transferred from CIP to the relevant category of property, plant and equipment and depreciation commences.

Where particular parts of an asset are significant, discrete and have distinct useful lives, the Company may allocate the associated costs between the various components, which are then separately depreciated over the estimated useful lives of each respective component. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Computer software and equipment 3 years
Production equipment 2 - 10 years
Furniture and fixtures 5 years
Building and improvements 10 - 30 years

Residual values, useful lives and depreciation methods are reviewed annually and changes are accounted for prospectively.

Gains and losses on asset disposals are determined by deducting the carrying value from the sale proceeds and are recognized in profit or loss.

The Company capitalizes borrowing costs on qualifying capital construction projects. Upon the asset becoming available for use, capitalization of borrowing costs ceases and depreciation commences on a straight-line basis over the estimated useful life of the related asset.

Right-of-use leased assets

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

If the right-of-use asset is subsequently leased to a third party (a “sublease”), the Company will assess the classification of the sublease as to whether it is a finance or operating lease. Subleases that are classified as an operating lease will recognize lease income while a finance lease will recognize a lease receivable and derecognize the carrying value of the right-of-use asset, with the difference recorded in profit of loss.

Impairment of property, plant and equipment

The Company assesses impairment of property, plant and equipment when an impairment indicator arises (e.g. change in use or discontinued use, obsolescence or physical damage). When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the cash generating unit (“CGU”) level. In assessing impairment, the Company compares the carrying amount of the asset or CGU to the recoverable amount, which is determined as the higher of the asset or CGU’s fair value less costs of disposal and its value-in-use. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset or CGU exceeds its recoverable amount and is recorded in the consolidated statements of comprehensive loss.

The following summarizes the carrying values of property, plant and equipment for the periods reflected:

	March 31, 2023				June 30, 2022			
	Cost	Accumulated depreciation	Impairment	Net book value	Cost	Accumulated depreciation	Impairment	Net book value
Owned assets								
Land	52,077	—	(1,820)	50,257	14,351	—	(1,224)	13,127
Buildings	239,353	(83,888)	(3,842)	151,623	396,848	(76,010)	(224,034)	96,804
Construction in progress	37,563	—	(11,945)	25,618	34,260	—	(9,168)	25,092
Computer software & equipment	31,313	(29,570)	(20)	1,723	31,960	(28,244)	(555)	3,161
Furniture & fixtures	7,434	(5,596)	(42)	1,796	10,057	(5,818)	(1,558)	2,681
Production & other equipment	146,960	(87,425)	(1,686)	57,849	168,829	(86,287)	(22,080)	60,462
Total owned assets	514,700	(206,479)	(19,355)	288,866	656,305	(196,359)	(258,619)	201,327
Right-of-use lease assets								
Land	14,859	(1,345)	(969)	12,545	7,443	(1,192)	—	6,251
Buildings	36,789	(15,836)	—	20,953	40,530	(14,990)	(496)	25,044
Production & other equipment	5,343	(4,738)	—	605	5,087	(4,244)	—	843
Total right-of-use lease assets	56,991	(21,919)	(969)	34,103	53,060	(20,426)	(496)	32,138
Total property, plant and equipment	571,691	(228,398)	(20,324)	322,969	709,365	(216,785)	(259,115)	233,465

The following summarizes the changes in the net book values of property, plant and equipment for the periods presented:

	Balance, June 30, 2022	Additions	Additions from business combinations	Disposals	Other [1]	Depreciation	Impairment	Foreign currency translation	Balance, March 31, 2023
Owned assets									
Land	13,127	—	21,770	—	16,609	—	(1,820)	571	50,257
Buildings	96,804	840	52,350	—	15,467	(9,774)	(3,842)	(222)	151,623
Construction in progress	25,092	5,322	1,134	(36)	5,135	—	(11,945)	916	25,618
Computer software & equipment	3,161	710	—	—	(867)	(1,284)	(20)	23	1,723
Furniture & fixtures	2,681	37	—	—	(874)	(46)	(42)	40	1,796
Production & other equipment	60,462	1,662	17,633	(1,989)	(1,808)	(16,942)	(1,686)	517	57,849
Total owned assets	201,327	8,571	92,887	(2,025)	33,662	(28,046)	(19,355)	1,845	288,866
Right-of-use leased assets									
Land	6,251	—	—	(29)	7,580	(291)	(969)	3	12,545
Buildings	25,044	57	—	(6,553)	5,363	(3,155)	—	197	20,953
Production & other equipment	843	498	—	(182)	(72)	(495)	—	13	605
Total right-of-use lease assets	32,138	555	—	(6,764)	12,871	(3,941)	(969)	213	34,103
Total property, plant and equipment	233,465	9,126	92,887	(8,789)	46,533	(31,987)	(20,324)	2,058	322,969

[1] Includes reclassification of construction in progress cost when associated projects are complete. Includes the transfer of facilities to assets held for sale as at March 31, 2023 (Note 12).

	Balance, June 30, 2021	Additions	Disposals	Other [1]	Depreciation	Impairment	Foreign currency translation	Balance, June 30, 2022
Owned assets								
Land	23,977	5,565	(1,210)	(13,785)	—	(1,225)	(195)	13,127
Real estate	328,263	2,514	211	9,989	(19,769)	(224,117)	(287)	96,804
Construction in progress	77,639	12,888	(7,158)	(48,395)	—	(9,174)	(708)	25,092
Computer software & equipment	7,815	431	(236)	2,169	(6,449)	(554)	(15)	3,161
Furniture & fixtures	5,909	172	197	(259)	(1,740)	(1,557)	(41)	2,681
Production & other equipment	101,245	(1,207)	2,425	5,435	(25,374)	(21,992)	(70)	60,462
Total owned assets	544,848	20,363	(5,771)	(44,846)	(53,332)	(258,619)	(1,316)	201,327
Right-of-use leased assets								
Land	22,777	—	(3,513)	(12,187)	(828)	—	2	6,251
Real estate	36,857	1,285	(1,987)	(5,344)	(5,199)	(496)	(72)	25,044
Production & other equipment	1,611	55	—	—	(815)	—	(8)	843
Total right-of-use lease assets	61,245	1,340	(5,500)	(17,531)	(6,842)	(496)	(78)	32,138
Total property, plant and equipment	606,093	21,703	(11,271)	(62,377)	(60,174)	(259,115)	(1,394)	233,465

Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use leased assets is capitalized into biological assets and inventory, and is expensed to cost of sales upon the sale of goods. During the nine months ended March 31, 2023, the Company recognized $32.0 million (June 30, 2022 - $60.2 million) of depreciation expense of which $14.5 million (June 30, 2022 - $34.5 million) was reflected in cost of sales.

Impairments

The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. During the nine months ended March 31, 2023, Management noted indicators of impairment at the asset specific level, the Cash Generating Unit ("CGU") level and the Operating Segment level which are discussed below.

(a) Asset specific impairments

Nine Months Ended March 31, 2023

During the year ended June 30, 2022, the Company entered into a share purchase agreement (the "Agreement") to sell 2105657 Alberta Ltd., a wholly-owned subsidiary which owns the Aurora Sun facility located in Alberta. The assets and liabilities of the subsidiary were reclassified to assets and liabilities held for sale (Note 12(a)) following the execution of the Agreement. The closing of the transaction was subject to certain standard closing conditions for both parties. During the nine months ended March 31, 2023, the Company gave notice to terminate the agreement due to the prospective buyer's failure to fulfill closing conditions and intends to sell the facility to Bevo, a 50.1% owned subsidiary. The net book value of the facility while classified as held for sale was $34.4 million, the fair value of the facility based on FVLCD at the time of reclassification to property, plant, and equipment (Note 11) was $29.1 million. The reduction of $5.3 million was recognized as an impairment of property, plant and equipment in the consolidated statements of loss and comprehensive loss. The impairment loss was allocated to the Canadian cannabis operating segment (Note 28).

During the nine months ended March 31, 2023, the Company recorded an impairment loss of $2.9 million for its Aurora Nordic facility located in Denmark, due to a number of operational and regulatory challenges, which are an indicators of impairment as at March 31, 2023. The impairment loss was based on FVLCD of nil as at March 31, 2023. In addition, there were impairments to related ROU assets in the amount of $1.0 million recognized as impairment to property, plant and equipment in the consolidated statements of loss and comprehensive loss. The impairment loss was allocated to the European cannabis operating segment (Note 28). On May 24, 2023, the Company formally made the decision to close its Aurora Nordic facility (Note 32).

During the nine months ended March 31, 2023, the Company recorded an impairment loss of $4.3 million for its Growery facility located in the Netherlands, due to regulatory and financial uncertainty and other commercial factors which are indicators of impairment as at March 31, 2023. The impairment loss was based on FVLCD of $6.5 million as at March 31, 2023 and allocated the European cannabis operating segment (Note 28). The fair value of the facility was determined based on a third-party appraisal. On June 13, 2023, the Company formally made the decision to exit the agreement with Growery (Note 32).

During the nine months ended March 31, 2023, the Company recorded an impairment loss of $2.5 million for its R&D facility located in the Netherlands, due to regulatory and financial uncertainty and other commercial factors which are indicators of impairment as at March 31, 2023. The impairment loss was based on FVLCD of $2.3 million as at March 31, 2023 and allocated the European cannabis operating segment (Note 28).

Additionally, there were other individually immaterial specific asset impairment losses identified totaling $2.5 million, recognized in impairment of property, plant and equipment in the consolidated statements of loss and comprehensive loss. As at March 31, 2023, the fair value less costs to dispose of these assets were determined to be nil.

Year Ended June 30, 2022

As a result of the Company's change in strategy during the year ended June 30, 2022 to focus on lower volume, higher margin premium categories, management made the decision that it will close its Aurora Sky facility in Edmonton, Alberta, which is an indicator of impairment. The fair value of the manufacturing facility was determined based on a third-party appraisal using a FVLCD approach including market and cost approaches. Consideration is given to information from historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3). As a result, the Company recognized a $154.5 million impairment loss for the manufacturing facility for the year ended June 30, 2022. The manufacturing facility and the corresponding impairment loss is allocated to the Canadian cannabis operating segment (Note 28).

During the year ended June 30, 2022, management recorded an impairment of $21.1 million for the Company's Polaris facility in Edmonton, Alberta, as a result of observable indications that its market value has declined more than would be expected as a result of the passage of time or normal use, which is an indicator of impairment. The fair value of the manufacturing facility was determined based on offers to purchase received from third-parties. The manufacturing facility and the corresponding impairment loss is allocated to the Canadian cannabis operating segment (Note 28).

In connection with the announced restructuring during the year ended June 30, 2022 (Note 3), management had noted indicators of impairment for property, plant and equipment associated with the closure of certain facilities. The recoverable amount of these assets were estimated using a FVLCD approach (Level 3) which resulted in a nominal value. As a result, the Company recognized a $7.4 million impairment loss relating to these assets for the year ended June 30, 2022, of which $6.8 million was allocated to the Canadian cannabis operating segment and $0.6 million was allocated to the international operating segment (Note 28).

(b) CGU and Operating Segment impairments

Nine Months Ended March 31, 2023

During the nine months ended March 31, 2023, the Company recognized impairment losses within its Canadian Cannabis operating segment and allocated impairment losses of $1.8 million to property, plant and equipment. The impairment losses are allocated to the Canadian Cannabis operating segment (Note 28).

Year Ended June 30, 2022

During the year ended June 30, 2022, the Company recognized impairment losses within its Canadian CGU and Canadian Cannabis operating segment and allocated impairment losses of $60.7 million to property, plant and equipment. The impairment losses are allocated to the Canadian Cannabis operating segment (Note 28).

Note 12 Assets and Liabilities Held for Sale

Accounting Policy

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continued use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and the fair value less costs of disposal. Impairment losses recognized upon initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in the statement of comprehensive loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(a) Assets and Liabilities Held for Sale

Assets held for sale are comprised of the following:

	Colombia Property	Restructuring Facilities	Uruguay Properties	Nordic Sky	Aurora Sun	Valley	Polaris	Whistler Alpha Lake	Total
	$	$	$						$
Balance, June 30, 2021	1,925	13,993	—	—	—	—	—	—	15,918
Transfer (to) from Property, Plant, and Equipment	—	(355)	669	8,823	34,404	5,850	18,678	638	68,707
Proceeds from disposal	—	(11,440)	(602)	(7,519)	—	—	—	—	(19,561)
Loss on disposal [1]	—	(2,198)	(67)	(1,304)	—	—	—	—	(3,569)
Balance, June 30, 2022	1,925	—	—	—	34,404	5,850	18,678	638	61,495
Transfer to Property, Plant, and Equipment	—	—	—	—	(34,404)	—	—	—	(34,404)
Impairment	(1,925)	—	—	—	—	—	—	—	(1,925)
Transfer from Liabilities Held for Sale	—	—	—	—	—	—	(3,977)	—	(3,977)
Proceeds from disposal	—	—	—	—	—	(5,573)	(14,680)	—	(20,253)
Loss on disposal [1]	—	—	—	—	—	(277)	(21)	—	(298)
Balance, March 31, 2023	—	—	—	—	—	—	—	638	638

[1] The loss on disposal is recognized in other gains (losses) (Note 22) in the statement of comprehensive loss.

Columbia Property

During the nine months ended March 31, 2023, the Company recognized an impairment loss on its Columbia property of $1.9 million which is recognized in other gains (losses) in the statements of comprehensive loss (Note 22).

Restructuring Facilities

During the year ended June 30, 2022, the Company sold its Mountain facility, located in Alberta, and its Prairie facility, located in Saskatchewan, with a combined carrying value of $13.6 million and net proceeds of $11.4 million. As a result, the Company recognized a $2.2 million loss on disposal which is recognized in other gains (losses) in the statements of comprehensive loss (Note 22).

Uruguay Properties

During the year ended June 30, 2022, management committed to sell its recreational production facility located in Uruguay and listed the property for sale. As a result, the Company reclassified the asset with a carrying value of $0.7 million from property, plant, and equipment to assets held for sale. During the year ended June 30, 2022 , the Company sold the facility for net proceeds of $0.6 million and recognized a $0.1 million loss on disposal within other gains (losses) in the statements of comprehensive loss (Note 22).

Nordic Sky

During the year ended June 30, 2022 the company sold the facility for net proceeds of approximately $7.5 million were received by the Company resulting in a loss of disposal of $1.3 million which is recognized in other gains (losses) in the statements of comprehensive loss (Note 22).

	$
Property, plant and equipment	34,404
Assets held for sale	**34,404**
Accounts payable and accrued liabilities	11
Provisions	2,000
Liabilities held for sale	**2,011**

Valley

In connection with the restructuring announced during the year ended June 30, 2022, the Company sold its Valley facility for net proceeds of $5.6 million. As a result, the Company recognized a $0.3 million loss on disposal which is recognized in other gains (losses) in the statement of comprehensive loss (Note 22).

Polaris

During the nine months ended March 31, 2023, the Polaris facility and its related liabilities were sold for net proceeds of $14.7 million.

	$
Property, plant and equipment	18,678
Assets held for sale	**18,678**
Lease liability	3,977
Liabilities held for sale	**3,977**

Whistler Alpha Lake

In connection with the restructuring announced during the year ended June 30, 2022 (Note 3), the Company listed its Whistler Alpha Lake facility for sale. As a result, the Company reclassified it from property, plant, and equipment to assets held for sale.

Note 13 Business Combinations

Accounting Policy

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net identifiable assets acquired. Acquisition costs incurred are expensed through the statement of comprehensive loss.

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with *IFRS 9 Financial Instruments* with the corresponding gain or loss recognized in profit or loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration, intangible assets and property, plant and equipment. Management exercises judgment in estimating the probability and timing of when earn-out milestones are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Property, plant and equipment are fair valued using a combination of the cost approach and sales comparison approach. The significant assumptions used were the replacement costs and rate per acre in the fair value measurement of the acquired land and replacement cost per square foot in the fair value measurement of the acquired buildings.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

Bevo Agtech Inc.
On August 25, 2022, a wholly-owned subsidiary of the Company acquired a50.1% controlling interest in Bevo, the sole parent of Bevo Farms Ltd., one of the largest suppliers of propagated vegetables and ornamental plants in North America. The transaction included initial consideration of $44.8 million consisting of $38.8 million paid in cash, $3.0 million paid into escrow for indemnity holdback, and $3.0 million paid into escrow relating to performance holdbacks which are releasable upon Bevo meeting certain financial targets (the “Performance Holdback”). The Performance Holdback payable was measured at fair value of $2.2 million. The total cash consideration of $6.0 million paid into escrow has been recognized as an increase in restricted cash, with a corresponding increase of $3.0 million in accounts payable and accrued liabilities related to the indemnity holdback; $2.2 million in contingent consideration payable related to the Performance Holdback and $0.8 million in goodwill on the consolidated statements of financial position.

Additional consideration of up to $12.0 million as a potential earnout amount is payable in cash or Common Shares at the election of the Company, subject to Bevo successfully achieving certain financial milestones at its Site One facility in Langley, British Columbia for the period up to December 31, 2025. The additional consideration was measured at fair value and recognized as an increase of $0.7 million in contingent consideration payable, with a corresponding increase in goodwill, on the consolidated financial statements of financial position. In connection with the potential earnout, the Company has pledged 6,596,761 of Bevo Common Shares owned by the Company as security to the non-controlling shareholders of Bevo.

The transaction includes call options such that the Company and certain non-controlling shareholders of Bevo may acquire additional Common Shares of Bevo based on Bevo’s EBITDA performance and in the event of an Adverse Change of Control, as defined in the Bevo shareholders agreement. The call options are derivative instruments measured at fair value on the date of acquisition with subsequent changes recognized in net loss. The fair value of the call options at the date of acquisition were determined to be nominal in the provisional purchase price allocation.

In addition, the transaction includes a put option with certain non-controlling shareholders of Bevo such that the Company is required to purchase up to an additional 40.4% of the Common Shares of Bevo based of Bevo's achievement of certain future EBITDA performance targets. As a result, the Company has recognized a financial liability of $48.0 million on the date of acquisition at the present value of the amount payable on exercise of the put option. The put option was valued at the date of acquisition using a discounted cash flow model and is valued subsequently using a Monte Carlo simulation. The determination relies on forecasted information, of which the significant assumptions used within the model are revenue, cost of sales and operating expenses. As at March 31, 2023, the present value of the amount payable on exercise of the put option was $47.6 million which is recorded in other long term liability in the consolidated statements of financial position. The change of $-0.4 million is recorded in deficit in the consolidated statements of financial position. Since the Company has elected to use the present-access method and measure the NCI of the proportionate share of the net assets in Bevo, the fair value of the put option is not included in the purchase price allocation.

	Provisional allocation at acquisition	***Adjustments***	***Final***
Cash paid	38,844	—	38,844
Performance holdback	2,153	—	2,153
Indemnity holdback	3,000	—	3,000
Contingent consideration	749	—	749
	44,746	—	44,746
Preliminary Fair Value of net identifiable assets			
Cash	54	—	54
Accounts receivables	3,317	—	3,317
Biological assets	4,873	(403)	4,470
Inventories	4,366	—	4,366
Prepaid expenses and deposits	749	—	749
Property, plant and equipment	92,887	—	92,887
Intangible assets			—
Customer relationships	5,600	—	5,600
Software	247	—	247
	112,093	(403)	111,690
Accounts payable and accruals	3,699	—	3,699
Income taxes payable	1,660	(1,744)	(84)
Deferred revenue	151	—	151
Loans and borrowings	39,934	(237)	39,697
Deferred tax liability	14,762	1,509	16,271
	60,206	(472)	59,734
Provisional purchase price allocation			
Net identifiable assets acquired	51,887	69	51,956
Non-controlling interest	(25,891)	(34)	(25,925)
Goodwill	18,750	(35)	18,715
	44,746	—	44,746
Net cash outflows			
Cash consideration paid	(38,844)	—	(38,844)
Cash acquired	54	—	54
	(38,790)	—	(38,790)

Goodwill arising from the acquisition represents future income and growth, and other intangibles that do not qualify for separate recognition. The goodwill arising on this acquisition is expected to be fully deductible for tax purposes.

Based on Management's review of relevant information received after the acquisition date for circumstances that existed at the acquisition date, adjustments were made to the fair value of the net identifiable assets acquired and liabilities assumed. As such, the initial purchase price previously reported was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As at March 31, 2023, Management finalized its purchase price allocation for the fair value of identifiable assets acquired and liabilities assumed and the resulting allocation of goodwill.

For the nine months ended March 31, 2023, Bevo accounted for $20.7 million, in revenue and $1.3 million in net loss since the August 25, 2022 acquisition date. If the acquisition had been completed on July 1, 2022, the Company estimates that Bevo would have accounted for $22.7 million in revenue and $2.5 million in net loss for the nine months ended March 31, 2023.

In connection with the acquisition of Bevo, the Company recognized non-controlling interests in Bevo of $25.9 million, which represents the non-controlling interest portion of 49.9% of the fair value of the net identifiable assets acquired.

As a result of the transaction, the Company recognized a deferred tax asset of $16.3 million with a corresponding recovery of deferred taxes on the consolidated statement of comprehensive loss.

Included in acquisition costs expense for the nine months ended March 31, 2023, are $1.0 million of transaction costs related to the acquisition of Bevo.

Thrive Cannabis (“Thrive”)

On May 5, 2022, the Company acquired TerraFarma Inc. (parent company of Thrive), a Canadian company based in Ontario specialized in the sale of innovative premium cannabis products including dried flower, pre-rolls, vapour products and concentrates.

The Company acquired all of the issued and outstanding shares of TerraFarma Inc. for an aggregate initial consideration of $63.3 million consisting of $27.0 million paid in cash, $9.2 million through the issuance of 2,467,421 Common Shares, $9.7 million for earned milestones issuable in Common Shares and $3.0 million withheld as an indemnity holdback payable in cash or shares, or a combination of both, at the Company’s discretion. On July 7, 2022, the Company issued 2,614,995 Common Shares for the $9.7 million of equity consideration relating to earned milestones known at the time of the acquisition.

Additional consideration of up to $14.4 million in potential earnout amounts is payable in cash, Common Shares or a combination of both, at the election of the Company, subject to Thrive achieving certain revenue targets within two years of closing the transaction. The preliminary purchase price allocation has been adjusted for information received subsequent to the acquisition date, regarding circumstances that existed at the acquisition date. The adjustments and final purchase price allocation are as follows:

	Provisional allocation at acquisition	*Adjustments*	*Final*
Total consideration			
Cash paid	26,983	—	26,983
Common shares issued	9,230	—	9,230
Common shares issuable	9,683	—	9,683
Indemnity holdback	3,000	—	3,000
Contingent consideration	14,371	—	14,371
	63,267	—	63,267
Net identifiable assets acquired (liabilities assumed)			
Cash	2,513	—	2,513
Accounts receivables	3,713	—	3,713
Biological assets	232	—	232
Inventories	10,441	—	10,441
Prepaid expenses and deposits	151	—	151
Investments in associates	1,156	—	1,156
Property, plant equipment	10,453	—	10,453
Intangible assets			—
Permits and licenses	6,100	—	6,100
Brand	10,800	—	10,800
	45,559	—	45,559
Accounts payable and accruals	5,831	750	6,581
Deferred tax liability	2,862	—	2,862
	8,693	750	9,443
Provisional purchase price allocation			
Net identifiable assets acquired	36,866	(750)	36,116
Goodwill	26,401	750	27,151
	63,267	—	63,267
Net cash outflows			
Cash consideration paid	(26,983)	—	(26,983)
Cash acquired	2,513	—	2,513
	(24,470)	—	(24,470)

Goodwill arising from the acquisition represents expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition. The goodwill arising on this acquisition is expected to be fully deductible for tax purposes. During the year ended June 30, 2022, the Company recognized an impairment loss on goodwill of $26.4 million (Note 15).

For the year ended June 30, 2022, Thrive accounted for $1.4 million in revenue and $3.2 million in net loss since the May 5, 2022 acquisition date. If the acquisition had been completed on July 1, 2021, the Company estimates it would have recorded an increase of $10.3 million in revenue and an increase of $22.1 million in net loss for the year ended June 30, 2022.

Note 14 Asset Acquisition and Non-controlling Interest ("NCI")

Accounting Policy

Non-controlling interests ("NCI") are recognized either at fair value or at the NCI's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of the total consideration, the fair value of previously held equity interests held prior to obtaining control and the NCI in the acquiree, over the fair value of the identifiable net asset acquired, is recorded as goodwill.

The change in non-controlling interest is as follows:

	Bevo	Other	Total
	$	$	$
Balance, June 30, 2021	—	—	—
Additions	—	866	866
Share of (loss) profit for the period	—	(355)	(355)
Balance, June 30, 2022	—	511	511
Acquired through business acquisitions (Note 13)	25,925	—	25,925
Change in ownership interests in net assets	11,923	—	11,923
Share of (loss) profit for the period	(4,944)	(2,354)	(7,298)
Balance, March 31, 2023	32,904	(1,843)	31,061

The Company entered into an agreement to sell its Aurora Sky facility in Edmonton, Alberta and related assets and liabilities to Bevo (a 50.1% controlled subsidiary) (the "Aurora Sky Transaction"). Up to $25.0 million could be payable over time by Bevo to the Company in connection with the Aurora Sky Transaction, based on Bevo successfully achieving certain financial milestones at the Aurora Sky Facility. The Aurora Sky Transaction closed on September 30, 2022. The Company recognized the inter-company transfer of net assets to Bevo at cost and recorded an increase in non-controlling interest equal to the non-controlling interest's proportionate share of the carrying value of the net assets transferred of $11.9 million with a corresponding decrease to deficit on the consolidated statements of financial position.

CannaHealth Therapeutics Inc.

On September 20, 2022, the Company acquired all of the issued and outstanding shares of CannaHealth Therapeutics Inc ("CannaHealth") from the minority interest of a consolidated subsidiary for total consideration of $21.9 million paid in cash. CannaHealth is a company with assets in the Canadian medical aggregator space. The Company allocated the purchase consideration to deferred compensation in accordance with IAS 19, *Employee Benefits,* with $2.9 million being used to settle tax obligations in respect of the deferred compensation. The deferred compensation is amortized on a straight-line basis over a five-year period. During the nine months ended March 31, 2023, the Company recognized amortization expense of $1.9 million in the consolidated statements of loss and comprehensive loss. As at March 31, 2023, $3.8 million was recorded to prepaids and $13.3 million was recorded to deposits on the consolidated statements of financial position. The remaining balance of $2.9 million was paid to settle certain tax obligations arising from the transaction.

Growery B.V.

During the year ended June 30, 2022, the Company, through its wholly-owned indirect subsidiary, Aurora Nederland B.V., entered into a sale and purchase agreement to purchase 40% of the issued and outstanding shares in Growery B.V. ("Growery"). The Company controls Growery as it has the right to nominate two of three members of the Supervisory Board of Growery, and decisions require a simple majority. Based on having a controlling interest, the Company has consolidated Growery's results in these consolidated financial statements.

The Company accounted for this purchase as an asset acquisition. In connection with the asset acquisition, the Company made an upfront cash payment of $0.6 million (EUR 0.4 million). In addition, the Company is obligated to make aggregate cash milestone payments of up to $5.8 million (EUR $4.0 million) upon Growery achieving sufficient profits available for distribution, and up to $4.3 million (EUR 3.0 million) upon Growery achieving certain revenue targets. The Company recognized NCI of $0.9 million (EUR 0.6 million) based on its proportion share of Growery's net assets. The difference between the purchase price and the net assets acquired has been allocated to intangible assets. A definite life intangible asset license of $2.0 million (EUR 1.4 million) has been recognized in these financial statements. The Company incurred transaction costs of $0.1 million (EUR 0.1 million) which have been capitalized to the net assets acquired.

Netherlands-based Growery is in the business of cultivation, production and sale of recreational cannabis and is one of the license holders entitled to participate in the Netherlands' still-pending Controlled Cannabis Supply Chain Experiment . During the nine months ended March 31, 2023, the Company recorded an impairment loss against property plant and equipment (Note 11) and intangible assets (Note 15) due to regulatory and financial uncertainty and other commercial factors which are indicators of impairment at March 31, 2023. On June 13, 2023, the
Company formally made the decision to exit the agreement with Growery (Note 32).

Note 15 Intangible Assets and Goodwill

Accounting Policy

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is calculated on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Customer relationships	20 years
Health Canada licenses	Useful life of the facility
Other operating licenses	10 years
Patents	10 years
IP and Know-how	10 years
ERP Software	5 years

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized as research and development expenses on the consolidated statement of comprehensive loss as incurred. Capitalized deferred development costs are internally generated intangible assets.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually at year-end, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested annually at year end for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is tested for impairment based on the level at which it is monitored by management, and not at a level higher than an operating segment. The Company's goodwill is allocated to the Plant Propagation operating segment, which represents the lowest level at which management monitors goodwill. The allocation of goodwill to the CGUs or group of CGUs requires the use of judgment.

An impairment loss is recognized for the amount by which the operating segment or CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on the higher of fair value less costs of disposal and value-in-use. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

The following is a continuity schedule of intangible assets and goodwill:

	March 31, 2023				June 30, 2022			
	Cost	Accumulated amortization	Impairment	Net book value	Cost	Accumulated amortization	Impairment	Net book value
Definite life intangible assets:								
Customer relationships	42,529	(37,068)	—	5,461	89,626	(48,975)	(40,651)	—
Permits and licenses	56,782	(42,826)	(2,783)	11,173	116,966	(38,888)	(63,724)	14,354
Patents	928	(771)	—	157	1,957	(777)	(1,053)	127
Intellectual property and know-how	52,590	(52,590)	—	—	78,099	(49,878)	(28,221)	—
Software	20,121	(16,390)	(3,460)	271	42,639	(16,618)	(26,021)	—
Indefinite life intangible assets:								
Brand	36,200	—	(15,500)	20,700	157,499	—	(121,300)	36,199
Permits and licenses	21,918	—	—	21,918	23,973	—	(3,957)	20,016
Total intangible assets	231,068	(149,645)	(21,743)	59,680	510,759	(155,136)	(284,927)	70,696
Goodwill	19,465	—	(750)	18,715	914,275	—	(914,275)	—
Total	250,533	(149,645)	(22,493)	78,395	1,425,034	(155,136)	(1,199,202)	70,696

The following summarizes the changes in the net book value of intangible assets and goodwill for the periods presented:

	Balance, June 30, 2022	Additions from acquisitions	Additions	Amortization	Impairment	Foreign currency translation	Balance, March 31, 2023
Definite life intangible assets:							
Customer relationships	—	5,600	—	(139)	—	—	5,461
Permits and licenses	14,354	—	—	(498)	(2,783)	100	11,173
Patents	127	—	41	(20)	—	9	157
Software	—	247	3,520	(36)	(3,460)	—	271
Indefinite life intangible assets:							
Brand	36,199	—	—	—	(15,499)	—	20,700
Permits and licenses [1]	20,016	—	—	—	—	1,902	21,918
Total intangible assets	70,696	5,847	3,561	(693)	(21,742)	2,011	59,680
Goodwill	—	—	19,465	—	(750)	—	18,715
Total	70,696	5,847	23,026	(693)	(22,492)	2,011	78,395

[1] Indefinite life permits and licenses are predominantly held by the Company's foreign subsidiaries. Given that these permits and licenses are connected to the subsidiary rather than a specific asset, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows for the Company.

As at March 31, 2023, $20.7 million and $21.9 million indefinite life intangibles were allocated to the group of cash generating units ("CGUs") that comprise the Canadian Cannabis Segment and European Cannabis Segment, respectively (June 30, 2022 - $36.2 million and $20.0 million respectively).

At the end of each reporting period, the Company assesses whether events or changes in circumstances have occurred that would indicate that a CGU or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

During the nine months ended March 31, 2023, the Company changed its internal management reporting which resulted in a change in how CGU's are allocated between the Canadian Cannabis operating segment and the previously reported International Cannabis operating segment. As a result, the International Cannabis operating segment now only represents the European Union ("EU") and sales to export markets from Canada are now within the Canadian Cannabis segment. Additionally, with the acquisition of Bevo (Note 13), the Company determined this is a reportable segment. Accordingly, Management has identified the following three reportable operating segments: (i) Canadian Cannabis; (ii) European Cannabis and (iii) Plant Propagation.

(a) Asset Specific Impairments

During the nine months ended March 31, 2023, management had noted indicators of impairment for permits and licenses intangible assets related to its Growery joint venture, located in the Netherlands. As a result, the Company recognized a $1.9 million impairment loss for the nine months ended March 31, 2023. The impairment loss was allocated to the European cannabis operating segment (Note 28). On June 13, 2023, the Company formally made the decision to exit the agreement with Growery (Note 32).

In connection with the announced restructuring during the year ended June 30, 2022 (Note 3), management had noted indicators of impairment for intangible assets associated with the closure of certain facilities. The recoverable amount of the intangibles were estimated using a FVLCD approach (Level 3) which resulted in a nominal value. As a result, the Company recognized a $9.4 million impairment loss relating to these intangible assets for the year ended June 30, 2022. The impairment loss was allocated to the Canadian cannabis operating segment (Note 28).

During the year ended June 30, 2022, management had noted indicators of impairment for customer relationship intangible assets. The recoverable amount of the intangible asset was estimated using a FVLCD approach (Level 3) which resulted in a nominal value. As a result, the Company recognized a $3.7 million impairment loss for the year ended June 30, 2022. The impairment loss was allocated to the International cannabis operating segment (Note 28).

(b) CGU and Goodwill Impairments

As at March 31, 2023 and June 30, 2022 the Company performed its annual impairment test on its indefinite life intangible assets and goodwill. The recoverable amount of the operating segments to which goodwill is allocated and the CGUs to which indefinite life intangibles are allocated were determined based on FVLCD using Level 3 inputs in a discounted cash flow ("DCF") analysis. Where applicable, the Company uses its market capitalization and comparative market multiples to corroborate DCF results. The significant assumptions applied in the determination of the recoverable amount are described below:

i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by forecasted revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) margins. The Canadian Cannabis CGU, European Cannabis CGU, the Canadian Cannabis Operating Segment, and European Cannabis Operating Segment forecasts are extended to a total of 4 years (and a terminal year thereafter). The Plant Propagation CGU and operating segment forecasts are extended to a total of 8.75 years (and a terminal year thereafter).
ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth;
iii. Post-tax discount rate: The post-tax discount rate is reflective of the CGUs and Operating Segments Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields; and
iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

As at March 31, 2023, management had noted the following impairment indicators:

- Decline in stock price and market capitalization - As at March 31 2023, the carrying amount of the Company's total net assets exceeded the Company's market capitalization; and
- Changes in cannabis market conditions and capital market environment, including higher rates of borrowing and lower foreign exchange rates.

The following table outlines the key assumptions used in calculating the recoverable amount for each CGU and operating segment tested for impairment as at March 31, 2023 and June 30, 2022:

	Indefinite Life Intangible Impairment Testing			Goodwill Impairment Testing		
	Canadian Cannabis CGU	Plant Propagation	European Cannabis CGU	Canadian Cannabis Operating Segment	Plant Propagation	European Cannabis Operating Segment
March 31, 2023						
Terminal value growth rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Discount rate	16.5%	11.0%	17.0%	16.5%	11.0%	17.0%
Budgeted revenue growth rate over forecast period	16.7%	10.0%	48.8%	16.5%	10.0%	48.8%
Fair value less cost to dispose	$258,228	$184,832	$78,612	$236,345	$184,832	$87,420

	Canadian Cannabis CGU	Plant Propagation	International Cannabis CGU	Cannabis Operating Segment	Plant Propagation	European Cannabis Operating Segment
June 30, 2022						
Terminal value growth rate	3.0%	n/a	3.0%	3.0%	n/a	3.0%
Discount rate	15.0%	n/a	16.0%	15.0%	n/a	16.0%
Budgeted revenue growth rate over forecast period	18.1%	n/a	23.1%	18.2%	n/a	23.7%
Fair value less cost to dispose	$319,828	n/a	$48,052	$264,829	n/a	$69,021

CGU impairment

Canadian Cannabis CGU

The Company's Canadian Cannabis CGU represents its operations dedicated to the cultivation and sale of cannabis products within Canada and certain international markets and forms part of the Company's Canadian Cannabis Operating Segment. Management concluded that the recoverable amount was higher than the carrying value as at March 31, 2023, and no impairment was recognized within the Canadian Cannabis CGU.

Management concluded that the recoverable amount was lower than the carrying value as at June 30, 2022, and recorded impairment losses of $315.9 million. Management allocated the impairment loss based on the relative carrying amounts of the CGU's assets at the impairment date, with no individual asset being reduced below its recoverable amount. Management allocated $258.1 million of impairment losses to the CGU's intangible assets and $57.8 million of impairment losses to property, plant and equipment (Note 11).

European Cannabis CGU

The Company's European Cannabis CGU represents its operations dedicated to the cultivation and sale of cannabis products within Europe and the Company's European Cannabis Operating Segment. Management concluded that the recoverable amount was higher than the carrying value as at March 31, 2023, and no impairment was recognized within the European Cannabis CGU (June 30, 2022 - nil). In addition to the key assumptions noted above, forecasted earnings before interest, taxes, depreciation and amortization (EBITDA) margins (-22.7% - 36.6%) is also a key assumption in determining the recoverable amount of the European Cannabis CGU.

Plant Propagation CGU

The Company's Plant Propagation represents its operations dedicated to the propagated vegetables and ornamental plants within North America and is the single CGU in the Company's Plant Propagation Operating Segment. Management concluded that the recoverable amount was higher than the carrying value as at March 31, 2023, and no impairment was recognized within the Plant Propagation CGU.

Operating segment impairment

Canadian Cannabis Operating Segment

Management concluded that the recoverable amount was lower than the carrying value as at March 31, 2023, and an impairment of $22.4 million was recognized within the Canadian Cannabis Operating Segment (June 30, 2022 - $43.1 million). An impairment loss of $0.8 million (June 30, 2022 - $26.4 million) was recognized against goodwill and the remaining impairment loss was allocated based on the relative carrying amounts of the operating segment's assets at the impairment date, with no individual asset being reduced below its recoverable amount. Management allocated $19.8 million June 30, 2022 - $13.8 million) of impairment losses to the operating segment's intangible assets and $1.8 million (June 30, 2022 - $2.9 million) of impairment losses to property, plant and equipment (Note 11). The allocation of impairment recognized to intangible assets was to the extent that that the intangible assets were not impaired beyond their recoverable amount. The fair value of the intangible assets were measured using valuation techniques including the relief from royalty method for brands and the with and without method for permits and licenses. The significant assumptions were budgeted revenue growth rate over forecast period (6% - 24.4%) forecasted earnings before interest, taxes, depreciation and amortization (EBITDA) margins (13.2% - 21.3%), discount rates (11% -17.5%), and royalty rates (2.5% - 5%). If the discount rates increased or decreased by 5%, the estimated fair value of intangible assets would increase or decrease by $4.2 million.

European Cannabis Operating Segment

Management concluded that the recoverable amount was higher than the carrying value as at March 31, 2023, and no impairment loss was recognized within the European Cannabis Operating Segment (International Cannabis Operating Segment: June 30, 2022 - $146.1 million).

Note 16 Convertible Debentures

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ertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility.

saction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

	$
, June 30, 2021	327,931
st paid	(25,667)
tion	33,171
ed interest	22,457
repurchased	(163,165)
zed loss on debt repurchased	19,353
alized loss on foreign exchange	12,424
, June 30, 2022	226,504
portion	(26,854)
m portion	199,650
e, June 30, 2022	226,504
st paid	(13,305)
tion	16,123
ed interest	8,956
repurchased	(128,706)
zed loss on debt repurchased	10,874
alized loss on foreign exchange	12,125
e, March 31, 2023	132,571
Current portion	(132,571)
Long-term portion	—

On January 24, 2019, the Company issued $460.6 million (US$345.0 million) in aggregate principal amount of Convertible Senior Notes due 2024 (“Senior Notes”) issued at par value. Holders may convert all or any portion of the Senior Notes at any time. The Senior Notes are unsecured, mature on February 28, 2024 and bear cash interest semi-annually at a rate of 5.5% per annum. The initial conversion rate for the Senior Notes is 11.53 Common Shares per US$1,000 principal amount of Senior Notes, equivalent to an initial conversion price of approximately US$86.72 per Common Share. As of March 31, 2023, $148.5 million (US$109.9 million) principal amount of the Senior Notes are outstanding.

Holders will also have the right to require Aurora to repurchase their Senior Notes upon the occurrence of certain customary events at a purchase price equal to100% of the principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest.

The Senior Notes and any Common Shares of Aurora issuable upon conversion of the Senior Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, or qualified for distribution by prospectus in Canada, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements, or sold in Canada absent an exemption from the prospectus requirements of Canadian securities laws.

In accordance with IFRS 9, the equity conversion option embedded in the Senior Notes was determined to be a derivative liability, which has been recognized separately at its fair value. Subsequent changes in the fair value of the equity conversion option are recognized through profit and loss (i.e. FVTPL). The equity conversion option was classified as an option liability as it can be settled through the issuance of a variable number of shares, cash or a combination thereof, based on the exchange rate and or trading price at the time of settlement.

The debt host has been recognized at its amortized cost of $276.4 million, which represents the remaining fair value allocated from total net proceeds received of $445.6 million (US$334.7 million) after $169.2 million (US$126.8 million) was allocated to the derivative liability representing the equity conversion option. Management elected to capitalize transaction costs, which are directly attributable to the issuance of the Senior Notes. These transaction costs total $15.0 million and have been netted against the principal amount of the debt.

As of March 31, 2023, $148.5 million (USD$109.9 million) (June 30, 2022 - $269.2 million (US$208.9 million)) principal amount of the Senior Notes are outstanding.

As of March 31, 2023, the conversion option had a fair value of $nil (June 30, 2022 - $nil) and the Company recognized an unrealized gain of $nil for the nine months ended March 31, 2023 (year ended June 30, 2022 - $3.1 million) on the derivative liability. The fair value of the conversion option was determined based on the Kynex valuation model with the following assumptions: share price of US$0.70 (June 30, 2022 - US$1.32), volatility of 84% (June 30, 2022 - 82%), implied credit spread of 397 bps (June 30, 2022 - 903 bps), and assumed stock borrow rate of 10% (June 30, 2022 - 10%). As of March 31, 2023, the Company has accrued interest payable of $16.9 million (June 30, 2022 - $6.6 million) on the Senior Notes.

During the nine months ended March 31, 2023 the Company repurchased a total of $135.0 million (US $99.0 million) (year ended June 30, 2022 - $175.7 million (US$136.1 million)) in principal amount of the Senior Notes at a total cost, including accrued interest, of $130.4 million (US $95.7 million) and recognized a loss of $10.9 million within other gains (losses) in the statements of comprehensive loss.

Subsequent to March 31, 2023, the Company repurchased approximately US$50.9 million aggregate principal amount of convertible senior notes (Note 32).

Note 17 Loans and Borrowings

Accounting Policy

Loans and Borrowings are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Loans are derecognized from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period

On August 25, 2022, through the acquisition of Bevo (Note 13), the Company acquired term loans under Bevo's credit facility (the "Credit Agreement").

The changes in the carrying value of current and non-current term loan credit facilities are as follows:

	Term loan credit facilities
	$
Balance, June 30, 2022	—
Acquired through business combination (Note 13)	39,697
Drawings	7,242
Accretion	1,846
Interest payments	(1,504)
Principal repayments	(1,547)
Balance, March 31, 2023	45,734
Current portion	(9,571)
Long-term portion	36,163

The term loans consist of the following access to funds under the credit facility:

i. a $47.8 million term loan ("Term Loan"); and
ii. a $8.0 million revolving line of credit ("Revolver")

Under the terms of the Credit Agreement, the Company is subject to certain customary financial and non-financial covenants and restrictions. In addition, the Credit Agreement is secured by a first-ranking security interest over substantially all the property of Bevo Farms Ltd. and its subsidiaries. As at March 31, 2023, the Company was in compliance with all covenants relating to the Credit Agreement.

Term loan
As at March 31, 2023, advances under the Term Loan were made in two tranches, with interest payments based on prime rate plus a margin. As at March 31, 2023, the borrowing rate was 4.905%. Each tranche is scheduled to mature on January 21, 2025. Any remaining principal balance will be due at maturity.

Details regarding the tranches are further discussed below:

i. Tranche A provided available borrowings of $33.7 million by a way of a single advance. Under the Credit Agreement, interest is due monthly and the principal balance is repayable in equal quarterly installments of 1/60th of the amount borrowed. An additional $1.1 million was added to the loan balance when the credit agreement was revised in June 2021. As at March 31, 2023, $27.1 million of Tranche A remains unpaid and total interest accrued and paid during the period ended March 31, 2023 was $0.4 million.

ii. Tranche B provided available borrowings of $13.0 million. Interest is due monthly, and the principal balance is repayable in equal quarterly installments of 1/60th of the amount beginning on the last day of each fiscal quarter commencing September 30, 2019. As at March 31, 2023, $10.5 million remains unpaid and total interest accrued and paid during the period ended March 31, 2023 was $0.2 million.

Revolver

The Revolver provided available aggregate borrowings of up to $8.0 million. Interest payments are based on prime plus a margin that ranges between 0.25% and 1.75%. As at March 31, 2023, $7.5 million was withdrawn from the revolver loan.

Total loans and borrowings principal repayments as at March 31, 2023 are as follows:

	$
Next 12 months	9,571
Over 1 year to 3 years	2,636
Over 3 years to 5 years	6,758
Over 5 years	26,769
Total long-term debt repayments	45,734

On April 11, 2023, the Credit Agreement was amended to reduce the Term Loan by $9.7 million to $38.1 million and increase the Revolver by $4.0 million to $12.0 million.

Note 18 Lease liabilities

Accounting Policy

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in “finance and other costs” in the consolidated statement of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company’s lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee’s incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Subsequently, if there is a change to the expected lease term within the control of the lessee, the lease liability will be remeasured using the updated term and revised discount rate on a prospective basis.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration, or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statements of comprehensive loss.

If the right-of-use asset is subsequently leased to a third party (a “sublease”), the Company will assess the classification of the sublease as to whether it is a finance or operating lease. Subleases that are classified as an operating lease will recognize lease income, while a financing lease will recognize a lease receivable and derecognize the carrying value of the right-of-use asset, with the difference recorded in profit or loss.

The changes in the carrying value of current and non-current lease liabilities are as follows:

	$
Balance, June 30, 2021	71,619
Lease additions	1,736
Disposal of leases	(6,139)
Lease payments	(10,025)
Net lease term reduction and other items [1]	(17,534)
Changes due to foreign exchange rates	(103)
Interest expense on lease liabilities	3,433
Balance, June 30, 2022	42,987
Current portion	(6,150)
Long-term portion	36,837

Balance, June 30, 2022	42,987
Lease additions	555
Disposal of leases	(272)
Lease payments	(6,709)
Net lease term increase and other items [1]	10,166
Changes due to foreign exchange rates	244
Interest expense on lease liabilities	2,246
Balance, March 31, 2023	49,217
Current portion	(5,413)
Long-term portion	43,804

[1] As part of the Company's restructuring activities (Note 3) and use of Sky facility by Bevo, management re-assessed the likelihood of executing renewal options of its existing leases.

For the nine months ended March 31, 2023, the Company recorded a $1.6 million rent expense (year ended June 30, 2022 - $2.9 million) related to short-term leases, variable leases, and low-value leases.

Note 19 Share Capital

unting Policy

e Purchase Warrants

arts issued in foreign currencies are classified as derivative liabilities. Upon exercise, in exchange for a fixed amount of common shares, the expected cash receivable is variable due to changes in foreign exchange rates. The Company measures derivative financial liabilities at fair value through profit or loss at initial recognition and in subsequent reporting periods. Fair value gains or losses are recognized in other (losses) gains on the statement of comprehensive income. The fair value of foreign currency share purchase warrants is determined using the quoted market price on the valuation date, which is a Level 1 input. Transaction costs, which are directly attributable to the offering, are allocated to equity and classified as equity financing transaction costs.

(a) Authorized

The authorized share capital of the Company is comprised of the following:

i. Unlimited number of common voting shares without par value.

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends. Upon the liquidation, dissolution or winding up of the Company these holders are entitled to receive, on a pro rata basis, the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

ii. Unlimited number of Class "A" Shares each with a par value of $1.00. As at March 31, 2023, no Class "A" Shares were issued and outstanding.

Class A shares may be issued from time to time in one or more series, and the directors may fix from time to time, before such issue, the number of Class A shares of each series and the designation, rights and restrictions attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class A shares rank in priority over

Common Shares and any other shares ranking by their terms junior to the Class A shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

iii. Unlimited number of Class "B" Shares each with a par value of $5.00. As at March 31, 2023, no Class "B" Shares were issued and outstanding.

Class B shares may be issued from time to time in one or more series, and the directors may fix from time to time, before such issue, the number of Class B shares of each series and the designation, rights and privileges attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class B shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class B shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

(b) Shares Issued and Outstanding

As at March 31, 2023, 345,269,310 Common Shares (June 30, 2022 – 297,772,238) were issued and fully paid.

As at March 31, 2023, the Company was obligated to issue 435,000 Common Shares with an average price per share of $0.95 for gross proceeds of $0.4 million as settlement for sales previously made under its at-the-market program ("ATM Program").

(i) Shares for business combinations

During the nine months ended March 31, 2023, the Company issued 2,614,995 Common Shares with a fair value of $9.7 million to settle contingent consideration relating to milestones achieved pursuant to the business combination of Thrive.

During the year ended June 30, 2022, the Company issued 2,467,421 Common Shares with a fair value of $9.2 million, in connection with the acquisition of Thrive.

(ii) Shares issued for earn-out payments

During the nine months ended March 31, 2023, the Company issued an aggregate of nil Common Shares for milestone payments in connection with an acquisition completed in a prior year (year ended June 30, 2022 - 193,554 Common Shares in connection with three acquisitions).

(iii) Shares issued for equity financing

The Company issued the following common shares in the periods indicated:

			US$ equivalence	
	Nine months ended March 31, 2023	Year Ended June 30, 2022	Nine months ended March 31, 2023	Year Ended June 30, 2022
Gross proceeds	$ 75,568	$ 143,887	$ 55,381	$ 113,838
Commission	$ 1,422	$ 2,878	$ 1,107	$ 2,276
Net proceeds	$ 74,146	$ 141,009	$ 54,274	$ 111,562
Average gross price	$ 1.68	$ 5.50	$ 1.23	$ 4.35
Number of shares issued	44,986,253	26,161,388		

On June 1, 2022, the Company completed an offering of 70,408,750 units of the Company ("June 2022 Offering") for gross proceeds of approximately $218.2 million (US$172.5 million). The Company paid commissions and issuance costs of $9.9 million for net proceeds of $208.3 million. Each unit consists of one Common Share and one common share purchase warrant ("June 2022 Offering Warrant") of the Company. Each June 2022 Offering Warrant entitles the holder to purchase one Common Share of the Company at a price of US$3.20 per share until June 1, 2025 (Note 19(c).

On January 26, 2021, the Company completed an offering of 13,200,000 units ("January 2021 Unit Offering"), including an over-allotment of 1,200,000 units, for gross proceeds of $175.8 million (US$137.9 million). The Company paid commissions and issuance costs of $9.0 million for net proceeds of $166.8 million. Each unit consists of one Common Share and one-half of one Common Share purchase warrant ("January 2021 Offering Warrant") of the Company. Each whole January 2021 Offering Warrant entitles the holder to purchase one Common Share of the Company at a price of US$12.60 per share until January 26, 2024 (Note 19(c).

On November 16, 2020, the Company completed an offering of 23,000,000 units ("November 2020 Unit Offering"), including an over-allotment of 3,000,000 units, for gross proceeds of $226.2 million (US$172.5 million). The Company paid commissions and issuance costs of $11.8 million for net proceeds of $214.5 million. Each unit consists of one Common Share and one-half of one Common Share purchase warrant ("November 2020 Offering Warrant") of the Company. Each whole November 2020 Offering Warrant entitles the holder to purchase one Common Share of the Company at a price of US$9.00 per share until March 16, 2024 (Note 19(c).

(c) Share Purchase Warrants

A summary of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
	#	$
Balance, June 30, 2022	89,124,788	6.72
Balance, March 31, 2023	89,124,788	7.09

In accordance with *IAS 32 - Financial Instruments: Presentation*, the June 2022 Offering Warrants were determined to be derivative liabilities as the proceeds receivable upon exercise may vary due to fluctuations in the foreign exchange rates. The June 2022 Offering Warrants are recognized at their fair values based on quoted market prices with gains and losses recognized in other gains (losses) (Note 22) on the statements of comprehensive loss. Of the $208.3 million total net proceeds received, $35.6 million was allocated to the warrant derivative liabilities and $172.7 million was allocated to share capital.

In accordance with *IAS 32 - Financial Instruments: Presentation*, the November 2020 and January 2021 Offering Warrants, which are denominated in U.S. Dollars, were determined to be derivative liabilities as the proceeds receivable upon exercise may vary due to fluctuations in the foreign exchange rates. The Offering Warrants are recognized at their fair values based on quoted market prices with gains and losses recognized in other (losses) gains (Note 22) on the statements of comprehensive loss. Of the $381.2 million total net proceeds received, $74.0 million was allocated to the warrant derivative liabilities and $307.2 million was allocated to share capital.

The following summarizes the warrant derivative liabilities:

					US$ equivalent			
	November 2020 Offering	January 2021 Offering	June 2022 Offering	Total	November 2020 Offering	January 2021 Offering	June 2022 Offering	Total
	$	$		$	$	$		$
Balance, June 30, 2021	59,162	29,698	—	88,860	47,726	23,958	—	71,684
Additions	—	—	35,621	35,621	—	—	28,164	28,164
Unrealized losses on derivative liability	(55,148)	(28,167)	(3,869)	(87,184)	(44,613)	(22,770)	(3,520)	(70,903)
Balance, June 30, 2022	4,014	1,531	31,752	37,297	3,113	1,188	24,644	28,945
Unrealized losses on derivative liability	(3,939)	(1,486)	(22,238)	(27,663)	(3,059)	(1,155)	(17,603)	(21,817)
Balance, March 31, 2023	75	45	9,514	9,634	54	33	7,041	7,128

The following table summarizes the warrants that remain outstanding as at March 31, 2023:

Exercise Price ($)	Expiry Date	Warrants (#)
4.38 - 41.88 [2]	January 26, 2024 - November 30, 2025	88,596,596
112.46 - 116.09 [1]	August 9, 2023 to August 22, 2024	528,192
		89,124,788

[1] Includes the November 2020 and January 2021 Offering Warrants exercisable at US$ 9.00 and US$12.60, respectively.
[2] Includes the June 2022 Offering Warrants exercisable at US$ 3.20.

Note 20 Share-Based Compensation

Accounting Policy

Stock Options

Stock options issued to employees are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to share reserves.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

Depending on the complexity of the stock option terms, the fair value of options is calculated using either the Black-Scholes option pricing model or the Binomial model. When determining the fair value of stock options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs")

RSUs are equity-settled share-based payments. RSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant, and is recognized as share-based compensation expense over the vesting period with a corresponding credit to share reserves. Under IFRS, the Company's DSUs are classified as equity-settled share-based payment transactions as they are settled in either cash or common shares at the sole discretion of Aurora. As such, the DSUs are measured in the same manner as RSUs.

The amount recognized for services received as consideration for the RSUs and DSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs and DSUs, the related share reserve is transferred to share capital.

Performance Share Units ("PSUs")

PSUs are equity-settled share-based payments and have both a service and market condition. PSUs are measured at their fair value on the grant date and are recognized as share-based compensation expense over the vesting period with a corresponding credit to share reserves. The fair value of PSUs is calculated using the Monte Carlo model which factors in the probability of achieving the market-based performance target. When determining the fair value, management is required to make certain assumptions and estimates related to volatility, risk-free rate, equity correlations between Aurora and a peer group of companies, future stock prices, and estimated forfeitures. The amount recognized for services received as consideration for the PSUs granted is based on the number of equity instruments that eventually vest. Upon the release of PSUs, the related share reserve is transferred to share capital.

The Company currently has in place a "rolling maximum" or "evergreen" stock option plan ("Option Plan"), Fixed Restricted Share Unit Plan ("RSU Plan"), Fixed Performance Share Unit Plan ("PSU Plan"), and a Fixed Deferred Share Unit Plan ("DSU Plan"), which is applicable to non- employee directors only. The Board may from time to time, in its discretion and in accordance with Toronto Stock Exchange requirements, grant to directors, officers, employees and consultants, as applicable, non-transferable stock options, RSUs, PSUs and DSUs in accordance with these plans. The maximum number of Common Shares issuable pursuant to all equity-based compensation arrangements shall not, at any time, exceed 10% of the issued and outstanding Common Shares.

At the Company's Annual General and Special Meeting held on November 13, 2017 ("2017 AGM"), shareholders approved the adoption of the Option Plan. At the Company's Annual General and Special Meeting held on November 14, 2022 ("2022 AGM"), shareholders approved amendments to the Option Plan. The Option Plan amendments provides the right for directors, officers, employees and consultants to purchase shares at a specified price (exercise price) in the future. The amendments include reducing the The Option Plan 10% "rolling" plan to 7.5% , and therefore, the number of Common Shares issuable under the Option Plan and under all other equity-based compensation arrangements shall not exceed 7.5% of the total number of issued and outstanding Common Shares.

(a) Stock Options

A summary of stock options outstanding is as follows:

	Stock Options	Weighted Average Exercise Price
	#	$
Balance, June 30, 2021	4,108,006	68.46
Granted	1,335,514	9.53
Expired	(544,085)	30.75
Forfeited	(620,152)	73.19
Balance, June 30, 2022	4,279,283	53.97
Granted	3,384,998	1.86
Expired	(277,885)	90.53
Forfeited	(664,893)	58.87
Balance, March 31, 2023	6,721,503	25.73

The following table summarizes the stock options that are outstanding as at March 31, 2023:

Exercise Price ($)	Expiry Date	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
1.67 - 27.24	January 10, 2025 - September 30, 2027	4.00	5,453,045	1,521,559
38.52 - 99.60	April 12, 2023 - December 9, 2024	0.78	402,864	402,864
100.80 - 133.80	June 6, 2023 - July 12, 2024	2.49	797,429	797,429
135.00 - 163.56	September 25, 2023 - May 21, 2024	0.90	68,165	68,165
		3.53	6,721,503	2,790,017

During the nine months ended March 31, 2023, the Company recorded aggregate share-based compensation expense of $2.5 million (year ended June 30, 2022 - $4.9 million) for all stock options granted and vested during the period. This expense is reflected in the share-based compensation line on the statements of comprehensive loss.

Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

	Nine months ended March 31, 2023	Year ended June 30, 2022
Risk-free annual interest rate [1]	3.70 %	0.95 %
Expected annual dividend yield	N/A	— %
Expected stock price volatility [2]	86.86 %	84.21 %
Expected life of options (years) [3]	2.54	2.50
Forfeiture rate	20.65 %	19.99 %

(1) The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.
(2) Volatility was estimated by using the average historical volatilities of the Company and certain competitors.
(3) The expected life in years represents the period of time that options granted are expected to be outstanding.

The weighted average fair value of stock options granted during the nine months ended March 31, 2023 was $0.99 per option (year ended June 30, 2022 - $3.59 per option).

(b) Restricted Share Units ("RSU") and Deferred Share Units ("DSU")

At the 2017 AGM, shareholders also approved the adoption of the RSU Plan, which was subsequently amended at the 2022 AGM. The RSU Plan was designed to provide certain executive officers and other key employees of the Company and its subsidiaries with the opportunity to acquire RSUs of the Company in order to enable them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the shareholders. Under the terms of the RSU Plan, officers, employees and consultants of the Company may be granted RSUs that are released as Common Shares upon completion of the vesting period. Each RSU gives the participant the right to receive one common share of the Company. The Company is currently authorized to issue a maximum of 3,000,000 Common Shares under this plan. At the 2022 AGM, Shareholders approved amendments changing the limits from a fixed maximum plan to a rolling plan, subject to a global limit of 7.5% of the Company's issues and outstanding Common Shares under all equity compensation plans in aggregate, and a rolling limit for all full value award plans of the Company of 4%, which includes RSU, PSU and DSU plans.

At the Company's Annual General and Special Meeting held on November 30, 2018, shareholders approved the adoption of the DSU Plan, which was subsequently amended at the 2020 AGM and again at the 2022 AGM. Under the terms of the DSU plan, non-employee directors of the Company may be granted DSUs. Each non-employee director is entitled to redeem their DSUs for period of 90 days following their termination date, being the date of their retirement from the Board. The DSUs can be redeemed, at the Company's sole discretion, for (i) cash; (ii) Common Shares issued from treasury; (iii) common shares purchased in the open market; or (iv) any combination of the foregoing. The Company is currently authorized to issue a maximum of 500,000 Common Shares under this plan. The amendments approved at the 2022 AGM include changing from a fixed maximum plan to at rolling plan such that the maximum number of Common Share issuable do not exceed 1% of the issued and outstanding Common Shares, subject to the global limit of no more than 7.5% of the Company issued and outstanding Common Shares for all equity compensation plans in aggregate, and a rolling limit for all full value award plans of the Company of 4%, which includes RSU, PSU and DSU plans.

A summary of the RSUs and DSUs outstanding are as follows:

	RSUs and DSUs	Weighted Average Issue Price of RSUs and DSUs
	#	$
Balance, June 30, 2021	1,040,544	16.46
Issued	761,029	6.98
Vested, released and issued	(362,774)	21.01
Expired	(417)	113.16
Forfeited	(123,848)	10.35
Balance, June 30, 2022	1,314,534	10.26
Issued	6,728,932	1.82
Vested, released and issued	(326,894)	14.25
Expired	(14,099)	27.34
Forfeited	(177,533)	4.77
Balance, March 31, 2023	7,524,940	2.64

(1) As of March 31, 2023, there were 6,614,487 RSUs and 910,453 DSUs outstanding (June 30, 2022 - 1,100,563 RSUs and 213,971 DSUs).

During the nine months ended March 31, 2023, the Company recorded share-based compensation of $6.5 million (year ended June 30, 2022 - $5.2 million) for RSUs and DSUs granted and vested during the period. This expense is included in the share-based compensation line on the statements of comprehensive loss.

The weighted average fair value of RSUs and DSUs granted in the nine months ended March 31, 2023 was $2.64 per unit (year ended June 30, 2022 – $6.98 per unit).

The following table summarizes the RSUs and DSUs that are outstanding as at March 31, 2023:

Weighted Average Issue Price ($)	Expiry Date	Outstanding (#)	Vested (#)
0.93 - $8.50	Nov 3, 2023 - Nov 15, 2025	7,262,564	956,981
10.09 - 24.96	Feb 10, 2023 - Feb 10, 2025	258,247	123,078
$90.12 - $113.16	N/A	4,129	4,129
		7,524,940	1,084,188

(c) Performance Share Units ("PSUs")

At the 2020 AGM, shareholders approved the adoption of the PSU Plan, which was subsequently amended at the 2022 AGM. Under the terms of the PSU Plan, officers, employees and eligible consultants of the Company may be granted PSUs that are released as Common Shares upon successful completion of certain stated performance conditions. At the 2022 AGM, Shareholders approved amendments changing the limits from a fixed maximum plan to a rolling plan, subject to a global limit of 7.5% of the Company's issues and outstanding Common Shares under all equity compensation plans in aggregate, and a rolling limit for all full value award plans of the Company of 4%, which includes RSU, PSU and DSU plans.

A summary of the PSUs outstanding is as follows:

	PSUs	Weighted Average Issue Price of PSUs
	#	$
Balance, June 30, 2021	387,369	10.06
Issued	441,233	7.81
Vested, released and issued	(12,723)	8.22
Forfeited	(121,508)	9.31
Balance, June 30, 2022	694,371	10.26
Issued	1,734,746	1.87
Vested, released and issued	(3,626)	2.16
Forfeited	(117,270)	5.44
Balance, March 31, 2023	2,308,221	3.77

The following table summarizes the PSUs that are outstanding as at March 31, 2023:

Weighted Average Issue Price ($)	Expiry Date	Outstanding (#)	Vested (#)
$1.87 - $10.09	Sep 10, 2023 - Nov 15, 2025	2,304,942	560
$13.35 - $23.96	Dec 8, 2023 - Feb 11, 2024	3,279	—
		2,308,221	560

During the nine months ended March 31, 2023, the Company recorded share-based compensation of $1.7 million (year ended June 30, 2022 - $1.6 million), for PSUs granted during the period. This expense is included in the share-based compensation line on the statements of comprehensive loss.

PSUs granted during the nine months ended March 31, 2023 were fair valued based on the following weighted average assumptions:

	Nine months ended March 31, 2023	Year ended June 30, 2022
Risk-free annual interest rate [1]	3.99 %	1.23 %
Dividend yield	— %	— %
Expected stock price volatility [2]	94.04 %	38.23 %
Expected stock price volatility of peer group [2]	86.71 %	28.74 %
Expected life of options (years) [3]	3.00	3.00
Forfeiture rate	16.98 %	10.30 %
Equity correlation against peer group [4]	49.74 %	47.51 %

(1) The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the PSUs.
(2) Volatility was estimated by using the 20-day VWAP historical volatility of Aurora and the peer group of companies.
(3) The expected life in years represents the period of time that the PSUs granted are expected to be outstanding.
(4) The equity correlation is estimated by using 1-year historical equity correlations for the Company and the peer group of companies.

The weighted average fair value of PSUs granted during the nine months ended March 31, 2023 was $1.05 per unit (year ended June 30, 2022 - $9.90 per unit).

Note 21 Loss Per Share

Accounting Policy

The Company calculates basic (loss) earnings per share by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted (loss) earnings per share is determined by adjusting profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise convertible debentures, RSU, DSU, warrants and share options issued.

The following is a reconciliation of basic and diluted loss per share:

Basic and diluted loss per share

	Nine months ended March 31, 2023	Year ended June 30, 2022
Net loss attributable to Aurora shareholders	($198,997)	($1,717,624)
Weighted average number of Common Shares outstanding	322,735,165	214,912,605
Basic loss per share	($0.62)	($7.99)

Diluted loss per share is the same as basic loss per share as the issuance of shares on the exercise of convertible debentures, RSU, DSU, PSU, warrants and share options is anti-dilutive.

Note 22 Other (Losses) Gains

		Nine months ended March 31, 2023	Year ended June 30, 2022
		$	$
Share of net income from investment in associates	8	33	(293)
Loss on extinguishment of derivative investment	6(a)	—	(9,096)
Unrealized loss on derivative investments	7(b)	(15,796)	(19,951)
Unrealized gain on derivative liability	19(c)	27,663	90,263
Unrealized gain (loss) on changes in contingent consideration fair value	29	5,238	(5)
Gain (loss) on disposal of assets held for sale and property, plant and equipment	12	(914)	373
Contract termination fee	26(b)	(2,750)	—
Government grant income	5	—	10,757
Provisions		(4,145)	(3,372)
Realized loss on repurchase of convertible debt	16	(10,874)	(19,353)
Other losses		(3,564)	(2,235)
Total other (losses) gains		(5,109)	47,088

Note 23 Supplemental Cash Flow Information

The changes in non-cash working capital are as follows:

	Nine months ended March 31, 2023	Year ended June 30, 2022
	$	$
Accounts receivable	5,528	18,335
Biological assets	(52,447)	(78,000)
Inventory	49,028	99,068
Prepaid and other current assets	(16,373)	2,675
Accounts payable and accrued liabilities	(8,064)	6,765
Income taxes payable	98	331
Deferred revenue	(1,612)	(319)
Provisions	(1,282)	2,213
Other current liabilities	8	1,584
Changes in operating assets and liabilities	(25,116)	52,652

Additional supplementary cash flow information is as follows:

	Nine months ended March 31, 2023	Year ended June 30, 2022
	$	$
Property, plant and equipment in accounts payable	(193)	910
Right-of-use asset additions	555	1,340
Amortization of prepaids	19,901	33,511
Interest paid	16,933	27,725
Interest received	(1,949)	379

Included in restricted cash as of March 31, 2023 is $3.4 million (June 30, 2022 - $3.4 million) attributed to collateral held for letters of credit and corporate credit cards, $6.0 million (June 30, 2022 - nil) related to the Bevo acquisition, $20.7 million (June 30, 2022 - $15.0 million) for self- insurance, $0.1 million (June 30, 2022 - $0.2 million) attributed to international subsidiaries, and $35.7 million (June 30, 2022 - $32.4 million) of funds reserved for the segregated cell program for insurance coverage.

Note 24 Income Taxes

Accounting Policy

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive (loss) income or equity.

Current tax assets and liabilities

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Current tax assets arise when the amount paid for taxes exceeds the amount due for the current and prior periods.

Deferred tax assets and liabilities

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective periods of realization, provided they are enacted or substantively enacted at the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Significant estimates are required in determining the Company's provision for income taxes and uncertain tax positions. Some of these estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, results of tax audits by tax authorities, future levels of research and development spending, changes in estimates related to repatriation of undistributed earnings of foreign subsidiaries, and changes in overall levels of pre-tax earnings. The realization of the Company's deferred tax assets is primarily dependent on whether the Company is able to generate sufficient capital gains and taxable income prior to expiration of any loss carry forward balance. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized. The assessment of whether or not a valuation allowance is required often requires significant judgment with regard to management's assessment of the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

The Company records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. There is inherent uncertainty in quantifying income tax positions. The Company has recorded tax benefits for those tax positions where it is more likely than not that a tax benefit will result upon ultimate settlement with a tax authority that has all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will result, no tax benefit has been recognized in the consolidated financial statements.

The net tax provision differs from that expected by applying the combined federal and provincial tax rates of 27.0% (June 30, 2022 - 27.0%) to income (loss) before income tax for the following items:

	March 31, 2023	June 30, 2022
	$.	$
Income (loss) before tax	(221,532)	(1,720,120)
Combined federal and provincial rate	27.0 %	27.0 %
Expected tax recovery	(59,814)	(464,432)
Change in estimates from prior year	(23)	401
Foreign exchange	(2,637)	1,381
Non-deductible expenses	5,715	9,033
Non-deductible (non-taxable) portion of capital items	(7,469)	(19,518)
Goodwill and other impairment items	612	246,177
Tax impact on divestitures	3,076	—
Difference in statutory tax rate	6,655	24,346
Effect of change in tax rates	(99)	(385)
Changes in deferred tax benefits not recognized	38,747	200,856
Income tax recovery	(15,237)	(2,141)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and their tax values. Movements in deferred tax assets (liabilities) at March 31, 2023 and June 30, 2022 are comprised of the following:

	Balance, June 30, 2022	Deferred tax assets (liabilities) assumed from acquisition	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	Balance, March 31, 2023
	$	$	$	$	$	$
Deferred tax assets						
Non-capital losses	24,691	839	5,924	965	(516)	31,903
Capital Losses	—	—	142	—	—	142
Finance costs	10	133	(25)	—		118
Investment tax credit	1,282	—	—	—	—	1,282
Property, plant and equipment	—	—	—	—	—	—
Derivatives	26	—	—	—	—	26
Leases	8,718	—	(2,228)	39	—	6,529
Others	5,538	—	(5,537)	—	—	1
Total deferred tax assets	40,265	972	(1,724)	1,004	(516)	40,001
Deferred tax liabilities						
Convertible debenture	(11,896)	—	8,494	—	—	(3,402)
Marketable securities	—	—	—	—	—	—
Investment in associates	(8)	—	(4)	—	—	(12)
Derivatives	—	—	—	—	—	—
Intangible assets	(10,920)	(1,581)	449	(572)	—	(12,624)
Property, plant and equipment	(4,969)	(15,304)	4,427	(419)	—	(16,265)
Inventory	(11,648)	—	6,441	(11)	—	(5,218)
Biological assets	(3,686)	(407)	2,025	(2)	—	(2,070)
Others	—	49	(1,704)	—	—	(1,655)
Total deferred tax liabilities	(43,127)	(17,243)	20,128	(1,004)	—	(41,246)
Net deferred tax liabilities	(2,862)	(16,271)	18,404	—	(516)	(1,245)

	Balance, June 30, 2021	(Charged to) / recovered through earnings (restatement)	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	Balance, Jun 30, 2022
	$	$	$	$	$	$
Deferred tax assets						
Non-capital losses	110,085	3,062	(85,288)	(975)	(2,193)	24,691
Capital losses	451	—	(451)	—	—	—
Finance costs	813	—	(803)	—	—	10
Investment tax credit	1,471	—	(189)	—	—	1,282
Derivatives	734	—	(708)	—	—	26
Leases	14,937	—	(6,219)	—	—	8,718
Others	5,455	—	83	—	—	5,538
Total deferred tax assets	133,946	3,062	(93,575)	(975)	(2,193)	40,265
Deferred tax liabilities						
Convertible debenture	(29,627)	—	17,731	—	—	(11,896)
Investment in associates	1,409	(1)	(1,416)	—	—	(8)
Derivatives	(393)	—	393	—	—	—
Intangible assets	(78,900)	(4,478)	71,880	578	—	(10,920)
Property, plant and equipment	(15,239)	(558)	10,398	430	—	(4,969)
Inventory	(8,296)	(857)	(2,466)	(29)	—	(11,648)
Biological assets	(2,900)	(30)	(752)	(4)	—	(3,686)
Others	—	—	—	—	—	—
Total deferred tax liabilities	(133,946)	(5,924)	95,768	975	—	(43,127)
Net deferred tax liabilities	—	(2,862)	2,193	—	(2,193)	(2,862)

Deferred tax assets (liabilities) as presented in the Consolidated Statements of Financial Position are as follows:

	March 31, 2023	June 30, 2022
	$	$
Deferred tax assets	15,500	—
Deferred tax liabilities	(16,745)	(2,862)
Net deferred tax liabilities	(1,245)	(2,862)

Deferred tax assets have not been recognized with respect to the following deductible temporary differences:

	March 31, 2023	June 30, 2022
	$	$
Non-capital losses carried forward	1,267,104	1,159,836
Investment in associates	1,240	47,983
Capital losses	186,093	135,259
Property, plant, and equipment	581,993	584,013
Intangible assets	60,219	37,953
Goodwill	31,728	32,755
Marketable Securities	25,075	23,744
Investment tax credits	6,696	5,021
Derivatives	22,164	12,722
Capital lease obligations	15,970	1,553
Other	56,776	37,365
	2,255,058	2,078,204

The Company has income tax loss carryforwards of approximately $1,242.6 million (June 30, 2022 - $1,110.6. million) which are predominately from Canada and if unused, will expire between 2023 to 2043.

Note 25 Related Party Transactions

Accounting Policy

The Company considers a person or entity as a related party if they are a member of key management personnel including their close relatives, an associate or joint venture, those having significant influence over the Company, as well as entities that are under common control or controlled by related parties.

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Compensation expense for key management personnel was as follows:

	Nine months ended March 31, 2023	Year ended June 30, 2022
	$	$
Short-term employment benefits [1]	5,454	7,109
Long-term employment benefits	31	—
Termination benefit	489	308
Directors' fees [2]	273	335
Share-based compensation [3]	8,886	11,026
Total management compensation [4]	15,133	18,778

[1] Includes meeting fees and committee chair fees.
[2] Share-based compensation represent the fair value of options granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans (Note 20).
[3] As of March 31, 2023, $ 1.2 million is payable or accrued for key management compen sation (June 30, 2022 - $ 1.6 million).

In connection with the acquisition of all of the issued and outstanding shares of CannaHealth, the Company paid $21.9 million to the minority interest of a consolidated subsidiary. The allocation of the consideration paid was determined to be solely deferred compensation, which is being amortized over a five year period. During the nine months ended March 31, 2023, the Company recognized amortization expense of $1.9 million in the consolidated statements of loss and comprehensive loss.

The following is a summary of the significant transactions with related parties:

	Nine months ended March 31, 2023	Year ended June 30, 2022
	$	$
Production costs [1]	2,546	4,310

[1] Production costs incurred with (i) Capcium and its subsidiary Gelcan, a company where Aurora held significant influence; and (ii) Sterigenics Radiation Technologies ("Sterigenics", formerly Iotron Industries Canada Inc.), was an associate of the Company's joint venture company. Aurora does not have the authority or ability to exert power over either Capcium or Sterigenics' financial and/or operating decisions (i.e. control). During the three months ended December 31, 2022 the Company paid $2.8 million to terminate the manufacturing agreement which was recognized in other gains (losses) on the consolidated statement of comprehensive loss. After the termination of the manufacturing agreement,Gelcan and Sterigenics are no longer related parties.

The following amounts were receivable from (payable to) related parties:

	March 31, 2023	June 30, 2022
	$	$
Production costs with investments in associates [1]	(79)	439

[1] Production costs incurred with (i) Gelcan Corporation. ("Gelcan"), a company that manufactures softgels; and (ii) Sterigenics Radiation Technologies ("Sterigenics", formerly Iotron Industries Canada Inc.). Pursuant to a manufacturing agreement, the Company was contractually committed to purchase a minimum number of softgels each calendar year. During the three months ended December 31, 2022 the Company paid $2.8 million to terminate the manufacturing agreement which was recognized in other gains (losses) on the consolidated statement of comprehensive loss.After the termination of the manufacturing agreement,Gelcan and Sterigenics are no longer related parties.

These transactions are in the normal course of operations and are measured at the exchange value, being the amounts agreed to by the parties.

Note 26 Commitments and Contingencies

(a) Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claims described below, as of the date of this report, Aurora is not aware of any other material or significant claims against the Company.

On November 21, 2019, a purported class action proceeding was commenced in the United States District Court for the District of New Jersey against the Company and certain of its current and former directors and officers on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities between October 23, 2018 and February 6, 2020. An amended complaint was filed on September 21, 2020 which alleges, inter alia, that the Company and certain of its current and former officers and directors violated the federal securities laws by making false or misleading statements, materially overstated the demand and potential market for the Company's consumer cannabis products; that the Company's ability to sell products had been materially impaired by extraordinary market oversupply, that the Company's spending growth and capital commitments were slated to exceed our revenue growth; that the Company had violated German law mandating that companies receive special permission to distribute medical products exposed to regulated irradiation techniques, and that the foregoing, among others, had negatively impacted the Company's business, operations, and prospects and impaired the Company's ability to achieve profitability. A motion to dismiss was filed on November 20, 2020 and granted by the court on July 7, 2021, however, the plaintiffs were given an opportunity to file a second amended complaint no later than September 7, 2021. Pursuant to the July 7, 2021 order, the plaintiffs filed a second amended complaint on September 7, 2021 which included new allegations pertaining to certain alleged financial misrepresentation and improper revenue recognition by the Company. The Company subsequently filed a motion to dismiss on December 6, 2021 and a reply to plaintiffs' opposition on March 25, 2022. Again, on a Judgement dated September 23, 2022 the Court granted the second motion to dismiss the case in favour the Company. The motion was granted without prejudice. The plaintiff's counsels re-filed a third statement of claim on November 7, 2022 and the re-stated claim was received by Aurora formally on November 8, 2022. The Company filed a third further motion to dismiss on January 6, 2023, to which the plaintiffs have filed an opposition brief and the Company subsequently filed a reply. While this matter is ongoing, the Company disputes the allegations and intends to continue to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above.

The Company and its subsidiary, ACE, have been named in a purported class action proceeding which commenced on June 16, 2020 in the Province of Alberta in relation to the alleged mislabeling of cannabis products with inaccurate THC/CBD content. The class action involves a number of other parties including Aleafia Health Inc., Hexo Corp, Tilray Canada Ltd., among others, and alleges that upon laboratory testing, certain cannabis products were found to have lower THC potency than the labeled amount, suggesting, among other things, that plastic containers may be leeching cannabinoids. While this matter is ongoing, the Company disputes the allegations and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above.

A claim was commenced by a party to a former term sheet on June 15, 2020 with the King's Bench of Alberta against Aurora and a former officer alleging a claim of breach of obligations under said term sheet, with the plaintiff seeking $18.0 million in damages. While this matter is ongoing, the Company believes the action to be without merit and intends to defend the claim.

On August 10, 2020, a purported class action lawsuit was filed with the King's Bench of Alberta against Aurora and certain executive officers in the Province of Alberta on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities and suffered losses as a result of Aurora releasing statements containing misrepresentations during the period of September 11, 2019 and December 21, 2019. Chambers appointment has been scheduled for January 2024. The Company disputes the allegations and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above.

On January 4, 2021, a civil claim was filed with the King's Bench of Alberta against Aurora and Hempco by a former landlord regarding unpaid rent in the amount of $8.9 million, representing approximately $0.4 million for rent in arrears and costs, plus $8.5 million for loss of rent and remainder of the term. The Company filed a statement of defense on March 24, 2021. While this matter is ongoing, the Company intends to continue to defend against the claims.

The Company, its subsidiary ACE, and MedReleaf Corp. (which amalgamated with ACE in July 2020) have been named in a purported class action proceeding commenced on November 15, 2022 in the Ontario Superior Court of Justice. The purported class action claims that the Company failed to warn of certain risks purported to be associated with the consumption of cannabis. The Statement of Claim was served upon the Company on November 22, 2022. The Company disputes the allegations and intends to defend against the claims.

A claim was commenced by a former employee of Aurora against Aurora Cannabis Enterprises Inc. and another former employee of Aurora (the "Defendant Employee"). The plaintiffs claim that the Defendant Employee entered a lease for a property owned by the plaintiffs in January 2017 and states that Aurora was a guarantor for the Defendant Employee. The claim states that the Defendant Employee left the property and caused damage. The plaintiffs further claim outstanding rent and legal fees. There is no record of any documentation of Aurora being a party to any such relationship. The Defendant Employee has been noted in default by the plaintiff and Aurora has filed and served a Third-Party Notice against the Defendant Employee. The Company disputes the allegations and intends to defend against the claims.

A Notice of Application was sent to the court for filing in which Thrive is requesting an Order to wind up the joint venture with Canary RX Inc., being 2755757 Ontario Inc. dba Venn Cannabis (the "Joint Venture") or alternatively, for Canary Rx to purchase Thrive's shares of the Joint Venture at a fair market value. This matter was settled, subsequent to March 31, 2023 in which the parties executed a Release and Settlement agreement dated April 28, 2023.

The Company is subject to litigation and similar claims in the ordinary course of our business, including claims related to employment, human resources, product liability and commercial disputes. The Company has received notice of, or are aware of, certain possible claims against us where the magnitude of such claims is negligible, or it is not currently possible for us to predict the outcome of such claims, possible claims or lawsuits due to various factors including: the preliminary nature of some claims; an incomplete factual record; and the unpredictable nature of opposing parties and their demands. Management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any of these claims would result in liability to the Company, to the extent not provided for through insurance or otherwise, would have a material effect on the consolidated financial statements, other than the claims described above.

In respect of the aforementioned claims, as at March 31, 2023 the Company has recognized total provisions of $1.0 million (June 30, 2022 - nil) in provisions on the consolidated statements of financial position and a settlement accrual for $1.0 million (June 30, 2022 - nil) in accounts payable and accrued liabilities on the consolidated statements of financial position.

(b) Commitments

(i) Pursuant to a manufacturing agreement, the Company was contractually committed to purchase a minimum number of softgels each calendar year. During the nine months ended March 31, 2023 the Company paid $2.8 million to terminate the manufacturing agreement which was recognized in other gains (losses) on the consolidated statements of comprehensive loss.

(ii) The Company has various lease commitments related to various office space, production equipment, vehicles, facilities and warehouses expiring up to June 2033. The Company has certain leases with optional renewal terms that the Company may exercise at its option.

In addition to lease liability commitments disclosed in Note 30(b) and loans and borrowing repayments in Note 17, the Company has $2.2 million in future capital commitments and purchase commitments payments, which are due over the next 12 months.

Note 27 Revenue

Accounting Policy

The Company generates revenue primarily from the sale of cannabis, cannabis related products, plant propagation and provision of services. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment for medical sales is typically due prior to shipment. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

Revenue from plant propagation is recognized at a point in time when control of the goods is transferred to the customer, at an amount which reflects the consideration to which the Company expects to be entitled to in exchange for those goods. The Company goods consist of propagation seedlings and bedding plants. The sale is completed upon delivery as the Company bears the responsibility of transportation and related costs.

For bill-and-hold arrangements, revenue is recognized before delivery but only upon transfer of control of the good to the customer. Control is transferred to the customer when the substance of the bill-and-hold arrangement is substantive, the Company cannot sell the goods to another customer, the goods can be identified separately and are ready for physical transfer to the customer.

Service revenues, including patient referral services, are recognized over a period of time as performance obligations are completed. Payment of the transaction price for patient counselling is typically due prior to the services being rendered and therefore, the transaction price is recognized as a contract liability, or deferred revenue, when payment is received. Contract liabilities are subsequently recognized into revenue as or when the Company fulfills its performance obligation.

Effective October 17, 2018, Canada Revenue Agency ("CRA") began levying an excise tax on the sale of medical and consumer cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an advalorem duty that is imposed when a cannabis product is delivered to the customer. Effective May 1, 2019, excise tax calculated on edible cannabis products, cannabis extracts and cannabis topicals will prospectively be calculated as a flat rate based on the quantity of total tetrahydrocannabinol (THC) contained in the final product. There were no changes in the legislation in calculating excise taxes for fresh cannabis, dried cannabis, seeds and plants. Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Net revenue from sale of goods, as presented on the consolidated statements of comprehensive (loss) income, represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to CRA cannot be reclaimed and is not always billed to customers, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

For certain sale of goods in which the Company earns a manufacturing fee, the Company records net revenue as an agent on the basis that the Company does not control pricing or bear inventory or credit risk.

The Company generates revenue from the transfer of goods and services over time and at a point-in-time from the revenue streams below. Net revenue from sale of goods is reflected net of actual returns and estimated variable consideration for future returns and price adjustments of $3.0 million for the nine months ended March 31, 2023 (year ended June 30, 2022 - $4.3 million). The estimated variable consideration is based on historical experience and management's expectation of future returns and price adjustments. As of March 31, 2023, the net return liability for the estimated variable revenue consideration was $1.6 million (June 30, 2022 - $2.3 million) and is included in deferred revenue on the consolidated statements of financial position.

Nine months ended March 31, 2023	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods	174,815	—	174,815
Revenue from provision of services	—	1,088	1,088
Excise taxes	(21,617)	—	(21,617)
Cannabis net revenue	153,198	1,088	154,286
Plant propagation			
Revenue from sale of goods	20,682	—	20,682
Net revenue	173,880	1,088	174,968

Year ended June 30, 2022	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods	251,607	—	251,607
Revenue from provision of services	—	1,696	1,696
Excise taxes	(31,964)	—	(31,964)
Net revenue	219,643	1,696	221,339

Note 28 Segmented Information

unting Policy

ating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity.

measures used by the CODM to assess performance and make resource allocation decisions include revenues, gross profit and net (loss) income. The Company's operating results are divided into three reportable segments plus corporate. The three reportable segments are (i) Canadian Cannabis; (ii) EU Cannabis and (iii) Plant Propagation

During the nine months ended March 31, 2023, the Company changed its internal management reporting which resulted in a change in how CGU's are allocated between the Canadian Cannabis operating segment and the previously reported International Cannabis operating segment. As a result, the International Cannabis operating segment now only represents the European Union ("EU") and sales to export markets from Canada are now within the Canadian Cannabis segment. Additionally, with the acquisition of Bevo (Note 13), the Company determined this is a reportable segment. Accordingly, Management has identified the following three reportable operating segments: (i) Canadian Cannabis; (ii) European Cannabis and (iii) Plant Propagation.

Operating Segments	Canadian Cannabis	EU Cannabis	Plant Propagation	Corporate [1]	Total
	$	$		$	$
Nine months ended March 31, 2023					
Net revenue	129,918	24,369	20,681	—	174,968
Gross profit (loss) before fair value adjustments	12,174	10,616		1,343	24,133
Selling, general, and administrative expense	94,364	12,147	14,344	1,784	122,639
Loss before taxes	(156,199)	(23,162)	(39,245)	(2,926)	(221,532)
Year ended June 30, 2022					
Net revenue	159,923	61,372	—	44	221,339
Gross profit (loss) before fair value adjustments	(23,411)	32,015	—	22	8,626
Selling, general and administrative expense	140,469	17,541	—	17,227	175,237
Loss before taxes	(1,559,855)	(14,124)	—	(146,141)	(1,720,120)

[1] Net (loss) income under the Corporate allocation includes fair value gains and losses from investments in marketable securities, derivatives and investment in associates. Corporate and administrative expenditures such as regulatory fees, share based compensation and financing expenditures relating to debt issuances are also included under Corporate.

Geographical Segments	Canada	EU	Other	Total
	$	$	$	$
Non-current assets				
March 31, 2023	375,179	41,866	105	417,150
June 30, 2022	267,438	41,080	—	308,518
Nine months ended March 30, 2023				
Net revenue	150,599	24,369	—	174,968
Gross profit (loss) before fair value adjustments	13,517	10,616	—	24,133
Year ended June 30, 2022				
Net revenue	159,819	61,520	—	221,339
Gross profit (loss) before fair value adjustments	(23,640)	32,266	—	8,626

There were no single customers that contributed 10% or more to the Company's net revenue arising from the Canadian Cannabis operating segment for the nine months ended March 31, 2023.

There were no single customers that contributed 10% or more to the Company's net revenue arising from the EU operating segment for the nine months ended March 31, 2023 (year ended June 30, 2022 - nil).
No other single customers contributed 10% or more to the Company's net revenue during the nine months ended March 31, 2023 and year ended June 30, 2022.

Note 29 Fair Value of Financial Instruments

Accounting Policy

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based on observable market data.

The individual fair values attributed to the different components of a financing transaction, notably marketable securities, derivative financial instruments, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market.

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine fair value of each financial instrument.

	Fair Value Method
Financial Instruments Measured at Fair Value	
Marketable securities	Closing market price of common shares as of the measurement date (Level 1)
Derivatives	Closing market price (Level 1) or Black-Scholes, Binomial, Monte-Carlo & FINCAD valuation model (Level 2 or 3)
Contingent consideration payable	Discounted cash flow model (Level 3)
Derivative liability	Closing market price of warrants (Level 1) or Kynex valuation model (Level 2)
Financial Instruments Measured at Amortized Cost	
Cash and cash equivalents, restricted cash, accounts receivable, loans receivable	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities, other current and long-term liabilities	Carrying amount (approximates fair value due to short-term nature)
Lease receivable, convertible debentures, loans and borrowings, and lease liabilities.	Carrying value discounted at the effective interest rate approximates fair value

The following is a continuity schedule of contingent consideration payable:

	Thrive	Bevo	Other	Total
	$	$	$	$
Balance, June 30, 2021	—	—	250	250
Additions	14,371	—	—	14,371
Unrealized gain (loss) from changes in fair value	—	—	—	—
Payments	—	—	(250)	(250)
Balance, June 30, 2022	14,371	—	—	14,371
Additions	451	2,902	—	3,353
Unrealized gain (loss) from changes in fair value	(4,882)	(355)	—	(5,237)
Payments	—	—	—	—
Balance, March 31, 2023	9,940	2,547	—	12,487

The Company's contingent consideration payable is measured at fair value based on unobservable inputs and is considered a Level 3 financial instrument. The determination of the fair value of these liabilities is primarily driven by the Company's expectations of the respective subsidiaries achieving certain milestones. The expected milestones were assigned probabilities and the expected related cash flows were discounted to derive the fair value of the contingent consideration. If the probabilities of achieving the milestones decreased by 10%, the estimated fair value of

the contingent consideration would decrease by $1.0 million (June 30, 2022 - $1.4 million). If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration would increase or decrease by $0.7 million (June 30, 2022 - $1.3 million).

The carrying values of the financial instruments at March 31, 2023 are summarized in the following table:

	Amortized cost	FVTPL	Designated FVTOCI	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	234,942	—	—	234,942
Restricted cash	65,900	—	—	65,900
Accounts receivable, excluding sales taxes and lease receivable	38,000	—	—	38,000
Derivatives	—	7,249	—	7,249
Loans receivable	—	—	—	—
Lease receivable	8,590	—	—	8,590
Financial Liabilities				
Accounts payable and accrued liabilities	75,825	—	—	75,825
Convertible debentures	132,571	—	—	132,571
Contingent consideration payable	—	12,487	—	12,487
Other current liabilities	12,572	—	—	12,572
Lease liabilities	49,217	—	—	49,217
Derivative liability	—	9,634	—	9,634
Loans and borrowings	45,734	—	—	45,734
Other long-term liabilities	48,047	—	—	48,047

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The following is a summary of financial instruments measured at fair value segregated based on the various levels of inputs:

	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
As at March 31, 2023					
Derivative assets	7(b)	—	7,114	135	7,249
Contingent consideration payable		—	—	12,487	12,487
Derivative liability	16, 19(c)	9,634	—	—	9,634
As at June 30, 2022					
Marketable securities	7(a)	1,331	—	—	1,331
Derivative assets	7(b)	—	9,860	16,423	26,283
Contingent consideration payable		—	—	14,371	14,371
Derivative liability	16, 19(c)	37,297	—	—	37,297

There have been no transfers between fair value categories during the period.

Note 30 Financial Instruments Risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and cash equivalents, accounts receivable and loans receivable. The risk exposure is limited to their carrying amounts reflected on the consolidated statements of financial position. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. Certain restricted funds in the amount of $35.7 million are retained by an insurer under the Segregated Accounts Companies Act governed by the Bermuda Monetary Authority. As the Company does not invest in asset-backed deposits or investments, it does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its Guaranteed Investment Certificates ("GICs"). The Company mitigates the credit risk associated with the loans receivable by managing and monitoring the underlying business relationship.

The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required. As of March 31, 2023, $20.9 million of accounts receivable, net of allowances, are from non-government wholesale customers (June 30, 2022 - $22.5 million). As of March 31, 2023, the Company recognized a $3.4 million provision for expected credit losses (June 30, 2022 - $4.1 million).

Other receivables are also assessed on a case-by case basis and provided for as required. During the nine months ended March 31, 2023, the Company increased its expected credit loss provision by $6.1 million (June 30, 2022 - nil) to reflect an increase in credit risk for other receivables. Additionally, the Company wrote off a credit impaired loan receivable in the amount of $0.8 million (June 30, 2022 - nil).

The Company's aging of trade receivables was as follows:

	March 31, 2023	June 30, 2022
	$	$
0 – 60 days	28,355	23,763
61+ days	6,661	4,902
	35,016	28,665

The Company's contractual cash flows from lease receivables is as follows:

	Note	March 31, 2023
		$
xt 12 months		2,480
er 1 year to 2 years		2,396
er 2 years to 3 years		1,522
er 3 years to 4 years		1,417
er 4 years to 5 years		1,127
ereafter		817
al undiscounted lease payments receivable		9,759
earned finance income		(1,169)
al lease receivable		8,590
rrent	4	(2,094)
ng-term		6,496

(b) Liquidity risk

The composition of the Company's accounts payable and accrued liabilities was as follows:

	March 31, 2023	June 30, 2022
	$	$
Trade payables	21,942	13,858
Accrued liabilities	38,176	34,810
Payroll liabilities	12,610	18,851
Excise tax payable	2,611	960
Other payables	486	1,395
	75,825	69,874

In addition to the commitments outlined in Note 26, the Company has the following undiscounted contractual obligations as at March 31, 2023, which are expected to be payable in the following respective periods:

	Total	≤1 year	Over 1 year - 3 years	Over 3 years - 5 years	> 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	75,825	75,825	—	—	—
Convertible notes and interest [1][2]	148,451	148,451	—	—	—
Lease liabilities [2]	98,731	8,548	21,812	15,505	52,866
Loans and borrowings	45,734	9,571	2,636	6,758	26,769
Contingent consideration payable [3]	12,487	—	9,942	2,545	—
Business acquisition retention payments	3,797	3,797	—	—	—
	385,025	246,192	34,390	24,808	79,635

(1) Assumes the principal balance of the debentures outstanding at March 31, 2023 remains unconverted and includes the estimated interest payable until the maturity date.
(2) Includes interest payable until maturity date.
(3) Relates to acquired businesses. Payable in cash, shares, or a combination of both at Aurora's sole discretion.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities when they are due. The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Our ability to fund our operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond our control, such as the potential impact of COVID-19. Our primary short-term liquidity needs are to fund our net operating losses, capital expenditures to maintain existing facilities, and lease payments. Our medium-term liquidity needs primarily relate to debt repayments and lease payments. Our long-term liquidity needs primarily relate to potential strategic plans.

As of March 31, 2023, the Company has access to the following capital resources available to fund operations and obligations:

- $234.9 million cash and cash equivalents; and
- access to the 2023 Shelf Prospectus (as defined below). The Company currently has access to securities registered for sale under a base shelf prospectus filed on April 27, 2023 (the "2023 Shelf Prospectus") currently covering US$650.0 million of issuable securities. Of the U.S.$650 million of securities registered under the 2023 Shelf Prospectus and corresponding registration statement on form F-10 filed with the U.S. Securities and Exchange Commission in the U.S., approximately U.S.$409 million is allocated to the potential exercise of currently outstanding warrants issued in financing transactions from 2020 to 2022. As a result, approximately U.S.$241 million is available for potential new issuances of Common Shares, warrants, options, subscription receipts, debt securities or any combination thereof during the 25-month period that the 2023 Shelf Prospectus remains effective. Volatility in the cannabis industry, stock market and the Company's share price may impact the amount and our ability to raise financing under the 2023 Shelf Prospectus.

Based on all of the aforementioned factors, the Company believes that its reduction of operating costs, current liquidity position, and access to the 2023 Shelf Prospectus are adequate to fund operating activities and cash commitments for investing, financing and strategic activities for the foreseeable future.

Market risk

Market risk is the risk that changes in the market related factors, such as foreign exchange rates and interest rates, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates internationally, certain of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are, therefore, subject to currency transaction and translation risks.

The Company's main risk is associated with fluctuations in Euros, Danish Krone, and U.S. dollars. The Company holds cash in Canadian dollars, U.S. dollars, Danish Krone and Euros; investments denominated in U.S. dollars; US$109.9 million (June 30, 2022 - US$208.9 million) of U.S. dollar denominated Senior Notes; and US$7.1 million (June 30, 2022 - US$28.9 million) of warrant derivative liabilities exercisable in U.S. dollars. Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that as at March 31, 2023, the effect of a 10% increase or decrease in Euros, Danish Krone, and U.S. dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately $15.2 million (June 30, 2022 – $24.5 million) to net loss and $11.4 million (June 30, 2022 – $9.3 million) to comprehensive loss for the nine months ended March 31, 2023.

At March 31, 2023, the Company has not entered into any hedging agreements to mitigate currency risks, with respect to foreign exchange rates.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company is exposed to interest rate risk on the variable rate of interest on its term credit facility which is based on the prime rate plus a margin. Otherwise, the Company's other financial liabilities as at March 31, 2023, consisted of long-term fixed rate debt and as a result are not impacted by changes in market interest rates.

(iii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's warrant derivative liabilities, marketable securities and investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of warrant derivative liabilities, marketable securities and derivative investments held in publicly traded entities are based on quoted market prices which the warrants or investment shares can be exchanged for. The fair value of marketable securities and derivatives held in privately-held entities are based on various valuation techniques, as detailed in Note 29, and is dependent on the type and terms of the security.

If the fair value of these financial assets and liabilities were to increase or decrease by 10% as of March 31, 2023, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $2.5 million (June 30, 2022 – $47.9 million). Refer to Note 7 of the Financial Statements for details on the fair value of marketable securities and derivatives investments, and Note 19(c) for details on the warrant derivative liabilities.

Note 31 Capital Management

As at March 31, 2023, the capital structure of the Company consists of $0.7 billion (June 30, 2022 - $0.9 billion) in shareholders' equity and debt.

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support ongoing operations and future growth such that the Company can continue to deliver returns to shareholders and benefits for other stakeholders.

From time to time, the Company may adjust its capital structure in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In addition, the Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

Note 32 Subsequent Events

Subsequent to March 31, 2023, the Company issued 2,145,350 common shares under the ATM Program (Note 30(b)) for gross proceeds of US$1.4 million. The ATM Program ceased in April 2023, concurrently with the expiry of the 2021 Shelf Prospectus.

Subsequent to March 31, 2023, the Company repurchased approximately US$50.9 million aggregate principal amount of convertible senior notes for aggregate cash consideration of approximately US$46.0 million, and 6,354,529 Common Shares as consideration for gross proceeds of US$4.0 million.

On April 11, 2023, the Credit Agreement (Note 17) was amended to reduce the Term Loan by $9.7 million to $38.1 million and increase the Revolver by $4.0 million to $12.0 million.

Subsequent to March 31, 2023, the Company filed a short form base shelf prospectus on April 27, 2023 (the "2023 Shelf Prospectus") in Canada and corresponding registration statement in the United States (the "2023 Registration Statement"). The 2023 Shelf Prospectus and the corresponding 2023 Registration Statement filed with the SEC in the U.S. allow the Company to make offerings of up to US$650 million in Common Shares, warrants, options, subscription receipts, debt securities or any combination thereof during the 25-month period that the 2023 Shelf Prospectus remains effective. The 2023 Shelf Prospectus shall remain effective until May 2025. Of the U.S.$650 million of securities registered under the 2023 Shelf Prospectus, approximately U.S.$409 million is allocated to the potential exercise of currently outstanding warrants issued in financing transactions from 2020 to 2022. As a result, approximately U.S.$241 million is available for potential new issuances thereunder.

On May 24, 2023, the Company formally made the decision to close its Aurora Nordic facility located in Denmark.

On June 13, 2023, the Company formally made the decision to exit the agreement with Growery, one of the license holders entitled to participate in the Netherlands' still-pending Controlled Cannabis Supply Chain Experiment, in order to focus on other international growth priorities. Upon completion, the Company will not have any material commercial interests in the Netherlands going forward.



AURORA CANNABIS INC.

Management's Discussion & Analysis

For the nine months ended March 31, 2023 and year ended June 30, 2022
(in Canadian Dollars)

Management's Discussion & Analysis

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Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended March 31, 2023

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Aurora Cannabis Inc. ("Aurora" or the "Company") should be read in conjunction with both the Company's audited consolidated financial statements as at and for the nine months ended March 31, 2023 and the accompanying notes thereto (the "Financial Statements"), which have been prepared in accordance with International Accounting Standards ("IFRS"). The MD&A has been prepared as of June 14, 2023 pursuant to the disclosure requirements under National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA"). Under the United States ("U.S.") / Canada Multijurisdictional Disclosure System, we are permitted to prepare the MD&A in accordance with Canadian disclosure requirements which may differ from U.S. disclosure requirements.

In 2022, the Company announced a change to its fiscal year end from June 30 to March 31. The Company filed a notice of change of year end on February 24, 2023 pursuant to Part 4 of NI 52-102. Consequently, the Company is reporting annual financial results for a nine-month transition period from July 1, 2022 to March 31, 2023 compared to the twelve months ended June 30, 2022 ("FY 2022"). References to "fiscal 2023" or "FY 2023" are in respect of the nine months ended March 31, 2023.

Given the Company's change in year end and recent business transformation initiatives to realign its operational footprint and increase financial flexibility, in addition to year over year comparison, this MD&A provides comparative disclosures for the third quarter ended March 31, 2023 ("Q3 2023") to the third quarter of fiscal 2022 ended March 31, 2022 ("Q3 2022") and to the second quarter of fiscal 2023 ended December 31, 2022 ("Q2 2023"). Management believes that these comparatives provide relevant and current information.

All dollar amounts are expressed in thousands of Canadian dollars, except for share and per share amounts, and where otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws, and the use of Non-GAAP Measures (as defined below). Refer to "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Cautionary Statement Regarding Certain Non-GAAP Performance Measures*" included within this MD&A.

This MD&A, Financial Statements, annual information form ("AIF") and press releases have been filed in Canada on SEDAR at www.sedar.com and in the U.S. on EDGAR at www.sec.gov/edgar. Additional information can also be found on the Company's website atwww.auroramj.com.

Business Overview

Aurora was incorporated under the *Business Corporations Act* (British Columbia) on December 21, 2006 as "Milk Capital Corp." Effective October 2, 2014, the Company changed its name to "Aurora Cannabis Inc." The Company's shares are listed on the Nasdaq Global Select Market ("Nasdaq") and the Toronto Stock Exchange ("TSX") under the trading symbol "ACB", and on the Frankfurt Stock Exchange ("FSE") under the trading symbol "21P".

The Company's head office and principal address is 3498 - 63 Avenue, Leduc, Alberta, Canada, T9E 0G8. The Company's registered and records office address is Suite 1700, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

The Company's principal strategic business lines are focused on the production, distribution and sale of cannabis and cannabis-derivative products in Canada and internationally. The Company's primary market opportunities are:

- **Global medical cannabis market:** Production, distribution and sale of pharmaceutical-grade cannabis products in countries around the world permitted by government legislation. Currently, there are approximately 50 countries that have implemented regimes for some form of access to cannabis for medical purposes. The Company's current principal medical markets are in Canada, Germany, UK, Poland, and Australia. Aurora has established a leading market position in most of these countries; and

- **Global consumer use cannabis market:** Currently, only Canada and Uruguay have implemented federally-regulated consumer use of cannabis regimes and the Company has primarily focused on the opportunities in Canada. Longer-term, the Company believes that the increasing success of medical cannabis regimes globally may lead to increased legalization of consumer markets.

In addition, the Company will strategically invest in opportunities that support its principal cannabis operations. On August 25, 2022, a wholly owned subsidiary of the Company acquired a 50.1% controlling interest in Bevo Agtech Inc. ("Bevo"), the sole parent of Bevo Farms Ltd., one of the largest suppliers of propagated vegetables and ornamental plants in North America. The acquisition of a controlling interest in Bevo allows the Company to immediately benefit from a profitable, cash flow positive and growing business, and may have the potential to add long term value to Aurora's existing cannabis business via the application of Bevo's industry extensive propagation expertise

Our Strategy

Aurora's strategy is to leverage our diversified and scaled platform, our leadership in global medical markets, and our cultivation, science and genetics expertise and capabilities to drive profitability in our core Canadian and international operations in order to build sustainable, long-term shareholder value.

Medical leadership

Our established leadership in the Canadian and International medical markets positions us well for new regulated medical market openings, as well as potential U.S. federal legalization of medical cannabis. At the core of Aurora's objective to deliver positive EBITDA and operating cash flow is our focus on maintaining and growing our industry leading Canadian and international medical cannabis operations.

Our Canadian medical platform is characterized by leading market share, high barriers to entry through regulatory expertise, investment in technology and distribution, and unwavering commitment to science, testing and compliance. Our Canadian medical operations allow for a

direct-to-patient sales channel that does not rely on provincial wholesalers or private retailers to get product to patients. This direct-to-patient model allows Aurora to achieve sustainable cash gross profit margins (adjusted gross profit before FV) of better than 60% with substantially better pricing power relative to the Canadian adult-use segment.

Our leadership in the International medical cannabis segment provides us with what we expect to be a high growth, profitable business segment that generally delivers cash gross profit margins exceeding 60%. Our expertise in managing the complexity of multiple jurisdictions' regulatory frameworks and relationships, as well as providing export and in-country EU GMP (European Union Good Manufacturing Practices) and other key certificated cannabis production, are capabilities that allow us to win new businesses as new medical and recreational markets open.

Consumer Repositioning

Leveraging our leading strength in science, cultivation and post-harvest processing, and the acquisition of the Thrive business, we believe that our changes to leadership and internal processes have now positioned Aurora to build a profitable and growing Canadian consumer business. Advances in Aurora production related to cultivar breeding, cultivation, and post-harvest techniques have repositioned the Aurora flower portfolio to one that has the characteristics that consumers are looking for: high THC and terpene levels, and distinctive experiences. These advances have also driven significant improvement in per unit production costs with higher yields and consistent delivery of specification resulting in all-in per unit costs for Aurora's new and exciting portfolio that are a 30% or better improvement from our legacy cultivars. We have also refocused our innovation pipeline for efficient delivery of targeted new products and line extensions. The pace of innovation required to compete in the current Canadian consumer market is significant, with most new products delivering 80% of their lifetime value in the six to nine months following launch.

Combined, Aurora's ability to deliver products that deliver exceptional customer value in all price tiers, while at the same time achieving strong contribution and gross margins, allow us to build a profitable and growing business, and provide the know-how to leverage these lessons into future global consumer markets that are expected to open over the next few years.

Science leadership: Genetics, Breeding, Biosynthetics

Our scientific leadership and ongoing investment in cannabis breeding and genetics continue to provide Aurora with a strong competitive advantage in international and domestic medical and Canadian consumer channels. Our breeding program, located at Aurora Coast, a state-of-the-art facility in Vancouver Island's Comox Valley, has produced 10 new cultivar launches in Canada during fiscal 2023; two of these – Sourdough and Farm Gas – have also been launched in Europe and Australia and are expected to drive revenues by injecting rotation and variety into our product pipeline, specifically in the super high THC category. These new cultivars have consistently delivered high potency flower with intensely aromatic profiles – critical attributes to delight consumers and deliver the effects patients are seeking. Since its first harvest in spring 2022, Sourdough has consistently delivered >28% THC (average of 28.8%) in our San Rafael brand and a number of our new launches have achieved >30% THC. As we look ahead, we plan to continue to roll out a robust pipeline of new flower product on a quarterly basis to global markets.

In addition, high quality and high potency cultivars that also deliver meaningful improvements in yield are setting Aurora up for long-term success with lower per gram cultivation costs, providing Aurora with the ability to leverage significantly more yield on a g/m2 basis than our competitors. Starting with Farm Gas in Spring 2022, Aurora now has a suite of cultivars that all deliver significantly higher volume of premium-quality flower than our legacy portfolio, in some cases doubling traditional cultivars. Aurora's "next-generation" cultivars, developed in-house and produced across our network of sites, allow us to produce top quality flower at industry leading margins.

Global and U.S. expansion

We believe that the global expansion of cannabis medical and recreational markets is just beginning. The Company believes its strengths in navigating complex regulatory environments, compliance, testing, cultivar breeding, genetic science, and cultivating high quality cannabis are essential strengths that create a repeatable, credible and portable process to new market development. These drive our current leadership in international medical markets which should allow us to win as new medical markets emerge and potentially transition to recreational markets. For instance, Aurora and its partner won three of nine awarded tenders, representing all of the available dry flower tenders, in the French medical cannabis trial program, a large medical market expected to open fully in the next two years. In addition, Aurora is at the forefront of large developing federally legal consumer markets and has a leading position in the German medical market as that country's government works toward introducing consumer market legislation.

We also believe that the U.S. cannabis market will eventually be federally regulated, with states' rights respected, in a framework similar to every other comparable market. The timeframe for this is unknown but Aurora is well positioned to create significant value for our shareholders once that federal permissibility allows. Our strategic strengths of medical and regulatory expertise in a federal framework, and our scientific expertise, including genetics, breeding, and biosynthetics, position us as a partner of choice and position us to be successful in lucrative components of the cannabis value chain.

Financial leadership in a rapidly maturing industry

Aurora believes that profitable growth, smart capital allocation and balance sheet health are critical success factors in such a dynamic and rapidly developing global industry. Our medical business, with country diversification, growth, and strong gross margins provides the foundation for profitability and positive cash flow. To complete the progression to positive cash flow, Aurora is continuing to right size SG&A costs, centralize and optimize production facilities, and leverage the Company's cultivar breeding success to shift the Company's portfolio in the Canadian consumer business to high margin segments of the market.

Aurora has one of the strongest balance sheets in the Canadian Cannabis industry with approximately $230.1 million of cash on hand as of June 14, 2023 and access to securities registered for sale under a base shelf prospectus filed on April 27, 2023 (the "2023 Shelf Prospectus") currently covering US$650.0 million of issuable securities. Of the U.S.$650 million of securities registered under the 2023 Shelf Prospectus, approximately U.S.$409 million is allocated to the potential exercise of currently outstanding warrants issued in financing transactions from 2020 to 2022. As a result, approximately U.S.$241 million is available for potential new issuances.

Cash flow continues to improve with a reduction in cash used in operations, excluding working capital[1] to $15.1 million in Q3 2023 (Q2 2023 - $35.5 million; Q3 2022 - $63.9 million) and minimal levels of capital expenditures. The Company's plan to reduce costs by a further $40 million annualized before the end of fiscal 2024 is expected to continue to improve operating cash use over the next several quarters and support the Company's initiative to achieve positive free cash flow by the end of the calendar year 2024.

Condensed Statement of Comprehensive Loss

	Three months ended			9 months ended	Year ended
($ thousands)	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	June 30, 2022
Net revenue [1a]	$64,026	$61,679	$50,434	$174,968	$221,339
Gross profit (loss) before FV adjustments [1b]	$20,578	$2,116	($10,003)	$24,133	$8,626
Gross (loss) profit	$18,653	($16,170)	($14,189)	$775	$21,225
Operating expenses	$51,336	$55,426	$58,192	$158,878	$252,674
Loss from operations	($32,683)	($71,596)	($72,381)	($158,103)	($231,449)
Other income (expense)	($57,704)	$4,315	($939,996)	($63,429)	($1,488,671)
Net loss	($87,225)	($67,183)	($1,012,175)	($206,295)	($1,717,979)

(1) These terms are defined in the "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of this MD&A. Refer to the following sections for reconciliation of Non-GAAP Measures to the IFRS equivalent measure:
a. Refer to the "Cost of Sales and Gross Margin" section for a reconciliation of net revenue to the IFRS equivalent.
b. Refer to the "Adjusted Gross Margin" section for reconciliation to the IFRS equivalent..

Key Quarterly Financial and Operating Results

($ thousands, except Operational Results)	Q3 2023	Q3 2022	$ Change	% Change	Q2 2023	$ Change	% Change
Financial Results							
Total net revenue [1][2a]	$64,026	$50,434	$13,592	27 %	$61,679	$2,347	4 %
Medical cannabis net revenue [1][2a]	$37,986	$39,359	($1,373)	(3 %)	$39,514	($1,528)	(4 %)
Consumer cannabis net revenue [1][2a]	$14,491	$10,339	$4,152	40 %	$14,647	($156)	(1 %)
Plant propagation net revenue [1][2a]	$10,754	$—	$10,754	100 %	$6,630	$4,124	62 %
Adjusted gross margin before FV adjustments on total net revenue [2b]	48 %	54 %	N/A	(6 %)	45 %	N/A	3 %
Adjusted gross margin before FV adjustments on core cannabis net revenue [2b]	51 %	57 %	N/A	(6 %)	49 %	N/A	2 %
Adjusted gross margin before FV adjustments on medical cannabis net revenue [2b]	60 %	64 %	N/A	(4 %)	61 %	N/A	(1 %)
Adjusted gross margin before FV adjustments on consumer cannabis net revenue [2b]	25 %	29 %	N/A	(4 %)	20 %	N/A	5 %
Adjusted gross margin before FV adjustments on plant propagation net revenue [2b]	36 %	— %	N/A	36 %	15 %	N/A	21 %
Adjusted SG&A expense [2d][5]	$28,351	$35,637	($7,286)	(20 %)	$25,428	$2,923	11 %
Adjusted R&D expense [2d]	$1,987	$2,637	($650)	(25 %)	$1,217	$770	63 %
Adjusted EBITDA [2c][5]	$310	($10,018)	$10,328	103 %	$1,428	($1,118)	(78 %)
Balance Sheet							
Working capital [2e,f]	$237,622	$577,566	($339,944)	(59 %)	$409,729	($172,107)	(42) %
Cannabis inventory and biological assets [3]	$93,081	$118,729	($25,648)	(22 %)	$93,675	($594)	(1) %
Total assets	$926,322	$1,570,252	($643,930)	(41 %)	$1,023,835	($97,513)	(10) %
Operational Results – Cannabis							
Average net selling price of dried cannabis excluding bulk sales [2g]	$4.75	$5.41	($0.66)	(12 %)	$4.79	($0.04)	(1) %
Kilograms sold [4]	16,578	9,722	6,856	71 %	15,269	1,309	9 %

(1) Includes the impact of actual and expected product returns and price adjustments (Q3 2023 - $0.3 million; Q2 2023 - $2.0 million; Q3 2022 - $0.4 million).
(2) These terms are defined in the "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of this MD&A. Refer to the following sections for reconciliation of Non-GAAP Measures to the IFRS equivalent measure:
a. Refer to the "Revenue" and "Cost of Sales and Gross Margin" section for a reconciliation of cannabis net revenue to the IFRS equivalent.
b. Refer to the "Adjusted Gross Margin" section for reconciliation to the IFRS equivalent.
c. Refer to the "Adjusted EBITDA" section for reconciliation to the IFRS equivalent.
d. Refer to the "Operating Expenses" section for reconciliation to the IFRS equivalent.
e. "Working capital" is defined as Current Assets less Current Liabilities as reported on the Company's Consolidated Statements of Financial Position.

[1] "Working capital" is a Non-GAAP Measure and is defined in the "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of this MD&A.

f. Current liabilities includes the current portion of convertible debentures. As at March 31, 2023, the remaining balance of convertible debentures outstanding is included in current liabilities.

g. Net selling price of dried cannabis excluding bulk sales is comprised of revenue from dried cannabis excluding bulk sales (Q3 2023 - $37.2 million; Q2 2023 - $41.5 million; Q3 2022 - $40.1 million) less excise taxes on dried cannabis revenue excluding bulk sales (Q3 2023 - $4.5 million; Q2 2023 - $5.7 million; Q3 2022 - $5.0 million).

(3) Represents total biological assets and inventory, exclusive of merchandise, accessories, supplies, consumables and plant propagation biological assets.

(4) The kilograms sold is offset by the grams returned during the period.

(5) Prior period comparatives were recast to include the adjustments for markets under development, business transformation costs, and non-recurring charges related to non-core bulk cannabis wholesales to be comparable to the current period presentation.

Key Developments During and Subsequent to the Three Months Ended March 31, 2023

Financing Activities

Convertible Debt Buy Back

Subsequent to March 31, 2023, the Company repurchased approximately U.S$50.9 million aggregate principal amount of convertible senior notes for aggregate cash consideration of approximately U.S$46.0 million, and issued 6,354,529.00 Common Shares in settlement of a further U.S$4.0 million principal of this debt.

Aurora may, from time to time and subject to market conditions, repurchase its convertible notes, including in open market purchases and privately negotiated transactions.

ATM Program

During the three months ended March 31, 2023, the Company issued 4,650,088 common shares under the under the Company's 2021 at-the- market (ATM) program (the "ATM Program") for net proceeds of US$3.6 million.

Subsequent to March 31, 2023, the Company issued 2,145,350 common shares under the ATM Program for gross proceeds of US$1.4 million. Following the filing of the 2023 Shelf Prospectus the ATM Program ceased to operate. The Company may in the future file a supplement to the 2023 Shelf Prospectus in order to utilize a new ATM program.

Credit Facility

On April 11, 2023, the Credit Agreement was amended to reduce the term loan by $9.7 million to $38.1 million and increase the revolver by $4.0 million to $12.0 million.

Operating Activities

During the three months ended March 31, 2023, the Company noted indicators of impairment for its Aurora Nordic facility located in Denmark, due to a number of operational and regulatory challenges. On May 24, 2023, the Company formally made the decision to close its Aurora Nordic facility.

During the three months ended March 31, 2023, the Company noted indicators of impairment for its Growery facility and R&D facility, both located in the Netherlands, due to regulatory and financial uncertainty and other commercial factors. On June 13, 2023, the Company formally made the decision to exit the agreement with Growery, one of the license holders entitled to participate in the Netherlands' still-pending Controlled Cannabis Supply Chain Experiment, in order to focus on other international growth priorities. Upon completion, the Company will not have any material commercial interests in the Netherlands going forward.

Financial Review

Net Revenue

The Company primarily operates in the cannabis market. The table below outlines the revenue attributed to medical, consumer and bulk sales channels for the three and nine months ended March 31, 2023 and the comparative periods.

	Three months ended			Nine months ended	Year ended
($ thousands)	March 31, 2023	December 31, 2022	March 31, 2022[3]	March 31, 2023	June 30, 2022[3]
Medical cannabis net revenue[1]					
Canadian medical cannabis net revenue	24,180	25,752	24,775	73,330	100,738
International medical cannabis revenue	13,806	13,762	13,884	35,735	63,598
International medical cannabis revenue provisions	—	—	700	—	(1,675)
Total international medical cannabis net revenue	13,806	13,762	14,584	35,735	61,923
Total medical cannabis net revenue	**37,986**	**39,514**	**39,359**	**109,065**	**162,661**
Consumer cannabis net revenue[1]					
Consumer cannabis net revenue	14,750	16,652	11,418	45,827	61,332
Consumer cannabis net revenue provisions	(259)	(2,005)	(1,079)	(2,976)	(4,857)
Total consumer cannabis net revenue	**14,491**	**14,647**	**10,339**	**42,851**	**56,475**
Wholesale bulk cannabis net revenue[1]					
Core wholesale bulk cannabis net revenue	307	664	—	971	—
Non-core wholesale bulk cannabis net revenue	488	224	736	1,400	2,207
Wholesale bulk cannabis net revenue	**795**	**888**	**736**	**2,371**	**2,207**
Total cannabis net revenue	**53,272**	**55,049**	**50,434**	**154,287**	**221,343**
		—	—	—	—
Plant propagation revenue[2]	**10,754**	**6,630**	**—**	**20,681**	**—**
Total net revenue	**64,026**	**61,679**	**50,434**	**174,968**	**221,343**

(1) Net revenue is a Non-GAAP Measure and is defined in the "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of this MD&A. Refer to the "Cost of Sales and Gross Margin" section of this MD&A for a reconciliation to IFRS equivalent.
(2) Comprised of revenue from Bevo. Revenue for fiscal 2023 reflects the period from August 26, 2022 to March 31, 2023.
(3) Prior year comparatives have been recast to conform to the current period's presentation.

Medical Cannabis Net Revenue

During the three months ended March 31, 2023, medical cannabis net revenue was $38.0 million as compared to the prior quarter of $39.5 million, and $39.4 million in the same period of the prior year, representing decreases of $1.5 million and $1.4 million, respectively.

Aurora's international medical cannabis net revenue of $13.8 million in Q3 2023 remained steady against the prior quarter of $13.8 million. Compared against the same period in the prior year of $14.6 million, the decline of $0.8 million is largely due to a temporary situation of limited supply on high-demand cultivars in certain EU markets as the Company experienced production issues at its Nordic production facility. The decrease was partially offset with higher volumes sold into Australia, a key export market for the Company.

The Company's Canadian medical cannabis net revenue was $24.2 million in Q3 2023 as compared to $25.8 million in Q2 2023, and $24.8 million in Q3 2022. The sequential decrease of $1.6 million was due primarily to the timing of shipments as there were a large volume of sales shipments in-transit at the end of Q1 2023, resulting in higher sales in Q2 2023. The slight decrease of $0.6 million as compared to the same period in the prior year is due primarily to slightly lower volumes into the oils segment, offset partially with higher volumes into pre-rolls and gummies, as the Company continues to innovate its product portfolio. The Company continues to focus its Canadian medical cannabis business on serving the high-margin, low-elasticity insured patient groups, representing approximately 82% of the Company's Q3 2023 Canadian medical cannabis net revenue (Q2 2023 - 80%; Q3 2022 - 77%).

For the nine months ended March 31, 2023, medical cannabis net revenue decreased by $53.6 million, as compared to the year ended June 30, 2022. The decrease is primarily attributable to the shortened year for fiscal 2023, and higher sales into the Israeli markets in the prior year.

Consumer Cannabis Net Revenue

Aurora's Canadian consumer business has stabilized despite the ongoing macro challenges of the market, including significant industry-wide excess inventory and increased pressure on older SKUs, which together have resulted in price compression throughout the past two fiscal years. In fiscal 2023, Aurora focused on leveraging its science-driven cultivation advantages while continuing to invest in product innovation and product availability, which have stabilized net revenue in the consumer business.

During the three months ended March 31, 2023, consumer cannabis net revenue was steady at $14.5 million as compared to the prior quarter of $14.6 million, and $10.3 million in the same period of the prior year. The increase of $4.2 million from the same period in the prior year was due primarily to the release of new and innovative extract products and from the Thrive acquisition completed in Q4 2022.

For the nine months ended March 31, 2023, consumer cannabis net revenue decreased by $13.6 million, as compared to the year ended June 30, 2022. The decrease is attributable to the shortened year for fiscal 2023, partially offset by the release of new and innovative extract products and from the Thrive acquisition completed in Q4 2022.

Wholesale Bulk Cannabis Net Revenue

During three months ended March 31, 2023, the Company sold $0.3 million (Q2 2023 - $0.7 million, Q3 2022 - nil) of high-quality bulk cannabis to other licensed producers, into the previously announced "core bulk cannabis" segment of the wholesale bulk cannabis channel.

During three months ended March 31, 2023, the Company sold $0.5 million (Q2 2023 - $0.2 million, Q3 2022 - $0.7 million) of lower potency bulk cannabis into the "non-core bulk cannabis" segment of the wholesale bulk cannabis channel.

While the Company continues to opportunistically sell previous excess aged and lower potency bulk cannabis into the "non-core bulk cannabis" segment of the wholesale bulk cannabis channel, it is expected that these sales would continue to be insignificant as the Company's production footprint rationalization was completed in Q1 2023, and with current production aligned with current sales demand.

Plant Propagation Revenue

During the three months ended March 31, 2023, the Company's plant propagation revenue was comprised wholly from the Bevo business, contributing $10.8 million of revenue, representing an increase of $4.1 million from the prior quarter. The increase is due to the seasonality of the Bevo business which delivers higher revenue in the late Winter and Spring months as orders are fulfilled.

Cost of Sales and Gross Margin

	Three months ended			Nine months ended	Year ended
($ thousands)	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**	**March 31, 2023**	**June 30, 2022**
Revenue from sale of goods	70,959	69,165	56,490	195,497	251,607
Revenue from provision of services	213	513	377	1,088	1,696
Excise taxes	(7,146)	(7,999)	(6,433)	(21,617)	(31,964)
Net revenue [1]	64,026	61,679	50,434	174,968	221,339
Cost of sales	(43,448)	(59,563)	(60,437)	(150,835)	(212,713)
Gross profit before FV adjustments [1]	**20,578**	**2,116**	**(10,003)**	**24,133**	**8,626**
Gross margin before FV adjustments [1]	**32 %**	**3 %**	**(20 %)**	**14 %**	**4 %**
Changes in fair value of inventory sold	(8,638)	(24,586)	(42,927)	(57,487)	(106,072)
Unrealized gain on changes in fair value of biological assets	6,713	6,300	38,741	34,129	118,671
Gross profit (loss)	**18,653**	**(16,170)**	**(14,189)**	**775**	**21,225**
Gross margin	**29 %**	**(26 %)**	**(28 %)**	**— %**	**10 %**

[1] These terms are defined in the "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of this MD&A.

Gross margin before fair value adjustments was 32% in Q3 2023 as compared to 3% in Q2 2023 and (20)% in Q3 2022 and includes $4.6 million in net inventory impairments, provisions and destruction charges (Q2 2023 - $16.0 million, Q3 2022 - $27.1 million). Included in Q3 2023 gross margin before fair value adjustments are also $5.2 million (Q2 2023 - $4.6 million, Q3 2022 - $6.8 million) of depreciation charges included in cost of sales.

The increase of 29% as compared to Q2 2023 is primarily driven by (1) reductions to net inventory impairments, provisions and destruction charges as the Company's ongoing cannabis supply was aligned with demand, and (2) the higher sales season within the plant propagation (Bevo) business. The increase was partially offset with a higher mix of non-core bulk wholesales, which represent sales of primarily aged and low potency flower and trim cannabis at significant discounts.

The increase of 52% as compared to Q3 2022 is primarily driven by reductions to net inventory impairments, provisions, and destruction charges as the Company's ongoing cannabis supply was aligned with demand. The increase was partially offset with a higher mix of non-core bulk wholesales, which represent sales of primarily aged and low potency flower and trim cannabis at steep discounts.

Gross margin before fair value adjustments was 14% in fiscal 2023 as compared to 4% in fiscal 2022 and includes $45.7 million in net inventory impairments, provisions and destruction charges (fiscal 2022 - $65.1 million). Included in fiscal 2023 gross margin before fair value adjustments are also $14.5 million (fiscal 2022 - $34.5 million) of depreciation charges included in cost of sales. The increase of 10% is primarily driven by reductions to net inventory impairments, provisions, and destruction charges as the Company's ongoing cannabis supply was aligned with demand in fiscal 2023.

During the three months ended March 31, 2023, gross profit was $18.7 million as compared to a gross loss of $16.2 million during the three months ended December 31, 2022, representing an increase of $34.8 million. The increase as compared Q2 2023 was primarily driven by lower provisions and net realizable impairments to inventory as the Company's ongoing supply was aligned with demand.

During the three months ended March 31, 2023, gross profit was $18.7 million as compared to a gross loss of $14.2 million during the three months ended March 31, 2022, representing an increase of $32.8 million. With asset consolidation initiatives completed over the course of fiscal 2023, the Company's supply is much more aligned with demand as compared to the prior fiscal year, resulting in significantly lower provisions and net realizable impairments to inventory. The impact of less gross volumes harvested in Q3 2023 versus Q3 2022 and updates to certain biological asset fair value inputs due to changes in the Company's bulk flower strategy in Q1 2023 resulted in partial offsets to the increase in gross profits.

During the nine months ended March 31, 2023, gross profit decreased by $20.5 million as compared to the year ended June 30, 2022. The decrease was primarily driven by (i) lower volumes of cannabis harvested (ii) updates to certain biological asset fair value inputs due to changes in the Company's bulk flower strategy in Q1 2023, and (iii) the shortened year for fiscal 2023, resulting in a comparison of nine months in fiscal 2023 versus a full twelve months in fiscal 2022. The decrease was partially offset with fair value gains on its plant propagation business, Bevo, which was acquired by the Company on August 25, 2022.

Adjusted Gross Margin - Q3 2023

The table below outlines adjusted gross profit and margin before fair value adjustments for the indicated three month periods.

($ thousands)	Medical Cannabis	Consumer Cannabis	Core Wholesale Bulk Cannabis	Total Core Cannabis	Non-Core Wholesale Bulk Cannabis	Plant Propagation	Total
Three months ended March 31, 2023							
Gross revenue	40,667	18,956	307	59,930	488	10,754	71,172
Excise taxes	(2,681)	(4,465)	—	(7,146)	—	—	(7,146)
Net revenue [1]	37,986	14,491	307	52,784	488	10,754	64,026
Cost of sales	(20,041)	(14,556)	(173)	(34,770)	(646)	(8,032)	(43,448)
Depreciation	2,453	1,773	21	4,247	77	877	5,201
Inventory impairment, non-recurring, out-of-period and market development costs included in cost of sales [2][3][4][7]	2,555	1,912	25	4,492	96	**233**	4,821
Adjusted gross profit (loss) before FV adjustments [1]	**22,953**	**3,620**	**180**	**26,753**	**15**	**3,832**	**30,600**
Adjusted gross margin before FV adjustments [1]	**60 %**	**25 %**	**59 %**	**51 %**	**3 %**	**36 %**	**48 %**
Three months ended December 31, 2022							
Gross revenue	42,340	19,820	664	62,824	224	6,630	69,678
Excise taxes	(2,826)	(5,173)	—	(7,999)	—	—	(7,999)
Net revenue [1]	39,514	14,647	664	54,825	224	6,630	61,679
Cost of sales	(26,380)	(22,673)	(1,013)	(50,066)	(1,417)	(8,080)	(59,563)
Depreciation	2,055	1,560	68	3,683	95	843	4,621
Inventory impairment, non-recurring, business transformation, and market development costs included in cost of sales [2][3][4][5]	8,855	9,370	**436**	18,661	**609**	**1,578**	20,848
Adjusted gross profit (loss) before FV adjustments [1]	**24,044**	**2,904**	**155**	**27,103**	**(489)**	**971**	**27,585**
Adjusted gross margin before FV adjustments [1]	**61 %**	**20 %**	**23 %**	**49 %**	**(218 %)**	**15 %**	**45 %**
Three months ended March 31, 2022 [6]							
Gross revenue	42,262	13,869	—	56,131	736	—	56,867
Excise taxes	(2,903)	(3,530)	—	(6,433)	—	—	(6,433)
Net revenue [1]	39,359	10,339	—	49,698	736	—	50,434
Cost of sales	(31,275)	(23,242)	—	(54,517)	(5,920)	—	(60,437)
Depreciation	4,198	2,165	—	6,363	482	—	6,845
Inventory impairment and out-of-period adjustments included in cost of sales [2][7]	12,873	13,749	—	26,622	3,806	—	30,428
Adjusted gross profit (loss) before FV adjustments [1]	**25,155**	**3,011**	**—**	**28,166**	**(896)**	**—**	**27,270**
Adjusted gross margin before FV adjustments [1]	**64 %**	**29 %**	**— %**	**57 %**	**(122 %)**	**— %**	**54 %**

[1] These terms are Non-GAAP Measures and are defined in the *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A.

(2) Inventory impairment includes inventory write-downs due to lower of cost or net realizable value adjustments, obsolescence provision adjustments, and inventory destruction.
(3) Markets under development represents the adjustment for business operations focused on developing international markets prior to commercialization.
(4) Non-recurring items includes one-time excise tax refunds, inventory count adjustments resulting from facility shutdowns and inter-site transfers, and abnormal spikes to utilities costs on its plant propagation business.
(5) Business transformation includes costs in connection with the re-purposing of the Company's Sky facility.
(6) Prior year comparatives have been recast to conform to the current period's presentation.
(7) Out-of-period adjustments include adjustments to year-end bonus accruals included in the current quarter but relating to prior quarters and adjustments to input assumptions related to fair value of biological assets.

Medical Cannabis Adjusted Gross Margin

Aurora's leading medical cannabis businesses in Canada and Europe continued to perform well in Q3 2023 and delivered 75% (Q2 2023 – 87%, Q3 2022 – 92%) of adjusted margin before fair value adjustments. Excluding adjusted gross profit before fair value adjustments from the plant propagation business, the medical cannabis business delivered 86% (Q2 2023 - 90%, Q3 2022 - 92%) of adjusted margin before fair value adjustments.

Adjusted gross margin before fair value adjustments on medical cannabis net revenue remained steady at 60% for the three months ended March 31, 2023 as compared to 61% in the prior quarter, and within the Company's target range of above 60%. The stability in adjusted gross margins before fair value adjustments on medical cannabis net revenue is an important gross profit driver that distinguishes Aurora from its major competitors and is supported through the Company's strong medical patient base.

Adjusted gross margin before fair value adjustments on medical cannabis net revenue decreased by 4% to 60% for the three months ended March 31, 2023 as compared 64% against the same period of the prior year. The decrease is primarily driven by a slightly higher mix towards wholesalers within its European medical business, which averages a lower selling price as compared to pharmacies. The decrease was partially offset with lower per unit cost of goods sold largely driven by the consolidation of manufacturing assets.

Consumer Cannabis Adjusted Gross Margin

The Canadian consumer business is beginning to stabilize despite the ongoing macro challenges of the market, including significant industry-wide excess inventory and increased pressure on older SKUs, which together have resulted in price compression. Aurora has focused on maximizing gross margins and progressing to profitability by centralizing the Company's low-cost production facilities, introducing Aurora bred cultivars that have robust THC and terpene profiles, with significantly higher yields and resultant lower per unit costs, and selectively entering categories that have higher margins.

Adjusted gross margin before fair value adjustments on consumer cannabis net revenue was 25% for the three months ended March 31, 2023, compared to 20% in the prior quarter and 29% in the comparable prior year period. The increase from the prior quarter is primarily driven by a lower mix of value segment brands and lower per unit cost of goods sold from the consolidation of manufacturing assets. The decrease from the same period in the prior year is largely due to reductions in average net selling prices of pre-rolls and gummies as a result of increased competition in these product segments.

Wholesale Bulk Cannabis Adjusted Gross Margin

Adjusted gross margin before fair value adjustments on core wholesale bulk cannabis net revenue was 59% for the three months ended March 31, 2023, as compared to 23% in the prior quarter. The Company began selling high-quality bulk flower to other licensed producers in Q2 2023, reflecting the Company's continued breeding and cultivation excellence of high-quality cultivars.

Non-core wholesale bulk cannabis margins reflects the margins earned on the clear out of primarily aged and low potency cannabis at steep discounts. Adjusted gross margin before fair value adjustments on non-core wholesale bulk cannabis net revenue was 3% for the three months ended March 31, 2023, compared to negative 218% in the prior quarter and negative 122% for the same period of the prior year. The positive adjusted gross margin before fair value adjustments on non-core wholesale bulk cannabis net revenue in Q3 2023 was primarily due to sales of aged and low potency cannabis that were previously provisioned.

Plant Propagation Adjusted Gross Margin

Adjusted gross margin before fair value adjustments on plant propagation revenue was 36% for the Q3 2023 period as compared to 15% in the prior quarter. Due to seasonality of the vegetable and ornamental plant industry, it is expected that the late Winter and Spring months would deliver higher margins relative to the rest of the year as there is a high volume of production and orders being fulfilled in these months

Adjusted Gross Margin - Fiscal 2023

The table below outlines adjusted gross profit and margin before fair value adjustments for the fiscal years ended:

($ thousands)	Medical Cannabis	Consumer Cannabis	Core Wholesale Bulk Cannabis	Core Cannabis	Non-Core Wholesale Bulk Cannabis	Plant Propagation	Total
Nine months ended March 31, 2023							
Gross revenue	117,459	56,074	971	174,504	1,400	20,681	196,585
Excise taxes	(8,394)	(13,223)	—	(21,617)	—	—	(21,617)
Net revenue [1]	109,065	42,851	971	152,887	1,400	20,681	174,968
Non-recurring revenue adjustments [4]	—	(752)	—	(752)	—	—	(752)
Adjusted net revenue	109,065	42,099	971	152,135	1,400	20,681	174,216
Cost of sales	(67,860)	(58,098)	(1,186)	(127,144)	(4,354)	(19,337)	(150,835)
Depreciation	6,601	5,269	89	11,959	362	2,163	14,484
Inventory impairment, non-recurring, out-of-period, business transformation, and market development costs included in cost of sales [2][3][4][5][6]	20,182	20,433	461	41,076	1,846	1,811	44,733
Adjusted gross profit (loss) before FV adjustments [1]	**67,988**	**9,703**	**335**	**78,026**	**(746)**	**5,318**	**82,598**
Adjusted gross margin before FV adjustments [1]	**62 %**	**23 %**	**35 %**	**51 %**	**(53 %)**	**26 %**	**47 %**
Year ended June 30, 2022 [7]							
Gross revenue	174,441	76,655	—	251,096	2,207	—	253,303
Excise taxes	(11,780)	(20,184)	—	(31,964)	—	—	(31,964)
Net revenue [1]	162,661	56,471	—	219,132	2,207	—	221,339
Non-recurring revenue adjustments [4]	—	1,023	—	1,023	—	—	1,023
Adjusted net revenue	162,661	57,494	—	220,155	2,207	—	222,362
Cost of sales	(108,060)	(91,446)	—	(199,506)	(13,207)	—	(212,713)
Depreciation	18,886	13,976	—	32,862	1,575	—	34,437
Inventory impairment, non-recurring, and out-of-period adjustments in cost of sales [2][4][5]	29,614	35,912	—	65,526	6,036	—	71,562
Adjusted gross (loss) profit before FV adjustments [1]	**103,101**	**15,936**	**—**	**119,037**	**(3,389)**	**—**	**115,648**
Adjusted gross margin before FV adjustments [1]	**63 %**	**28 %**	**— %**	**54 %**	**(154 %)**	**— %**	**52 %**

[1] These terms are defined in the *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A.
[2] Inventory impairment includes inventory write-downs due to lower of cost or net realizable value adjustments, obsolescence provision adjustments, and inventory destruction.
[3] Markets under development represents the adjustment for business operations focused on developing international markets prior to commercialization.
[4] Non-recurring items includes one-time excise tax refunds, inventory count adjustments resulting from facility shutdowns and inter-site transfers, abnormal spikes to utilities costs on its plant propagation business, and one-time returns on prior period Reliva revenue and costs of sales.
[5] Out-of-period adjustments includes adjustments related to year-end bonus accruals, adjustments to fair value assumptions related to biological assets, and raw material count adjustments.
[6] Business transformation includes costs in connection with the re-purpose of the Company's Sky facility.
[7] Prior year comparatives have been recast to conform to the current period's presentation.

Medical Cannabis Adjusted Gross Margin

Adjusted gross margin before fair value adjustments on medical cannabis net revenue was 62% for the nine months ended March 31, 2023 as compared to 63% for the year ended June 30, 2022, reflecting general pricing stability in Aurora's global medical businesses.

Consumer Cannabis Adjusted Gross Margin

Adjusted gross margin before fair value adjustments on consumer cannabis net revenue decreased to 23% for the nine months ended March 31, 2023 as compared to 28% for the year ended June 30, 2022, which was primarily due to reductions in average net selling prices of pre-rolls and vapes as a result of increased competition in these product segments.

Wholesale Bulk Cannabis Adjusted Gross Margin

Adjusted gross margin before fair value adjustments on core wholesale bulk cannabis net revenue was 35% for the nine months ended March 31, 2023, which reflects the Company's continued breeding and cultivation excellence of high-quality cultivars. The Company commenced sales of high-quality bulk flower in Q2 2023.

Adjusted gross margin before fair value adjustments on non-core wholesale bulk cannabis net revenue was negative 53% for the nine months ended March 31, 2023, compared to negative 154% for the year ended June 30, 2022. Non-core wholesale bulk cannabis margins reflects the margins earned on the clear out of primarily aged and low potency cannabis at significant discounts.

Plant Propagation Adjusted Gross Margin

Adjusted gross margin before fair value adjustments on plant propagation revenue was 26% for the nine months ended March 31, 2023, which is a truncated period due to Aurora's investment in the Bevo business on August 25, 2022. Due to seasonality of the vegetable and ornamental plant industry, it is expected that the late spring and summer months would deliver higher margins relative to the rest of the year as there is a high volume of production and orders being fulfilled in these months

Operating Expenses

	Three months ended			Nine months ended	Year ended
($ thousands)	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	June 30, 2022
General and administration	26,679	27,112	23,696	83,164	113,212
Sales and marketing	13,494	13,174	15,934	39,475	62,025
Acquisition costs	696	3,028	585	5,638	4,689
Research and development	2,031	1,287	2,637	4,921	10,389
Depreciation and amortization	4,816	6,544	11,802	14,916	48,602
Share-based compensation	3,620	4,281	3,538	10,764	13,757
Total operating expenses	51,336	55,426	58,192	158,878	252,674

General and administration ("G&A")

During the three months ended March 31, 2023, G&A expense decreased by $0.4 million and increased $3.0 million as compared to the prior quarter and to the same period in the prior year, respectively. Included in Q3 2023 G&A expense is $6.3 million in business transformation costs [1] (Q2 2023 - $9.0 million, Q3 2022 - $1.5 million), $1.8 million of non-recurring costs[1] (Q2 2023 - $2.2 million; Q3 2022 - nil), $0.6 million in out-of-period costs[1] (Q2 2023 - $0.2 million, Q3 2022 - $0.6 million), and $1.0 million in market development costs[1] (Q2 2023 - $0.9 million; Q3 2022 - $1.2 million[2]). Excluding these impacts, Adjusted G&A[3] expense for the three months ended March 31, 2023, December 31, 2022 and March 31, 2022 would have been $16.9 million, $14.8 million, and $20.3 million[2], respectively. The increase of $2.2 million as compared to Q2 2023 is largely due to additional professional fees and consultant costs as the Company continues to manage lower corporate headcounts with ongoing compliance and regulatory needs. The decrease of $3.4 million as compared to Q3 2022 is primarily due to reductions in corporate headcount and corporate overhead in connection with our previously announced business transformation plans.

During the nine months ended March 31, 2023, G&A expense decreased by $30.0 million as compared to the year ended June 30, 2022. Included in the nine months ended March 31, 2023 G&A expense is $23.9 million in business transformation costs[1] (year ended June 30, 2022 - $10.9 million), $5.2 million of non-recurring costs[1] (year ended June 30, 2022 - $1.1 million), $1.3 million from out-of-period adjustments[1] (year ended June 30, 2022 - $6.1 million), and $2.9 million in market development costs[1] (year ended June 30, 2022 - $5.1 million[2]). Excluding these impacts, Adjusted G&A expense[3] for the nine months ended March 31, 2023 would have been $49.9 million as compared to $89.9 million[2] in the year ended June 30, 2022. The decrease of $40.1 million relates primarily to the shortened year for fiscal 2023, and to reductions in corporate headcount and corporate overhead in connection with its previously announced business transformation plans.

Sales and marketing ("S&M")

During the three months ended March 31, 2023, S&M expense increased by $0.3 million and decreased by $2.4 million as compared to the prior quarter and to the same period in the prior year, respectively. Included in Q3 2023 S&M expense is $0.9 million in business transformation costs [1] (Q2 2023 - $2.2 million, Q3 2022- $0.5 million), $1.0 million of non-recurring costs[1] (Q2 2023 - nil, Q3 2022 - nil) and $0.2 million in out-of-period adjustments[1] (Q2 2023 - $0.3 million, Q3 2022 - $0.1 million). Excluding these impacts, Adjusted S&M[3] expense for the three months ended March 31, 2023, December 31, 2022 and March 31, 2022 would have been $11.4 million, $10.7 million and $15.3 million, respectively. The increase of $0.7 million as compared to the prior quarter is primarily due to increased commission and shipping costs on higher revenue and sales volumes. The decrease of $3.9 million as compared to the same period of the prior year is largely due to reductions in sales and market development headcount and consultant costs, offset partially from increased commission and shipping costs on higher revenue and sales volumes.

During the nine months ended March 31, 2023, S&M expense decreased by $22.6 million as compared to the year ended June 30, 2022. Included in the nine months ended March 31, 2023 S&M expense is $3.4 million in business transformation costs[1] (year ended June 30, 2022 - $0.9 million) and $0.5 million from out-of-period adjustments[1] (year ended June 30, 2022 - $3.1 million). Excluding these impacts, Adjusted S&M[3] expense for the nine months ended March 31, 2023 would have been $34.6 million as compared to $58.0 million in the prior year. The decrease of $23.4 million relates primarily to the shortened year for fiscal 2023, and reductions in sales and market development headcount and consultant costs.

[1] These costs are described in the footnotes to the table in the *"Adjusted EBITDA"* section of this MD&A.

[2] Recasted to be comparable to the current period presentation

[3] These terms are defined in the *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A.

The table below outlines Adjusted SG&A for the periods ended:

($ thousands)	Three months ended March 31, 2023	Three months ended December 31, 2022	Three months ended March 31, 2022	Nine months ended March 31, 2023	Year ended June 30, 2022
Sales and marketing	13,494	13,174	15,934	39,475	62,025
General and administration	26,679	27,112	23,696	83,164	113,212
Business transformation costs	(7,209)	(11,249)	(2,035)	(27,328)	(11,801)
Out-of-period adjustments	(818)	(516)	(699)	(1,801)	(9,195)
Non-recurring costs	(2,837)	(2,179)	—	(6,154)	(1,127)
Market development costs	(958)	(914)	(1,259)	(2,935)	(5,205)
Adjusted SG&A [1]	28,351	25,428	35,637	84,421	147,909

[1] These terms are defined in the *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A.

Research and development ("R&D")

During the three months ended March 31, 2023, R&D expenses increased by $0.7 million and decreased by $0.6 million as compared to the prior quarter and to the same period in the prior year, respectively. The increase from the prior quarter relates primarily to additional costs from the use of cannabis materials and supplies as the Company continues to focus on product innovation. The decrease as compared to the same period in prior year relates primarily to reductions in research and development headcount.

The table below outlines Adjusted R&D for the periods ended:

($ thousands)	Three months ended March 31, 2023	Three months ended December 31, 2022	Three months ended March 31, 2022	Nine months ended March 31, 2023	Year ended June 30, 2022
Research and development	2,031	1,287	2,637	4,921	10,389
Share-based compensation	(44)	(70)	—	(300)	—
Adjusted R&D [1]	1,987	1,217	2,637	4,621	10,389

[1] These terms are defined in the *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A.

During the nine months ended March 31, 2023, R&D expenses decreased by $5.5 million as compared to the year ended June 30, 2022. The decrease is due primarily to the shortened year for fiscal 2023 and reductions to research and development headcount.

Depreciation and amortization

During the three months ended March 31, 2023 depreciation and amortization expense decreased by $1.7 million and decreased by $7.0 million as compared to the prior quarter and the same period in the prior year, respectively. The decrease from the prior quarter is primarily due to asset disposals. The decrease from the same period in the prior year is due to facility disposals and asset impairment charges recognized at the end of fiscal 2022.

During the nine months ended March 31, 2023 depreciation and amortization expense decreased by $33.7 million as compared to the year ended June 30, 2022. This decrease is primarily due to the shortened year for fiscal 2023, and facility disposals and asset impairment charges recognized at the end of fiscal 2022.

Share-based compensation

During the three months ended March 31, 2023, share-based compensation expense decreased by $0.7 million and $0.1 million compared to the prior quarter and the same period in the prior year, respectively. The decrease is primarily due to stock option forfeitures and expirations.

During the nine months ended March 31, 2023, share-based compensation expense decreased by $3.0 million as compared to the year ended June 30, 2022. The decrease is primarily attributable to the shortened year for fiscal 2023, and stock option forfeitures and expirations.

Other Income (Expense)

or the three months ended March 31, 2023, other income (expense) was $(57.7) million and consisted mainly of: (i) $(8.8) million in finance costs; (ii) $(11.2) million in other losses; (iii) $(20.0) million in impairment of property, plant and equipment; and (iv) $(22.5) million in impairment of goodwill and intangible assets. This was partially offset by: (i) $1.3 million in foreign exchange gains; and (ii) $6.0 million in interest income.

During the nine months ended March 31, 2023 other income (expense) was $(63.4) million and consisted mainly of: (i) $(29.6) million in finance costs; (ii) $(22.2) million in impairment of property, plant and equipment; (iii) $(22.5) million in impairment of goodwill and intangible assets; and (iv) $(5.1) million.in other losses. This was partially offset by (i) $14.3 million in interest income; and (ii) $6.0 million in foreign exchange gains.

Net Loss

Net loss for the three months ended March 31, 2023 was $87.2 million compared to $67.2 million in the prior quarter and $1,012.2 million for the same period in the prior year. The increase in net loss of $20.0 million from the prior quarter was primarily due to an increase of $62.0 million in other expenses primarily driven by impairments of property, plant and equipment, intangible assets and goodwill, partially offset by an increase in gross profit of $34.8 million and a decrease of $4.1 million in operating expenses. The decrease in net loss of $925.0 million from the same period in the prior year was primarily due to a decrease in other expenses of $882.3 million, primarily consisting of (i) a decrease of $719.3 million in impairment of intangible assets and goodwill and (ii) a decrease of $156.1 million in impairment of property, plant and equipment, in addition to an increase in gross profit of $32.8 million and lower operating expenses of $6.9 million.

Net loss during the nine months ended March 31, 2023 was $206.3 million compared to $1,718.0 million in the year ended June 30, 2022. The decrease in net loss of $1,511.7 million was primarily due to a decrease in other expenses of $1,425.2 million, primarily consisting of (i) a decrease of $1,176.7 million in impairment of intangible assets and goodwill, and (ii) a decrease of $236.9 million in impairment of property, plant and equipment, in addition to lower operating expenses of $93.8 million resulting from the shortened year for fiscal 2023.

Adjusted EBITDA

The following is the Company's adjusted EBITDA:

($ thousands)	March 31, 2023	Three months ended December 31, 2022	March 31, 2022[5]	Nine months ended March 31, 2023	Year ended June 30, 2022 [5]
Net loss from continuing operations	(87,225)	(67,183)	(1,012,175)	(206,295)	(1,717,979)
Income tax expense (recovery)	(3,162)	(98)	(202)	(15,237)	(2,141)
Other income (expense)	57,704	(4,315)	939,996	63,429	1,488,671
Share-based compensation	3,620	4,281	3,538	10,764	13,757
Depreciation and amortization	10,017	11,165	18,647	29,400	83,067
Acquisition costs	696	3,028	585	5,638	4,689
Inventory and biological assets fair value and impairment adjustments[6]	6,477	34,265	31,239	69,026	52,518
Business transformation related charges [1]	7,253	11,893	2,125	28,202	11,891
Out-of-period adjustments [2]	1,333	516	4,074	2,316	11,779
Non-recurring items [3]	2,425	6,803	896	3,824	7,473
Markets under development [4]	1,172	1,073	1,259	3,308	5,205
Adjusted EBITDA [5]	**310**	**1,428**	**(10,018)**	**(5,625)**	**(41,070)**

(1) Business transformation related charges includes costs related to closed facilities, certain IT project costs, costs associated with the repurposing of Sky, severance and retention costs in connection with the business transformation plan, costs associated with the retention of certain medical aggregators, and payroll costs exited prior to the end of Q2 2023 associated with the medical cannabis business.
(2) Out-of-period adjustments reflect adjustments to net loss for the financial impact of transactions recorded in the current period that relate to prior periods.
(3) Non-recurring items includes one-time excise tax refunds, non-core adjusted wholesale bulk margins, inventory count adjustments resulting from facility shutdowns and inter-site transfers, litigation and non-recurring project costs, an abnormal mildew issue on certain cultivation lots, additional expenses associated with the change in fiscal year end to March 31, 2023, one-time break fees with certain vendors, and temporary abnormal utilities costs within the plant propagation business.
(4) Markets under development represents the adjustment for business operations focused on developing international markets prior to commercialization.
(5) Adjusted EBITDA is a Non-GAAP Measure and is not a recognized, defined, or standardized measure under IFRS. Refer to "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of the MD&A. Prior period comparatives were recast to include the adjustments for markets under development, business transformation costs, and non-recurring charges related to non-core bulk cannabis wholesales to be comparable to the current period presentation.
(6) Year ended June 30, 2022 comparative was recasted to include inventory impairment adjustments to be comparable to the current period presentation.

Adjusted EBITDA was $0.3 million for the three months ended March 31, 2023, as compared to Adjusted EBITDA of $1.4 million in the prior quarter and Adjusted EBITDA loss of $10.0 million in the same period of the prior year, representing Adjusted EBITDA decreases of $1.1 million and increases of $10.3 million, respectively. The sequential decrease in Adjusted EBITDA is largely due to additional professional fees and consultant costs as the Company continues to manage lower corporate headcounts with ongoing compliance and regulatory needs. The increase in Adjusted EBITDA as compared to the same period in the prior year is primarily attributable to higher adjusted gross profits before fair value adjustments of $3.3 million, and reduction in adjusted SG&A and R&D expenses of $8.0 million.

Adjusted EBITDA improved by $35.4 million for the nine months ended March 31, 2023 as compared to the year ended June 30, 2022. The improvements are primarily attributable to reductions in adjusted SG&A and R&D expenses of $31.5 million and the shortened year for fiscal 2023, partially offset from a decrease in adjusted gross profits before fair value of $9.5 million.

Liquidity and Capital Resources

($ thousands)	March 31, 2023	June 30, 2022	June 30, 2021
Cash and cash equivalents	234,942	437,807	421,457
Restricted cash	65,900	50,972	19,394
Marketable securities	—	1,331	3,751
Working capital [1]	237,622	614,264	549,517
Total assets	926,322	1,084,356	2,604,731
Total non-current liabilities	166,880	291,145	450,656
Capitalization			
Convertible notes	132,571	226,504	327,931
Loans and borrowings	45,734	—	—
Lease liabilities	49,217	42,987	71,619
Total debt	227,522	269,491	399,550
Total equity	517,137	662,354	2,037,700
Total capitalization	744,659	931,845	2,437,250

[1]Working Capital is defined in the "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" section of this MD&A.

During the three and nine months ended March 31, 2023, the Company primarily financed its operations, capital expenditures and growth initiatives through the generation of net revenue, working capital, and cash on hand. For more information on key cash flows related to operations, investing and financing activities during the quarter, refer to the "*Cash Flow Highlights*" discussion below.

The Company's objective when managing its liquidity and capital resources is to maintain sufficient liquidity to support financial obligations when they come due, while executing operating and strategic plans. The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Our ability to fund our operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond our control. Our primary short-term liquidity needs are to fund our net operating losses and capital expenditures to maintain existing facilities, and lease payments. Our medium-term liquidity needs primarily relate to debt repayments and lease payments. Our long-term liquidity needs primarily relate to potential strategic plans.

As of March 31, 2023, the Company has access to the following capital resources available to fund operations and obligations:

- $234.9 million cash and cash equivalents; and
- access to the 2023 Shelf Prospectus. The Company currently has access to securities registered for sale under a base shelf prospectus filed on April 27, 2023 (the "2023 Shelf Prospectus") currently covering US$650.0 million of issuable securities. Of the U.S.$650 million of securities registered under the 2023 Shelf Prospectus and corresponding registration statement on form F-10 filed with the U.S. Securities and Exchange Commission in the U.S., approximately U.S.$409 million is allocated to the potential exercise of currently outstanding warrants issued in financing transactions from 2020 to 2022. As a result, approximately U.S.$241 million is available for potential new issuances of Common Shares, warrants, options, subscription receipts, debt securities or any combination thereof during the 25-month period that the 2023 Shelf Prospectus remains effective. Volatility in the cannabis industry, stock market and the Company's share price may impact the amount and our ability to raise financing under the 2023 Shelf Prospectus

Based on all of the aforementioned factors, the Company believes that its reduction of operating costs, current liquidity position, and access to the 2021 Shelf Prospectus are adequate to fund operating activities and cash commitments for investing and financing activities for the foreseeable future.

As of June 14, 2023, the Company had approximately $230.1 million of cash on hand, including $66.0 million of restricted cash and $79.7 million outstanding in convertible debentures. The Company believes its cash on hand is sufficient to fund operations until the Company is cash flow positive. Additionally, the Company has access to approximately U.S.$241 million under the 2023 Shelf Prospectus, as described above.

Credit Facility

On August 25, 2022, through the acquisition of Bevo, the Company acquired term loans under Bevo's credit facility (the "Credit Agreement").

The term loans consist of the following access to funds under the credit facility:

i. a $47.8 million term loan ("Term Loan"); and
ii. a $8.0 million revolving line of credit ("Revolver")

Under the terms of the Credit Agreement, the Company is subject to certain customary financial and non-financial covenants and restrictions. In addition, the Credit Agreement is secured by a first-ranking security interest over substantially all the property of Bevo Farms Ltd. and its subsidiaries. As at March 31, 2023, the Company was in compliance with all covenants relating to the Credit Agreement.

Term loan
As at March 31, 2023, advances under the Term Loan were made in two tranches, with interest payments based on prime rate plus a margin. As at March 31, 2023, the borrowing rate was 4.905%. Each tranche is scheduled to mature on January 21, 2025. Any remaining principal balance will be due at maturity.

Details regarding the tranches are further discussed below:

i. Tranche A provided available borrowings of $33.7 million by a way of a single advance. Under the Credit Agreement, Interest is due monthly and the principal balance is repayable in equal quarterly installments of 1/60th of the amount borrowed. An additional $1.1 million was added to the loan balance when the credit agreement was revised in June 2021. As at March 31, 2023, $27.1 million of Tranche A remains unpaid and total interest accrued and paid during the period ended March 31, 2023 was $0.4 million.

ii. Tranche B provided available borrowings of $13.0 million. Interest is due monthly, and the principal balance is repayable in equal quarterly installments of 1/60th of the amount beginning on the last day of each fiscal quarter commencing September 30, 2019. As at March 31, 2023, $10.5 million remains unpaid and total interest accrued and paid during the period ended March 31, 2023 was $0.2 million.

Revolver

The Revolver provided available aggregate borrowings of up to $8.0 million. Interest payments are based on prime plus a margin that ranges between 0.25% and 1.75%. As at March 31, 2023, $7.5 million was withdrawn from the revolver loan.

Total loans and borrowings principal repayments as at March 31, 2023 are as follows:

	$
Next 12 months	9,571
Over 1 year to 2 years	2,636
Over 2 years to 5 years	6,758
Over 5 years	26,769
Total long-term debt repayments	45,734

On April 11, 2023, the Credit Agreement was amended to reduce the Term Loan by $9.7 million to $38.1 million and increase the Revolver by $4.0 million to $12.0 million.

Cash Flow Highlights

The table below summarizes the Company's cash flows for the periods ended March 31, 2023 and the comparative periods:

	Three months ended		Nine months ended	Year ended
($ thousands)	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**June 30, 2022**
Cash used in operating activities	(24,035)	(38,967)	(115,821)	(110,267)
Cash provided by (used in) investing activities	137	12,490	(27,291)	(36,171)
Cash provided by (used in) financing activities	609	126,914	(71,406)	147,779
Effect of foreign exchange	(478)	(2,947)	11,653	15,009
Decrease in cash and cash equivalents	**(23,767)**	**97,490**	**(202,865)**	**16,350**

Cash used in operating activities for the three months ended March 31, 2023 decreased by $14.9 million, to $24.0 million as compared to the same period in the previous year. Included in the three months ended March 31, 2023 is $11.0 million in connection with a one-time payment for the acquisition of CannaHealth. Excluding this payment, cash used in operating activities for the three months ended March 31, 2023 would have been $13.0 million, with the decrease primarily due to lower overall headcount costs and a decrease in working capital requirements.

Cash used in investing activities for the three months ended March 31, 2023 decreased by $12.4 million to $0.1 million as compared to the same period in the prior year. The decrease was primarily due to lower disposal proceeds of property plant, and equipment of $16.2 million.

Cash used in financing activities for the three months ended March 31, 2023 decreased by $126.3 million to $0.6 million as compared to the same period in the prior year. The decrease was primarily due to i.) lower proceeds received from the issuance of shares of $134.6 million and ii.) the additional repayment of convertible debentures of $11.5 million.

Cash used in operating activities for the nine months ended March 31, 2023 increased by $5.6 million to $115.8 million as compared to the year ended June 30, 2022. This is mainly due to a one-time $21.9 million payment in connection with the acquisition of CannaHealth in fiscal 2023, partially offset by lower headcount costs.

Cash used in investing activities for the nine months ended March 31, 2023 decreased by $8.9 million to $27.3 million as compared to the year ended June 30, 2022. The decrease was primarily due to lower purchases of property plant, and equipment of $20.1 million. This decrease was partially offset by higher business acquisition costs of $15.6 million.

Cash used in financing activities for the nine months ended March 31, 2023 increased by $219.2 million to $71.4 million as compared to the year ended June 30, 2022. The increase was primarily due to lower proceeds received from the issuance of shares of $277.0 million. This was increase was offset by i.) lower convertible debenture repayment of $34.6 million ii.) lower repayment of lease liabilities of $2.4 million and iii.) lower restricted cash of $16.7 million.

Capital Expenditures

During the three months ended March 31, 2023, capital expenditures including intangible assets was $3.6 million.

During the nine months ended March 31, 2023, capital expenditures including intangible assets was $12.1 million, offset by $20.3 million in proceeds from disposals.

No government grants related to capital expenditures were received in Q3 2023.The Company received a further $3.3 million government grant related to the co-generation project planned for Q1 2023.

Contractual Obligations

As at March 31, 2023, the Company had the following contractual obligations:

($ thousands)	Total	≤ 1 year	Over 1 year to 3 years	Over 3 years to 5 years	> 5 years
Accounts payable and accrued liabilities	75,825	75,825	—	—	—
Convertible notes and interest [1]	148,451	148,451	—	—	—
Lease liabilities [2]	98,731	8,548	21,812	15,505	52,866
Loans and borrowings, principal repayment	45,734	9,571	2,636	6,758	26,769
Contingent consideration payable [3]	12,487	—	9,942	2,545	—
Capital commitments [4]	2,202	2,202	—	—	—
Business acquisition retention payments	3,797	3,797	—	—	—
Total contractual obligations	387,227	248,394	34,390	24,808	79,635

(1) Assumes the remaining principal balance outstanding at March 31, 2023 remains unconverted and includes the estimated interest payable until the maturity date.
(2) Includes interest payable until maturity date.
(3) Payable in cash, shares, or a combination of both at Aurora's sole discretion.
(4) Relates to remaining commitments that the Company has made to vendors for equipment purchases and capital projects pertaining to existing construction.

Contingencies

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to take appropriate action with respect to any such legal actions, including by defending itself against such legal claims as necessary. Other than the claims described below, as of the date of this report, Aurora is not aware of any other material or significant claims against the Company.

On November 21, 2019, a purported class action proceeding was commenced in the United States District Court for the District of New Jersey against the Company and certain of its current and former directors and officers on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities between October 23, 2018 and February 6, 2020. An amended complaint was filed on September 21, 2020 which alleges, inter alia, that the Company and certain of its current and former officers and directors violated the federal securities laws by making false or misleading statements, materially overstated the demand and potential market for the Company's consumer cannabis products; that the Company's ability to sell products had been materially impaired by extraordinary market oversupply, that the Company's spending growth and capital commitments were slated to exceed our revenue growth; that the Company had violated German law mandating that companies receive special permission to distribute medical products exposed to regulated irradiation techniques, and that the foregoing, among others, had negatively impacted the Company's business, operations, and prospects and impaired the Company's ability to achieve profitability. A motion to dismiss was filed on November 20, 2020 and granted by the court on July 7, 2021, however, the plaintiffs were given an opportunity to file a second amended complaint no later than September 7, 2021. Pursuant to the July 7, 2021 order, the plaintiffs filed a second amended complaint on September 7, 2021 which included new allegations pertaining to certain alleged financial misrepresentation and improper revenue recognition by the Company. The Company subsequently filed a motion to dismiss on December 6, 2021 and a reply to plaintiffs' opposition on March 25, 2022. Again, on a Judgement dated September 23, 2022 the Court granted the second motion to dismiss the case in favour the Company. The motion was granted without prejudice. The plaintiff's counsels re-filed a third statement of claim on November 7, 2022 and the re-stated claim was received by Aurora formally on November 8, 2022. The Company filed a third further motion to dismiss on January 6, 2023, to which the plaintiffs have filed an opposition brief and the Company subsequently filed a reply. While this matter is ongoing, the Company disputes the allegations and intends to continue to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above.

The Company and its subsidiary, ACE, have been named in a purported class action proceeding which commenced on June 16, 2020 in the Province of Alberta in relation to the alleged mislabeling of cannabis products with inaccurate THC/CBD content. The class action involves a number of other parties including Aleafia Health Inc., Hexo Corp, Tilray Canada Ltd., among others, and alleges that upon laboratory testing, certain cannabis products were found to have lower THC potency than the labeled amount, suggesting, among other things, that plastic

containers may be leeching cannabinoids. While this matter is ongoing, the Company disputes the allegations and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above.

A claim was commenced by a party to a former term sheet on June 15, 2020 with the King's Bench of Alberta against Aurora and a former officer alleging a claim of breach of obligations under said term sheet, with the plaintiff seeking $18.0 million in damages. While this matter is ongoing, the Company believes the action to be without merit and intends to defend the claim.

On August 10, 2020, a purported class action lawsuit was filed with the King's Bench of Alberta against Aurora and certain executive officers in the Province of Alberta on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities and suffered losses as a result of Aurora releasing statements containing misrepresentations during the period of September 11, 2019 and December 21, 2019. Chambers appointment has been scheduled for January 2024. Plaintiffs' counsel has advised that they will write to the court to request dates for a hearing. The Company disputes the allegations and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matter described above.

On January 4, 2021, a civil claim was filed with the King's Bench of Alberta against Aurora and Hempco by a former landlord regarding unpaid rent in the amount of $8.9 million, representing approximately $0.4 million for rent in arrears and costs, plus $8.5 million for loss of rent and remainder of the term. The Company filed a statement of defense on March 24, 2021. While this matter is ongoing, the Company intends to continue to defend against the claims.

The Company, its subsidiary ACE, and MedReleaf Corp. (which amalgamated with ACE in July 2020) have been named in a purported class action proceeding commenced on November 15, 2022 in the Ontario Superior Court of Justice. The purported class action claims that the Company failed to warn of certain risks purported to be associated with the consumption of cannabis. The Statement of Claim was served upon the Company on November 22, 2022. The Company disputes the allegations and intends to defend against the claims.

A claim was commenced by a former employee of Aurora against Aurora Cannabis Enterprises Inc. and another former employee of Aurora (the "Defendant Employee"). The plaintiffs claim that the Defendant Employee entered a lease for a property owned by the plaintiffs in January 2017 and states that Aurora was a guarantor for the Defendant Employee. The claim states that the Defendant Employee left the property and caused damage. The plaintiffs further claim outstanding rent and legal fees. There is no record of any documentation of Aurora being a party to any such relationship. The Defendant Employee has been noted in default by the plaintiff and Aurora has filed and served a Third-Party Notice against the Defendant Employee. The Company disputes the allegations and intends to defend against the claims.

A Notice of Application has been sent to the court for filing in which Thrive is requesting an Order to wind up the joint venture with Canary RX Inc., being 2755757 Ontario Inc. dba Venn Cannabis (the "Joint Venture") or alternatively, for Canary Rx to purchase Thrive's shares of the Joint Venture at a fair market value. This matter was settled, subsequent to March 31, 2023 in which the parties executed a Release and Settlement agreement dated April 28, 2023.

The Company is subject to litigation and similar claims in the ordinary course of our business, including claims related to employment, human resources, product liability and commercial disputes. The Company has received notice of, or are aware of, certain possible claims against us where the magnitude of such claims is negligible, or it is not currently possible for us to predict the outcome of such claims, possible claims or lawsuits due to various factors including: the preliminary nature of some claims; an incomplete factual record; and the unpredictable nature of opposing parties and their demands. Management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any of these claims would result in liability to the Company, to the extent not provided for through insurance or otherwise, would have a material effect on the consolidated financial statements, other than the claims described above.

In respect of the aforementioned claims, as at March 31, 2023 the Company has recognized total provisions of $1.0 million (June 30, 2022 - nil) in provisions on the consolidated statements of financial position and a settlement accrual for $1.0 million (June 30, 2022 - nil) in accounts payable and accrued liabilities on the consolidated statements of financial position.

Off-balance sheet arrangements

As at the date of this MD&A, the Company has $0.9 million letters of credit outstanding with the Bank of Montreal. There are no other material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Related Party Transactions

The Company's key management personnel consists of the Company's executive management team and management directors who, collectively, have the authority and responsibility for planning, directing and controlling the activities of the Company and. Compensation expense for key management personnel was as follows:

	Three months ended		Nine months ended	Year ended
($ thousands)	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	$	$	$	$
Short-term employment benefits [1]	1,494	1,858	5,454	7,109
Long-term employment benefits	13	13	31	—
Termination benefits	—	308	489	308
Directors' fees [2]	103	85	273	335
Share-based compensation [3]	3,207	2,600	8,886	11,026
Total management compensation [4]	4,817	4,864	15,133	18,778

(1) Short-term employment benefits include salaries, wages, and bonuses. Short-term employment benefits are measured at the exchange value, being the amounts agreed to by each party.
(2) Includes meeting fees and committee chair fees.
(3) Share-based compensation represent the contingent consideration, and the fair value of options, restricted share units, deferred share units and performance share units granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans (refer to Note 20 of the Consolidated Financial Statements).
(4) As of March 31, 2023, $1.2 million is payable or accrued for key management compensation (June 30, 2022 - $1.6 million).

The following is a summary of the significant transactions with related parties:

	Three months ended		Nine months ended	Year ended
($ thousands)	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
Production costs [1]	493	1,602	2,546	4,310

(1) Production costs incurred with (i) Gelcan Corporation. ("Gelcan"), a company that manufactures softgels; and (ii) Sterigenics Radiation Technologies ("Sterigenics", formerly Iotron Industries Canada Inc.). Pursuant to a manufacturing agreement, the Company was contractually committed to purchase a minimum number of softgels each calendar year. During the three months ended December 31, 2022 the Company paid $2.8 million to terminate the manufacturing agreement which was recognized in other gains (losses) on the consolidated statement of comprehensive loss. After the termination of the manufacturing agreement,Gelcan and Sterigenics are no longer related parties.

The following amounts were receivable from (payable to) related parties:

($ thousands)	March 31, 2023	June 30, 2022
Production costs with investments in associates [1][2]	(79)	439

(1) Production costs incurred with (i) Gelcan Corporation. ("Gelcan"), a company that manufactures softgels; and (ii) Sterigenics Radiation Technologies ("Sterigenics", formerly Iotron Industries Canada Inc.). Pursuant to a manufacturing agreement, the Company was contractually committed to purchase a minimum number of softgels each calendar year. During the three months ended December 31, 2022 the Company paid $2.8 million to terminate the manufacturing agreement which was recognized in other gains (losses) on the consolidated statement of comprehensive loss.After the termination of the manufacturing agreement,Gelcan and Sterigenics are no longer related parties.
(2) Amounts are due upon the issuance or receipt of invoices, are unsecured and non-interest bearing.

In connection with the acquisition of all of the issued and outstanding shares of CannaHealth, the Company paid $21.9 million to the minority interest of a consolidated subsidiary. The allocation of the consideration paid was determined to be solely deferred compensation, which is being amortized over a five year period. During the nine months ended March 31, 2023, the Company recognized amortization expense of $1.9 million in the consolidated statements of loss and comprehensive loss.

These transactions are in the normal course of operations and are measured at the exchange value, being the amounts agreed to by the parties.

Critical Accounting Estimates

The preparation of the Consolidated Financial Statements under IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the Consolidated Financial Statements are as follows:

Biological Assets

The Company defines biological assets as cannabis plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41, *Agriculture* using the income approach. The income approach calculates the present value of expected future cash flows from the Company's biological assets using the following key Level 3 assumptions and inputs:

Inputs and assumptions	Description	Correlation between inputs and fair value
Average selling price per gram	Represents the average selling price per gram of dried cannabis net of excise taxes, where applicable, for the period for all strains of cannabis sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Average attrition rate	Represents the weighted average number of plants culled at each stage of production.	If the average attrition rate was lower (higher), estimated fair value would increase (decrease).
Weighted average yield per plant	Represents the weighted average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the average yield per plant was higher (lower), estimated fair value would increase (decrease).
Standard cost per gram to complete production	Based on actual production costs incurred divided by the grams produced in the period.	If the standard cost per gram to complete production was lower (higher), estimated fair value would increase (decrease).
Weighted average effective yield	Represents the estimated loss in fair value due to harvested product not meeting specifications.	If the weighted average effective yield were higher (lower), the estimated fair value would increase (decrease).
Stage of completion in the production process	Calculated by taking the weighted average number of days in production over a total average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

Significant assumptions used in the fair value of biological assets include (i) the average selling price per gram; (ii) the weighted average yield per plant; (iii) weighted average effective yield; and (iv) the standard cost per gram to complete production. Refer to Note 9 for sensitivities and the impact of changes to these significant assumptions on the fair value of biological assets.

Production costs are capitalized to biological assets and include all direct and indirect costs relating to biological transformation. Costs include direct costs of production, such as labor, growing materials, as well as indirect costs such as indirect labor and benefits, quality control costs, depreciation on production equipment, and overhead expenses including rent and utilities.

Inventory

Cannabis Inventory is transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. By-products, such as trim, are measured at their net-realizable-value ("NRV") at point of harvest which is deducted from the total deemed cost to give a net cost for the primary product. Any subsequent post-harvest costs are capitalized to Cannabis Inventory to the extent that the cost is less than NRV. NRV for work-in-process ("WIP") and finished Cannabis Inventory is determined by deducting estimated remaining conversion/completion costs and selling costs from the estimated sale price achievable in the ordinary course of business. Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of price fluctuation, inventory spoilage, inventory excess, age, and damage.

Impairment of property, plant and equipment

Refer to Note 15 in the 2023 Consolidated Financial Statements for significant assumptions applied in the determination of the recoverable amount of CGUs.

The Company assesses impairment of property, plant and equipment when an impairment indicator arises (e.g. change in use or discontinued use, obsolescence or physical damage). When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the cash generating unit ("CGU") level. In assessing impairment, the Company compares the carrying amount of the asset or CGU to the recoverable amount, which is determined as the higher of the asset or CGU's fair value less costs of disposal and its value-in-use. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset or CGU exceeds its recoverable amount and is recorded in the consolidated statements of comprehensive loss.

Impairment of intangible assets and goodwill

Refer to Note 15 in the 2023 Consolidated Financial Statements for significant assumptions applied in the determination of the recoverable amount of CGUs.

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment at the end of each fiscal period, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse

change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested at each fiscal period end for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is tested for impairment based on the level at which it is monitored by management, and not at a level higher than an operating segment. The Company's goodwill is allocated to the Canadian Cannabis Operating segment and the International Cannabis Operating segment, which represents the lowest level at which management monitors goodwill. The allocation of goodwill to the CGUs or group of CGUs requires the use of judgment.

An impairment loss is recognized for the amount by which the operating segment or CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on the higher of fair value less costs of disposal and value-in-use. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

Business combinations

Refer to Note 13 in the 2023 Consolidated Financial Statements for significant assumptions applied in the determination of the fair value of all identifiable assets acquired and liabilities assumed for the acquisition of Bevo and Thrive.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration, property, plant and equipment and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-out milestones are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Share-based compensation

Depending on the complexity of the specific stock option and warrant terms, the fair value of options and warrants is calculated using either the Black-Scholes option pricing model or the Binomial model. When determining the fair value of stock options and warrants, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Deferred tax assets

Significant estimates are required in determining the Company's provision for income taxes and uncertain tax positions. Some of these estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, results of tax audits by tax authorities, future levels of research and development spending, changes in estimates related to repatriation of undistributed earnings of foreign subsidiaries, and changes in overall levels of pre-tax earnings. The assessment of whether or not a valuation allowance is required on deferred tax assets often requires significant judgment with regard to management's assessment of the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably marketable securities, derivative financial instruments, put options, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing to fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market. Information about valuation techniques and inputs used in determining the fair value of financial instruments is disclosed in Note 29 of the Financial Statements.

New Accounting Policy

Put option liability

The Company has entered into a put option with certain non-controlling interest shareholders of Bevo such that the Company is required to purchase their shareholding under certain conditions as of the exercise date. When accounting for options related to non-controlling interests, the Company applies IFRS 10, Consolidated Financial Statements, and the terms of the contracts are analyzed to assess whether they provide the Company or the non-controlling interest with access to the risks and rewards associated with the actual ownership of the shares.

The Company has elected the present-access method of accounting for non-controlling interests. As a result, the Company has recognized a financial liability at the present value of the amount payable on exercise of the put option. Remeasurement adjustments are recorded in deficit.

Adoption of New Accounting Pronouncements

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company adopted the Amendments to IAS 41 effective July 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

Amendments to IFRS 9: Financial Instruments

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company adopted the Amendments to IFRS 9 effective July 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company adopted the amendments to IAS 37 effective July 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company will make this assessment as required at the end of each reporting date.

Amendments to IAS 1: Covenants

The amendment that clarify how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual periods beginning on or after January 1, 2024. Management is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Amendments to IAS 12: Income Taxes

The amendment clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.The Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The standard is effective for annual periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Amendments to IAS 16: Leases

The amendment that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15:Revenue to be accounted for as a sale The amendments are effective for annual periods beginning on or after 1 January 2024.The Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

Financial Instruments

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine the fair value of each financial instrument.

	Fair Value Method
Financial Instruments Measured at Fair Value	
Marketable securities	Closing market price of Common Shares as of the measurement date (Level 1)
Derivatives	Closing market price (Level 1) or Black-Scholes, Binomial, Monte-Carlo & FINCAD valuation model (Level 2 or 3)
Contingent consideration payable	Discounted cash flow model (Level 3)
Derivative liability	Closing market price of warrants (Level 1) or Kynex valuation model (Level 2)
Financial Instruments Measured at Amortized Cost	
Cash and cash equivalents, restricted cash, accounts receivable, loans receivable	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities, other current and long-term liabilities, loans and borrowings	Carrying amount (approximates fair value due to short-term nature)
Lease receivable, convertible debentures, loans and borrowings, and lease liabilities.	Carrying value discounted at the effective interest rate which approximates fair value

Summary of Financial Instruments

The carrying values of the financial instruments at March 31, 2023 are summarized in the following table:

($ thousands)	Amortized cost	FVTPL	Designated FVTOCI	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	234,942	—	—	234,942
Restricted cash	65,900	—	—	65,900
Accounts receivable, excluding sales taxes and lease receivable	38,000	—	—	38,000
Derivatives	—	7,249	—	7,249
Lease receivable	8,590	—	—	8,590
Financial Liabilities				
Accounts payable and accrued liabilities	75,825	—	—	75,825
Convertible debentures	132,571	—	—	132,571
Contingent consideration payable	—	12,487	—	12,487
Other current liabilities	12,572	—	—	12,572
Lease liabilities	49,217	—	—	49,217
Derivative liability	—	9,634	—	9,634
Loans and borrowings	45,734	—	—	45,734
Other long-term liabilities	48,047	—	—	48,047

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3	Inputs for the asset or liability that are not based on observable market data.

The following is a summary of financial instruments measured at fair value segregated based on the various levels of inputs as at March 31, 2023:

($ thousands)	Level 1	Level 2	Level 3	Total
As at March 31, 2023				
Derivative assets [1]	—	7,114	135	7,249
Contingent consideration payable	—	—	12,487	12,487
Derivative liability [2]	9,634	—	—	9,634
As at June 30, 2022				
Marketable securities	1,331	—	—	1,331
Derivative assets	—	9,860	16,423	26,283
Contingent consideration payable	—	—	14,371	14,371
Derivative liability	37,297	—	—	37,297

[1] For a reconciliation of realized and unrealized gains and losses applicable to financial assets measured at fair value for the nine months ended March 31, 2023, refer to Note 7 the Financial Statements.
[2] For a reconciliation of unrealized gains and losses applicable to financial liabilities measured at fair value for the nine months ended March 31, 2023, refer to Note 16 and Note 19(c) in the Financial Statements.

There have been no transfers between fair value levels during the period.

Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and cash equivalents, accounts receivable and loans receivable. The risk exposure is limited to their carrying amounts reflected on the statement of financial position. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. Certain restricted funds in the amount of $35.7 million are retained by an insurer under the Segregated Accounts Companies Act governed by the Bermuda Monetary Authority. As the Company does not invest in asset-backed deposits or investments, it does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its Guaranteed Investment Certificates ("GICs"). The Company mitigates the credit risk associated with the loans receivable by managing and monitoring the underlying business relationship.

The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required. As of March 31, 2023, $20.9 million of accounts receivable, net of allowances, are from non-government wholesale customers (June 30, 2022 - $22.5 million). As of March 31, 2023, the Company recognized a $3.4 million provision for expected credit losses (June 30, 2022 - $4.1 million).

Other receivables are also assessed on a case-by case basis and provided for as required. During the nine months ended March 31, 2023, the Company increased its expected credit loss provision by $6.1M (June 30, 2022 - nil) to reflect an increase in credit risk for other receivables. Additionally, the Company wrote off a credit impaired loan receivable in the amount of $0.8M (June 30, 22 - nil).

For the periods indicated, the Company's aging of trade receivables were as follows:

($ thousands)	March 31, 2023	June 30, 2022
0 – 60 days	28,355	23,763
61+ days	6,661	4,902
	35,016	28,665

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities when they are due. The Company's objective is to manage liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due, while executing on its operating and strategic plans. Refer to "*Liquidity and Capital Resources*" section of this MD&A for detailed discussion.

The Company's contractual cash flows from lease receivables was as follows:

($ thousands)	March 31, 2023
	$
Next 12 months	2,480
Over 1 year to 2 years	2,396
Over 2 years to 3 years	1,522
Over 3 years to 4 years	1,417
Over 4 years to 5 years	1,127
Thereafter	817
Total undiscounted lease payments receivable	9,759
Unearned finance income	(1,169)
Total lease receivable	8,590
Current	(2,094)
Long-term	6,496

Market risk

Market risk is the risk that changes in the market related factors, such as foreign exchange rates and interest rates, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates internationally, certain of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are, therefore, subject to currency transaction and translation risks.

The Company's main risk is associated with fluctuations in Euros, Danish Krone, and U.S. dollars. The Company holds cash in Canadian dollars, U.S. dollars, Danish Krone and Euros; investments denominated in U.S. dollars; US$109.9 million (June 30, 2022 - US$208.9 million) of U.S. dollar denominated Senior Notes; and US$7.1 million (June 30, 2022 - US$28.9 million) of warrant derivative liabilities exercisable in U.S. dollars. Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that as at March 31, 2023, the effect of a 10% increase or decrease in Euros, Danish Krone, and U.S. dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately $15.2 million (June 30, 2022 – $24.5 million) to net loss and $11.4 million (June 30, 2022 – $9.3 million) to comprehensive loss for the nine months ended March 31, 2023.

At March 31, 2023, the Company has not entered into any hedging agreements to mitigate currency risks, with respect to foreign exchange rates.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. During the year ended March 31, 2023, the Company's financial liabilities consisted of long-term fixed rate debt.

(iii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's warrant derivative liabilities, marketable securities and investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of warrant derivative liabilities, marketable securities and derivative investments held in publicly traded entities are based on quoted market prices which the warrants or investment shares can be exchanged for. The fair value of marketable securities and derivatives held in privately-held entities are based on various valuation techniques, as detailed in Note 29, and is dependent on the type and terms of the security.

If the fair value of these financial assets and liabilities were to increase or decrease by 10% as of March 31, 2023, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $2.5 million (June 30, 2022 – $47.9 million). Refer to Note 7 of the Financial Statements for details on the fair value of marketable securities and derivatives investments, and Note 19(c) for details on the warrant derivative liabilities.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as at June 14, 2023 :

Securities [1]	Units Outstanding
Issued and outstanding Common Shares	354,205,652
Stock options	6,258,773
Warrants	89,124,788
Restricted share units	5,905,930
Deferred share units	910,453
Performance share units	2,119,732
Convertible debentures	680,239

[1] Refer to Note 16 “Convertible Debentures”, Note 19 “Share Capital” and Note 20 “Share-Based Compensation” in the Financial Statements for a detailed description of these securities.

Historical Quarterly Results

($ thousands, except earnings per share and Operational Results)	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Financial Results				
Net revenue [2]	$64,026	$61,679	$49,263	$50,215
Adjusted gross margin before FV adjustments on total net revenue [3]	48 %	45 %	50 %	47 %
Loss from continuing operations attributable to common shareholders [4]	($82,001)	($65,392)	($51,604)	($618,787)
Loss attributable to common shareholders	($82,001)	($65,392)	($51,604)	($618,787)
Basic and diluted loss per share from continuing operations	($0.24)	($0.20)	($0.17)	($2.48)
Basic and diluted loss per share	($0.24)	($0.20)	($0.17)	($2.48)
Balance Sheet				
Working capital	$237,622	$409,729	$514,193	$614,264
Cannabis inventory and biological assets [4]	$93,081	$93,675	$121,776	$127,836
Total assets	$926,322	$1,023,835	$1,169,927	$1,084,356
Operational Results – Cannabis				
Average net selling price of dried cannabis [3]	$4.75	$4.79	$5.32	$5.10
Kilograms sold	16,578	15,269	12,165	13,130

	Q3 2022	Q2 2022	Q1 2022	Q4 2021[1]
Financial Results				
Net revenue [2]	$50,434	$60,586	$60,108	$54,825
Adjusted gross margin before FV adjustments on total net revenue [3]	54 %	53 %	54 %	54 %
Loss from continuing operations attributable to common shareholders [4]	($1,012,177)	($74,776)	($11,884)	($133,969)
Loss from discontinued operations attributable to common shareholders	$—	$—	$—	($1,179)
Loss attributable to common shareholders	($1,012,177)	($74,776)	($11,884)	($135,148)
Basic and diluted loss per share from continuing operations	($4.72)	($0.38)	($0.06)	($0.68)
Basic and diluted loss per share	($4.72)	($0.38)	($0.06)	($0.68)
Balance Sheet				
Working capital	$577,566	$481,574	$532,612	$549,517
Cannabis inventory and biological assets [5]	$118,729	$139,625	$139,103	$120,297
Total assets	$1,570,252	$2,485,384	$2,560,316	$2,604,731
Operational Results – Cannabis				
Average net selling price of dried cannabis [2][3]	$5.41	$4.52	$4.67	$5.11
Kilograms sold	9,722	13,043	12,484	11,346

[1] Certain previously reported amounts have been restated to exclude the results related to discontinued operations and recast for the biological assets and inventory non-material prior period error. For further details on the recast for biological asset and inventory, refer to the “*Change in Accounting Policies and Estimates*” section of the Company’s audited consolidated financial statements as at and for the year ended June 30, 2022 and the accompanying notes thereto.

[2] Net revenue represents our total gross revenue net of excise taxes levied by the CRA on the sale of medical and consumer use cannabis products. Given that our gross revenue figures exclude excise taxes that were levied and billed back to customers, as reflected in accordance with IFRS 15, we believe that the presentation of net revenue more accurately reflects the level of revenue earned during the relevant period.

[3] Refer to *“Cautionary* Statement Regarding Certain Non-GAAP Performance Measures” section of this MD&A for the defined terms.

[4] Loss from continuing operations attributable to common shareholders includes asset impairment and restructuring charges. Refer to *“Adjusted EBITDA”* section.

[5] Represents total biological assets and inventory, exclusive of merchandise, accessories, supplies, consumables and plant propagation biological assets.

Risk Factors

Our business, operations and outlook are subject to certain risks described below.

We have a limited operating history and there is no assurance we will be able to achieve or maintain profitability.

Aurora Marijuana Inc. was the entity in which our operating business was originally organized. This company was incorporated in 2013 and our business began operations in 2015. We started generating revenue from the sale of cannabis in January 2016. Because we are considered an early-stage enterprise, and due to the disruption and slower than anticipated growth of the cannabis market globally and in Canada, we are subject to all of the associated business risks and uncertainties which include, but are not limited to, under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue.

We have incurred operating losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, as we explore and implement initiatives to grow our business, we expect to continue to increase operating expenses. If our revenue do not increase to offset these expected increases in costs and operating expenses, we may not be profitable. Our limited operating history may make it difficult for investors to evaluate our prospects for success. There is no assurance that we will be successful in achieving a return on shareholders' investments and the likelihood of success is uncertain in light of the early stage of our operations.

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, storage, and distribution is dependent on the good standing of all of our licenses, authorizations, and permits and adherence to all regulatory requirements related to such activities. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* for future extensions or renewals of the licenses, there can be no assurance that Health Canada will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency ("CRA") not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to foreign jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.
As our business continues to grow, any expansion to or update of our current operating sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect our business, financial condition and operations.

We operate in a highly regulated business and any failure or significant delay in obtaining applicable regulatory approvals could adversely affect our ability to conduct our business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Achievement of our business objectives is contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada, and obtaining all applicable regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or with respect to any activities or our facilities, or the extent of testing and documentation that may be required by government authorities on an ongoing basis. The impact of regulatory compliance regimes and any delays in obtaining, maintaining or renewing, or failure to obtain, maintain or renew, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations, and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, manufacturing, management, transportation, storage, sale, packaging and labeling, disposal and, if necessary, acquisition of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially or federally – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. It is also possible that laws that impact our business may not develop as we expect or on the timeline we expect, including the federal legalization of cannabis use in the U.S. if and when it occurs. Changes to such laws, regulations, and guidelines, may cause material adverse effects on our business, financial condition and operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

Failure to comply with anti-money laundering laws and regulation could subject us to penalties and other adverse consequences.

We are subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of our operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenue accruing from such operations or investments were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation, and any persons, including such U.S. based investors, found to be aiding and abetting us in such violations could be subject to liability. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and involve significant costs and expenses, including legal fees. We could also suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We compete for market share with a number of competitors and many of our competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors is expected to increase.

Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The *Cannabis Act* also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

The cannabis industry is undergoing substantial change, which has resulted in an increase in new and existing competitors, consolidation and the formation of strategic relationships. Acquisitions or other consolidating transactions could harm our business in a number of ways, including losing patients and/or customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats. There is potential that we will face intense competition from not only existing companies but from new entrants including those resulting from the federal legalization of cannabis use in the U.S. if and when it occurs, all of which could harm our operating results. Changes in the number of licenses granted and the number of licensed producers ultimately authorized by Health Canada, as well as other regulatory changes in both Canada and the U.S. that have the effect of increasing competition, could have an adverse impact on our ability to compete for market share in Canada's cannabis market.

Some competitors may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund our capital investments.

We also face competition from illegal cannabis dispensaries and 'black market' operations and participants, who do not have a valid license, that are selling cannabis to individuals, including products with higher concentrations of active ingredients, using flavours or other additives or engaging in advertising and promotion activities that are not permitted by law. Because they do not comply with the regulations governing the cannabis industry, illegal market participants' operations may also have significantly lower costs.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, new client identification, distribution channels, and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to maintain competitive production costs through economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to continue to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

Selling prices and the cost of cannabis production may vary based on a number of factors outside of our control.

Our revenue are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. In particular, our cannabis cultivation operations consume considerable energy, making us vulnerable to rising energy costs. Rising or volatile energy costs may have a material adverse effect on our business, financial condition and results of operations.

Although our business has not been materially impacted by the ongoing military conflict in Ukraine, the measures that have been taken, and could be taken in the future, may have a negative impact on our costs, including for input materials, energy and transportation.

Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, including an inability to secure required supplies and services or to do so on appropriate terms could materially and adversely impact our business, financial condition, and results of operations. This includes any change in the selling price of products set by the applicable province or territory. The price of cannabis is affected by numerous factors beyond our control and any price decline may have a material adverse effect on our business, financial condition and operations.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing, or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labour disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

In addition, the Company may be subject to other growth-related risks, including pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenue depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to, or the termination or renewal of, such contracts may adversely impact our business, financial condition and operations.

In addition, not all of the Company's supply arrangements with the various Canadian provinces and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial and territorial wholesalers may purchase under the supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenue could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial and territorial wholesalers. If any of the provincial or territorial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, decides to return product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenue could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Our continued growth may require additional financing, which may not be available on acceptable terms or at all.

Our continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

An economic downturn of global capital markets may make raising additional capital more difficult. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the TSX and Nasdaq.

Any default under our existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results and may have a material adverse effect on the trading price of our Common Shares.

We are required to comply with the covenants in our convertible senior notes due February 28, 2024. These covenants may create a risk of default on our debt if we cannot satisfy or continue to satisfy these covenants. If we cannot comply with a debt covenant or anticipates that it will be unable to comply with a debt covenant under any debt instrument it is party to, management may seek a waiver and/or amendment to the applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under a debt instrument and the default is not waived by the lender(s), the debt extended pursuant to all of its debt instruments could become due and payable prior to its stated due date. If such event were to occur, we cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by us on existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results and may have a material adverse effect on the trading price of our Common Shares.

We may be subject to credit risk.

Credit risk is the risk that the counterparty to a financial instrument fails to meet its contractual obligations, resulting in a financial loss to us. We have credit risk exposure based on the balance of our cash, accounts receivable, investments, and taxes recoverable. There are no assurances that our counterparties, including parties to whom we extended credit, or customers will meet their contractual obligations to us.

We may not be able to successfully develop new products or find a market for their sale.

The medical and non-medical cannabis industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we may need to expend significant amounts of capital in order to successfully develop and generate revenue from new products introduced by us. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and operations.

As the cannabis market continues to mature, our products may become obsolete, less competitive, or less marketable.

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, we may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts, and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. The *Cannabis Act* strictly regulates the way cannabis is packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling, and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The cannabis business may be subject to unfavorable publicity or consumer perception.

We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perception means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects.
Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed. Although we believe that we operate in a manner that is respectful to all stakeholders and that we take care in protecting our image and reputation, we do not ultimately have direct control over how we are perceived by others. There is also a risk that the actions of other companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and, thereby, negatively impact our reputation. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in Canada and elsewhere in regard to our activities and the cannabis industry in general, whether true or not. The legal restrictions with respect to labelling and marketing cannabis may exacerbate these risks by increasing the influence of social media users and prohibiting us from effectively responding to negative publicity.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect to discontinue their relationships with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. In particular, while we attempt to conduct our cannabis-related business activities in compliance with all laws, negative perception of cannabis-related activities could cause the parties with whom we do business to discontinue their relationships with us and may cause potential counterparties to decline to do business with us. These risks may increase during periods in jurisdictions where cannabis-related activities are

illegal and where jurisdictions focus their enforcement efforts on eliminating such activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and operations.

There may be unknown health impacts associated with the use of cannabis and cannabis derivative products.

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using our cannabis and cannabis derivative products, including unexpected side effects or safety concerns, the discovery of which could lead to civil litigation, regulatory actions and even possibly criminal enforcement actions.

Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and operations.

Our success will depend on attracting and retaining key personnel.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its key personnel.
Our future success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a Licensed Producer under the *Cannabis Act*, certain key personnel are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. There is also a risk that if key personnel leave the Company, we may not be able to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Dependence on Senior Management

The success of the Company and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel could adversely affect the Company's business. As well, the implementation of employee compensation packages, composed of monetary short-term compensation and long-term equity-based compensation, has been designed for the retention of key employees.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

We may be subject to potential conflicts of interest as some of our directors and officers may be engaged in a range of other business activities. Our directors and officers are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. However, in some cases these outside business interests can require significant time and attention which may interfere with their ability to devote the necessary time to our business, and there is no assurance that such occurrences would not adversely affect our operations.

We may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which we may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with our interests. In addition, from time to time, these persons may be competing with us for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, our directors are required to act honestly, in good faith and in the Company's best interests.

Future execution efforts may not be successful.

There is no guarantee that our current execution strategy will be completed in the currently proposed form, if at all, nor is there any guarantee that we will be able to expand into additional jurisdictions. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the *Cannabis Act*) and there is no guarantee that all required approvals, licenses and permits will be

obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our strategy could adversely affect our business, financial condition and operations and may result in our failing to meet anticipated or future demand for products, when and if it arises.

In addition, the construction (or remaining construction) of any current or future facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our business, prospects, financial condition and operations.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada, and there are risks associated with doing so.

As international demand grows, we intend to consider the expansion of our operations and business into jurisdictions outside of Canada, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.
Operations in non-Canadian markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof to our operations, such developments cannot be accurately predicted and could have an adverse effect on our business, operations or profitability.

Our business may be affected by political and economic instability, and a period of sustained inflation across the markets in which we operate could result in higher operating costs.

We may be affected by political or economic instability, including political or economic instability resulting from the recent invasion of Ukraine by Russia. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, high rates of inflation and other negative impacts on the global economy, capital markets or other geopolitical conditions. Changes in medical and agricultural development or investment policies or shifts in political viewpoints of certain countries may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people, and water use. The effect of these factors cannot be accurately predicted.

In the past year, the worldwide economy has experienced significant inflation and inflationary pressures. Inflation may negatively impact our business, raise cost and reduce profitability. While we have and will continue to take actions, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation across several of the markets in which we operate, it could become increasingly difficult to effectively mitigate the increases to our costs. In addition, the effects of inflation on consumers' budgets could result in the reduction of our customers' spending habits. If we are unable to take actions to effectively mitigate the effect of the resulting higher costs, our profitability and financial position could be negatively impacted.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations.

Failure to comply with the Corruption of Foreign Public Officials Act (Canada) ("CFPOA") and the Foreign Corrupt Practices Act (U.S.) ("FCPA"), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA, or other anti-bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have

engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our business, financial condition and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be topically applied, inhaled and ingested or otherwise consumed by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. We may in the future have to recall certain of our cannabis products as a result of potential contamination and quality assurance concerns. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of consumer goods and products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by participants in the industry generally, which could have a material adverse effect on our business, financial condition and operations.

We are and may become party to litigation, mediation, and/or arbitration from time to time.

We are and may in the future become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect our business, financial condition and operations. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management's attention and resources and can cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of our company. We are currently subject to class action proceedings in both the U.S. and Canada (as further detailed herein). Though we believe these to be without merit and intend to vigorously defend against the claims, there is no assurance that we will be successful.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective, and efficient third-party courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our business, financial condition and operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy and any rise in energy costs may have a material adverse effect on our ability to produce cannabis, and therefore, our business, financial condition and results of operations.

Although we currently grow, and expect to grow, most of our cannabis in climate-controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides, and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

We have in the past, and may in the future, record significant impairments or write-downs of our assets.

Our cannabis inventory in our cannabis operations and cannabis retail segments has a finite shelf life and is subject to obsolescence, expiration, spoilage, shrinkage, unacceptable quality, contamination or other declines in value prior to wholesale or retail sale. We have in the past, and may in the future, be required to record substantial write-downs or impairments related to loss of value in our cannabis inventory.
In addition, our facilities may be subject to obsolescence, damage, loss of fair market value or other declines in value.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition and operations.

Climate change may have an adverse effect on demand for our products or on our operations.

Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of extreme weather events such as severe weather, heat waves, wildfires, flooding, hailstorms, snowstorms, and the spread of disease and insect infestations. These events could damage, destroy or hinder the operations at our physical facilities, or the facilities of our suppliers or customers, and adversely affect our financial results as a result of decreased production output, increased operating costs or reduced availability of transportation.

Government action to address climate change, greenhouse gas (GHG) emissions, water and land use may result in the enactment of additional or more stringent laws and regulations that may require us to incur additional capital expenditures, pay higher taxes, increased transportation costs, or could otherwise adversely affect our financial conditions.

In addition, increasingly our employees, customers and investors expect that we minimize the negative environmental impacts of our operations Although we make efforts to create positive impacts where possible and anticipate potential costs associated with climate change, failure to mitigate the risks of climate change and adequately respond to their changing expectations as well as those of governments on environmental matters, could result in missed opportunities, additional regulatory scrutiny, loss of team members, customers and investors, and adverse impact on our brand and reputation.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to own and protect our trademarks, patents, trade secrets and other intellectual property rights.
We rely on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Our trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors.

Even if we move to protect our intellectual property with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights.

Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the U.S. where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.
Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business.

An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence, or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition and results of operations.

Furthermore, there are several federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) ("PIPEDA"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition and operations.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our business, financial condition and operations.

Cyber-attacks could result in important remediation costs, increased cybersecurity costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial condition and operations.

In December 2020, the Company was the target of a cybersecurity incident that involved the theft of company information. The subsequent investigation identified that certain personally identifiable information of our employees and consumers was compromised. It also confirmed that our patient database was not compromised, and our performance and financial information was not impacted. All impacted individuals have been notified, as have all required government privacy offices.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Globally, cybersecurity incidents have increased in number and severity and it is expected that these external trends will continue. In response to this incident, or any potential future incident, we may incur substantial costs which may include:

- remediation costs, such as liability for stolen information, repairs to system or data damage, or implementation of new security;
- measures in response to the evolving security landscape; and
- legal expenses, including costs related to litigation, regulatory actions or penalties.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

We have in the past, and may in the future, seek strategic acquisitions. Our ability to identify and consummate any future potential acquisitions on terms that are favorable to us may be limited by the number of attractive acquisition targets, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms, if at all. Over the past few years, we have completed a number of acquisitions, including our acquisitions of MedReleaf, CanniMed and Reliva.

Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions

may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our business, financial condition and operations. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Aurora Cannabis Inc. is dependent on its operating subsidiaries to pay dividends and other obligations.

Aurora Cannabis Inc. is a holding company. Essentially all of our operating assets are the capital stock of our subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our Common Shares has historically been volatile. This volatility may affect the value of your investment in Aurora, the price at which you could sell our Common Shares and the sale of substantial amounts of our Common Shares could adversely affect the price of our Common Shares and the value of your convertible debentures/notes.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the same industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that varies significantly from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry, business and operations;
- announcements of developments and other material events by us or our competitors;
- fluctuations in the costs of vital production inputs, materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of Common Shares may be materially adversely affected.

It is not anticipated that any dividend will be paid to holders of our Common Shares for the foreseeable future.

No dividends on our Common Shares have been paid to date. We currently intend to retain future earnings, if any, for future operation and expansion. Our board of directors has the discretion to declare dividends and to prescribe the timing, amount and payment of such dividends. Such decision will depend upon our future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors that our board of directors may deem relevant.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power, and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and the issuance of equity securities in connection with acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares.

Additional issuances of our securities may involve the issuance of a significant number of Common Shares at prices less than the current market prices. Issuances of a substantial number of Common Shares, or the perception that such issuances could occur, may adversely affect

prevailing market prices of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our Common Shares and the value of any outstanding convertible debentures/notes.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our Common Shares, which, under certain circumstances, could reduce the market price of our Common Shares.

There is no assurance we will regain and/or continue to meet the listing standards of Nasdaq and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on Nasdaq and the TSX. If we fail to comply with listing standards and Nasdaq and/or the TSX delists our Common Shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our Common Shares;
- reduced liquidity for our Common Shares;
- a determination that our Common Shares are "penny stock", which would require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares;
- a limited amount of news and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As of the date of this MD&A, the closing bid price of the Common Shares on Nasdaq is not in compliance with the minimum bid price requirement set out in the Nasdaq rules. If we fail to regain compliance, whether organically or through corporate action of the Company, the Common Shares may be subject to delisting by Nasdaq. There can be no assurances that corporate action taken by the Company to regain compliance with the minimum bid price requirement, if any, will be successful.
As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both our compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

The financial reporting obligations of being a public company and maintaining a dual listing on the TSX and on Nasdaq requires significant company resources and management attention.

We are subject to the public company reporting obligations under the Exchange Act and the rules and regulations regarding corporate governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Act, and the listing requirements of Nasdaq. We incur significant legal, accounting, reporting and other expenses in order to maintain a dual listing on both the TSX and Nasdaq. Moreover, our listing on both the TSX and Nasdaq may increase price volatility due to various factors, including the ability to buy or sell Common Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of our Common Shares.

Failure to develop and maintain an effective system of internal controls increases the risk that we may not be able to accurately and reliably report our financial results or prevent fraud, which may harm our business, the trading price of our Common Shares and market value of other securities.

Under Section 404 of the Sarbanes-Oxley Act ("SOX"), we are required to design, document and test the effectiveness of our internal controls over financial reporting ("ICFR") during the fiscal year ended March 31, 2023. ICFR are designed to provide reasonable assurance that our financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS. Regardless of how well controls are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting our objectives in providing reliable financial reporting information in accordance with IFRS. Effective internal controls are required for us to provide reasonable assurance that our financial results and other financial information are accurate and reliable. Any failure to design, develop or maintain effective controls, or difficulties encountered in implementing, improving or remediation lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading process of our Common Shares and market value of other securities.

We are a Canadian company and shareholder protections may differ from shareholder protections in the U.S. and elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

We are a foreign private issuer within the meaning of the rules under the U.S. Exchange Act, and as such is exempt from certain provisions applicable to U.S. domestic issuers.

Because we are a "foreign private issuer" under the U.S. Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the U.S. that are applicable to U.S. domestic issuers, including:

- the rules under the U.S. Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 40-F with the SEC within three months of the end of each fiscal year. We do not intend to voluntarily file annual reports on Form 10-K and quarterly reports on Form 10-Q in lieu of Form 40-F requirements. For so long as we choose to only comply with foreign private issuer requirements, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information which would be made available to you if you were investing in a U.S. domestic issuer.

Our employees and counterparties may be subject to potential U.S. entry restrictions as a result of their relationship with us.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the U.S. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the U.S. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the U.S. may not result in problems entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents. As a company with operations in both the U.S. and Canada, inability of our employees or counterparties to enter the U.S. could harm our ability to conduct our business.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the U.S., U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the U.S. or other foreign jurisdictions.

The Company's employees, independent contractors and consultants may engage in fraudulent or other illegal activities.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Our business has and may continue to be subject to disruptions as a result of the COVID-19 pandemic and other infectious diseases.

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus, or COVID-19, a global pandemic.

The COVID-19 pandemic resulted in extended government-ordered measures affecting significant portions of the global economy, including in the U.S., Canada, Portugal, Australia and Germany, where we conduct significant business. Although many preventative or protective actions have been eased or lifted in varying degrees, the potential for new and more-transmissible variants means that the situation remains dynamic and subject to rapid and possibly material changes. The public health crisis caused by COVID-19 and the actions taken and continuing to be taken by governments, businesses and the public have adversely affected, and may continue to adversely affect, our business, financial condition and results of operations.

In connection with the COVID-19 pandemic and to comply with mandates and guidance from governmental authorities, we have updated our operational procedures and safety protocols at our facilities. If governmental authorities implement further restrictions in connection with COVID-19 or other infectious diseases, we may be required to take further action, which could include a short or long-term closure of our facilities or reduction in workforce. These measures may impair our production levels or cause us to close or severely limit production at one or more facilities. Further, our operations could be adversely impacted if suppliers, contractors, customers and/or transportation carriers are restricted or prevented from conducting business activities. For example, cannabis retail stores in certain Canadian markets may close voluntarily or be forced by local governments to close or modify their operations, reducing our ability to distribute adult-use cannabis.

Reliva's operations in the U.S. may be impacted by regulatory action and approvals from the Food and Drug Administration.

Reliva sells and distributes certain products containing hemp-derived CBD, and as such, there is a risk that the FDA or state or local departments of health will seek to stop Reliva from selling its products or seek to have the claims made for those products revised. On December 20, 2018, the Farm Bill, which included the language of the *Hemp Farming Act of 2018*, removed industrial hemp and hemp-derived products with a THC concentration of not more than 0.3 percent (dry weight basis) from Schedule I of the *Controlled Substances Act*. This has the effect of legalizing the cultivation of industrial hemp for commercial purposes, including the production of CBD and other cannabinoids, except for THC, subject to regulations to be developed by the U.S. Department of Agriculture.

CBD is increasingly used as an ingredient in food and beverages, as an ingredient in dietary supplements and as an ingredient in cosmetics, thereby generating new investments and creating employment in the cultivation and processing of hemp and hemp-derived products. Foods and beverages, dietary supplements, pharmaceuticals, and cosmetics containing CBD are all subject to regulation under the Federal Food, Drug and Cosmetics Act ("FDCA"). The FDA has asserted that CBD is not a lawful ingredient in foods and beverages, supplements and pharmaceuticals (unless FDA-approved), although the FDA has generally refrained from taking enforcement action against those products. CBD-containing products may also be subject to the jurisdiction of state and local health authorities. In recent years, the FDA has issued letters to a number of companies selling products that contain CBD oil derived from hemp, warning them that the marketing of their products violates the FDCA. Although the Company, through Reliva, works to maintain compliance with all applicable regulatory requirements, any potential FDA enforcement action against the Company or Reliva could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products, or a partial or total suspension of the Company's or Reliva's production or distribution of its products. Any such event could have a material adverse effect on our business, financial condition or operations.

The products that Reliva sells and distributes include CBD-containing topicals. On December 29, 2022, U.S. president Joe Biden signed into law the Modernization of Cosmetics Regulation Act of 2022, which significantly expands FDA's enforcement authorities over cosmetics products and imposes new obligations on the cosmetics industry, including requirements relating to GMP, labeling, safety substantiation, facility registration and product listing with the FDA, adverse event reporting and recordkeeping, among others. While the enforcement of requirements under the new legislation will not go into effect until a year or more after the date of enactment, the regulation of Reliva's CBD-containing topical products in the U.S. could become increasingly complex, and compliance with regulatory requirements may take significant additional resources.

The controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and/or products used in such devices (such as vaporizer liquids). The focus is currently on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products - THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some states, provinces, territories and cities in Canada and the U.S. have already taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors or use of such vaporizers. This trend may continue, accelerate and expand.

Cannabis vaporizers in Canada are regulated under the *Cannabis Act* and *Cannabis Regulations*. Negative public sentiment may prompt regulators to decide to further limit or defer the industry's ability to sell cannabis vaporizer products, and may also diminish consumer demand for such products. For instance, Health Canada has proposed new regulations that would place stricter limits on the advertising and promotion of vaping products and make health warnings on vaping products mandatory, although such regulations explicitly exclude cannabis and cannabis accessories. The provincial governments in Quebec, Alberta and Newfoundland and Labrador have imposed provincial regulatory restrictions on the sale of cannabis vape products. These actions, together with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for our vaping products. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions, or remain competitive in face of unexpected changes in market conditions.

This controversy could well extend to non-nicotine vaporizer devices and other product formats. Any such extension could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. Litigation pertaining to vaporizer products is accelerating and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long-term health effects. If the scientific or medical community were to determine conclusively that use of any or all of these products pose long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on cannabis vaporizer products could have a material adverse effect on our business, results of operations and financial condition

We must rely largely on our own market research and internal data to forecast sales and market demand and market prices which may differ from our forecasts.

Given the early stage of the cannabis industry, we rely largely on our own market research and internal data to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources. A failure in the demand for our products to materialize as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect on our business, financial condition and results of operations.

The Canadian excise duty framework affects profitability

Canada's excise duty framework imposes an excise duty and various regulatory-like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the CRA required to comply with this excise framework. Any change in the rates or application of excise duty to cannabis products sold by us in Canada, and any restrictive interpretations by the CRA or the courts of the provisions of the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market.

We may hedge or enter into forward sales, which involves inherent risks.

We may hedge or enter into forward sales of our forecasted right to purchase cannabis. Hedging involves certain inherent risks including: (i) credit risk (the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with us or adversely affect the financial and other terms the counterparty is able to offer us); (ii) market liquidity risk (the risk that we have entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position); and (iii) unrealized fair value adjustment risk (the risk that, in respect of certain hedging products, an adverse change in market prices for cannabis will result in us incurring losses in respect of such hedging products as a result of the hedging products being out-of-the-money on their settlement dates).

There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect us from adverse changes in price fluctuations, it may also prevent us from fully benefitting from positive changes in price fluctuations.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect the Company's business operations, results of operations and financial condition.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Most recently, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the U.S. Federal Deposit Insurance Corporation ("FDIC") as receiver. Similarly, on March 12, 2023, Signature Bank was also placed into receivership, and, on May 1, 2023, First Republic Bank ("First Republic"), was also placed into receivership, with the FDIC accepting a bid from JPMorgan Chase Bank to assume all deposits, including all uninsured deposits, and substantially all assets of First Republic. Although the Company does not currently have any deposits at or credit facilities with such banks, some of our current vendors and/or customers might be affected. If the failure of any bank causes any of our vendors and/or customers to face financial difficulties, it could lead to a delay or inability to deliver goods and services to us or a delay or inability for our customers to pay for our products and services. On March 20, 2023, UBS Group AG agreed to buy Credit Suisse Group AG in a Swiss government-brokered deal. Despite the steps taken by central banks and other regulators to contain the effects of events affecting these financial institutions on the broader global financial system, it is not possible to predict whether other financial institutions will suffer similar problems. In the event of bankruptcy of any of the financial institutions in which the Company has deposits or investment assets, the Company may not be able to recover any such deposits or investment assets in full. Any further developments that might adversely impact financial institutions to which we have exposure to could materially and adversely affect our business, results of operations, and overall financial condition.

Internal Controls over Financial Reporting

Disclosure Controls and Procedures

As required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, we have evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures("DC&P") (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report. Disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the CSA and SEC.

Based upon the evaluation, our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that our disclosure controls and procedures were not effective as of March 31, 2023 at the reasonable assurance level due to the material weakness described below under "Management's Assessment on Internal Control Over Financial Reporting." As a result of the material weakness identified, we performed additional analysis and other post-closing procedures. Notwithstanding this material weakness, management has concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, the financial position of the Company at March 31, 2023 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and KPMG LLP, an independent registered accounting firm, has issued an unqualified opinion on our consolidated financial statements as of and for the period ended March 31, 2023.

Changes to Internal Control over Financial Reporting

In fiscal 2023, the Company underwent a series of changes that materially affected or are reasonably likely to continue to materially affect the Company's internal controls over financial reporting ("ICFR"). Management has continued efforts to develop and enhance the performance of ICFR, as described below.

Continued Enhancement of Internal Controls over Financial Reporting

In fiscal 2023, management implemented a number of business process and control improvements to address the material weaknesses disclosed in the Company's 2022 annual reporting and Q1, fiscal 2023 quarterly reporting, respectively, including:

- Hiring additional accounting personnel with appropriate knowledge and experience with technical accounting over complex transactions, complementing the existing accounting function expertise and to enable appropriate staffing levels for the control environment
- Improving the controls over completeness and accuracy of company data and information used in the preparation of complex spreadsheets
- Modifying existing controls and implementing new controls that operated effectively to address known system limitations regarding assurance and segregation of duties

This resulted in the remediation of material weaknesses related to the control environment and insufficient personnel, controls over complex spreadsheets, and the IT general controls specific to the European business component.

Transformation Initiatives

During the period, the Company continued to implement changes aligned to its business transformation plan and drive toward EBITDA and positive cashflow, which included decommissioning of redundant systems and applications. These changes subsequently impacted business-level processes and controls, including changes in IT process and control ownership.

Acquisition of Controlling Interest in Bevo Agtech Inc.

On August 25, 2022, the Company acquired a 50.1% controlling interest in Bevo Agtech Inc., triggering the Company's business combination controls with respect to the purchase price allocation ("PPA") of the acquired interest. While management has extended its oversight and monitoring processes that support our ICFR, we continue to review and assess Bevo Agtech Inc.'s ICFR framework, which may result in additions or changes to the Company's overall ICFR or processes.

Management's Assessment on Internal Control over Financial Reporting

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and as required by Rule 13a-15(f) and 15d-5(f) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR"). The Company's management, including the CEO and CFO, has designed ICFR based on the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. ICFR has inherent limitations. ICFR is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. ICFR also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by ICFR. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management, under the supervision and with the participation of our CEO and CFO and oversight of the Board of Directors, evaluated the effectiveness of our ICFR as of March 31, 2023 against the COSO Framework. Based on this evaluation, management concluded that a material weakness existed as of March 31, 2023, as described below, and due to this material weakness, ICFR is not effective as of March 31, 2023.

Management Review Controls: The Company did not consistently execute and document sufficiently precise management review controls, impacting impairment of goodwill, intangible assets and property, plant & equipment, lease accounting, business combinations and purchase price allocation, inventory provisioning, and financial statement close processes.

No material errors were identified in the consolidated annual financial statements as a result of the material weakness. This material weakness creates a reasonable possibility that material misstatements in interim or annual financial statements would not be prevented or detected on a timely basis.

KPMG LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements and has issued an adverse report on the effectiveness of Internal Control over Financial Reporting.

Management has excluded the acquisition of a controlling interest in Bevo AgTech Inc. from its assessment of effectiveness of DC&P and ICFR as of March 31, 2023.

Selected financial information from the consolidated statement of comprehensive loss for the excluded controls related to the acquired business

	($ thousands)
Total revenue	$20,681
Net loss	$1,268

Selected financial information from the consolidated statement of financial position for the excluded controls related to the acquired business

	($ thousands)
Total Current Assets	$25,386
Total Non-Current Assets[1]	$39,869
Total Current Liabilities	$21,207
Total Non-Current Liabilities	$45,315

[1] As the goodwill and intangible assets acquired in the Bevo Agtech Inc. acquisition were tested as part of the Company's testing of DC&P and ICFR, as applicable, they have been excluded from the table above.

Remediation Plan

Management, with oversight from the Audit Committee will continue to implement remediation measures related to the identified material weakness, with a continued focus on reducing the reliance on manual review procedures over data and information in key business processes, providing training to control owners, and enhancement to business processes and controls as the Company continues to mature its processes.

Management has implemented, and continues to implement, control improvements within the Business Combinations business process; however, due to the nature of the non-recurring controls that are only triggered in the event of business combination activities (i.e. mergers and acquisitions), management is unable to re-test a second instance in the fiscal 2023 period to assess whether deficient controls have been remediated.

We believe these measures, and others that may be implemented, will remediate the material weakness in ICFR described above.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- pro forma measures including revenue, cash flow, adjusted gross margin before fair value adjustments, expected SG&A run-rates, and grams produced;
- the Company's ability to fund operating activities and cash commitments for investing and financing activities for the foreseeable future;
- expectations regarding production capacity, costs and yields;
- statements made under the heading "Our Strategy";
- statements made with respect to the anticipated disposition of legal claims disclosed under the heading "Contingencies";
- the Company's objective to deliver profitability and positive operating cash flow;
- the acquisition of Bevo and associated impact on revenue the creation of long-term value;
- future strategic opportunities;
- growth opportunities including the expansion into additional international markets;
- expectations related to the increased legalization of medical and consumer markets, including the United States;
- the repositioning and improvements in the Company's consumer business, and associated impact on future profitability and access to new global consumer markets as they open;
- competitive advantages and strengths in Canadian and international medical cannabis, scientific leadership, multi-jurisdictional regulatory expertise , compliance, testing, cultivar breeding and product quality;
- product portfolio and innovation, and associated revenue growth and impact on future long-term success;

- licensing of genetic innovations to other licensed producers and associated impact on revenue growth;
- expectations regarding biosynthetic production and associated intellectual property;
- critical success factors in the cannabis industry, including financial health and thoughtful capital allocation; and
- the availability of funds under the Company's 2023 Shelf Prospectus

Forward looking information or statements contained in this document have been developed based on assumptions management considers to be reasonable. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. These risks include, but are not limited to, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and facilities improvements, the risk of successful integration of acquired business and operations, management's estimation that SG&A will grow only in proportion of revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from cannabis growing operations, product demand, changes in prices of required commodities, competition, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, COVID-19, and other risks as set out under "Risk Factors" contained herein. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking statements.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this MD&A and in the documents incorporated by reference herein are expressly qualified by this cautionary statement.

Cautionary Statement Regarding Certain Non-GAAP Performance Measures

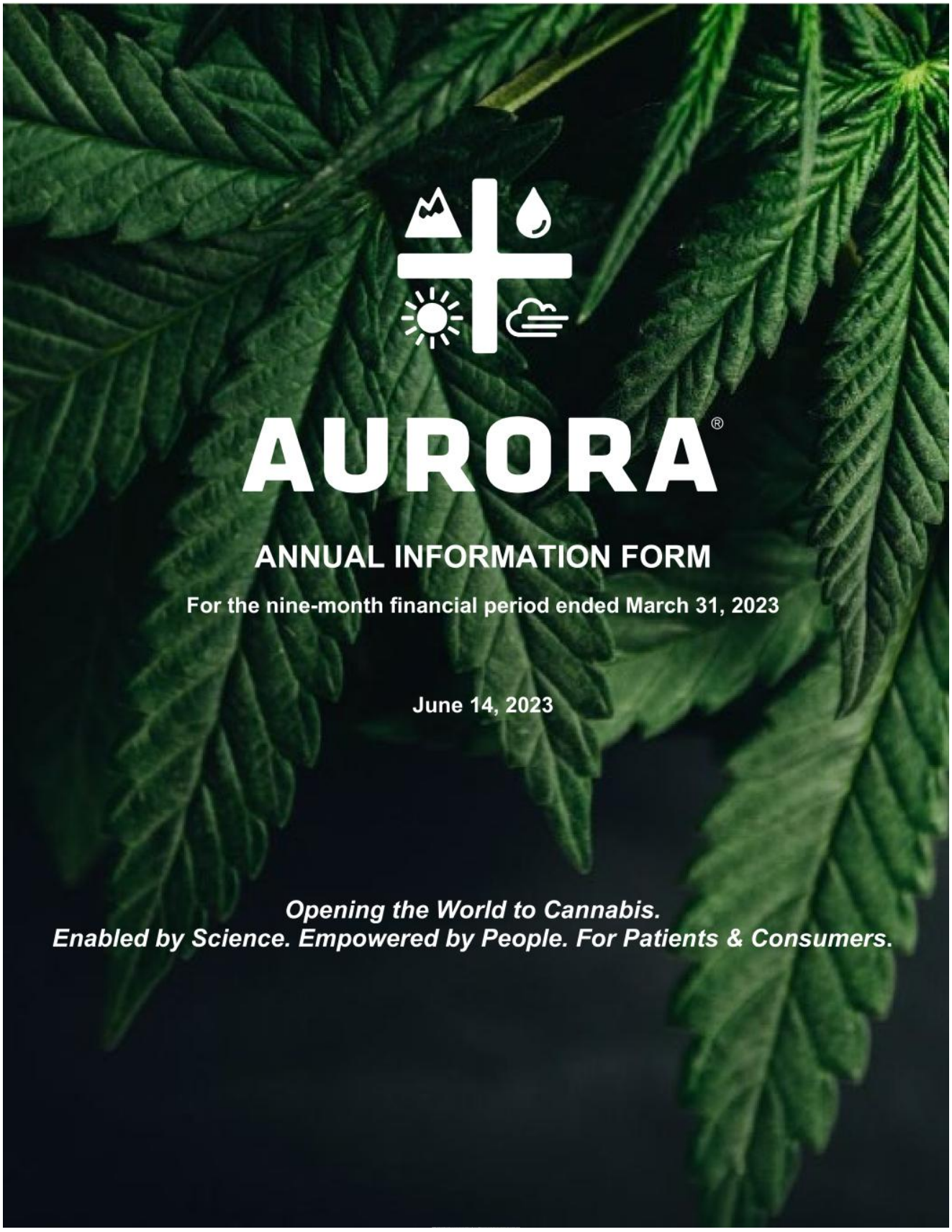
This MD&A contains certain financial performance measures that are not recognized or defined under IFRS ("Non-GAAP Measures"). As a result, this data may not be comparable to data presented by other licensed producers of cannabis and cannabis companies. For an explanation of these measures to related comparable financial information presented in the consolidated Financial Statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company. These Non-GAAP Measures include, but are not limited, to the following:

- Cannabis net revenue represents revenue from the sale of cannabis products, excluding excise taxes. Cannabis net revenue is further broken down as follows:
    - Medical cannabis net revenue represents Canadian and international cannabis net revenue for medical cannabis sales only.
    - Consumer cannabis net revenue represents cannabis net revenue for consumer cannabis sales only.
    - Wholesale bulk cannabis net revenue represents cannabis net revenue for wholesale bulk cannabis only.
- Management believes the cannabis net revenue measures provide more specific information about the net revenue purely generated from our core cannabis business and by market type.
- Average net selling price of dried cannabis excluding bulk sales, is calculated by taking net revenue from dried cannabis, less net revenue from wholesale bulk cannabis sold in the period, which is then divided by total grams and gram equivalent of cannabis sold in the period. Management believes the average net selling price per gram or gram equivalent measure provides more specific information about the pricing trends over time
- Gross profit and margin before FV adjustments on cannabis net revenue is calculated by subtracting (i) cost of sales, before the effects of changes in FV of biological assets and inventory, and (ii) cost of sales from plant propagation ancillary support functions, from total cannabis net revenue. Gross margin before FV adjustments on cannabis net revenue is calculated by dividing gross profit before FV adjustments on cannabis net revenue divided by cannabis net revenue. Management believes that these measures provide useful information to assess the profitability of our cannabis operations as it excludes the effects of non-cash FV adjustments on inventory and biological assets, which are required by IFRS.
- Adjusted gross profit and margin before FV adjustments on cannabis net revenue represents cash gross profit and gross margin on cannabis net revenue and is calculated by subtracting from total cannabis net revenue (i) cost of sales, before the effects of changes in FV of biological assets and inventory; (ii) cost of sales from plant propagation ancillary support functions; and removing (iii) depreciation in cost of sales; (iv) cannabis inventory impairment; and (v) business transformation, non-recurring, and out-of-period adjustments. Adjusted gross margin before FV adjustments on cannabis net revenue is calculated by dividing adjusted gross profit before FV adjustments on cannabis net revenue divided by cannabis net revenue. Adjusted gross profit and gross margin before FV adjustments on cannabis net revenue is further broken down as follows:
    - Adjusted gross profit and gross margin before FV adjustments on medical cannabis net revenue represents gross profit and gross margin before FV adjustments on sales generated in the medical market only.
    - Adjusted gross profit and gross margin before FV adjustments on consumer cannabis net revenue represents gross profit and gross margin before FV adjustments on sales generated in the consumer market only.
    - Adjusted gross profit and gross margin before FV adjustments on wholesale bulk cannabis net revenue represents gross profit and gross margin before FV adjustments on sales generated from wholesale bulk cannabis only.
- Management believes that these measures provide useful information to assess the profitability of our cannabis operations as it represents the cash gross profit and margin generated from cannabis operations and excludes (i) out-of-period adjustments to

provide information that reflects current period results; and (ii) excludes the effects of non-cash FV adjustments on inventory and biological assets, which are required by IFRS.

- Adjusted EBITDA is calculated as net income (loss) from continuing operations excluding income tax expense (recovery), other income (expenses), share-based compensation, depreciation and amortization, acquisition costs, changes in fair value of inventory sold, inventory impairment adjustments, changes in fair value of biological assets, costs related to our business transformation, out-of-period adjustments, non-recurring items and costs related to business operations focused on developing international markets prior to commercialization. Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare Aurora to its competitors, and derive expectations of future financial performance for Aurora, and excludes out-of-period adjustments that are not reflective of current operating results.
- Management believes that working capital is an important liquidity measure and is defined as current assets less current liabilities as stated on the Company's Consolidated Statements of Financial Position.
- Adjusted SG&A is defined as SG&A, less business transformation, non-recurring, market development, and out-of-period costs. Management believes this measure provides useful information to assess the recurring costs of our operations.
- Adjusted R&D is defined as R&D, less business transformation, non-recurring and out-of-period costs. Management believes this measure provides useful information to assess the recurring costs of our operations.

Non-GAAP Measures should be considered together with other data prepared accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to Aurora's management. Accordingly, these Non-GAAP Measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.


AURORA®
ANNUAL INFORMATION FORM
For the nine-month financial period ended March 31, 2023
June 14, 2023
Opening the World to Cannabis.
Enabled by Science. Empowered by People. For Patients & Consumers.

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ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise noted or the context indicates otherwise, the "Company", "Aurora", "we", "us" and "our" refer to Aurora Cannabis Inc. and its subsidiaries.

All financial information in this Annual Information Form is prepared in Canadian dollars, unless otherwise indicated, and using International Financial Reporting Standards as issued by the International Accounting Standards Board. The information contained herein is dated as of June 14, 2023, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**"). These forward-looking statements are made as of the date of this Annual Information Form and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- pro forma measures including revenue, cash flow, adjusted gross margin before fair value adjustments, expected selling, general and administrative ("**SG&A**") run-rates, and grams produced;
- the strategy of the Company and other matters discussed under the heading "Our Strategy";
- the anticipated disposition of legal claims disclosed under the heading "Legal Proceedings and Regulatory Actions";
- the Company's ability to deliver positive EBITDA and operating cash flow;
- the Company's ability to fund operations until the Company is cash flow positive;
- planned cost efficiencies, including, but not limited to, operational efficiencies and other reductions in SG&A expenses;
- expectations related to the development and legalization of adult recreational and medical markets;
- growth opportunities, including the expansion into additional international adult recreational markets;
- expectations related to the Company's ability to participate in the adult recreational market in Germany when it opens;
- the Company's product portfolio and innovation;
- competitive advantages including, but not limited to, medical and scientific leadership, multi-jurisdictional regulatory expertise, and the Company's ongoing investment in cannabis breeding and genetics;
- expectations regarding biosynthetic production and associated intellectual property;
- the acquisition of Thrive and associated benefits;
- the acquisition of a majority stake in Bevo and associated benefits; and
- the impact of the COVID-19 pandemic on the Company's business, operations, capital resources and/or financial results.

Forward looking information or statements contained in this Annual Information Form have been developed based on assumptions management considers to be reasonable. Material factors or assumptions involved in developing forward-looking statements include, without limitation, publicly available information from governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable.

Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. These risks include, but are not limited to, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and facilities improvements, the risk of successful integration of acquired business and operations, management's estimation that SG&A will grow only in proportion of revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from cannabis growing operations, product demand, changes in prices of required commodities, competition, and the possibility for changes in laws, rules, and regulations in the industry, epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, and other risks as set out under "Risk Factors" contained herein. Readers are urged to consider the risks, uncertainties and assumptions

carefully in evaluating the forward-looking statements.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Company on the date hereof, no assurance can be given as to future results, approvals or achievements. Forward-looking statements contained in this Annual Information Form and in the documents incorporated by reference herein are expressly qualified by this cautionary statement.

KEY TERMS	
ACE	Aurora Cannabis Enterprises Inc., a wholly owned subsidiary of the Company and license-holder
AIF or Annual Information Form	this annual information form of the Company dated June 14, 2023 for the nine-month financial period ended March 31, 2023
Aurora or the Company	Aurora Cannabis Inc.
Aurora Coast	Aurora's research facility dedicated to cannabis breeding located in Comox, British Columbia
Aurora Germany	Aurora Deutschland GmbH, a wholly owned subsidiary of the Company
Aurora River	Aurora's production facility located in Bradford, Ontario
Aurora Sky	Aurora's former production facility located at Edmonton International Airport
BCBCA	*Business Corporations Act* (British Columbia)
Bevo	Bevo Agtech Inc., of which the Company owns a controlling (50.1%) interest
Board	Board of Directors of the Company
Cannabis Act	*Cannabis Act* (S.C. 2018, c. 16), which sets out the legal framework for controlling the production, distribution, sale and possession of cannabis across Canada
Cannabis Regulations	the regulations enacted under the Cannabis Act that set out the rules and standards that apply to the production, distribution, sale, importation and exportation of cannabis by federal licence holders
CannaHealth	CannaHealth Therapeutics Inc., a company with assets in the Canadian medical aggregator space which the Company acquired on September 30, 2022
CanniMed	CanniMed Therapeutics Inc., a former wholly owned subsidiary of the Company which amalgamated to form ACE on July 1, 2020
CanvasRx	CanvasRx Inc., a wholly owned subsidiary of the Company
CBD	cannabidiol, an active ingredient and one of the primary cannabinoids derived from cannabis plants
Common Shares	common shares in the capital of the Company
COVID-19	the novel coronavirus known as COVID-19
CUMCS	Control Union Medical Cannabis Standard GACP certification, the leading certification standard for medical cannabis cultivation
EBITDA	earnings before interest, taxes, depreciation, and amortization
EU GMP	European Union Good Manufacturing Practices
FDA	the Food and Drug Administration, the federal agency of the U.S. Department of Health and Human Services
Health Canada	the Canadian Ministry of Health for Canada having regulatory oversight over and administration of the Cannabis Act
Industrial Hemp Regulations	the regulations enacted under the Cannabis Act that set out the rules and standards that apply to the commercial production of industrial hemp
KPMG	KPMG LLP, an independent registered public accounting firm and the Company's auditors
Licensed Producer	an entity that holds all valid licenses in the jurisdiction it operates to cultivate cannabis
MedReleaf	MedReleaf Corp., a former wholly owned subsidiary of the Company which amalgamated to form ACE on July 1, 2020
Nasdaq	Nasdaq Global Select Market
NI 51-102	National Instrument 51-102 - *Continuous Disclosure Obligations* adopted by the Canadian Securities Administrators
NI 52-110	National Instrument 52-110 - *Audit Committees* adopted by the Canadian Securities Administrators
NYSE	New York Stock Exchange, the Company's former U.S. exchange
Reliva	Reliva, LLC, a wholly owned subsidiary of the Company
SEC	U.S. Securities and Exchange Commission
THC	tetrahydrocannabinol, the principal psychoactive constituent of cannabis

Thrive	Thrive Cannabis Inc., a wholly owned subsidiary of the Company
TSX	Toronto Stock Exchange
UK	United Kingdom
U.S. or USA	United States of America
U.S. Exchange Act	*Securities Exchange Act* of 1934
WMMC	Whistler Medical Marijuana Inc., a wholly owned subsidiary of the Company

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the BCBCA on December 21, 2006 under the name "Milk Capital Corp". Effective October 2, 2014, the Company changed its name to "Aurora Cannabis Inc.".

The Company's head office is located at 3498 63 Avenue, Leduc, Alberta, T9E 0G8, and its registered office is located at Suite 1700, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

The Common Shares are listed on the TSX and Nasdaq under the trading symbol "ACB" and on the Frankfurt Stock Exchange under the symbol "21P". Until May 24, 2021, the Common Shares were listed on the NYSE. On May 24, 2021, the Common Shares were delisted from the NYSE in order to list on the Nasdaq. Aurora is a reporting issuer in all of the provinces of Canada and is reporting in the U.S. under the *Securities Act of 1933.*

Intercorporate Relationships

As of the date of this AIF, the Company operates its businesses through the following material wholly owned subsidiaries:

- **Aurora Cannabis Enterprises** Inc., a holder of licenses under the Cannabis Act, which was formed under the *Business Corporations Act* (Alberta) on July 1, 2020 through the amalgamation of MedReleaf, CanniMed, CanniMed Ltd., Prairie Plant Systems Ltd. and the former Aurora Cannabis Enterprises Inc.,
- **Aurora Germany,** a limited liability company under German law, which is a registered wholesale importer, exporter and distributor of medical cannabis in Germany and which we acquired on May 30, 2017.
- **CannaHealth,** a company with assets in the Canadian medical aggregator space and incorporated under the *Business Corporations Act* (Ontario), which we acquired on September 20, 2022.
- **Reliva LLC**, a Delaware corporation, which we acquired on May 28, 2020.
- **Thrive,** a holder of licenses under the Cannabis Act, which was incorporated under the *Business Corporations Act* (Ontario) and holds the Thrive Facility. We acquired Thrive on May 5, 2022.
- **WMMC**, a holder of licenses under the Cannabis Act, which was incorporated under the BCBCA and holds the WMMC Pemberton Facility. We acquired WMMC on March 1, 2019.

GENERAL DEVELOPMENT OF THE BUSINESS

Developments during the financial year ended June 30, 2021

During fiscal 2021, the Company continued to execute on its corporate re-set goals announced in February 2020, and a tactical plan intended to grow Aurora's market share in key profitable Canadian consumer categories, protect and enhance Aurora's leading market share in Canadian medical, and grow the international medical business. Key highlights for fiscal 2021 include:

Continuation of corporate re-set and cost rationalization

- On September 8, 2020, the Company announced it had reached an agreement with its syndicate of banks regarding amendments to its credit facility and subsequently, on December 16, 2020, that it had reached an agreement regarding a second amended and restated credit facility (the "**Amended Credit Facility**"). Both amendments were implemented to provide additional flexibility during the Company's business transformation plan. The Amended Credit Facility transitioned the facility to a minimum liquidity covenant rather than a minimum EBITDA covenant and extended the maturity of the Amended Credit Facility to December 31, 2022. On June 1, 2021, the Company repaid the Amended Credit Facility in full, without penalty and at the Company's discretion, in the amount of approximately $89 million including accrued interest. The repayment resulted in interest and scheduled principal repayment reductions of approximately $25 million over the following year based on the outstanding balance at the time of repayment.
- On October 28, 2020, the Company filed a short form base shelf prospectus (the "**2020 Shelf Prospectus**") with securities regulators in each of the provinces of Canada, except Québec (the "**Canadian Regulators**"), and a corresponding shelf registration statement on Form F-10 with the SEC (the "**2020 Registration Statement**"). The 2020 Shelf Prospectus allowed the Company to make offerings of up to US$500 million of Common Shares, preferred shares, warrants, subscription receipts and debt securities, or any combination thereof during the 25-month period that it remained effective.

The 2020 Shelf Prospectus was filed in order to provide the Company with continued financial flexibility to execute against previously stated business objectives. The 2020 Shelf Prospectus expired on November 29, 2022.

- The Company subsequently filed a prospectus supplement to the 2020 Shelf Prospectus on November 13, 2020 relating to an overnight marketed public offering (the "**Offering**") of units of the Company at a price of US$7.50 per unit. The Offering closed on November 16, 2020, for total gross proceeds of US$172.5 million. Each unit was comprised of one Common Share and one half of one warrant. Each full warrant is exercisable to acquire one Common Share for a period of 40 months following the closing date of the Offering at an exercise price of US$9.00, subject to adjustment in certain events. The Company granted the underwriters a 30-day option to purchase up to an additional 15% of the units offered in the proposed Offering on the same terms and conditions. The Company sold 23,000,000 units at a price of US$7.50 per unit, including 3,000,000 units sold pursuant to the exercise in full of the underwriters' overallotment option. Net proceeds were intended to fund growth opportunities, and for working capital and other general corporate purposes.
- On December 16, 2020, the Company announced it had shuttered operations at its Aurora Sun facility and had reduced production at its Aurora Sky facility by 75% to test new processes and methodologies proven successful at other cultivation sites in Aurora's network.
- On January 21, 2021, the Company entered into an agreement with a syndicate of underwriters led by BMO Capital Markets ("**BMO**") and ATB Capital Markets ("**ATB**"), under which the underwriters agreed to buy on a bought deal basis 12,000,000 units of the Company at a price of US$10.45 per unit for gross proceeds of approximately US$125 million (the "**2021 Offering**"). Each unit was comprised of one Common Share and one half of one warrant. Each whole warrant is exercisable to acquire one Common Share for a period of 36 months following the closing date at an exercise price of US$12.60, subject to adjustment in certain events. The Company granted the underwriters an option, exercisable at the offering price for a period of 30 days following the closing, to purchase up to an additional 10% of the 2021 Offering to cover over-allotments, if any. The Company subsequently filed a prospectus supplement to the 2020 Shelf Prospectus, and the 2021 Offering closed on January 26, 2021 for total gross proceeds of US$137.9 million. The Company sold 13,200,000 units at a price of US$10.45 per unit, including 1,200,000 units sold pursuant to the exercise in full of the underwriters' over-allotment option.
- On March 30, 2021, the Company filed a new short form base shelf prospectus (the "**2021 Shelf Prospectus**") to qualify the issuance of up to US$1 billion of Common Shares, preferred shares, warrants, subscription receipts and debt securities during the 25-month period that it remained effective. The 2021 Shelf Prospectus was filed to provide maximum flexibility to pursue strategic initiatives. The 2021 Shelf Prospectus expired on April 29, 2023, and was replaced by the 2023 Shelf Prospectus (as defined below). Please refer to "*Developments subsequent to the nine-month financial period ended March 31, 2023*" for more information.
- On May 13, 2021, the Company announced updates to its cost structure transformation, including the identification of further cost savings of $60 million to $80 million annually, expected to be achieved within 18 months of the announcement date.
- On May 20, 2021, the Company filed a supplement to the 2021 Shelf Prospectus (the "**ATM Supplement**") establishing a new at-the-market (ATM) program that allowed the Company to issue and sell up to US$300 million of Common Shares from treasury to the public, from time to time, at the Company's discretion (the "**ATM Program**"). Any Common Share sales under the ATM Program were made through "at-the-market distributions" as defined in National Instrument 44-102 – *Shelf Distributions* and sold through Nasdaq at the prevailing market price at the time of sale, or in privately negotiated transactions. No sales were made through a stock exchange or stock market in Canada. Distributions of Common Shares through the ATM Program were made pursuant to the terms of a sales agreement among the Company and a syndicate of agents led by Citigroup Global Markets Inc. and Cowen and Company, LLC and including BMO, ATB, and Canaccord Genuity LLC (the "**ATM Sales Agreement**"). The ATM Program ceased on April 29, 2023, concurrent with the expiry of the 2021 Shelf Prospectus. The Company may in the future file a supplement to the 2023 Shelf Prospectus (as later defined) in order to utilize a new ATM program. Please refer to "*Developments subsequent to the nine-month financial period ended March 31, 2023*" for more information.
- Effective after market close on May 24, 2021, the Company transferred its U.S. stock exchange listing from the NYSE to Nasdaq. Transferring the listing to Nasdaq was part of the Company's previously announced cost efficiency initiatives and aligns the Company with other cannabis peers on an exchange known for innovative and growth-oriented companies.

Corporate updates, executive leadership changes and Board transitions

- On July 6, 2020, the Company appointed Miguel Martin as Chief Commercial Officer of the Company, replacing Darren Karasiuk. Mr. Martin was subsequently appointed Chief Executive Officer on September 8, 2020, replacing Michael Singer who held that position on an interim basis from February 6, 2020.
- On September 22, 2020, Jason Dyck resigned from the Board in order to pursue other opportunities.
- On December 18, 2020, Jonathan Page retired from his position as Chief Science Officer and transitioned to a senior science advisor to the Company.
- Effective March 31, 2021, Allan Cleiren retired from his position as Chief Operating Officer of the Company and subsequently on April 30, 2021, Debra Wilson retired from her position as Executive Vice-President, Human Resources.

- On May 13, 2021, Ron Funk was appointed Chairman of the Board, replacing Michael Singer who maintains a seat on the Board. This transition reflected the strength of management and the Board's planned governance enhancements to include an independent Chairman. The Company also announced the appointment of Alex Miller to the role of Executive Vice President, Operations and Supply Chain, and Lori Schick to the role of Executive Vice President, Human Resources. Mr. Miller brings 25+ years of experience in food, consumer packaged goods and pharmaceutical industry experience in operations and supply chain leadership positions, most recently as Vice President, Operations at MAV Beauty Brands Inc. Ms. Schick brings over 20 years of global human resources leadership experience leading organizational transformation and building high performance teams. Most recently, Ms. Schick was Senior Vice President and Head of People at Holt, Renfrew & Co.

Science and innovation initiatives

- On May 27, 2021, the Company announced the launch of a dedicated science and innovation business group (later named "**Occo**") with the aim of commercializing patented and patent-pending technology that the Company believes will be key in the development of cannabinoid biosynthesis and plant genetics.
- On June 9, 2021, the Company announced the launch of three new proprietary cultivars under the Company's premium adult-use cannabis brand San Rafael '71: Stonefruit Sunset, Lemon Rocket and Driftwood Diesel. The new hybrid and indica cultivars were the first adult-use flower products Aurora commercialized from the Aurora Coast facility, the Company's state-of-the-art research facility dedicated to cannabis breeding, and home to one of the largest and most comprehensive genetic libraries in the world.

Global expansion

- On November 25, 2020, the Company announced it had entered into a supply agreement with Cantek Holdings ("**Cantek**"), one of Israel's leaders in the medical cannabis field. The initial shipment of cannabis under the agreement occurred during the week of November 16, 2020.
- On January 27, 2021, the Company announced it had entered into a strategic agreement with MedReleaf Australia, pursuant to a five-year supply agreement, which provides for MedReleaf Australia to act as the exclusive supplier in Australia for Aurora's MedReleaf, CanniMed and Aurora brands. Products covered by the agreement are EU GMP certified and include dried flower, oils and softgels, as well as future products employing new delivery mechanisms. Please refer to the sections entitled "*Developments during the nine-month financial period ended March 31, 2023*" and "*International Opportunities*" for information on this partnership.
- On May 20, 2021, the Company announced that Aurora Germany and Grow Group PLC, a biopharmaceutical company focused on improving access to cannabis-based medicines in the UK, had extended their strategic relationship by signing a two-year market access services agreement for the UK. This contract terminated during fiscal 2023.

Developments during the financial year ended June 30, 2022

During fiscal 2022, the Company continued to execute against its business transformation plan, with a focus on the most profitable growth opportunities, rationalization of our Canadian cost structure and disciplined use of capital. Key highlights for fiscal 2022 include:

Business transformation plan, balance sheet strength, and cash use

- On September 21, 2021, the Company confirmed the centralization of much of its Canadian manufacturing processes to the Aurora River facility and the resultant closure of the facility known as "Aurora Polaris", located at the Edmonton International Airport.
- On May 5, 2022, the Company completed the acquisition of Thrive for aggregate initial consideration of $38 million paid in cash and Common Shares and up to $30 million in potential earnout amounts payable in cash, Common Shares or a combination of both, subject to Thrive achieving certain revenue targets within two years of closing of the transaction. As of the date of this AIF, $10 million in earnouts has been paid. This acquisition strategically strengthens Aurora's position in the Canadian cannabis market by placing the Thrive team in charge of Aurora's Canadian recreational cannabis portfolio, advancing the shift in focus to innovative premium products including dried flower, pre-rolls, vapour products, and concentrates, and aligned with Aurora's plan and timeline to achieve profitability on an Adjusted EBITDA basis. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and a Business Acquisition Report in Form 51-102F4 was not required to be filed under Part 8 of NI 51-102.
- On May 13, 2022, concurrent with the release of fiscal third quarter results, the Company announced an increase to its original target for expense savings, with an expectation of $150 to $170 million in annualized cost savings by the end of first half fiscal 2023, versus the stated target of $60 to $80 million. Projected savings included further rationalizing of the Company's operational footprint with the closure of the Aurora Polaris facility and the Aurora Sky facility, both located in Edmonton, Alberta. In addition, the Company took steps to further rationalize with the closure of a secondary production site in British Columbia, Alpha Lake, and the closure of Anandia, the Company's third-party testing laboratory. Collectively, these decisions reflected responsible decision making necessary for the financial health and stability of the organization. The Company subsequently identified a profitable opportunity to repurpose the Aurora Sky facility for orchid cultivation

and vegetable propagation with minimal capital investment as part of its acquisition of a controlling interest in Bevo. Please refer to the discussion under "*Developments subsequent to the financial year ended June 30, 2022*" for more details.

- On June 1, 2022, the Company announced the closing of a bought deal offering (the "**2022 Offering**") of units of the Company for gross proceeds of approximately US$172.5 million. The Company sold approximately 70.4 million units at a price of US$2.45 per unit, including approximately 9.2 million Units sold pursuant to the exercise in full of the underwriters' overallotment option. Each unit was comprised of one Common Share and one warrant. Each warrant is exercisable to acquire one Common Share for a period of 36 months following the closing date at an exercise price of US$3.20, subject to adjustment in certain events. In connection with the 2022 Offering, the Company filed a prospectus supplement to the Company's 2021 Shelf Prospectus with the Canadian Regulators, and with the SEC as part of the Registration Statement on May 27, 2022.
- During fiscal 2022, the Company repurchased an aggregate of US$120 million in principal amount of convertible debt at an average discount of 94.9% to par value, for a total discounted cost to repurchase of US$113,875,000, in order to reduce the Company's debt and annual cash interest costs.

Global strategy

- On July 15, 2021, the Company announced the delivery of a cannabis shipment worth nearly $8 million, in one of the largest single shipments of cannabis that Israel has received, through its supply agreement with Cantek. The sale was a significant step in advancing the Company's international medical cannabis business.
- On August 25, 2021, the Company announced that Aurora Germany and Ethypharm SAS ("**Ethypharm**") successfully delivered their initial shipment of cannabis to France in connection with the French medical cannabis pilot program. Aurora and Ethypharm were selected by The National Agency for the Safety of Medicines and Health Products (ANSM) in France to supply the entire medical cannabis dried flower range (three lots of the tender) to French patients during the pilot program. Aurora and Ethypharm signed an agreement to serve the French pilot program in October 2020, leveraging both parties' expertise. Under the terms of the exclusive agreement, Aurora supplies medical cannabis as well as EU GMP manufacturing and logistics support. Ethypharm's French subsidiary, Laboratoires Ethypharm, is responsible for pharmaceutical distribution in France. The pilot program is expected to run until March 2024 and lead to market generalization if successful.
- On November 8, 2021, the Company announced that Aurora Nederland B.V. had entered into an agreement to invest in an equity stake in Netherlands-based Growery B.V. ("**Growery**"), one of the license holders entitled to participate in the Controlled Cannabis Supply Chain Experiment (the "**CCSCE**"). A decision to exit this agreement was made subsequent to the nine-month financial period ended March 31, 2023. Please refer to "*Developments subsequent to the nine-month financial period ended March 31, 2023"* for more details.
- On January 4, 2022, the Company announced the delivery of a cannabis shipment worth approximately $10 million through its supply agreement with Cantek - the Company's largest ever shipment to Israel, and what is believed to be the largest export of medical cannabis into the Israeli cannabis market.
- On May 18, 2022, the Company announced it had received EU GMP certification for its state-of-the-art medical cannabis production facility in Leuna, Germany. As a leading manufacturer of medical cannabis worldwide, achieving EU GMP certification of the Company's first German manufacturing site marked a significant milestone in the fulfillment of an awarded tender by the German Federal Institute for Drugs and Medical Devices (BfArM).

Enhancing the Board and executive leadership team

- On July 26, 2021, the Company announced the appointment of Theresa Firestone to the Board. Ms. Firestone joined the Board following a distinguished career as a senior healthcare executive with leadership positions in Canada, Europe and Asia. An expert in strategic planning, operations and new business development, she has served in various sectors such as retail, healthcare, pharmaceuticals and government. Her experience includes over 15 years of international P&L management, 15 years in senior roles at Pfizer Inc., over ten years at the Ontario Ministry of Health and seven years in retail and health and wellness, including Shoppers Drug Mart where she oversaw the design and launch of the company's medical cannabis business. In addition, Ms. Firestone has more than 20 years of public and private board experience including with Orion Biotechnology, Merus Labs International and several not-for-profit organizations. On January 4, 2022, Ms. Firestone was appointed as the Chair of the Human Resources and Compensation Committee of the Board.
- On January 4, 2022, the Company announced the appointment of Chitwant Kohli to the Board. This is newly added position expanded the Board to nine members, seven of whom are independent. Mr. Kohli joined the Board following a fulsome career as a senior financial executive with significant experience in finance, strategic planning, real estate, and operations. After 29 years of service at Royal Bank of Canada ("**RBC**") where he enhanced RBC's industry leading position, Mr. Kohli retired as Senior Vice President of Enterprise Operations and Payments. In his last role at RBC, he led a global team of 1,800 members and was responsible for operating and expanding the shared services of payments and trade, cash processing, human resources and finance related services. Mr. Kohli also held key executive roles including Senior Vice President of Retail Finance where he was responsible for providing finance leadership for Canadian, U.S. and Caribbean banking, wealth management, insurance, technology and operations, and Global Functions.

- Following the departure of Jillian Swainson, former Chief Legal Officer, the Company welcomed Nathalie Clark as EVP, General Counsel and Corporate Secretary on March 21, 2022. Ms. Clark joined Aurora with over 25 years' experience, during which she has held progressive executive leadership roles in law, compliance, risk management, operations and human resources across retail and financial services. Ms. Clark was most recently the SVP, General Counsel and Corporate Secretary at Computershare Canada where she led the legal function and served as the principal legal advisor to all Canadian lines of business, operations and shared services functions, the Canadian executive team and board of directors. Ms. Clark previously held senior roles including Vice President, Human Resources at TD Securities, Managing Vice President, Chief Operating Officer & General Counsel at Capital One Bank (Canada Branch) and VP, General Counsel & Corporate Secretary for the Canadian Bankers Association. In addition to her legal training, she has completed several business executive training programs including corporate governance, executive leadership and operational excellence. Ms. Clark is a member of both the Québec Bar and the Law Society of Ontario.

Science and product innovation

- On November 16, 2021, the Company announced the naming of its earlier announced genetics licensing business unit – "Occo" - a leading innovator in the scientific discovery and commercial advancement of novel cannabis cultivars, backed by Aurora's state-of-the-art breeding and genetics facility, the Aurora Coast facility, in Comox, British Columbia. Occo, derived from the Latin word for 'tilling of the field,' refers to the brand's reverence for the cannabis plant, and its mission to support the people who grow and consume it. With the largest catalogue of high-quality genetics available for licensing in Canada, Occo is aptly positioned to reach its goals of further developing the scientific understanding of cannabis, commercializing high-quality products, providing value for cannabis growers, and helping to realize the full potential of the cannabis plant. Occo has seen early success, having already commercialized a number of new cultivars with licensed producers.
- On December 14, 2021, the Company, together with 22nd Century Group **("22nd Century**"), announced a three-party non-exclusive agreement to license biosynthesis intellectual property to Cronos Group Inc., intended to assist in the advancement of research and development on the biosynthesis of cannabinoids. Aurora's connection to the biosynthetic production of cannabinoids originated with early work carried out by the Company's former Chief Science Officer on the discovery of key genes within the cannabinoid biosynthesis pathway. Through licensing agreements, Aurora and 22nd Century together share the global intellectual property rights to commercialize key aspects of cannabinoid biosynthesis in plants and microorganisms. The two companies are working closely to enforce their intellectual property against infringing parties, as well as to actively explore commercial development opportunities.

Developments during the nine-month financial period ended March 31, 2023

During fiscal 2023, the Company remained laser-focused on completing its business transformation plan and attaining its goal of positive Adjusted EBITDA through further cost structure rationalization, profitable growth opportunities and disciplined capital deployment. For context, the Company changed its financial year end in this fiscal year and, as such, it represents the three quarters ended March 31, 2023. Key highlights for fiscal 2023 include:

Continued business transformation plan, balance sheet strength, and cash use

- On January 4, 2023, the Company closed the sale of its Aurora Polaris facility for gross proceeds of approximately $15 million, which was previously announced to be closing under the Company's business transformation plan.
- On February 9, 2023, the Company announced its financial and operational results for the fiscal second quarter ended December 31, 2022, including delivery on its commitment to achieve positive Adjusted EBITDA in Q2 2023, following a tremendous effort to realize approximately $340 million of total annualized savings since February 2020.
- During fiscal 2023, the Company repurchased an aggregate of US$99 million in principal amount of convertible debt at an average discount of 96.59% to par value, for a total discounted cost to repurchase of US$95.7 million in order to further reduce the Company's debt and annual cash interest costs.

Accretive acquisitions

- On August 25, 2022, the Company announced it had acquired a 50.1% controlling interest in Bevo, the sole parent of Bevo Farms Ltd., one of the largest suppliers of propagated vegetables and ornamental plants in North America. Concurrent with closing, Bevo entered into an agreement to acquire the Company's Aurora Sky facility. The total cash consideration paid to Bevo on closing was approximately $45 million. Up to an additional $12 million shall be payable to the Bevo selling shareholders over the three years following closing, conditional on Bevo successfully achieving certain financial milestones at its Site One facility in Langley, British Columbia, which additional amounts may be satisfied, at Aurora's option, through the issuance of Common Shares, subject to approval of the TSX. Up to $25 million could be payable over time by Bevo to Aurora in connection with the Aurora Sky vend-in, based on Bevo successfully achieving certain financial milestones at the Aurora Sky Facility. This transaction aligned with the Company's plan to achieve Adjusted EBITDA profitability on a run-rate basis in the first half of fiscal 2023, allowed the Company to immediately benefit from a profitable, cash flow positive and growing business, and may have the potential to drive long term value to the Company's existing cannabis business via the application of Bevo's industry leading plant propagation expertise.
- On September 20, 2022, the Company acquired all of the issued and outstanding shares of CannaHealth, a company with assets in the Canadian medical aggregator space, for $21.9 million payable in cash. Pursuant to Part 8 of NI 51-102,

this acquisition did not constitute a significant acquisition and a Business Acquisition Report in Form 51-102F4 was not required to be filed under Part 8 of NI 51-102.

Product innovation

- On February 22, 2023, the Company and MedReleaf Australia announced the launch of CraftPlant, a new medical cannabis brand for patients in the Australian market. The CraftPlant brand includes three new products available for doctors to prescribe – Greendae, Navana and HiVolt. All three are developed from ultra-premium cultivars and are THC-dominant with high percentages of terpenes. The cultivars were developed by Occo, Aurora's leading science and genetics business. The new range is produced under strict EU GMP certified conditions. The Company currently holds a 10% ownership stake in MedReleaf Australia, a fully licensed, private company. Together, they provide Australian patients with several Aurora-branded products, including dried flower, oils and soft gels.

Nasdaq listing

- On March 24, 2023, the Company issued a news release announcing the receipt of a notification letter (the "**Notification Letter**") from Nasdaq dated the same day advising that the Company was not in compliance with Nasdaq Listing Rule 5450(a)(1) as the bid price of the Company's listed securities had closed at less than US$1.00 per share over the 30 consecutive business days (the "**Minimum Bid Price Requirement**") from February 8, 2023 to March 23, 2023. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has until September 20, 2023, being 180 calendar days from the date of the Notification Letter (the "**Compliance Period**"), to regain compliance with the Minimum Bid Price Requirement. If at any time before the expiration of the Compliance Period the bid price of the Company's common shares (the "Shares") closes at or above US$1.00 per share for a minimum of ten consecutive business days, Nasdaq would be expected to provide written notification that the Company has achieved compliance with the Minimum Bid Price Requirement, subject to Nasdaq's discretion to extend such ten business day period in certain circumstances. The Nasdaq Notification Letter does not affect day-to-day trading and does not result in the delisting of the Company's Shares. The Company intends to continue actively monitoring the bid price for its Shares until the expiration of the Compliance Period and will consider all available options to resolve the deficiency with every intention to regain compliance with the Minimum Bid Price Requirement.

Developments subsequent to the nine-month financial period ended March 31, 2023

- On April 24, 2023, the Company announced it had repurchased an aggregate of approximately $22.3 million (US$16.6 million) principal amount of its convertible debt in multiple transactions since the start of April 2023 at a total cash cost, including accrued interest, of $16.7 million (US$12.4 million) and $5.3 million (US$4.0 million), including accrued interest, satisfied by the issuance of an aggregate ~6.35 million Common Shares. Following completion of these repurchases, the Company has approximately $79 million (US$59 million) of its convertible debt outstanding.
- On April 27, 2023, the Company filed a short form base shelf prospectus (the "**2023 Shelf Prospectus"**) with the Canadian Regulators and a corresponding shelf registration statement on Form F-10 with the SEC (the "**2023 Registration Statement**"). The 2023 Shelf Prospectus, together with the 2023 Registration Statement, replaced the 2021 Shelf Prospectus and qualifies the issuance of US$650 million of Common Shares, warrants, options, subscription receipts, debt securities and/or units during the 25-month period that the 2023 Shelf Prospectus remains effective. Of the US$650 million of securities registered under the 2023 Shelf Prospectus, approximately US$409 million is allocated to the potential exercise of currently outstanding warrants issued in financing transactions from 2020 to 2022. As a result, approximately US$241 million is available for potential new issuances thereunder, which was the approximate amount available for new issuances under the 2021 Shelf Prospectus at the time of its expiry.
- On April 28, 2023, the Company announced the expansion of its portfolio in Germany with the launch of two new cannabis flower products for patients. Pedanios 27/1 FRG CA and Pedanios 29/1 SRD CA are dried cannabis flower with high THC content. Providing patients with a broad spectrum of cannabis products and formats is important to individualized and patient-specific care. With this portfolio expansion, Aurora solidifies its international market-leading position in medical cannabis.
- On June 13, 2023, as a result of regulatory uncertainty and other commercial factors, the Company made a decision to exit the agreement with Growery, one of the license holders entitled to participate in the Netherlands' still-pending CCSCE, in order to focus on other international growth priorities. Upon completion, the Company will not have any material commercial interests in the Netherlands going forward.

DESCRIPTION OF THE BUSINESS

General

The Company's principal strategic business lines are focused on the production, distribution and sale of cannabis and cannabis-derivative products in Canada and internationally. The Company's primary market opportunities are:

- **Global medical cannabis market:** Production, distribution and sale of pharmaceutical-grade cannabis products in countries around the world permitted by government legislation. Currently, there are approximately 50 countries that have implemented regimes for some form of access to cannabis for medical purposes. The Company's current principal medical

markets are in Canada, Germany, UK, Poland, and Australia. Aurora has established a leading market position in most of these countries; and

- **Global consumer use cannabis market:** Currently, only Canada and Uruguay have implemented federally-regulated consumer use of cannabis regimes and the Company has primarily focused on the opportunities in Canada. Longer-term, the Company believes that the increasing success of medical cannabis regimes globally may lead to increased legalization of consumer markets.

In addition, the Company will strategically invest in opportunities that support its principal cannabis operations. On August 25, 2022, a wholly owned subsidiary of the Company acquired a 50.1% controlling interest in Bevo. The acquisition of a controlling interest in Bevo allows the Company to immediately benefit from a profitable, cash flow positive and growing business, and may have the potential to add long term value to Aurora's existing cannabis business via the application of Bevo's industry extensive propagation expertise

Our Strategy

Aurora's strategy is to leverage our diversified and scaled platform, our leadership in global medical markets, and our cultivation, science and genetics expertise and capabilities to drive profitability in our core Canadian and international operations in order to build sustainable, long-term shareholder value

- **Medical Leadership:** Our established leadership in the Canadian and International medical markets positions us well for new regulated medical market openings, as well as potential U.S. federal legalization of medical cannabis. At the core of Aurora's objective to deliver positive EBITDA and operating cash flow is our focus on maintaining and growing our industry leading Canadian and international medical cannabis operations.

  Our Canadian medical platform is characterized by leading market share, high barriers to entry through regulatory expertise, investment in technology and distribution, and unwavering commitment to science, testing and compliance. Our Canadian medical operations allow for a direct-to-patient sales channel that does not rely on provincial wholesalers or private retailers to get product to patients. This direct-to-patient model allows Aurora to achieve sustainable cash gross profit margins (adjusted gross profit before FV) of better than 60% with substantially better pricing power relative to the Canadian adult-use segment.

  Our leadership in the International medical cannabis segment provides us with what we expect to be a high growth, profitable business segment that generally delivers cash gross profit margins exceeding 60%. Our expertise in managing the complexity of multiple jurisdictions' regulatory frameworks and relationships, as well as providing export and in-country EU GMP and other key certificated cannabis production, are capabilities that allow us to win new businesses as new medical and recreational markets open.

- **Consumer Repositioning:** Leveraging our leading strength in science, cultivation and post-harvest processing, and the acquisition of the Thrive business, we believe that our changes to leadership and internal processes have now positioned Aurora to build a profitable and growing Canadian consumer business. Advances in Aurora production related to cultivar breeding, cultivation, and post-harvest techniques have repositioned the Aurora flower portfolio to one that has the characteristics that consumers are looking for: high THC and terpene levels, and distinctive experiences. These advances have also driven significant improvement in per unit production costs with higher yields and consistent delivery of specification resulting in all-in per unit costs for Aurora's new and exciting portfolio that are a 30% or better improvement from our legacy cultivars. We have also refocused our innovation pipeline for efficient delivery of targeted new products and line extensions. The pace of innovation required to compete in the current Canadian consumer market is significant, with most new products delivering 80% of their lifetime value in the six to nine months following launch.

  Combined, Aurora's ability to deliver products that deliver exceptional customer value in all price tiers, while at the same time achieving strong contribution and gross margins, allow us to build a profitable and growing business, and provide the know-how to leverage these lessons into future global consumer markets that are expected to open over the next few years.

- **Science Leadership - Genetics, Breeding, Biosynthetics:** Our scientific leadership and ongoing investment in cannabis breeding and genetics continue to provide Aurora with a strong competitive advantage in international and domestic medical and Canadian consumer channels. Our breeding program, located at Aurora Coast, a state- of-the-art facility in Vancouver Island's Comox Valley, has produced 10 new cultivar launches in Canada during fiscal 2023; two of these – Sourdough and Farm Gas – have also been launched in Europe and Australia and are expected to drive revenues by injecting rotation and variety into our product pipeline, specifically in the super high THC category. These new cultivars have consistently delivered high potency flower with intensely aromatic profiles – critical attributes to delight consumers and deliver the effects patients are seeking. Since its first harvest in spring 2022, Sourdough has consistently delivered >28% THC (average of 28.8%) in our San Rafael brand and a number of our new launches have achieved >30% THC. As we look ahead, we plan to continue to roll out a robust pipeline of new flower product on a quarterly basis to global markets.

  In addition, high quality and high potency cultivars that also deliver meaningful improvements in yield are setting Aurora up for long-term success with lower per gram cultivation costs, providing Aurora with the ability to leverage significantly more yield on a g/m^2 basis than our competitors. Starting with Farm Gas in Spring 2022, Aurora now has a suite of cultivars that all deliver significantly higher volume of premium- quality flower than our legacy portfolio, in some cases doubling

traditional cultivars. Aurora's "next-generation" cultivars, developed in-house and produced across our network of sites, allow us to produce top quality flower at industry leading margins.

- **Global and U.S. Expansion:** We believe that the global expansion of cannabis medical and recreational markets is just beginning. The Company believes its strengths in navigating complex regulatory environments, compliance, testing, cultivar breeding, genetic science, and cultivating high quality cannabis are essential strengths that create a repeatable, credible and portable process to new market development. These drive our current leadership in international medical markets which should allow us to win as new medical markets emerge and potentially transition to recreational markets. For instance, Aurora and its partner won three of nine awarded tenders, representing all of the available dry flower tenders, in the French medical cannabis trial program, a large medical market expected to open fully in the next two years. In addition, Aurora is at the forefront of large developing federally legal consumer markets and a leading position in the German medical market as that country's government works toward introducing consumer market legislation.

  We also believe that the U.S. cannabis market will eventually be federally regulated, with states' rights respected, in a framework similar to every other comparable market. The timeframe for this is unknown but Aurora is well positioned to create significant value for our shareholders once that federal permissibility allows. Our strategic strengths of medical and regulatory expertise in a federal framework, and our scientific expertise, including genetics, breeding, and biosynthetics, position us as a partner of choice and position us to be successful in lucrative components of the cannabis value chain.

- **Financial Leadership in a Rapidly Maturing Industry:** Aurora believes that profitable growth, smart capital allocation and balance sheet health are critical success factors in such a dynamic and rapidly developing global industry. Our medical business, with country diversification, growth, and strong gross margins provides the foundation for profitability and positive cash flow. To complete the progression to positive cash flow, Aurora is continuing to right size SG&A costs, centralize and optimize production facilities, and leverage the Company's cultivar breeding success to shift the Company's portfolio in the Canadian consumer business to high margin segments of the market.

  Aurora has one of the strongest balance sheets in the Canadian cannabis industry with approximately $230.1 million of cash and cash equivalents on hand, including $66 million of restricted cash and $79.7 million outstanding in convertible debentures as of June 14, 2023, and access to the 2023 Shelf Prospectus currently covering US$650 million of issuable securities. Of the US$650 million of securities registered under the 2023 Shelf Prospectus, approximately US$409 million is allocated to the potential exercise of currently outstanding warrants issued in financing transactions from 2020 to 2022. As a result, approximately US$241 million is available for potential new issuances.

  Cash flow continues to improve with a reduction in cash used in operations, excluding working capital to $15.1 million in Q3 2023 (Q2 2023 - $35.5 million; Q3 2022 - $63.9 million) and minimal levels of capital expenditures. The Company's plan to reduce costs by a further $40 million annualized before the end of fiscal 2024 is expected to continue to improve operating cash use over the next several quarters and support the Company's initiative to achieve positive free cash flow by the end of the calendar year 2024.

Our Brands and Cannabis Products

Aurora's principal market is patients and consumers who use cannabis in Canada and other international jurisdictions. The Company is authorized to cultivate and sell dried cannabis, cannabis oils, capsules, edible cannabis and cannabis extracts pursuant to the requirements of the Cannabis Act. The Company's cannabis products can be ingested in a variety of ways, including smoking, vaporizing, and consumption in the form of oil, capsules, edibles and extracts.

Medical

The Company is paving the way to a new era of high-quality, consistent and innovative cannabis products. Our trusted family of medical brands showcase an extensive portfolio of products and delivery methods, offering unique, research-based healthcare solutions.

As one of the first brands in the Canadian medical cannabis market, Aurora offers a wide range of cannabis products including oils, capsules, dried flower, and vapes. As a longstanding supporter of Canadian veterans, Aurora drives veteran access to medical cannabis through strong prescriber/clinic relationships, robust veteran support programs, and ongoing advocacy work.

The CanniMed brand portfolio includes a number of dried milled strains and cannabis oils for medical patients. CanniMed's 1:20 Oil has been used in clinical trials studying symptom management in treatment-resistant childhood epilepsies.

MedReleaf is known for its extensive product line and strain-specific extracts. MedReleaf products are safe and dependable medical cannabis that focus on individual patient needs to improve lives. The MedReleaf brand portfolio includes dried cannabis varieties, strain specific cannabis oils, capsules, vapes and concentrates.

Founded in 2013, WMMC was the first Canadian Licensed Producer to obtain organic certification and sell a full suite of organic-certified cannabis products. WMMC has commercialized more than 30 flower varieties and strain-specific oil products from an extensive genetics bank of over 150 strains.

One of the leading medical cannabis brands in the German market, Pedanios offers flower and full-spectrum extracts to suit patient's needs.

Bidiol is a brand of high-quality medical cannabis, made in a state-of-the-art extraction and formulation lab in Uruguay. Products are developed under strict quality controls, from the planting of hemp to the production and extraction of CBD to manufacture a superior quality medical product.

Consumer

The Company provides a broad selection of high-quality recreational cannabis products in different formats. There's something for everyone to enjoy with our flowers, vapes, ingestibles, concentrates, extracts, and CBD products.



Product Development

Innovation is key to ensuring the relevance of the Company's product lineups in global medical and consumer cannabis markets. As part of the corporate redesign in fiscal 2022, product development was restructured to streamline new launches and maximize their impact for the business. In fiscal 2023, the Company launched a number of new products, with a focus on delivering high quality experiences to patients and consumers across all major categories: flower, pre-rolls, oils, concentrates, vapes and gummies. In the flower category alone, the Company launched 10 new proprietary cultivars, including Gasberry Pie, Sourdough, and Farm Gas, which have created impact in the Canadian consumer and medical markets and improved the Company's production efficiency significantly. The Company has also recently launched Farm Gas and Sourdough in Germany and Australia, providing new super-high THC cultivar options to global medical markets. Looking ahead, the Company has a robust pipeline of new products for all categories, positioned to deliver for all channels and regions.

Research and development and consumer research resources are being prioritized in key growth and margin accretive derivative segments of the cannabis market, and the Company has a variety of new, differentiated cannabis products at various stages of development.

Focus areas for fiscal 2024 and beyond, include:

- adding continuous rotation of new high-quality cultivars that appeal to consumers and patients, both in Canada and in key international markets, including Europe and Australia.
- delivering value for consumers at every tier and product format we offer, including expansion into new convenient and potent formats (i.e. infused pre-rolls).
- leveraging Greybeard's top-tier reputation for concentrates, vapes and flower.
- expanding and accelerating a portfolio of differentiated and innovative ingestible and edible formats.

The Company will continue to leverage its portfolio of brands and prioritize initiatives that are accretive to the business and deliver a positive patient and consumer experience.

Revenue

The following table sets out the cannabis net revenue for each category of products within the segment that accounted for 15% or more of the total consolidated revenue of the Company for the applicable financial year derived from sales to entities in which Aurora maintains an investment accounted for by the equity method and/or sales to customers.

Source	Nine-month financial period ended March 31, 2023[(1)] ($ thousands)	Year ended June 30, 2022 ($ thousands)
Net revenue from dried flower	98,850	155,001
Net revenue from extracts	55,437	66,937
Cannabis net revenue	154,287	221,938

Note:

(1) Figures presented are for the nine-month period ended March 31, 2023 due to the change in fiscal year end from June 30 for fiscal 2023.

Patient Counseling and Outreach Services

Aurora provides patient counseling and outreach services through its subsidiary CanvasRx, as well as through a number of other cannabis clinics. CanvasRx helps patients learn how to safely and effectively use medical cannabis, how to select a strain from the hundreds available in Canada and how to register with their choice of Licensed Producer. CanvasRx plays an important role in supporting the medical cannabis segment domestically and internationally through the ongoing education of physicians and patients interested in learning more about the medical benefits of cannabis and the procedures under applicable regulations to obtain cannabis. CanvasRx increases Aurora's presence in the medical cannabis sector and provides Aurora with access to valuable aggregate data on patient use of medical cannabis, the ability to jointly develop new services for patients, and the insight necessary to tailor its product line to offer an industry-leading and demand-matching selection of products and strains tailored to the needs of patients.

Distribution Methods

The Company distributes cannabis products in accordance with the various regulatory frameworks in the respective provinces and territories governing the medical and consumer cannabis markets in Canada. We also distribute medical cannabis products internationally in accordance with applicable international laws and regulations. We have robust distribution networks spanning every province and territory in Canada in both the recreational and medical cannabis markets and are operating in other locations worldwide.

The Company's registered patients can order products directly from Aurora through our online shop or by phoning our client care center. Medical cannabis is, and will continue to be, delivered by secured courier or other methods permitted by the Cannabis Act.

Distribution of cannabis to the adult-use consumer market in Canada is done through provincial regulators. The Company has agreements with provincial regulators to supply cannabis for the Canadian adult-use consumer market. Under the terms of these agreements, the Company supplies the provinces with a wide variety of product from its various facilities. Supply quantities are determined based on demand on an ongoing basis.

Through a combination of strategic investments, domestic production, and supply agreements, the Company is positioned to access a growing number of key international markets. With the EU GMP and CUMCS certifications of certain of our facilities, the Company is one of only a handful of companies globally with this pharma-grade designation across both production and distribution facilities in Canada and Germany respectively, allowing us to sell into the most restrictive and promising markets in Europe and abroad.

Research and Development

In addition to the production and sale of cannabis and cannabis products, the Company is also focused on research and development (R&D) activities related to plant science, including the breeding and genetics of new cultivars, cultivar commercialization and intellectual property.

Fiscal 2023 saw further expansion of our breeding activities at our Aurora Coast facility. We introduced a fourth testing cycle which was carried out at Aurora Coast, as well as our Aurora Ridge facility, allowing us to evaluate new cultivars in a production environment and make final selections based on both consumer appeal and production quality (i.e.: yield and plant structure).

Our plant science team continues to work to protect intellectual property for its key cultivars using "plant breeders' rights". We recently filed a provisional patent application on powdery mildew resistance discovered from our pathology research at Aurora Coast and in collaboration with the University of British Columbia.

Occo, our genetics licensing business entity, has signed licensing deals with two major Canadian LPs which we expect to generate revenue in fiscal 2024. For additional information concerning Occo, please refer to the updates for fiscal 2022 and fiscal 2023 under the heading entitled "*General Development of the Business*".

Production Facilities and Licenses

Our cannabis products are currently primarily cultivated and manufactured in the following licensed production facilities.

FACILITY	LOCATION	SIZE	ESTIMATED ANNUAL PRODUCTION	FULL OPERATION	LICENSE/CERTIFICATION			
					Cultivation	Sale	EU GMP	CUMCS
Aurora River	Bradford, ON	210,000 ft^2	28,000 kg	•	•	•	•	
Aurora Ridge	Markham, ON	55,000 ft^2	7,000 kg	•	•	•	•	•
WMMC	Pemberton, BC	62,000 ft^2	4,500 kg	•	•	•		
Thrive	Townsend, ON	14,000 ft^2 indoor	1,100 kg	•	•	•		
		6 acre outdoor	~15,000 kg					
Leuna	Leuna, Germany	29,400ft^2	1,000 kg	•	•		•	

Estimated annual production capacity is based on the Company's experience in growing cannabis as well as data available concerning the wide variety of strains under growing conditions maintained at its facilities. The material assumptions on which actual or expected annual kilograms harvested are determined include, but is not limited to:

- the number of cultivation rooms in the facility;
- the planned (or actual) number of plants each cultivation room is built to contain;
- the average per gram yield per plant based on Aurora's historical averages for the strain and growing conditions;
- the number of harvests (turns) planned (or realized) per year; and
- licensing from the relevant governmental authority to operate at the stated capacity.

About our Production Facilities	
Aurora River	Through the acquisition of MedReleaf in July 2018, we acquired a 210,000 square foot indoor cultivation facility in Bradford, Ontario. Aurora River is built to EU GMP specifications and includes areas for propagation, trimming, drying, commercial-scale oil extraction, pharmaceutical-grade manufacturing, shipping, storage, water treatment, laboratories, plant-based and analytical research and development facilities, quality assurance and quality control facilities, maintenance areas, shipping and distribution areas, and administrative offices. The Company expects a production capacity of up to 28,000 kg of cannabis per year from this facility.
Aurora Ridge	Through the acquisition of MedReleaf, we also acquired a 55,000 square foot facility in Markham, Ontario. Aurora Ridge is a modern, fully operational facility that has approximately 23,500 square feet of dedicated cultivation space organized into 10 cultivation rooms, and approximately 31,500 square feet of support and auxiliary services space, including areas for propagation, trimming, drying, extraction, shipping, storage, water treatment, laboratories, quality assurance and quality control facilities, maintenance areas, shipping and distribution areas, management offices, and a patient care center. The Company expects a production capacity of 7,000 kg of cannabis per year from this facility.
WMMC Pemberton	Through the acquisition of WMMC, we acquired the WMMC Pemberton Facility, an existing purpose-built, state-of-the-art facility that has been constructed in compliance with EU GMP standards. The Company expects a production capacity of approximately 4,500 kg of cannabis per year from this facility.
Thrive	Through the acquisition of Thrive in May of this fiscal year, we acquired the Thrive indoor and outdoor production site located in Townsend, Ontario. This facility is fully operational and consists of 14,000 square feet of indoor grow space, and 6 acres of outdoor grow space, with an estimated annual production capacity of 1,100 kg and ~15,000kg, respectively. The site is also licensed for research and development and in 2021 received its Retail Store Authorization (RSA) for a retail store on site, making it the first farm-gate cannabis store in all of Canada.
Leuna	Leuna is a state-of-the-art medical cannabis production facility located in Leuna, Germany. The facility received EU GMP certification in 2022 and expects to deliver 1,000 kg of high-quality medical cannabis flower per year for the German medical cannabis tender.

Research Facility

In addition to our production facilities, we have our Aurora Coast facility in Comox, BC, which is used for research activities:

FACILITY	LOCATION	SIZE	STATUS	LICENSE (Research)
Aurora Coast	Comox, BC	22,500 ft^2	Operating research facility	•

Storage and Security

The Cannabis Act prescribes physical security requirements that are necessary to secure sites where Licensed Producers conduct activities with cannabis. All facilities currently in production operate in accordance with the Cannabis Act requirements, including in relation to the security requirements. Health Canada conducts ad hoc, unscheduled site inspections

of Licensed Producers. As of the date hereof, there are no material outstanding inspection issues with Health Canada.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. The Company's management is comprised of individuals with extensive experience and expertise in areas including, but not limited to, the cultivation and growing of cannabis, consumer packaged goods, product development, strategy, science, innovation, analytical testing, internationally regulated products, and legal and regulatory compliance.

The Company is dedicated to ensuring regulatory compliance in all aspects of the business with the end goal of patient and consumer satisfaction. There is a high level of quality assurance and testing protocols in place within the Company, including a system that provides additional certainty regarding the purity and safety of the cannabis we produce and sell. Therefore, the Company must employ skilled personnel within these areas. Experience in cannabis or other regulated industries assists the Company with compliance with applicable laws and regulations.

Specialized skills and knowledge are important to the Company's success as the Company continues to evolve with the industry and grow its brands, and we continue to build on the skills and knowledge required within our organization to meet our objectives.

Intangible Properties

To protect our intellectual property, we define the competitive value of our intangible assets and seek to secure enforceable protection (including patents, trademark registrations, and plant variety protection registrations). Currently, we own trademark applications and registrations for our brands and product names in Canada and internationally, and also have rights to 30 patent families filed globally, making up approximately 100 issued patents and/or patent pending applications in technical areas including:

- extraction & production systems and methods;
- genetics and biosynthesis;
- horticultural methods and apparatus;
- medical and recreational products; and
- plant variety protection

We monitor and respond to emerging infringement and competition threats, relying on our protected intellectual property assets. To safeguard the confidentiality of our inventions, trade secrets, technical know-how, and proprietary information, we maintain physical and electronic security over our risk sensitive intangible assets. Confidentiality is essential to our relationships with business partners, collaborators, employees, and consultants. We are mindful of the different types of intellectual property and understand how our intellectual property assets can be used to protect and leverage product development efforts to achieve key business goals.

For additional information related to the Company's intellectual property, see "*Research and Development*" above.

INDUSTRY OVERVIEW

Regulatory Framework of Cannabis in Canada

Cannabis in Canada is subject to a complex regulatory framework arising from federal, provincial, and territorial legislation. The Cannabis Act and Cannabis Regulations provide the framework for legal access to medical and non-medical cannabis, and control and regulate its production, distribution, sale, import and export. The provinces and territories of Canada have enacted legislation to control and regulate how non-medical cannabis is distributed and sold within their respective jurisdictions.

Canada's regulatory framework for cannabis is constantly evolving and both Health Canada, and provincial and territorial regulators frequently release and update guidance to assist the industry in interpreting and applying the applicable laws to their operations.

Licensing

The Cannabis Regulations establish six classes and various sub-classes of licenses that authorize specific activities, namely: (1) cultivation (standard cultivation, micro-cultivation, nursery); (2) processing (standard processing, micro-processing); (3) sales (sale for medical purposes); (4) analytical testing; (5) research; and (6) and cannabis drug license. Licensing requirements and authorized activities vary by class and sub-class, and authorized activities can also be narrowed by conditions described in individual licenses when they are issued.

Health Canada is responsible for reviewing and approving all federal licensing applications. While Health Canada does provide service standards for new applications, renewals, and amendments, they are not guaranteed and may not always be met. The volume of applications in queue or under review by Health Canada, the complexity of an application or amendment, and the quality of the submission, among other factors, can impact the duration of the review process, creating uncertainty in timelines. After a license is issued, it is the holder's responsibility to comply with all applicable requirements in the Cannabis Act and Cannabis Regulations, including periodic inspections by Health Canada to ensure continued compliance.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders, and individuals identified by the Minister of Health (the "**Minister**"), must hold a valid security clearance issued by the Minister. The Minister may refuse to grant security clearances to individuals with organized crime associations or past convictions for, or in association with, drug trafficking, corruption, or violent offences. Individuals who have a history of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded by legislation from participating in the legal cannabis industry, and the granting of security clearance to such individuals is at the discretion of the Minister.

Cannabis Tracking System

The Cannabis Tracking and Licensing System ("**CTLS**") was established by Health Canada to, among other things, track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illicit market. Under the CTLS, holders of a cultivation, processing and/or sale for medical purposes licenses are required to submit monthly reports to Health Canada setting out inventory levels of finished and unfinished cannabis for each cannabis class.

Cannabis Products

The Cannabis Act differentiates between cannabis depending on its form (referred to as "classes" of cannabis in the Cannabis Act) and only permits the sale of specified classes of cannabis. Upon enactment of the Cannabis Act on October 17, 2018, these classes included dried cannabis, fresh cannabis, cannabis plants, cannabis seeds, and cannabis oil. On October 17, 2019, edible cannabis, cannabis extracts and cannabis topicals were added to the authorized classes of cannabis, also known as "Cannabis 2.0"). Cannabis oil was subsumed into cannabis extracts and ceased to exist as a standalone class as of October 17, 2020.

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidence-based approach to the oversight of health products containing cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Per Health Canada's Cosmetic Ingredient Hotlist, the use of cannabis species (hemp) derivatives (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, are permitted, subject to the provisions of the Cosmetic Ingredient Hotlist and the Industrial Hemp Regulations.

Packaging and Labelling

The Cannabis Regulations set out a comprehensive approach to the packaging and labelling of cannabis products. This approach helps to promote informed consumer choice and encourage the safe handling and storage of cannabis. All cannabis products must be packaged in plain packaging that is child-resistant and tamper-evident and displays a variety of information such as the standardized cannabis symbol, THC and CBD potency, and prescribed health warning messages.

Promotion

The Cannabis Act and Cannabis Regulations outline several prohibitions that can potentially apply to anyone who may be involved in the promotion of cannabis, cannabis accessories and services related to cannabis, or related activities. These prohibitions are intended to protect public health and safety, including by protecting the health of young persons by restricting their access to cannabis, and young persons and others from inducements to use cannabis.

Cannabis for Medical Purposes

The Cannabis Regulations set out the regime for medical cannabis under the Cannabis Act. Patients who obtain the authorization of their healthcare practitioner have access to medical cannabis, either purchased directly from the holder of a sale for medical purposes license, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them. Starting materials for personal production, such as plants or seeds, must be obtained from a license holder.

Provincial and Territorial Regulatory Regimes

Provinces and territories of Canada are authorized to license and oversee the distribution and sale of non-medical cannabis to adult consumers in their respective jurisdictions. As a result, regulations pertaining to the sale and distribution of non-medical cannabis vary from province to province and territory to territory.

The Cannabis Act prohibits individuals aged 18 years or older from possessing more than 30 grams of dried cannabis (or its equivalent) in public and from the personal cultivation of more than four plants at any one time. Provinces and territories have the flexibility to increase the minimum age of consumption, lower possession limits, and set added requirements on personal cultivation within their respective jurisdictions. Provinces and territories can also restrict where cannabis can be consumed in public.

The following chart outlines basic details regarding the current regulatory regime by province and territory. The possession limit of 30 grams remains unchanged in all provinces.

Province/Territory	Legal Age	Where it's Legal to Purchase:
Alberta	18	Private licensed stores or government-operated online store
British Columbia	19	Government-operated stores or online, or private licensed stores
Manitoba	19	Private licensed stores or online
New Brunswick	19	Government-operated stores or online
Newfoundland and Labrador	19	Private licensed stores or government-operated online store
Northwest Territories	19	Government-operated stores or online
Nova Scotia	19	Government-operated stores or online
Nunavut	19	Government-operated online store
Ontario	19	Private licensed stores or government-operated online store
Prince Edward Island	19	Government-operated stores or online
Québec	21	Government-operated stores or online
Saskatchewan	19	Private licensed stores or online
Yukon	19	Government-operated online store or private licensed stores

Industrial Hemp

The regulatory framework for industrial hemp is set out in the Industrial Hemp Regulations. Industrial hemp is defined under the Industrial Hemp Regulations as a cannabis plant – or any part of the plant – in which the concentration of THC is 0.3% (weight by weight) or less in the flowering heads and leaves.

Under this framework, a license from Health Canada is required in order to conduct various activities with industrial hemp. These activities include the cultivation, sale, import, export, cleaning, preparing, and processing of certain parts of the industrial hemp plant. Not every activity that involves industrial hemp falls within the scope of the Industrial Hemp Regulations and may instead fall under the Cannabis Regulations. For example, the extraction of phytocannabinoids from the flowering heads, leaves and branches of the plant requires a processing license under the Cannabis Regulations. Additionally, only seeds of approved industrial hemp varieties which have a THC level lower than 0.3% in their leaves and flowering heads, can be planted.

In addition to obtaining a license, industrial hemp license holders must comply with the Cannabis Act and Cannabis Regulations, and with other applicable federal, provincial and territorial legislation and municipal by-laws.

Status of Regulatory Framework in the U.S.

Aurora does not currently have any direct or indirect cannabis investments in the U.S., where cannabis remains federally illegal. The U.S. represents the largest cannabis and hemp-derived CBD market globally and, as such, we are committed to establishing a substantial operating footprint in the U.S. On May 28, 2020, we strategically entered the U.S. hemp-derived CBD market through the acquisition of Reliva. As part of any further U.S. market strategy, we must consider the Company's stakeholders and how various state and federal regulations will affect the Company's business prospects. The Company is committed to only engaging in activities which are permissible under both state and federal laws.

INTERNATIONAL OPPORTUNITIES

In addition to Canadian domestic operations, as market demand grows, we continue to pursue international opportunities, including opportunities to export our medical cannabis products to other countries and opportunities to create international alliances with local partners to apply for cultivation licenses in other countries.

Germany

The Company acquired Aurora Germany in May 2017, which holds all relevant licenses and permits and has been importing, exporting, and distributing cannabis for medical purposes into and within the European Union since the legalization of the medical market. Aurora Germany distributes directly to more than 1,500 German pharmacies as well as indirectly through a network of wholesalers and pharmacies.

Other than Canada, Germany currently represents one of the largest single federally legal medical cannabis markets in the world, and continues to rely on importing medical cannabis to satisfy its increasing demand. Of note, Germany is the first country in the world to cover the cost of medical cannabis for any therapeutic application approved by a physician through its national health insurance system. The market for medical cannabis in Germany has been growing continuously since legalization and we believe we are well positioned to participate in this market growth. Germany represents a market with higher average selling prices per gram of dried cannabis relative to Canadian medical and Canadian recreational average selling prices and exhibits strong gross margins relative to Aurora's Canadian business. As such, ensuring availability of suitable cannabis for the German market remains a priority for the Company.

Additionally, Aurora is one of only three companies to be awarded a tender to produce medical cannabis domestically within Germany by the German Federal Institute for Drugs and Medical Devices (BfArM). Our state-of-the-art medical cannabis production facility in Leuna, Germany received EU GMP certification in 2022 and expects to deliver 1,000 kg of high-quality medical cannabis flower per year for the duration of the tender.

The German government remains committed to legalizing recreational cannabis, recently announcing a 'two-pillar model' in April 2023. The first pillar includes personal possession, private cultivation and cannabis clubs. The second pillar involves a five-year regional model project, where the effects of a commercial supply chain on health and youth protection as well as the black market can be scientifically examined. Both pillars will be incorporated into concrete draft laws, with the working draft for pillar one expected in early 2023, followed by the draft law for pillar two expected later in the year. As one of three existing domestic medical cannabis producers in Germany, the Company expects to be in a leading position to participate in the regional model project when it commences.

Poland

In October 2018, the Polish Ministry of Health granted the Company approval for its first shipment of medical cannabis to Poland, with the shipment made by Aurora Germany to a pain treatment center and a hospice in Warsaw. The Company continues to steadily increase product import to Poland and believes that the Polish medical cannabis market will continue to represent an attractive near-term growth opportunity.

United Kingdom

In fiscal 2019, the Company made its first shipment of dried flower to the UK, following the rescheduling of cannabis on November 1, 2018. The Company has grown rapidly in a market that remains substantially private. We expect the market to continue to expand as barriers to access diminish and the prescriber base grows.

France

In March 2021, France launched a medical cannabis pilot program for which Aurora was selected by the National Agency for the Safety of Medicines and Health Products (ANSM) to supply the entire medical cannabis dried flower range (three lots of the tender) to French patients. Up to 3,000 patients will benefit from the trial, which is currently expected to run until March 2024 and lead to market generalization if successful.

Israel

To date, the Company has exported approximately $21 million of medical Cannabis to Israel. The Company continues to ensure it maintains compliance with the stringent and evolving regulatory framework in Israel, so as to ensure the on-going provision of high quality, premium products to Israeli patients, whenever the opportunity arises.

Australia

The Company holds a 10% ownership stake in MedReleaf Australia, a fully licensed, private company and together they provide Australian patients with several Aurora-branded products, including dried flower, oils and soft gels. In fiscal 2023, the Company continued to build on this relationship and exported approximately $9.3 million of cannabis products into Australia. The Company continues to launch new products and form factors including, most recently, "CraftPlant", a new medical cannabis brand which includes three new products available for doctors to prescribe – Greendae, Navana and HiVolt, and IndiMed Tempo 26, a range of new higher THC dried cannabis products for qualified patients under the MedReleaf Concession Scheme.

South America

In fiscal 2022, the Company launched its CBD oil, Bidiol, in Uruguay. This oil is entirely manufactured at the Company's GMP compliant extraction facility in the free trade zone near the Montevideo airport. Bidiol is now also registered in Brazil, with the first distribution in the market scheduled to occur in June.

Employees

As of March 31, 2023, the Company (including its global subsidiaries) had approximately 1,130 employees (June 30, 2022 – 1,338 employees).

RISK FACTORS

Our business, operations and outlook are subject to certain risks described below.

We have a limited operating history and there is no assurance we will be able to achieve or maintain profitability.

Aurora Marijuana Inc. was the entity in which our operating business was originally organized. This company was incorporated in 2013 and our business began operations in 2015. We started generating revenue from the sale of cannabis in January 2016. Because we are considered an early-stage enterprise, and due to the disruption and slower than anticipated growth of the cannabis market globally and in Canada, we are subject to all of the associated business risks and uncertainties which include, but are not limited to, under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues.

We have incurred operating losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, as we explore and implement initiatives to grow our business, we expect to continue to increase operating expenses. If our revenues do not increase to offset these expected increases in costs and operating expenses, we may not be profitable. Our limited operating history may make it difficult for investors to evaluate our

prospects for success. There is no assurance that we will be successful in achieving a return on shareholders' investments and the likelihood of success is uncertain in light of the early stage of our operations.

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, storage, and distribution is dependent on the good standing of all of our licenses, authorizations, and permits and adherence to all regulatory requirements related to such activities. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* for future extensions or renewals of the licenses, there can be no assurance that Health Canada will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency ("**CRA**") not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to foreign jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.

As our business continues to grow, any expansion to or update of our current operating sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect our business, financial condition and operations.

We operate in a highly regulated business and any failure or significant delay in obtaining applicable regulatory approvals could adversely affect our ability to conduct our business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Achievement of our business objectives is contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada, and obtaining all applicable regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or with respect to any activities or our facilities, or the extent of testing and documentation that may be required by government authorities on an ongoing basis. The impact of regulatory compliance regimes and any delays in obtaining, maintaining or renewing, or failure to obtain, maintain or renew, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations, and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, manufacturing, management, transportation, storage, sale, packaging and labeling, disposal and, if necessary, acquisition of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially or federally – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. It is also possible that laws that impact our business may not develop as we expect or on the timeline we expect, including the federal legalization of cannabis use in the U.S. if and when it occurs. Changes to such laws, regulations, and guidelines, may cause material adverse effects on our business, financial condition and operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

Failure to comply with anti-money laundering laws and regulation could subject us to penalties and other adverse consequences.

We are subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*

(Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of our operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation, and any persons, including such U.S. based investors, found to be aiding and abetting us in such violations could be subject to liability. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and involve significant costs and expenses, including legal fees. We could also suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We compete for market share with a number of competitors and many of our competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors is expected to increase.

Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The *Cannabis Act* also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

The cannabis industry is undergoing substantial change, which has resulted in an increase in new and existing competitors, consolidation and the formation of strategic relationships. Acquisitions or other consolidating transactions could harm our business in a number of ways, including losing patients and/or customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats. There is potential that we will face intense competition from not only existing companies but from new entrants including those resulting from the federal legalization of cannabis use in the U.S. if and when it occurs, all of which could harm our operating results. Changes in the number of licenses granted and the number of licensed producers ultimately authorized by Health Canada, as well as other regulatory changes in both Canada and the U.S. that have the effect of increasing competition, could have an adverse impact on our ability to compete for market share in Canada's cannabis market.

Some competitors may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund our capital investments.

We also face competition from illegal cannabis dispensaries and 'black market' operations and participants, who do not have a valid license, that are selling cannabis to individuals, including products with higher concentrations of active ingredients, using flavours or other additives or engaging in advertising and promotion activities that are not permitted by law. Because they do not comply with the regulations governing the cannabis industry, illegal market participants' operations may also have significantly lower costs.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, new client identification, distribution channels, and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to maintain competitive production costs through economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to continue to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

Selling prices and the cost of cannabis production may vary based on a number of factors outside of our control.

Our revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. In particular, our cannabis cultivation operations consume considerable energy, making us vulnerable to rising energy costs. Rising or volatile energy costs may have a material adverse effect on our business, financial condition and results of operations.

Although our business has not been materially impacted by the ongoing military conflict in Ukraine, the measures that have been taken, and could be taken in the future, may have a negative impact on our costs, including for input materials, energy and transportation.

Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, including an inability to secure required supplies and services or to do so on appropriate terms could materially and adversely impact our business, financial condition, and results of operations. This includes any change in the selling price of products set by the applicable province or territory. The price of cannabis is affected by numerous factors beyond our control and any price decline may have a material adverse effect on our business, financial condition and operations.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing, or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labour disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

In addition, the Company may be subject to other growth-related risks, including pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenues depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to, or the termination or renewal of, such contracts may adversely impact our business, financial condition and operations.

In addition, not all of the Company's supply arrangements with the various Canadian provinces and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial and territorial wholesalers may purchase under the supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial and territorial wholesalers. If any of the provincial or territorial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, decides to return product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenues could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Our continued growth may require additional financing, which may not be available on acceptable terms or at all.

Our continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

An economic downturn of global capital markets may make raising additional capital more difficult. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the TSX and Nasdaq.

Any default under our existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results and may have a material adverse effect on the trading price of our Common Shares.

We are required to comply with the covenants in our convertible senior notes due February 28, 2024. These covenants may create a risk of default on our debt if we cannot satisfy or continue to satisfy these covenants. If we cannot comply with a debt covenant or anticipates that it will be unable to comply with a debt covenant under any debt instrument it is party to, management may seek a waiver and/or amendment to the applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under a debt instrument and the

default is not waived by the lender(s), the debt extended pursuant to all of its debt instruments could become due and payable prior to its stated due date. If such event were to occur, we cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by us on existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results and may have a material adverse effect on the trading price of our Common Shares.

We may be subject to credit risk.

Credit risk is the risk that the counterparty to a financial instrument fails to meet its contractual obligations, resulting in a financial loss to us. We have credit risk exposure based on the balance of our cash, accounts receivable, investments, and taxes recoverable. There are no assurances that our counterparties, including parties to whom we extended credit, or customers will meet their contractual obligations to us.

We may not be able to successfully develop new products or find a market for their sale.

The medical and non-medical cannabis industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by us. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and operations.

As the cannabis market continues to mature, our products may become obsolete, less competitive, or less marketable.

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, we may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts, and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. The *Cannabis Act* strictly regulates the way cannabis is packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling, and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The cannabis business may be subject to unfavorable publicity or consumer perception.

We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perception means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects.

Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed. Although we believe that we operate in a manner that is respectful to all stakeholders and that we take care in protecting our image and reputation, we do not ultimately have direct control over how we are perceived by others. There is also a risk that the actions of other companies and service providers in the cannabis industry may negatively affect the

reputation of the industry as a whole and, thereby, negatively impact our reputation. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in Canada and elsewhere in regard to our activities and the cannabis industry in general, whether true or not. The legal restrictions with respect to labelling and marketing cannabis may exacerbate these risks by increasing the influence of social media users and prohibiting us from effectively responding to negative publicity.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect to discontinue their relationships with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. In particular, while we attempt to conduct our cannabis-related business activities in compliance with all laws, negative perception of cannabis-related activities could cause the parties with whom we do business to discontinue their relationships with us and may cause potential counterparties to decline to do business with us. These risks may increase during periods in jurisdictions where cannabis-related activities are illegal and where jurisdictions focus their enforcement efforts on eliminating such activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and operations.

There may be unknown health impacts associated with the use of cannabis and cannabis derivative products.

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using our cannabis and cannabis derivative products, including unexpected side effects or safety concerns, the discovery of which could lead to civil litigation, regulatory actions and even possibly criminal enforcement actions.

Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and operations.

Our success will depend on attracting and retaining key personnel.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its key personnel.

Our future success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a Licensed Producer under the *Cannabis Act*, certain key personnel are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. There is also a risk that if key personnel leave the Company, we may not be able to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Dependence on senior management

The success of the Company and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel could adversely affect the Company's business. As well, the implementation of employee compensation packages, composed of monetary short-term compensation and long-term equity-based compensation, has been designed for the retention of key employees.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

We may be subject to potential conflicts of interest as some of our directors and officers may be engaged in a range of other business activities. Our directors and officers are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. However, in some cases these outside business interests can require significant time and attention which may interfere with their ability to devote the necessary time to our business, and there is no assurance that such occurrences would not adversely affect our operations.

We may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which we may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with our interests. In addition, from time to time, these persons may be competing with us for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, our directors are required to act honestly, in good faith and in the Company's best interests.

Future execution efforts may not be successful.

There is no guarantee that our current execution strategy will be completed in the currently proposed form, if at all, nor is there any guarantee that we will be able to expand into additional jurisdictions. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the *Cannabis Act*) and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our strategy could adversely affect our business, financial condition and operations and may result in our failing to meet anticipated or future demand for products, when and if it arises.

In addition, the construction (or remaining construction) of any current or future facilities is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our business, prospects, financial condition and operations.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada, and there are risks associated with doing so.

As international demand grows, we intend to consider the expansion of our operations and business into jurisdictions outside of Canada, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.

Operations in non-Canadian markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof to our operations, such developments cannot be accurately predicted and could have an adverse effect on our business, operations or profitability.

Our business may be affected by political and economic instability, and a period of sustained inflation across the markets in which we operate could result in higher operating costs.

We may be affected by political or economic instability, including political or economic instability resulting from the recent invasion of Ukraine by Russia. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, high rates of inflation and other negative impacts on the global economy, capital markets or other geopolitical conditions. Changes in medical and agricultural development or investment policies or shifts in political viewpoints of certain countries may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation

of property, maintenance of assets, environmental legislation, land use, land claims of local people, and water use. The effect of these factors cannot be accurately predicted.

In the past year, the worldwide economy has experienced significant inflation and inflationary pressures. Inflation may negatively impact our business, raise cost and reduce profitability. While we have and will continue to take actions, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation across several of the markets in which we operate, it could become increasingly difficult to effectively mitigate the increases to our costs. In addition, the effects of inflation on consumers' budgets could result in the reduction of our customers' spending habits. If we are unable to take actions to effectively mitigate the effect of the resulting higher costs, our profitability and financial position could be negatively impacted.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations.

Failure to comply with the Corruption of Foreign Public Officials Act (Canada) ("CFPOA") and the Foreign Corrupt Practices Act (U.S.) ("FCPA"), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA, or other anti-bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our business, financial condition and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be topically applied, inhaled and ingested or otherwise consumed by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. We may in the future have to recall certain of our cannabis products as a result of potential contamination and quality assurance concerns. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of consumer goods and products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense

of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by participants in the industry generally, which could have a material adverse effect on our business, financial condition and operations.

We are and may become party to litigation, mediation, and/or arbitration from time to time.

We are and may in the future become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect our business, financial condition and operations. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management's attention and resources and can cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of our company. We are currently subject to class action proceedings in both the U.S. and Canada (as further detailed herein). Though we believe these to be without merit and intend to vigorously defend against the claims, there is no assurance that we will be successful.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective, and efficient third-party courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our business, financial condition and operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy and any rise in energy costs may have a material adverse effect on our ability to produce cannabis, and therefore, our business, financial condition and results of operations.

Although we currently grow, and expect to grow, most of our cannabis in climate-controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides, and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

We have in the past, and may in the future, record significant impairments or write-downs of our assets.

Our cannabis inventory in our cannabis operations and cannabis retail segments has a finite shelf life and is subject to obsolescence, expiration, spoilage, shrinkage, unacceptable quality, contamination or other declines in value prior to wholesale or retail sale. We have in the past, and may in the future, be required to record substantial write-downs or impairments related to loss of value in our cannabis inventory.

In addition, our facilities may be subject to obsolescence, damage, loss of fair market value or other declines in value.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition and operations.

Climate change may have an adverse effect on demand for our products or on our operations.

Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of extreme weather events such as severe weather, heat waves, wildfires, flooding, hailstorms, snowstorms, and the spread of disease and insect infestations. These events could damage, destroy or hinder the operations at our physical facilities, or the facilities of our suppliers or customers, and adversely affect our financial results as a result of decreased production output, increased operating costs or reduced availability of transportation.

Government action to address climate change, greenhouse gas (GHG) emissions, water and land use may result in the enactment of additional or more stringent laws and regulations that may require us to incur additional capital expenditures, pay higher taxes, increased transportation costs, or could otherwise adversely affect our financial conditions.

In addition, increasingly our employees, customers and investors expect that we minimize the negative environmental impacts of our operations Although we make efforts to create positive impacts where possible and anticipate potential costs associated with climate change, failure to mitigate the risks of climate change and adequately respond to their changing expectations as well as those of governments on environmental matters, could result in missed opportunities, additional regulatory scrutiny, loss of team members, customers and investors, and adverse impact on our brand and reputation.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to own and protect our trademarks, patents, trade secrets and other intellectual property rights. We rely on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Our trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors. Even if we move to protect our intellectual property with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights.

Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the U.S. where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence, or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition and results of operations.

Furthermore, there are several federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) ("**PIPEDA**"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under

PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition and operations.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our business, financial condition and operations.

Cyber-attacks could result in important remediation costs, increased cybersecurity costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial condition and operations.

In December 2020, the Company was the target of a cybersecurity incident that involved the theft of company information. The subsequent investigation identified that certain personally identifiable information of our employees and consumers was compromised. It also confirmed that our patient database was not compromised, and our performance and financial information was not impacted. All impacted individuals were notified, as were all required government privacy offices.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Globally, cybersecurity incidents have increased in number and severity and it is expected that these external trends will continue. In response to this incident, or any potential future incident, we may incur substantial costs which may include:

- remediation costs, such as liability for stolen information, repairs to system or data damage, or implementation of new security;
- measures in response to the evolving security landscape; and
- legal expenses, including costs related to litigation, regulatory actions or penalties.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

We have in the past, and may in the future, seek strategic acquisitions. Our ability to identify and consummate any future potential acquisitions on terms that are favorable to us may be limited by the number of attractive acquisition targets, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms, if at all. Over the past few years, we have completed a number of acquisitions, including our acquisitions of MedReleaf, CanniMed and Reliva.

Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our business, financial condition and operations. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Aurora Cannabis Inc. is dependent on its operating subsidiaries to pay dividends and other obligations.

Aurora Cannabis Inc. is a holding company. Essentially all of our operating assets are the capital stock of our subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade

creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our Common Shares has historically been volatile. This volatility may affect the value of your investment in Aurora, the price at which you could sell our Common Shares and the sale of substantial amounts of our Common Shares could adversely affect the price of our Common Shares and the value of your convertible debentures/notes.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the same industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that varies significantly from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry, business and operations;
- announcements of developments and other material events by us or our competitors;
- fluctuations in the costs of vital production inputs, materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of Common Shares may be materially adversely affected.

It is not anticipated that any dividend will be paid to holders of our Common Shares for the foreseeable future.

No dividends on our Common Shares have been paid to date. We currently intend to retain future earnings, if any, for future operation and expansion. Our board of directors has the discretion to declare dividends and to prescribe the timing, amount and payment of such dividends. Such decision will depend upon our future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors that our Board may deem relevant.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power, and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and the issuance of equity securities in connection with acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares.

Additional issuances of our securities may involve the issuance of a significant number of Common Shares at prices less than the current market prices. Issuances of a substantial number of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our Common Shares and the value of any outstanding convertible debentures/notes.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our Common Shares, which, under certain circumstances, could reduce the market price of our Common Shares.

There is no assurance we will regain and/or continue to meet the listing standards of Nasdaq and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on Nasdaq and the TSX. If we fail to comply with listing standards and Nasdaq and/or the TSX delists our Common Shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our Common Shares;
- reduced liquidity for our Common Shares;
- a determination that our Common Shares are "penny stock", which would require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares;
- a limited amount of news and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As of the date of this Annual Information Form, the closing bid price of the Common Shares on Nasdaq is not in compliance with the minimum bid price requirement set out in the Nasdaq rules. If we fail to regain compliance, whether organically or through corporate action of the Company, the Common Shares may be subject to delisting by Nasdaq. There can be no assurances that corporate action taken by the Company to regain compliance with the minimum bid price requirement, if any, will be successful.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both our compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

The financial reporting obligations of being a public company and maintaining a dual listing on the TSX and on Nasdaq requires significant company resources and management attention.

We are subject to the public company reporting obligations under the Exchange Act and the rules and regulations regarding corporate governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Act, and the listing requirements of Nasdaq. We incur significant legal, accounting, reporting and other expenses in order to maintain a dual listing on both the TSX and Nasdaq. Moreover, our listing on both the TSX and Nasdaq may increase price volatility due to various factors, including the ability to buy or sell Common Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of our Common Shares.

Failure to develop and maintain an effective system of internal controls increases the risk that we may not be able to accurately and reliably report our financial results or prevent fraud, which may harm our business, the trading price of our Common Shares and market value of other securities.

Under Section 404 of the *Sarbanes-Oxley Act* ("**SOX**"), we are required to design, document and test the effectiveness of our internal controls over financial reporting ("**ICFR**") during the nine-month financial period ended March 31, 2023. ICFR are designed to provide reasonable assurance that our financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS. Regardless of how well controls are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting our objectives in providing reliable financial reporting information in accordance with IFRS. Effective internal controls are required for us to provide reasonable assurance that our financial results and other financial information are accurate and reliable. Any failure to design, develop or maintain effective controls, or difficulties encountered in implementing, improving or remediation lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading process of our Common Shares and market value of other securities.

We are a Canadian company and shareholder protections may differ from shareholder protections in the U.S. and elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

We are a foreign private issuer within the meaning of the rules under the U.S. Exchange Act, and as such is exempt from certain provisions applicable to U.S. domestic issuers.

Because we are a "foreign private issuer" under the U.S. Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the U.S. that are applicable to U.S. domestic issuers, including:

- the rules under the U.S. Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 40-F with the SEC within three months of the end of each fiscal year. We do not intend to voluntarily file annual reports on Form 10-K and quarterly reports on Form 10-Q in lieu of Form 40-F requirements. For so long as we choose to only comply with foreign private issuer requirements, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information which would be made available to you if you were investing in a U.S. domestic issuer.

Our employees and counterparties may be subject to potential U.S. entry restrictions as a result of their relationship with us.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the U.S. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the U.S. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the U.S. may not result in problems entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents. As a company with operations in both the U.S. and Canada, inability of our employees or counterparties to enter the U.S. could harm our ability to conduct our business.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the U.S., U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the U.S. or other foreign jurisdictions.

The Company's employees, independent contractors and consultants may engage in fraudulent or other illegal activities.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Our business has and may continue to be subject to disruptions as a result of the COVID-19 pandemic and other infectious diseases.

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus, or COVID-19, a global pandemic.

The COVID-19 pandemic resulted in extended government-ordered measures affecting significant portions of the global economy, including in the U.S., Canada, Portugal, Australia and Germany, where we conduct significant business. Although many preventative or protective actions have been eased or lifted in varying degrees, the potential for new and more-transmissible variants means that the situation remains dynamic and subject to rapid and possibly material changes. The public health crisis caused by COVID-19 and the actions taken and continuing to be taken by governments, businesses and the public have adversely affected, and may continue to adversely affect, our business, financial condition and results of operations.

In connection with the COVID-19 pandemic and to comply with mandates and guidance from governmental authorities, we have updated our operational procedures and safety protocols at our facilities. If governmental authorities implement further restrictions in connection with COVID-19 or other infectious diseases, we may be required to take further action, which could include a short or long-term closure of our facilities or reduction in workforce. These measures may impair our production levels or cause us to close or severely limit production at one or more facilities. Further, our operations could be adversely impacted if suppliers, contractors, customers and/or transportation carriers are restricted or prevented from conducting business activities. For example, cannabis retail stores in certain Canadian markets may close voluntarily or be forced by local governments to close or modify their operations, reducing our ability to distribute adult-use cannabis.

Reliva's operations in the U.S. may be impacted by regulatory action and approvals from the Food and Drug Administration.

Reliva sells and distributes certain products containing hemp-derived CBD, and as such, there is a risk that the FDA or state or local departments of health will seek to stop Reliva from selling its products or seek to have the claims made for those products revised. On December 20, 2018, the Farm Bill, which included the language of the *Hemp Farming Act of 2018*, removed industrial hemp and hemp-derived products with a THC concentration of not more than 0.3 percent (dry weight basis) from Schedule I of the *Controlled Substances Act*. This has the effect of legalizing the cultivation of industrial hemp for commercial purposes, including the production of CBD and other cannabinoids, except for THC, subject to regulations to be developed by the U.S. Department of Agriculture.

CBD is increasingly used as an ingredient in food and beverages, as an ingredient in dietary supplements and as an ingredient in cosmetics, thereby generating new investments and creating employment in the cultivation and processing of hemp and hemp-derived products. Foods and beverages, dietary supplements, pharmaceuticals, and cosmetics containing CBD are all subject to regulation under the Federal Food, Drug and Cosmetics Act ("**FDCA**"). The FDA has asserted that CBD is not a lawful ingredient in foods and beverages, supplements and pharmaceuticals (unless FDA-approved), although the FDA has generally refrained from taking enforcement action against those products. CBD-containing products may also be subject to the jurisdiction of state and local health authorities. In recent years, the FDA has issued letters to a number of companies selling products that contain CBD oil derived from hemp, warning them that the marketing of their products violates the FDCA. Although the Company, through Reliva, endeavors to maintain compliance with applicable regulatory requirements, any potential FDA enforcement action against the Company or Reliva could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products, or a partial or total suspension of the Company's or Reliva's production or distribution of its products. Any such event could have a material adverse effect on our business, financial condition or operations.

The products that Reliva sells and distributes include CBD-containing topicals. On December 29, 2022, U.S. president Joe Biden signed into law the Modernization of Cosmetics Regulation Act of 2022, which significantly expands FDA's enforcement authorities over cosmetics products and imposes new obligations on the cosmetics industry, including requirements relating to GMP, labeling, safety substantiation, facility registration and product listing with the FDA, adverse event reporting and recordkeeping, among others. While the enforcement of requirements under the new legislation will not go into effect until a year or more after the date of enactment, the regulation of Reliva's CBD-containing topical products in the U.S. could become increasingly complex, and compliance with regulatory requirements may take significant additional resources.

The controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and/or products used in such devices (such as vaporizer liquids). The focus is currently on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products - THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some states, provinces, territories and cities in Canada and the U.S. have already taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors or use of such vaporizers. This trend may continue, accelerate and expand.

Cannabis vaporizers in Canada are regulated under the *Cannabis Act* and *Cannabis Regulations*. Negative public sentiment may prompt regulators to decide to further limit or defer the industry's ability to sell cannabis vaporizer products, and may also

diminish consumer demand for such products. For instance, Health Canada has proposed new regulations that would place stricter limits on the advertising and promotion of vaping products and make health warnings on vaping products mandatory, although such regulations explicitly exclude cannabis and cannabis accessories. The provincial governments in Quebec, Alberta and Newfoundland and Labrador have imposed provincial regulatory restrictions on the sale of cannabis vape products. These actions, together with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for our vaping products. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions, or remain competitive in face of unexpected changes in market conditions.

This controversy could well extend to non-nicotine vaporizer devices and other product formats. Any such extension could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. Litigation pertaining to vaporizer products is accelerating and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long-term health effects. If the scientific or medical community were to determine conclusively that use of any or all of these products pose long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on cannabis vaporizer products could have a material adverse effect on our business, results of operations and financial condition

We must rely largely on our own market research and internal data to forecast sales and market demand and market prices which may differ from our forecasts.

Given the early stage of the cannabis industry, we rely largely on our own market research and internal data to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources. A failure in the demand for our products to materialize as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect on our business, financial condition and results of operations.

The Canadian excise duty framework affects profitability.

Canada's excise duty framework imposes an excise duty and various regulatory-like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the CRA required to comply with this excise framework. Any change in the rates or application of excise duty to cannabis products sold by us in Canada, and any restrictive interpretations by the CRA or the courts of the provisions of the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market.

We may hedge or enter into forward sales, which involves inherent risks.

We may hedge or enter into forward sales of our forecasted right to purchase cannabis. Hedging involves certain inherent risks including: (i) credit risk (the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with us or adversely affect the financial and other terms the counterparty is able to offer us); (ii) market liquidity risk (the risk that we have entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position); and (iii) unrealized fair value adjustment risk (the risk that, in respect of certain hedging products, an adverse change in market prices for cannabis will result in us incurring losses in respect of such hedging products as a result of the hedging products being out-of-the-money on their settlement dates).

There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect us from adverse changes in price fluctuations, it may also prevent us from fully benefitting from positive changes in price fluctuations.

DIVIDENDS AND DISTRIBUTIONS

Aurora has not declared nor paid any cash dividends on any of its issued shares since its inception. Other than requirements imposed under applicable corporate law, there are no restrictions on the Company's ability to pay dividends under the Company's constating documents.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value, an unlimited number of Class A shares with a par value of $1.00 each, and an unlimited number of Class B shares with a par value of $5.00 each.

Common Shares

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company such are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Class A Shares

Class A shares may be issued from time to time in one or more series, and the directors may fix from time to time before such issue the number of Class A shares of each series and the designation, rights and restrictions attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class A shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class A shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

Class B Shares

Class B shares may be issued from time to time in one or more series, and the directors may fix from time to time before such issue the number of Class B shares of each series and the designation, rights and privileges attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class B shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class B shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

As of May 31, 2023, being the most recently completed month prior to the date of this AIF, there were 354,205,652 Common Shares issued and outstanding and 460,031,571 on a fully diluted basis. No Class A Shares or Class B Shares are issued or outstanding. As of May 31, 2023, the dilutive securities are summarized as follows:

Security Type	Common Shares Issuable (#)	Exercise price (average) ($)	Cash proceeds or debt reduction if exercised ($)
Warrants[1]	89,124,788	$7.01	$624,764,764
Stock Options	6,561,696	$25.22	$165,457,077
Convertible Debentures	680,239	US$86.72	US$58,993,000
Restricted Share Units ("RSUs")[2]	6,285,750	N/A	N/A
Performance Share Units ("PSUs")[2]	2,262,993	N/A	N/A
Deferred Share Units ("DSUs")[2]	910,453	N/A	N/A

Notes:

(1) Details of warrants outstanding: (i) 514,486 common share purchase warrants exercisable at a price of $112.46 until August 9, 2023; (ii) 13,706 common share purchase warrants exercisable at a price of $116.09 until August 22, 2024; (iii) 76,789 common share purchase warrants exercisable at a price of $16.36 until May 29, 2025; (iv) 11,125,000 common share purchase warrants exercisable at a price of $12.16 until March 16, 2024; (v) 117,408 common share purchase warrants exercisable at a price of $11.11 until November 30, 2025; (vi) 6,600,000 common share purchase warrants exercisable at a price of $17.03 until January 26, 2024; (vii) 70,408,750 common share purchase warrants exercisable at a price of $4.32 until June 1, 2025; (viii) 3,216 common share purchase warrants exercisable at a price of $41.88 until March 8, 2024; (ix) 27,437 common share purchase warrants exercisable at a price of $41.88 until March 12, 2024; (x) 24,478 common share purchase warrants exercisable at a price of $41.88 until March 30, 2024; (xi) 86,697 common share purchase warrants exercisable at a price of $41.88 until March 31, 2024; (xii) 11,824 common share purchase warrants exercisable at a price of $41.88 until April 1, 2024; (xiii) 11,071 common share purchase warrants exercisable at a price of $41.88 until June 1, 2024; (xiv) 8,699 common share purchase warrants exercisable at a price of $41.88 until June 9, 2024; (xv) 7,561 common share purchase warrants exercisable at a price of $41.88 until July 23, 2024; (xvi) 8,829 common share purchase warrants exercisable at a price of $23.87 until August 21, 2024; (xvii) 5,818 common share purchase warrants exercisable at a price of $41.88 until August 31, 2024; (xviii) 15,698 common share purchase warrants exercisable at a price of $23.87 until September 9, 2024; (xix) 10,465 common share purchase warrants exercisable at a price of $23.87 until October 21, 2024; (xx) 11,191 common share purchase warrants exercisable at a price of $26.42 until March 31, 2025; (xxi) 35,665 common share purchase warrants exercisable at a price of $41.88 until July 31, 2025.

(2) RSUs, PSUs and DSUs do not have an exercise price and no cash proceeds are required upon release of the units.

MARKET FOR SECURITIES

Trading Price and Volume

The Company's Common Shares have been listed on the TSX under the trading symbol "ACB" since July 24, 2017. The following table sets forth information relating to the trading of the Common Shares on the TSX for the months indicated.

Month	TSX Price Range		
	High ($)	Low ($)	Total Volume
March 2022	5.70	3.70	46,742,887
April 2022	5.27	3.58	31,228,245
May 2022	4.09	2.13	58.935,771
June 2022	2.03	1.58	60,410,007
July 2022	2.12	1.63	35,831,695
August 2022	2.43	1.84	52,673,201
September 2022	2.11	1.59	62,684,576
October 2022	1.96	1.43	58,502,905
November 2022	2.05	1.65	62,448.474
December 2022	1.89	1.15	46,804,021
January 2023	1.40	1.17	28,952,542
February 2023	1.50	1.13	24,808,502
March 2023	1.17	0.89	17,513,871

In the U.S., the Common Shares have been listed on Nasdaq since May 25, 2021. The following table sets forth information relating to the trading of the Common Shares on Nasdaq for the months indicated.

Month	Nasdaq Price Range		
	High (US $)	Low (US $)	Total Volume
March 2022	4.56	2.89	207,854,075
April 2022	4.215	2.79	123,460,666
May 2022	3.19	1.66	266,659,678
June 2022	1.62	1.23	235,834,334
July 2022	1.65	1.26	177,785,725
August 2022	1.89	1.37	262,879,542
September 2022	1.61	1.16	177,050,937
October 2022	1.43	1.04	309,461,793
November 2022	1.54	1.21	261,826,929
December 2022	1.40	0.847	249,388,988
January 2023	1.04	0.859	148,321,668
February 2023	1.13	0.835	137,538,233
March 2023	0.851	0.664	94,994,059

Prior Sales

During the fiscal year ended March 31, 2023, the Company issued the following securities, which are convertible into Common Shares but are not listed or quoted on a marketplace:

Date of Issuance	Type of Security Issued	Number of Common Shares Issuable Upon Exercise or Conversion	Exercise or Conversion Price Per Common Share
September 23, 2022	Options	3,168,334	$1.87
September 23, 2022	PSU	1,725,010	N/A
September 23, 2022	RSU	2,309,727	N/A
September 23, 2022	RSU	3,700,007	N/A
September 30, 2022	Options	216,664	$1.67
September 30, 2022	DSU	62,872	N/A
September 30, 2022	DSU	52,395	N/A
November 15, 2022	PSU	9,736	N/A
November 15, 2022	RSU	22,716	N/A
November 30, 2022	DSU	174,416	N/A
December 30, 2022	DSU	72,915	N/A
February 28, 2023	DSU	258,616	N/A
March 31, 2023	DSU	75,268	N/A

ESCROWED SECURITIES

The Company had no escrowed securities, or securities that are subject to a contractual restriction on transfer, outstanding as at March 31, 2023.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth information regarding our directors and executive officers. Each of the directors is elected to hold office until the next annual meeting of the Company or until a successor is duly elected or appointed.

Name, Municipality of Residence and Position with the Company	Director or Officer Since	Principal Occupation(s) for the Last Five Years[1]
Miguel Martin **Virginia, USA** Chief Executive Officer and Director	July 2020[2]	Chief Executive Officer of Aurora since September 2020; Chief Commercial Officer of Aurora from July 2020 to September 2020; head of Reliva LLC since November 2018
Ron Funk[3][5] **Ontario, Canada** Independent Chairman	July 2018	Chairman of the Board; owner of Funk Consulting (May 2009 to July 2020)
Michael Singer **Québec, Canada** Director	May 2016	Director, consultant and entrepreneur (CPA, CGA); former Executive Chairman (July 2018 to May 2021) and Interim CEO (February 2020 to September 2020); previously independent Director (May 2016 to July 2018) and Chairman of the Board (May 2016 until July 2018) of the Company
Norma Beauchamp[3][5] **Ontario, Canada** Independent Director	July 2018	Self-employed public company director; past President and CEO of Cystic Fibrosis Canada
Shan Atkins[3][4] **Florida, USA** Independent Director	February 2019	Self-employed public company director (May 2003 to present); Chartered Professional Accountant (CPA, CA)
Adam Szweras[4][5] **Ontario, Canada** Independent Director	August 2015	Lawyer; Partner at Fogler, Rubinoff LLP since February 2006 and Chairman of Foundation Markets Inc. since December 2005
Lance Friedmann[4][5] **Illinois, USA** Independent Director	February 2020	Retired (2015 to present)
Theresa Firestone[3][4] **Ontario, Canada** Independent Director	July 2021	Retired (April 2021 to present); former Senior Vice President, Health and Wellness (January 2019 to April 2021) and Senior Vice-President, Healthcare Businesses (2014 to 2018) of Shoppers Drug Mart
Chitwant Kohli[3][5] **Ontario, Canada** Independent Director	January 2022	Retired (July 2017 to present)
Glen Ibbott **British Columbia, Canada** Chief Financial Officer	May 2017	Chief Financial Officer of Aurora; Chartered Professional Accountant (CPA, CA) and Certified Public Accountant
Nathalie Clark **Ontario, Canada** EVP, General Counsel and Corporate Secretary	March 2022	EVP, General Counsel and Corporate Secretary of Aurora; former General Counsel and Corporate Secretary at Computershare Trust Company of Canada (August 2020 to March 2022); former Vice-President, HR at TD Bank Group (August 2017 to August 2020)
Alex Miller **Ontario, Canada** EVP, Operations and Supply Chain	May 2021	EVP, Operations and Supply Chain of Aurora; former Vice President, Operations at MAV Beauty Brands Inc. (August 2020 to May 2021); former SVP Operations at Kruger Tissue Products Inc. (September 2018 to February 2020); former VP Global Supply Chain at Apotex Inc. (September 2015 to August 2018)
Lori Schick **Ontario, Canada** EVP, Human Resources	May 2021	EVP, Human Resources of Aurora; former Senior Vice President and Head of People at Holt, Renfrew & Co. (March 2018 to May 2021)

Name, Municipality of Residence and Position with the Company	Director or Officer Since	Principal Occupation(s) for the Last Five Years[1]
Andre Jerome **Québec, Canada** EVP, Global Business Development	November 2019	Executive Vice-President, Global Business Development; former Chief Integrations Officer of Aurora (November 2019 to June 2020); former SVP Integrations of the Company (February 2018 to November 2019)

Notes:

(1) The information as to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by each respective director or officer.
(2) Miguel became an officer of the Company in July 2020 and was appointed to the Board on September 8, 2020.
(3) Member of the Audit Committee.
(4) Member of the Human Resources and Compensation Committee
(5) Member of the Nominating and Corporate Governance Committee

As of the date of this AIF, our directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over approximately 419,778 Common Shares, representing approximately 0.01% of the issued and outstanding Common Shares. The statement as to the number of Common Shares beneficially owned directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, no director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Adam Szweras was appointed as a director for Mahdia Gold Corp.'s ("**Mahdia**") on April 14, 2016. Mahdia was a Canadian Securities Exchange listed company until February 4, 2016. Mahdia has been subject to a cease trade order since March 13, 2015, due to not filing its financial statements and management's discussion and analysis pursuant to NI 51-102. Mahdia was subject to the cease trade order prior to Adam's appointment. Mr. Szweras resigned as a director of Mahdia on May 28, 2018.

Mr. Szweras was appointed as a director of Harborside Inc. ("**Harborside**") on May 30, 2019. On June 9, 2020, the Ontario Securities Commission (the "**OSC**") granted Harborside a management cease trade order in respect of the delayed filing of its audited annual financial statements and corresponding management's discussion and analysis for the year ended December 31, 2019 due to the continued impact of COVID-19. In addition, the OSC issued a temporary cease trade order in connection with Harborside's previously announced proposed refiling of certain historical financial statements for the fiscal years ended December 31, 2017 and 2018, and the interim periods ended March 31, 2019, June 30, 2019, and September 30, 2019, and any corresponding management's discussion and analyses due primarily to changes in the application of accounting treatments related to certain transactions by its reverse takeover acquirer, FLRish Inc. The annual filings and restated 2017 and 2018 financial statements were filed, and the cease trade was revoked effective August 31, 2020.

Mr. Szweras is a director of High Fusion Inc. ("**High Fusion**"). On December 3, 2021, the OSC issued a cease trade order due to High Fusion not filing its annual financial statements for the year ended July 31, 2021 in accordance with NI 51-102.The financial statements were filed and the cease trade order was revoked effective December 15, 2021. Subsequently, on December 31, 2021, the OSC granted High Fusion a management cease trade order in respect of the delayed filing of its financial statements for the three-month period ended October 31, 2021, due to the complexity associated with consolidating the purchase of the assets and business of OutCo Labs Inc. which High Fusion completed on August 31, 2021. The financial statements were filed, and the cease trade order was revoked effective January 21, 2022.

Other than as described below, no director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver,

receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Shan Atkins was a director of LSC Communications ("**LSC**") in April 2020 when it filed for Chapter 11 bankruptcy in the U.S. District Court for the Southern District of New York. Ms. Atkins ceased in her capacity as a director of LSC in December 2020 when it was purchased by Atlas Holdings.

No director or executive officer of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as described below, during the nine-month financial period ended March 31, 2023, there have been no material legal proceedings to which the Company is or was a party or of which any of its property is or was the subject of that involves claims for damages, and the Company is unaware of any such proceedings being contemplated.

- On November 21, 2019, a purported class action proceeding was commenced in the U.S. District Court for the District of New Jersey against the Company and certain of its directors and officers on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities between October 23, 2018 and January 6, 2020. The complaint(s) alleges, inter alia, that the Company and certain of its officers and directors violated the federal securities laws by making false or misleading statements, materially overstated the demand and potential market for the Company's consumer cannabis products; that the Company's ability to sell products had been materially impaired by extraordinary market oversupply, that the Company's spending growth and capital commitments were slated to exceed our revenue growth; that the Company had violated German law mandating that companies receive special permission to distribute medical products exposed to regulated irradiation techniques, and that the foregoing, among others, had negatively impacted the Company's business, operations, and prospects and impaired the Company's ability to achieve profitability. A motion to dismiss was filed on November 20, 2020 and granted by the court on July 7, 2021, however, the plaintiffs were given an opportunity to file an amended complaint no later than September 7, 2021. Pursuant to the July 7, 2021 order, the plaintiffs filed a second amended complaint on September 7, 2021 which included new allegations pertaining to certain alleged financial misrepresentation and improper revenue recognition by the Company. The Company subsequently filed a motion to dismiss on December 6, 2021 and a reply to plaintiffs' opposition on March 25, 2022. Again, on a judgment dated September 23, 2022, the court granted the second motion to dismiss the case in favour the Company. The motion was granted without prejudice. The plaintiff's counsels re-filed a third statement of claim on November 7, 2022 and the re-stated claim was received by Aurora formally on November 8, 2022. The Company filed a third further motion to dismiss on January 6, 2023, to which the plaintiffs filed an opposition brief and the Company filed a reply. The Company is currently awaiting a decision, disputes the allegations and intends to continue to vigorously defend against the claims.
- The Company and its subsidiary, Aurora Cannabis Enterprises Inc. ("**ACE**"), have been named in a purported class action proceeding which commenced on June 18, 2020 in the Province of Alberta in relation to the alleged mislabeling of cannabis products with inaccurate THC/CBD content. The class action involves a number of other parties including Aleafia Health Inc., Hexo Corp, Tilray Canada Ltd., among others, and alleges that upon laboratory testing, certain cannabis products, including Aurora Sativa Drops, lot number 1102019000120 were found to have lower THC potency than the labeled amount, suggesting, among other things, that plastic containers may be leeching cannabinoids. While this matter is ongoing, the Company disputes the allegations and intends to vigorously defend against the claims.
- A claim was commenced by a party to a former term sheet on June 15, 2020 with the King's Bench of Alberta against Aurora and a former officer alleging a claim of breach of obligations under said term sheet, with the plaintiff seeking $18,000,000 in damages. While this matter is ongoing, the Company believes the action to be without merit and intends to defend the claim.

- On August 10, 2020, a purported class action lawsuit was filed with the King's Bench of Alberta against Aurora and certain executive officers in the Province of Alberta on behalf of persons or entities who purchase, or otherwise acquired, publicly traded Aurora securities and suffered losses as a result of Aurora releasing statements containing misrepresentations during the period of September 11, 2019 and December 21, 2019. Chambers appointment has been scheduled for January 2024. Plaintiffs' counsel has advised that they will write to the court to request dates for a hearing. The Company disputes the allegations and intends to vigorously defend against the claims.
- On January 4, 2021, a civil claim was filed with the King's Bench of Alberta against Aurora and its former subsidiary, Hempco Food and Fibre Inc., by a former landlord regarding unpaid rent in the amount of $8.9 million, representing approximately $0.4 million for rent in arrears and costs, plus $8.5 million for loss of rent and remainder of the term. The Company filed a statement of defense on March 24, 2021. While this matter is ongoing, the Company intends to continue to defend against the claims.
- The Company, its subsidiary ACE, and MedReleaf Corp. (which amalgamated with ACE in July 2020) have been named in a purported class action proceeding commenced on November 15, 2022 in the Ontario Superior Court of Justice. The purported class action claims that the Company failed to warn of certain risks purported to be associated with the consumption of cannabis. The Statement of Claim was served upon the Company on November 22, 2022. The Company disputes the allegations and intends to defend against the claims.
- A claim was commenced by a former employee of Aurora against ACE and another former employee of Aurora (the "**Defendant Employee**"). The plaintiffs claim that the Defendant Employee entered a lease for a property owned by the plaintiffs in January 2017 and states that Aurora was a guarantor for the Defendant Employee. The claim states that the Defendant Employee left the property and caused damage. The plaintiffs further claim outstanding rent and legal fees. There is no record of any documentation of Aurora being a party to any such relationship. The Defendant Employee has been noted in default by the plaintiff and Aurora has filed and served a Third-Party Notice against the Defendant Employee. The Company disputes the allegations and intends to defend against the claims.
- A Notice of Application has been sent to the court for filing in which Thrive is requesting an Order to wind up the joint venture with Canary RX Inc., being 2755757 Ontario Inc. dba Venn Cannabis (the "**Joint Venture**") or alternatively, for Canary Rx to purchase Thrive's shares of the Joint Venture at a fair market value. This matter was settled, subsequent to March 31, 2023, in which the parties executed a Release and Settlement agreement dated April 28, 2023.

We are subject to litigation and similar claims in the ordinary course of our business, including claims related to employment, human resources, product liability and commercial disputes. We have received notice of, or are aware of, certain possible claims against us where the magnitude of such claims is negligible, or it is not currently possible for us to predict the outcome of such claims, possible claims or lawsuits due to various factors including: the preliminary nature of some claims; an incomplete factual record; and the unpredictable nature of opposing parties and their demands. Management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any of these claims would result in liability to the Company, to the extent non provided for through insurance or otherwise, would have a material effect on our consolidated financial statements, other than the claims described above.

During the last fiscal financial year, there have not been any penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF and in the consolidated financial statements of the Company for the nine-month financial period ended March 31, 2023, to the best of the Company's knowledge, none of the directors or executive officers of the Company, or any shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or any known associates or affiliates of such persons, had any material interests, direct or indirect, in any transaction within the three most recently completed financial years or during the current year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRARS

The Company's Registrar and Transfer Agent is Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the Company has not entered into any material contracts within the most recently completed financial year or previous to the most recently completed financial year, that are still in effect.

INTEREST OF EXPERTS

KPMG, the Company's independent auditors, have confirmed that they are independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations and also that they are independent accountants with respect to the Company under all relevant U.S. professional and regulatory standards.

AUDIT COMMITTEE

The Company's audit committee (the "**Audit Committee**") has various responsibilities as set forth in NI 52-110, concerning constitution of its Audit Committee and its relationship with its independent auditor and, among such responsibilities, being a requirement that the Audit Committee establish a written charter that sets out its responsibilities. A copy of the charter of the Audit Committee is available as Schedule "A" to this AIF.

Composition of the Audit Committee

As of the date of this AIF, the Company's Audit Committee is composed of the following members, each of whom is "independent" within the meaning of NI 51-110.

Member	Financially Literate (Y/N)[1]	Relevant Education and Experience
Shan Atkins *Chair	Y	Ms. Atkins is a chartered public accountant in Canada, a certified public accountant in the U.S. and holds an MBA from Harvard Business School and a Bachelor of Commerce (with honours) through Queens University. She also holds an ICD.D designation through the Institute of Corporate Directors and an NACD.DC directorship certification in the U.S. Ms. Atkins is considered a "Financial Expert" as defined by the SEC and has acted as an independent director and as Chair of the audit committee for a number of public companies.
Ron Funk	Y	Mr. Funk holds an MBA from Kellogg-Schulich and an ICD.D designation through the Institute of Corporate Directors. He has been providing consulting services since 2009, and previously served on the Board of MedReleaf prior to its acquisition by the Company, where he served as a member of its audit committee.
Chitwant Kohli	Y	Mr. Kohli is a chartered professional accountant in Canada and has held that designation since 1991. He is retired, following a career as a senior financial executive with significant experience in finance, strategic planning, real estate, and operations. He is considered a "Financial Expert" as defined by the SEC.
Theresa Firestone	Y	Ms. Firestone is a distinguished former senior healthcare executive with leadership positions in Canada, Europe and Asia. Her experience includes over 15 years of international P&L management, 15 years in senior roles at Pfizer Inc., over ten years at the Ontario Ministry of Health and seven years in retail and health and wellness. She obtained a Bachelor of Applied Science from the University of Guelph and completed the Pfizer Executive Leadership Program at Harvard Business School in 1999.
Norma Beauchamp	Y	Ms. Beauchamp has over three decades' of experience in the corporate and non-profit sectors, having held senior leadership positions in Canada and Germany. She obtained a Bachelor of Business Administration in Marketing from Bishop's University, and holds an ICD.D designation through the Institute of Corporate Directors.

Note

(1) Pursuant to NI 51-110, an individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than KPMG for the nine-month financial period ended March 31, 2023.

Reliance on Certain Exemptions

At no time has the Company relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, other than as set out in the Audit Committee charter.

External Auditor Service Fees (by category)

The Audit Committee has reviewed the nature and amount of the audit services provided by KPMG to the Company to ensure auditor independence. The aggregate fees billed by the Company's external auditor during the nine-month financial period ended March 31, 2023 and financial year ended June 30, 2022 are as follows:

Financial Period Ending	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees ($)[3]	All Other Fees ($)[4]
2023	3,388,832	-	356,438	–
2022	4,378,890	–	255,944	32,800

Notes

(1) "Audit Fees" includes fees for the performance of the annual audit and quarterly reviews of the financial statements, which includes the audit of significant transactions and matters, and reviews of prospectus and financing documents including related assistance to underwriters.
(2) "Audit-Related Fees" includes fees for assurance or accounting related services that have not been reflected under (1).
(3) "Tax Fees" includes fees for tax compliance and tax advice.
(4) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's equity compensation plans, as applicable, is contained in the Company's management information circular for its most recent annual general meeting.

Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the nine-month financial period ended March 31, 2023 which may be obtained upon request from Aurora's head office, or may be viewed on the Company's website https://www.auroramj.com/investors/.

SCHEDULE "A": AUDIT COMMITTEE CHARTER

Purpose

The primary purpose of the Audit Committee (the "**Committee"**) of the Board of Directors (the "**Board**") of Aurora Cannabis Inc. ("**Aurora**" or the "**Company**") shall be to act on behalf of the Board in fulfilling the Board's oversight responsibilities with respect to:

(i) the integrity of the Company's financial statements;

(ii) the Company's compliance with legal and regulatory requirements;

(iii) the independent auditor's qualifications and independence;

(iv) the performance of the Company's internal audit function and independent auditor;

(v) the adequacy of the Company's system of internal controls over financial reporting; and

(vi) treasury matters, including debt and equity financing decisions and the maintenance of adequate liquidity.

The policy of the Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication between the Committee, the Auditors, and the Company's financial management teams.

Composition

The Committee shall consist of at least three (3) members of the Board and shall satisfy the independence and financial literacy requirements imposed by the applicable securities legislation and by any stock exchange policies on which any of the Company's capital stock is listed, including any exceptions permitted by such requirements.

Term of Office

The members of the Committee will be appointed or re-appointed by the Board on an annual basis. Each member of the Committee will continue to be a member thereof until such member's successor is appointed, or until such member resigns or is removed by the Board. The Board may remove or replace any member of the Committee at any time. However, a member of the Committee will automatically cease to be a member of the Committee upon either ceasing to be a Director of the Board or ceasing to meet the requirements established, from time to time, by any regulators. Vacancies on the Committee will be filled by the Board.

Chair

The Board will appoint the Chair of the Committee annually, to be selected from the members of the Committee. If, in any year, the Board does not make an appointment of the Chair, the incumbent Chair will continue in office until that Chair's successor is appointed.

Meetings and Minutes

The Committee will meet at least once during each fiscal quarter and hold such meetings as its members shall deem necessary or appropriate. The Committee will allocate sufficient time at the end of each regular meeting for an *in camera* session with the Committee alone and executive sessions with management, as required, in order to discuss matters that the Committee believes should be discussed privately, and may otherwise meet without management being present, as necessary. Minutes of each meeting of the Committee shall be prepared and distributed to each Director of the Company.

Quorum

A quorum at any meeting will be a simple majority of Committee members, provided that if the number of Committee members is an even number, one half of the number plus one shall constitute a quorum.

Duties and Responsibilities

The Audit Committee is appointed by the Board to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

Interaction with the Independent Auditor:

(a) *Appointment and Oversight*. The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of any disagreements between Company management and the independent auditor regarding financial reporting) and any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing the audit, review or attest services for the Company, and the independent auditor and such other registered public accounting firm must report directly to the Committee. The Committee must pre-approve any audit and non-audit service provided to the Company by the independent auditor, unless the engagement is entered into pursuant to appropriate

preapproval authority delegated to the Chair of the Committee under policies established by the Committee. Any services pre-approved by the Chair must be ratified by the full Committee at its next regularly scheduled meeting.

(b) *Annual Report on Independence and Quality Control.* The Committee must, as least annually, obtain and review a report from the independent auditor describing:

(i) The auditing firm's internal quality-control procedures;

(ii) Any material issues raised by the most recent internal quality-control review or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years relating to any independent audit conducted by the auditing firm, and any steps taken to deal with any such issues; and

(iii) All relationships and services between the independent auditor and the Company in order to assess the independent auditors' independence.

Annual Financial Statements and Annual Audit

(c) *Audit Problems.* The Committee must discuss with the independent auditor any audit problems or difficulties and management's response.

(d) *Annual Report on Form 20-F Review.* The Committee must review and discuss the annual audited financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's attestation on the adequacy of internal controls over financial reporting.

(e) *Audit Committee Report.* The Committee must provide the Company with the report of the Committee with respect to the audited financial statements for inclusion in each of the Company's annual proxy statements.

Quarterly Financial Statements

(f) *Form 10-Q Review.* The Committee must review and discuss the quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(g) *Approval.* The Committee, as delegated by the Board, has the authority to approve the quarterly financial statements and accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the first three quarters of each fiscal year, as permitted by statute.

Other Duties and Responsibilities

(h) Compliance, Risk and Assurance. The Compliance Risk and Assurance ("**CRA**") function provides management and the Audit Committee with ongoing assessment and information regarding the Company's risk management processes and system of internal control, including the delivery of internal audit services and assurance projects. CRA will report functionally to the Audit Committee and administratively to the EVP, General Counsel and Corporate Secretary. Oversight responsibilities of the Committee include:

(i) *Implementation.* The Committee must assist with Board oversight of the design and implementation of the CRA function.

(ii) *Risk Assessment, Risk Management and Compliance.* The Committee must discuss the Company's policies with respect to risk assessment, risk management and compliance with relevant laws and regulations, including all significant policies and procedures relating to insurance coverages of whatever type, as well as associated coverage limits.

(iii) *Enterprise Risk and Assurance Charter.* The Committee must approve the Enterprise Risk and Assurance Charter, any significant revisions thereto, as well as receive communication from the function's leadership at least annually, confirming the scope, mandate, and independence of the CRA function.

(iv) *Internal Control over Financial Reporting.* The Committee must review management's assessment of the adequacy and effectiveness of the organization's system of internal control and management information systems through discussion with management, CRA, and the external auditor, including the adequacy of processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud to ensure the organization meets its obligations under the *Sarbanes-Oxley Act* to support Section 404 Chief Executive Officer and Chief Financial Officer certifications.

(v) *Annual Risk-Based Audit and Advisory Plan.* The Committee must annually approve the annual Risk-Based Audit and Advisory Plan and associated budget, which includes the planned projects for the upcoming fiscal year, as well as any significant changes to the plan during the fiscal year to accommodate changes in circumstances and any ad-hoc Committee or management requests.

(vi) *Quarterly Reporting.* The Committee must receive quarterly communications from the function's leadership on performance relative to the Risk-Based Audit and Advisory Plan, results of planned projects, the ERM Framework, selected risk mitigation plans and strategies, corporate compliance, and other matters.

(vii) *Function Performance.* The Committee must annually assess the effectiveness of the CRA function, provide input into the performance appraisal process for the Head of the CRA function ("**CRA Lead**") and approve any decisions regarding the appointment and removal of the CRA Lead.

(i) *Review of Earnings Releases.* The Committee must discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

(j) *Oversight of Treasury Functions.* The committee must provide oversight of liquidity and broader balance sheet management by the Company, including debt and equity financing decisions.

(k) *Oversight of Related Party Transactions*. The Committee must establish, maintain and oversee compliance with a related party transactions policy applying to employees and members of the Board.

(l) Oversight of Cyber-Risk. The Committee must regularly review and discuss reports on the Company's cyber risk exposure and the adequacy of associated protections.

(m) *Hiring of Independent Auditor Employees*. The Committee must set clear hiring policies for employees or former employees of the Company's independent auditor.

(n) *Complaint Procedures.* The Committee must establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential and anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters and review and ensure resolution of such concerns on a timely basis.

(o) *Reports to the Board of Directors.* The Committee must report regularly to the Board regarding the activities of the Committee.

(p) *Committee Self-Evaluation.* The Committee must at least annually perform an evaluation of the performance of the Committee.

Pre-Approval of Non-Audit Services

The Audit Committee may delegate to the Chair the authority to pre-approve audit and non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre- approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

External Advisors

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

External Auditors

The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The external auditors will report directly to the Audit Committee. The Audit Committee will:

(a) review the independence and performance of the external auditors and annually recommend to the Board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;

(b) approve the fees and other significant compensation to be paid to the external auditors;

(c) on an annual basis, or more often if circumstances warrant, review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;

(d) review the external auditors' audit plan to see that it is sufficiently detailed and reflects any significant areas of focus that the Audit Committee deems important;

(e) before the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by Chartered Professional Accountants Canada (CPA Canada);

(f) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;

(g) resolve any disagreements between management and the external auditors regarding financial reporting;

(h) approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Company; and

(i) receive from the external auditor's timely reports of:

  (i) any and all critical accounting policies and key audit matters;

  (ii) any alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors, together with rationale;

  (iii) any internal control issues which they deem significant; and

  (iv) any other material written communications between the external auditors and management.

(j) hold regular private sessions with the external auditors without management present.

Legal Compliance

On an annual basis, or more frequently as required, the Audit Committee will review with the Company's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

Complaints

The Company has in place whistleblower reporting mechanisms to allow individuals to bring to the attention of the Audit Committee any complaints regarding accounting, internal accounting controls or auditing matters. The Audit Committee will periodically establish and reconfirm procedures for the submission, receipt and treatment of such complaints and concerns. In all cases, the Audit Committee will conduct a prompt, sufficient and fair examination, document the situation and, if appropriate, recommend to the Board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Company will not condone any retaliation for a complaint made in good faith.

Review and Disclosure

The Committee will annually review and reassess this Charter as it deems appropriate and submit any recommend changes to the Board for approval.

The Committee will ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements.

Last presented for review and approval to, and so approved by the Board on March 29, 2023.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Aurora Cannabis Inc.

We consent to the use of:

- our report dated June 14, 2023 on the consolidated financial statements of Aurora Cannabis Inc. (the "Entity") which comprise the consolidated statements of financial position as of March 31, 2023 and June 30, 2022, the related consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the nine months ended March 31, 2023 and year ended June 30, 2022, and the related notes (collectively the "consolidated financial statements"), and

- our report dated June 14, 2023 on the effectiveness of the Entity's internal control over financial reporting as of March 31, 2023,

each of which is included in the Annual Report on Form 40-F of the Entity for the nine months ended March 31, 2023.

We also consent to the incorporation by reference of such reports in the Registration Statement No. 333-271479 on Form F-10 of the Entity.

/s/ KPMG LLP
Chartered Professional Accountants

June 14 2023
Vancouver, Canada