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 fiscal year ended **June 30, 2021** 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.)*

500-10355 Jasper Avenue,
Edmonton, Alberta, T5J 1Y6
Tel: 1-844-928-7672
(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: **198,068,923**

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 year ended June 30, 2021, together with the report thereon of the independent registered public accounting firm	99.5
Management's Discussion and Analysis of the Company for the year ended June 30, 2021 (the " **2021 MD&A**")	99.6
Annual Information Form of the Company for the year ended June 30, 2021 (the " **AIF**")	99.7

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 SG&A run-rates, and grams produced;
- 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;
- the Company's ability to execute on its business transformation plan and path to Adjusted EBITDA profitability;

- planned cost efficiencies, including the execution of the Company's costs savings plan, including, but not limited to, asset consolidation, supply chain efficiency and other reductions in SG&A expenses;
- expectations related to the development and legalization of consumer markets;
- growth opportunities, including the expansion into additional international adult recreational markets;
- the recovery of the Company's domestic adult recreational segment;
- the continued supply of product into Israel and associated revenue;
- product portfolio and innovation, and associated revenue growth;
- future strategic plans including, but not limited to, M&A in the United States;
- competitive advantages and strengths of medical and regulatory expertise;
- licensing of genetic innovations to other LPs and associated revenue growth;
- expectations regarding biosynthetic production and associated intellectual property; 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 2021 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 June 30, 2021 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn$ 1.2394.

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 2021 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 2021 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 Control over Financial Reporting

The information provided in the section entitled “Internal Controls Over Financial Reporting” under the sub-heading “Material Changes to the Control Environment and Other Matters” contained in the 2021 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, the Audit Committee and the Science and Innovation Committee. The charters of each committee can be viewed on the Company’s corporate website at https://investor.auroramj.com/about-aurora/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&CG Committee**”) is responsible for screening nominees to the Board. The N&CG Committee annually assesses the skills and qualifications of directors and nominees to ensure the members of the board of directors have the requisite skills and qualifications to meet the current needs of the Company. The N&CG Committee is comprised of Norma Beauchamp (Chair), Ron Funk and Adam Szweras. The Board has determined that all of the members of the N&CG Committee 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 “**HR&C Committee**”) 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 HR&C Committee. To make its recommendation on directors’ and executive officer compensation, the HR&C Committee takes into account the types of compensation and the amounts

paid to directors and executive officers of comparable publicly traded Canadian companies. The HR&C Committee is comprised of Adam Szweras (Chair), Norma Beauchamp, Ron Funk and Margaret Shan Atkins. The Board has determined that all of the members of the HR&C Committee are independent, based on the criteria for independence prescribed by Nasdaq's director independence standards at Rule 5605(a)(2).

Science and Innovation Committee

The Science and Innovation Committee reviews and discusses with management the Company's science and innovation strategies, including the full portfolio of initiatives and investments in plant science, human science, analytical science, and product design & formulation and, when appropriate, makes recommendations to the Board. The Science and Innovation Committee is comprised of Lance Friedmann (Chair), Ron Funk and Michael Detlefsen. The Board has determined that all of the members of the Committee 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 Margaret Shan Atkins (Chair), Ron Funk, Michael Detlefsen and Lance Friedmann. Our 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 four 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

Our Board has determined that Margaret Shan Atkins and Michael Detlefsen 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

The following table sets forth information regarding amounts billed to us by our independent auditor for each of our last two fiscal years ended June 30 in Canadian dollars:

Financial Period Ending	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees ($)[3]	All Other Fees ($)[4]
2021	3,042,764	—	357,032	—
2020 [5]	3,050,150	37,450	255,010	—

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, tax planning, tax structuring and tax advice.

(4) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents..

(5) Fees related to prospectus and related assistance to underwriters of $193,670 were reclassified from Audit Related Fees to Audit Fees to conform with current period's presentation.

Audit Committee Pre-Approval Policies

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 Company has not entered into any "off-balance sheet arrangements", as defined in General Instruction B(11) to Form 40-F, that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

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 of Ethics was last reviewed and approved by the Company's Board of Directors on June 21, 2021. 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 fiscal year ended June 30, 2021, 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.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists, as of June 30, 2021, information with respect to the Company's known contractual obligations (in thousands):

		Payments due by period			
	Total ($)	**Less than one year ($)**	**1 - 3 years ($)**	**3 - 5 years ($)**	**More than 5 years ($)**
Long-Term Debt Obligations [1]	498,229	23,522	474,707	—	—
Lease Obligations	144,034	10,227	26,352	20,902	86,553
Contingent Consideration [2]	31,240	31,240	—	—	—
Purchase Obligations [3]	15,696	6,571	7,231	1,894	—
Other long-term liabilities [4]	92,043	—	91,939	—	104
Total	**781,242**	**71,560**	**600,229**	**22,796**	**86,657**

Notes:

(1) Long-term debt obligations include principal and interest on convertible debentures.

(2) Contingent consideration represents the gross amount estimated to be paid out on achievement of future performance milestones related to acquisitions.

(3) Purchase obligations include capital commitments, purchase commitments relating to a manufacturing agreement for the encapsulation of softgels, and retention payments associated with the acquisition of Reliva LLC.

(4) Other long-term liabilities reflected on the balance sheet as at June 30, 2021, includes derivative liabilities and other long-term liabilities.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended June 30, 2021 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.

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.

[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: September 27, 2021

AURORA CANNABIS INC.

By */s/ Glen Ibbott*

Glen Ibbott
Chief Financial Officer

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 year ended June 30, 202 1, together with the report thereon of the independent auditor
99.6	Management's Discussion and Analysis for the year ended June 30, 202 1
99.7	Annual Information Form of the Company for the year ended June 30, 202 1
99.8	Consent of KPMG LLP
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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: September 27, 2021

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: September 27, 2021

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 June 30, 2021 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.

September 27, 2021

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 June 30, 2021 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.

September 27, 2021

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 years ended June 30, 2021 and 2020
(in Canadian Dollars)

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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.

In discharging its responsibilities to support the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information.

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 firm of Chartered Professional Accountants, 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.

September 27, 2021

/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 June 30, 2021 and 2020, the related consolidated statements of comprehensive loss, changes in equity, and cash flows for each of the years in the two-year period ended June 30, 2021, 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 June 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2021, in conformity with International Financial Reporting Standards (IFRS) 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 June 30, 2021, 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 September 27, 2021 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 goodwill and indefinite life intangible assets in the cannabis operating segment and the U.S. CBD cash generating unit

As discussed in Note 15 to the consolidated financial statements, the total goodwill and intangible asset balance as of June 30, 2021 was $1,255,185 thousand, which included goodwill and indefinite life intangibles related to the Cannabis operating segment and the U.S. CBD cash generating unit (CGU). 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. An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on the higher of the fair value less costs of disposal or value-in-use.

We identified the evaluation of the goodwill and indefinite life intangible assets impairment analysis for the Cannabis operating segment and the U.S. CBD CGU as a critical audit matter. There was a high degree of auditor judgment required to evaluate the significant assumptions used in determining the recoverable amount. The significant assumptions used in the recoverable amount model were determined to be the forecasted revenues, operating costs and discount rates. The sensitivity of reasonably possible changes to those assumptions could have had a significant impact on the determination of the recoverable amount of the Cannabis operating segment and the U.S. CBD CGU and the Company`s assessment of impairment. Additionally, the audit judgment associated with certain of these significant assumptions required the use 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 operating costs forecasts to actual results to assess the Company's ability to accurately forecast. We evaluated the reasonableness of the Company's forecasted revenues for the Cannabis operating segment and the U.S. CBD CGU by comparing the growth assumptions to historical actual results of the Company, planned business initiatives and external industry reports. We also tested the forecasted revenue by comparing to actual revenues subsequent to year end. We assessed the reasonableness of operating costs by comparing the fourth quarter actual operating costs to the forecasted operating costs. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

a. evaluating the discount rates used in the impairment analyses by comparing them to discount rate ranges that were independently developed using publicly available market data for comparable entities; and
b. performing sensitivity analyses over the discount rates to assess their impact on the determination of fair value.

Measurement of fair value of biological assets

As discussed in note 9 to the consolidated financial statements, the Company measures biological assets at fair value less costs to sell. As of June 30, 2021, the carrying value of the Company's biological assets was $20,250 thousand. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 – Agriculture. The Company utilizes an income approach to determine the fair value less cost to sell at a specific measurement date, based on the existing cannabis plants' stage of completion up to the point of harvest.

We identified the assessment of the evaluation of the fair value of biological assets as a critical audit matter. A high degree of auditor judgment was required due to the degree of subjectivity of the significant assumptions. The significant assumptions used to measure biological assets were average selling price per gram, weighted average yield per plant, weighted average effective yield and the allocation of indirect costs, which formed part of the standard cost per gram to complete production.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of an internal control related to the assessment of the external lab test reports of harvested biological assets. We performed sensitivity analyses over the Company's significant assumptions used to determine the fair value of biological assets to assess the impact of changes in those assumptions on the Company's determination of fair value. We tested the average selling price per gram by comparing to actual sales prices per gram as set out in actual sales documents for transactions in the fourth quarter and subsequent to year end. We tested the weighted average yield per plant by observing post-harvest weigh-ins. We tested weighted average effective yield by tracing a selection of harvested biological assets to their external lab test reports and comparing those results to company specifications. We tested the allocation of indirect costs, which formed part of standard cost per gram to complete production, by assessing the allocation method, recalculating the allocations and on a selection basis comparing the underlying allocation to source documents.

Assessment of the cannabis inventory provision

As discussed in note 10 to the consolidated financial statements, the Company's consolidated inventory balance was $117,471 thousand as of June 30, 2021. Inventory is valued at the lower of cost and net realizable value (NRV). The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of average selling price per gram, inventory spoilage, inventory excess, age and damage.

We identified the assessment of the cannabis inventory provision as a critical audit matter. A high degree of auditor judgment was required due to the degree of subjectivity of the significant assumptions. The significant assumptions used to determine the inventory provision were inventory excess and age.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the appropriateness of the cannabis inventory provision by testing the inventory excess by comparing the forecasted demand to historical demand. We compared the Company's historical demand forecast to actual results to assess the Company's ability to accurately forecast. We evaluated the reasonableness of the Company's aging policy by comparing the aging assumptions to external industry information. We tested the aging by tracing a selection of inventory to their production records.

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

/s/ KPMG LLP
Chartered Professional Accountants
Vancouver, Canada
September 27, 2021

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 June 30, 2021, 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 June 30, 2021, 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 June 30, 2021 and 2020, the related consolidated statements of comprehensive loss, changes in equity, and cash flows for each of the years in the two-year period ended June 30, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated September 27, 2021 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:

Complex spreadsheet controls: the Company did not implement and maintain effective controls surrounding certain complex spreadsheets. Spreadsheets are inherently prone to error due to their manual nature which increases the risk of human error. The Company's controls related to complex spreadsheets did not address all identified risks associated with manual data entry, review of inputs into management assumptions and estimates, completeness of data entry, and the accuracy of mathematical formulas, impacting complex spreadsheets used in property, plant and equipment, fair value of biological assets, valuation of inventory provision, and production and revenue forecasting.

The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2021 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

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
September 27, 2021

AURORA CANNABIS INC.

Consolidated Statements of Financial Position

As at June 30, 2021 and June 30, 2020

(Amounts reflected in thousands of Canadian dollars)

	Notes	June 30, 2021	*Recasted - Note 2(h)* June 30, 2020
Assets		$	$
Current			
Cash and cash equivalents		421,457	162,179
Restricted cash	2(e)	19,394	—
Accounts receivable	4, 5, 30(a)	56,261	54,110
Income taxes receivable		221	—
Marketable securities	7(a)	3,751	7,066
Derivatives	7(b)	—	11,791
Biological assets	9	20,250	18,157
Inventory	10	117,471	135,880
Prepaids and other current assets		11,169	22,137
Assets held for sale	12(a)	15,918	6,194
		665,892	417,514
Property, plant and equipment	11	606,093	946,380
Derivatives	7(b)	59,382	41,791
Deposits		3,538	12,330
Loan receivable	25	10,096	3,643
Investments in associates and joint ventures	8	289	18,114
Lease receivable	30(a)	4,256	—
Intangible assets	15	367,448	412,267
Goodwill	15	887,737	927,882
Total assets		2,604,731	2,779,921
Liabilities			
Current			
Accounts payable and accrued liabilities	30(b)	57,944	95,574
Deferred revenue		4,169	3,505
Convertible debentures	16	34,749	32,110
Loans and borrowings	17	—	113,921
Lease liabilities	18	6,188	6,587
Contingent consideration payable	29	374	19,054
Provisions		2,077	1,485
Other current liabilities		10,874	20
		116,375	272,256
Convertible debentures	16	293,182	294,928
Lease liabilities	18	65,431	83,701
Derivative liability	16(ii), 19(c)	91,939	1,827
Other long-term liability		104	37
Deferred tax liability	24	—	3,946
Total liabilities		567,031	656,695
Shareholders' equity			
Share capital	19	6,424,296	5,785,395
Reserves		141,500	145,395
Accumulated other comprehensive loss		(207,011)	(187,197)
Deficit		(4,321,085)	(3,596,011)
Total equity attributable to Aurora shareholders		2,037,700	2,147,582
Non-controlling interests	14	—	(24,356)
Total equity		2,037,700	2,123,226
Total liabilities and equity		2,604,731	2,779,921

Nature of Operations (Note 1)
Commitments and Contingencies (Note 26)
Subsequent Events (Note 5, Note 6(f), Note 12(a), Note 32)

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

AURORA CANNABIS INC.

Consolidated Statements of Comprehensive Loss
Years ended June 30, 2021 and 2020
(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

		Years ended June 30,	
			Recasted - Note 2(h)
	Notes	2021	2020
		$	$
Revenue from sale of goods	27	288,592	312,998
Revenue from provision of services	27	1,877	5,002
Excise taxes	27	(45,217)	(49,297)
Net revenue		245,252	268,703
Cost of sales		257,281	264,987
Gross (loss) profit before fair value adjustments		(12,029)	3,716
Changes in fair value of inventory sold		118,707	149,099
Unrealized gain on changes in fair value of biological assets	9	(109,178)	(125,448)
Gross loss		(21,558)	(19,935)
Expense			
General and administration		119,437	196,361
Sales and marketing		55,198	90,216
Acquisition costs		5,761	6,493
Research and development		11,447	26,027
Depreciation and amortization	11, 15	49,174	67,574
Share-based compensation	20(a)(b)	20,243	59,176
		261,260	445,847
Loss from operations		(282,818)	(465,782)
Other (expense) income			
Legal settlement and contract termination fees	26	(46,192)	—
Interest and other income		5,745	5,913
Finance and other costs		(66,437)	(76,115)
Foreign exchange (“FX”) loss		(3,383)	(13,141)
Other gains (losses)	22	36,447	(28,643)
Restructuring charges	3	(1,011)	(1,947)
Impairment of deposits	26(b)(iv)	(15,129)	—
Impairment of property, plant and equipment	11, 12(a)	(282,078)	(140,970)
Impairment of investment in associates	8	—	(75,035)
Impairment of intangible assets and goodwill	15	(44,942)	(2,544,014)
		(416,980)	(2,873,952)
Loss from operations before taxes and discontinued operations		(699,798)	(3,339,734)
Income tax (expense) recovery			
Current	24	(122)	5,100
Deferred, net	24	6,443	77,135
		6,321	82,235
Net loss from continuing operations		(693,477)	(3,257,499)
Net loss from discontinued operations, net of tax	12(b)	(1,612)	(51,861)
Net loss		(695,089)	(3,309,360)

AURORA CANNABIS INC.

Consolidated Statements of Comprehensive Loss

Years ended June 30, 2021 and 2020

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

(Continued)

		Year ended June 30,	
			Recasted - Note 2(h)
	Notes	2021	2020
		$	$
Other comprehensive (loss) income ("OCI") that will not be reclassified to net loss			
Deferred tax recovery		—	624
Losses on marketable securities	7(a)	(16,690)	(43,613)
		(16,690)	(42,989)
Other comprehensive income (loss) that may be reclassified to net loss			
Share of income (loss) from investment in associates	8	237	(379)
Foreign currency translation loss		(3,361)	(5,884)
		(3,124)	(6,263)
Total other comprehensive loss		(19,814)	(49,252)
Comprehensive loss from continuing operations		(713,291)	(3,306,275)
Comprehensive loss from discontinued operations		(1,612)	(52,337)
Comprehensive loss		(714,903)	(3,358,612)
Net loss from continuing operations attributable to:			
Aurora Cannabis Inc.		(692,013)	(3,230,833)
Non-controlling interests		(1,464)	(26,666)
Net loss from discontinued operations attributable to:			
Aurora Cannabis Inc.		(1,612)	(51,861)
Non-controlling interests		—	—
Comprehensive loss attributable to:			
Aurora Cannabis Inc.		(714,234)	(3,329,936)
Non-controlling interests		(669)	(28,676)
Net loss per share - basic and diluted			
Continuing operations	21	($4.09)	($33.39)
Discontinued operations	21	($0.01)	($0.54)
Total operations	21	($4.10)	($33.93)

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, 2021

(Amounts reflected in thousands of Canadian dollars, except share and per 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, 2020		115,228,811	5,785,395	188,803	42,973	419	(86,800)	145,395	(194,637)	18,919	(27)	(11,452)	(187,197)	(3,596,011)	(24,356)	2,123,226
Shares released for earn out payments		2,691,759	35,903	—	(15,894)	—	—	(15,894)	—	—	—	—	—	—	—	20,009
Shares issued through equity financing	19(b) (iii)	78,671,431	613,362	—	—	—	—	—	—	—	—	—	—	—	—	613,362
Equity financing transaction costs		—	(30,936)	—	—	—	—	—	—	—	—	—	—	—	—	(30,936)
Deferred tax on transaction costs		—	(2,582)	—	—	—	—	—	—	—	—	—	—	—	—	(2,582)
Exercise of stock options	20(a)	36,634	420	(211)	—	—	—	(211)	—	—	—	—	—	—	—	209
Exercise of warrants	19(c)	491,500	9,748	—	(676)	—	—	(676)	—	—	—	—	—	—	—	9,072
Exercise of RSUs and DSUs	20(b)	168,784	7,357	(7,357)	—	—	—	(7,357)	—	—	—	—	—	—	—	—
Share-based compensation [1]	20(a) (b)	—	—	18,979	1,264	—	—	20,243	—	—	—	—	—	—	—	20,243
Shares returned to treasury		(50,283)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interests in subsidiaries	14	830,287	5,629	—	—	—	—	—	—	—	—	—	—	(31,449)	25,820	—
Comprehensive income (loss) for the period		—	—	—	—	—	—	—	(16,690)	—	237	(3,361)	(19,814)	(693,625)	(1,464)	(714,903)
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

[1] Included in share-based compensation is $ 1.3 million (June 30, 2020 - $ 10.4 million) expense relating to milestone payments from prior year acquisitions for the year ended June 30, 2021. Of the total $ 20.2 million share-based compensation reserve, none were capitalized to property, plant and equipment for the year ended June 30, 2021 (June 30, 2020 - $ 1.2 million).

As at June 30, 2021, there were no common shares held in escrow (June 30, 2020 - 50,283 common shares). These securities were originally deposited in escrow on November 30, 2017 in connection with the acquisition of H2 Biopharma Inc. The escrowed common shares were to be released upon receipt of relevant licenses to cultivate and sell cannabis, both of which were obtained, and milestones were fully met, during the year ended June 30, 2020. During the year ended June 30, 2021, the Company cancelled and returned the remaining 50,283 escrowed common shares to treasury (year ended June 30, 2020 - released 9,989 common shares upon achievement of milestones).

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

(Continued)

		Share Capital		Reserves					AOCI							
		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, 2019		84,786,562	4,673,118	143,947	40,495	41,685	(86,800)	139,327	(156,249)	18,295	352	(5,568)	(143,170)	(290,512)	4,410	4,383,173
Shares issued for business combinations & asset acquisitions	19(b)(i)	2,689,933	57,420	—	—	—	—	—	—	—	—	—	—	—	—	57,420
Shares issued for earn out payments	19(b) (ii)	614,513	15,992	—	(7,871)	—	—	(7,871)	—	—	—	—	—	—	—	8,121
Shares issued for equity financings	19(b) (iii)	21,009,339	585,146	—	—	—	—	—	—	—		—	—	—	—	585,146
Equity financing transaction costs		—	(12,507)	—	—	—	—	—	—	—		—	—	—	—	(12,507)
Deferred tax on transaction costs		—	2,231	—	—	—	—	—	—	—	—	—	—	—	—	2,231
Conversion of convertible debentures	16(i)	5,761,260	433,177	—	—	(41,266)	—	(41,266)	—	—	—	—	—	—	—	391,911
Deferred tax on convertible debentures		—	1,703	—	—	—	—	—	—	—	—	—	—	82	—	1,785
Exercise of stock options	20(a)	103,841	6,382	(3,588)	—	—	—	(3,588)	—	—	—	—	—	—	—	2,794
Exercise of warrants	19(c)	986	102	—	(29)	—	—	(29)	—	—	—	—	—	—	—	73
Exercise of RSU and DSUs	20(b)	44,823	2,268	(2,268)	—	—	—	(2,268)	—	—	—	—	—	—	—	—
Share-based compensation	20(a) (b)	—	—	50,712	10,378	—	—	61,090	—	—	—	—	—	—	—	61,090
Change in ownership interests in subsidiaries	14	217,554	20,363	—	—	—	—	—	—	—	—	—	—	(18,263)	(2,100)	—
Choom marketable securities transferred to investment in associate	6(f)	—	—	—	—	—	—	—	5,225	(601)		—	4,624	(4,624)	—	—
Comprehensive income (loss) for the period		—	—	—	—	—	—	—	(43,613)	1,225	(379)	(5,884)	(48,651)	(3,282,694)	(26,666)	(3,358,011)
Balance, June 30, 2020		115,228,811	5,785,395	188,803	42,973	419	(86,800)	145,395	(194,637)	18,919	(27)	(11,452)	(187,197)	(3,596,011)	(24,356)	2,123,226

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

AURORA CANNABIS INC.

Consolidated Statements of Cash Flows
Years ended June 30, 2021 and 2020
(Amounts reflected in thousands of Canadian dollars)

		Year ended June 30,	
			Recasted - Note 2(h)
	Notes	2021	2020
		$	$
Operating activities			
Net loss from continuing operations		(693,477)	(3,257,499)
Adjustments for non-cash items:			
Unrealized gain on changes in fair value of biological assets	9	(109,178)	(125,448)
Changes in fair value included in inventory sold		118,707	149,099
Depreciation of property, plant and equipment	11	60,603	74,143
Amortization of intangible assets	15	37,473	40,577
Share-based compensation	20(a)(b)	20,243	59,176
Impairment of deposits	26(b)(iv)	15,129	—
Impairment of property, plant and equipment	11	282,078	140,970
Impairment of investment in associate	8	—	75,035
Impairment of intangible assets and goodwill	15	44,942	2,544,014
Accrued interest and accretion expense	16, 17	30,493	18,359
Interest and other income		(1,388)	(4,835)
Deferred tax expense (recovery)		(6,443)	(77,135)
Other (gains) losses, net	22	(10,575)	28,643
Foreign exchange (gain) loss	23	3,420	9,707
Changes in non-cash working capital	23	397	7,593
Net cash used in operating activities from discontinued operations		(3,001)	(24,541)
Net cash used in operating activities		(210,577)	(342,142)
Investing activities			
Investment in derivatives		(6,671)	(2,000)
Proceeds from disposal of marketable securities		18,064	90,843
Loan receivable		(6,453)	(3,643)
Purchase of property, plant and equipment, and intangible assets		(53,082)	(348,814)
Disposal of property, plant and equipment		19,241	1,247
Proceeds from government grant		3,636	—
Acquisition of businesses, net of cash acquired		—	280
Payment of contingent consideration		—	(1,993)
Deposits	23	(3,183)	(34,075)
Proceeds from disposal of investment in associates		—	27,600
Net cash provided by investing activities from discontinued operations		1,543	25,125
Net cash used in investing activities		(26,905)	(245,430)
Financing activities			
Proceeds from long-term loans		—	86,394
Repayment of long-term loans		(117,504)	(115,130)
Repayment of convertible debenture		—	(2,306)
Payments of principal portion of lease liabilities		(5,416)	(6,611)
Proceeds from lease inducements		—	1,746
Restricted cash		(19,394)	46,066
Financing fees		(1,427)	(1,789)
Shares issued for cash, net of share issue costs		666,026	575,506
Net cash used in financing activities from discontinued operations		(331)	(1,314)
Net cash provided by financing activities		521,954	582,562
Effect of foreign exchange on cash and cash equivalents	23	(25,194)	(5,538)
Increase (decrease) in cash and cash equivalents		259,278	(10,548)
Cash and cash equivalents, beginning of year		162,179	172,727
Cash and cash equivalents, end of year		421,457	162,179

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 "21P".

The Company's head office and principal address is 500 - 10355 Jasper Avenue, Edmonton, Alberta, Canada, T5J 1Y6. The Company's registered and records office address is Suite 1500 – 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7.

The Company's principal strategic business lines are focused on the production, distribution and sale of cannabis and 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 Act; and
- Distribution and sale of hemp-derived CBD products in the United States ("U.S.") market.

The U.S. represents the largest cannabis and hemp-derived cannabidiol ("CBD") market globally and as such, Aurora continues to evaluate its alternatives to establishing an operating footprint in the U.S. During the year ended June 30, 2020, the Company acquired Reliva, LLC, a U.S Company based in Massachusetts specialized in the sale of hemp-derived CBD (Note 13(b)) as an entry into this market. As part of the U.S. market strategy, we are considering how various state and federal regulations will affect the Company's business prospects. The Company is committed to only engage in activities which are permissible under both state and federal laws.

During the year ended June 30, 2020, the Company announced a business transformation plan intended to better align the business financially with the current realities of the cannabis market in Canada while maintaining a sustainable platform for long-term growth. These actions included the rationalization of selling, general and administrative expenses through a reduction in corporate and production staff. The Company has also wound down and closed operations at four Canadian facilities: Aurora Prairie, Aurora Mountain, Aurora Vie, and Aurora Eau. Refer to Note 3 for further details regarding these restructuring actions.

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, which have been adopted during 2021, and new 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), estimated useful lives of property, plant and equipment and intangible assets (Notes 11 and 15), impairment of non-financial assets (Notes 10, 11, and 15), business combinations (Note 13), convertible debentures (Note 16), share purchase warrants (Note 19(c)), share-based compensation (Note 20), deferred taxes (Note 24), segmented information (Note 28) and the fair value of financial instruments (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.

For comparative purposes, the Company has reclassified certain immaterial items on the comparative consolidated statement of financial position and the consolidated statement of comprehensive loss to conform with the current period's presentation.

On May 11, 2020, the Company completed a one-for-twelve (1:12) reverse share split of all of its issued and outstanding common shares ("Share Consolidation"), resulting in a reduction in the issued and outstanding shares from 1,321,072,394 to 110,089,377. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. All share and per share data presented in the Company's consolidated financial statements reflect the Share Consolidation unless otherwise noted.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on September 27, 2021.

(b) COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. During the year ended June 30, 2021, the COVID-19 pandemic has impacted revenue in the Canadian consumer market, particularly in Ontario, as governments imposed retail access restrictions to curbside pickup at points during the pandemic, and have changed their purchasing patterns to reflect the slow-down in the market. The production and sale of medical and consumer cannabis have been recognized as essential services across Canada. All of the Company's facilities in Canada and internationally continue to be operational and the Company continues to work closely with local, national and

international government authorities to ensure that the Company is following the required protocols and guidelines related to COVID-19 within each region. During the year ended June 30, 2021, the Company recognized an impairment for the U.S. CBD CGU as forecasted revenues have declined as a result of COVID-19 (Note 15(b)).

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

(c) 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 year ended June 30, 2021 are as follows:

Major subsidiaries	Percentage Ownership	Functional Currency
1769474 Alberta Ltd. ("1769474")	100%	Canadian Dollar
2105657 Alberta Inc. ("2105657")	100%	Canadian Dollar
Aurora Cannabis Enterprises Inc. ("ACE") [(1)]	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
Whistler Medical Marijuana Corporation ("Whistler")	100%	Canadian Dollar
ACB Captive Insurance Company Inc. ("Captive")	100%	Canadian Dollar

(1) Effective July 1, 2020, ACE amalgamated with MedReleaf Corp. and CanniMed Therapeutics Inc. with ACE being the surviving entity.

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.

(d) 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.

(e) 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 represents the minimum cash and cash equivalents balance that the Company must maintain pursuant to the terms of the secured credit agreement with the Bank of Montreal ("BMO") (Note 17) and funds reserved in the Captive to cover self-insurance over property related risks. As of June 30, 2021, $4.4 million and $15.0 million restricted cash is attributed collateral held for letters of credit and corporate credit cards (Note 17), and the Captive, respectively.

(f) 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.

(g) 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.

(h) Biological Assets and Inventory Non-Material Prior Period Error

During the year ended June 30, 2021, a non-material error was identified in the valuation methodology for biological assets. As part of the fair value measurement, management incorporated the cannabis plant's stage of growth in determining the fair value less costs to sell ("FVLCS"). In the period of harvest, the balance in biological assets was transferred directly to inventory at the average 48% stage of growth without adjusting for the incremental fair value to grow the plant through the full lifecycle. The Company now includes the incremental fair value of the plants in the valuation and transfers the biological assets to inventory at the full stage of growth at the point of harvest. Additionally, the Company revised certain key inputs used in determining FVLCS, including the incorporation of an effective yield factor based on the potency of cannabis produced. These changes primarily impacted unrealized fair value gains on biological assets and changes in fair value of inventory sold, both of which are non-cash impacts and are not material to the Company.

Management evaluated the materiality of the errors, both quantitatively and qualitatively, and concluded that the changes were not material to the consolidated financial statements taken as a whole for any prior period. The Company has revised opening deficit and corrected the error by recasting the prior period information in these consolidated financial statements. The following is a summary of the impacts to the statement of financial position, the statement of comprehensive loss, and the statement of cash flows for the year ended June 30, 2020, prior to the impact of discontinued operations (Note 12(b)):

	June 30, 2020 As previously reported	Biological Assets and Inventory Adjustments	June 30, 2020 Recasted
Consolidated Statement of Financial Position			
Biological assets	35,435	(17,278)	18,157
Inventory	121,827	14,053	135,880
Deferred tax liability	(3,946)	—	(3,946)
Deficit	(3,592,786)	(3,225)	(3,596,011)

	Year ended June 30, 2020 As previously reported	Biological Assets and Inventory Adjustments	Year ended June 30, 2020 Recasted
Consolidated Statement of Comprehensive Loss			
Cost of sales	277,234	9,167	286,401
Gross profit (loss) before fair value adjustments	1,672	(9,167)	(7,495)
Changes in fair value of inventory sold	91,825	57,274	149,099
Unrealized gain on changes in fair value of biological assets	(56,614)	(68,834)	(125,448)
Gross loss	(33,539)	2,393	(31,146)
Deferred tax recovery	(78,303)	1,416	(76,887)
Net loss from continuing operations	(3,300,493)	977	(3,299,516)
Net loss attributable to Aurora shareholders	(3,283,671)	977	(3,282,694)
Loss per share (basic and diluted)	($33.94)	$0.01	($33.93)

	Year ended June 30, 2020 As previously reported	Biological Assets and Inventory Adjustments	Year ended June 30, 2020 Recasted
Consolidated Statement of Cash Flows			
Unrealized gain on changes in fair value of biological assets	(56,614)	(68,834)	(125,448)
Changes in fair value of inventory sold	91,825	57,274	149,099
Deferred tax recovery	(78,303)	1,416	(76,887)
Changes in non-cash working capital	7,643	8,499	16,142
Net cash used in operating activities	(337,952)	—	(337,952)

(i) Adoption of New Accounting Pronouncements

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued "*Definition of a Business (Amendments to IFRS 3)*". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company adopted the Amendments to IFRS 3 effective July 1, 2020 with no impact to the Company's consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments revise the existing requirements for hedge accounting and are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as Interbank Offered Rates ("IBOR"). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Company adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 effective July 1, 2020 with no impact on the Company's consolidated financial statements.

(j) New Accounting Pronouncements

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, 2022. The Company is currently evaluating the potential impact of these amendments 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.

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 is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Note 3 Restructuring Provisions

Accounting Policy

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.

As described in Note 1, during the year ended June 30, 2020, the Company initiated a plan to close operations at certain production facilities in order to focus on production and manufacturing at the Company's larger scale facilities. Additionally, the Company reduced the number of corporate and production level employees across the organization in an effort to reduce spending. During the year ended June 30, 2021, the Company recorded restructuring charges of $0.2 million (June 30, 2020 - $1.9 million) relating to workforce reductions associated with the closure of production facilities.

During the year ended June 30, 2021, the Company entered into an agreement with Great North Distributors Inc. ("Great North") to be the exclusive representative for Aurora's Canadian cannabis retail brands. As a result of shifting consumer sales costs from a fixed internal sales

force to variable contract sales, the Company recorded restructuring charges of $0.8 million (June 30, 2020 - nil) related to the workforce reductions.

The provisions for restructuring and other charges 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 severances that will need to be paid.

	Total
	$
Balance, June 30, 2019	—
Additions	1,947
Payments	(1,390)
Balance at June 30, 2020	557
Additions	1,011
Payments	(1,568)
Balance, June 30, 2021	—

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	June 30, 2021	June 30, 2020
		$	$
Trade receivables	30(a)	42,030	45,199
Sales taxes receivable		1,625	5,912
Lease receivable	30(a)	978	—
Consideration receivable from divestiture	12(b)	2,167	—
Government grant receivable	5	6,617	—
Other receivables [1]		2,844	2,999
		56,261	54,110

[1] Includes interest receivable from the convertible debenture held in Choom Holdings Inc. (Note 6(f)), High Tide (Note 6(h)), Investee-B (Note 6(g)), and Investee-C (Note 6(k)).

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 statement of comprehensive 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 provides 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 applied for CEWS. For the year ended June 30, 2021, the Company has recognized $31.9 million (June 30, 2020 - nil) in government grant income within other gains (losses) in the statement of comprehensive loss. Estimation uncertainty arises when interpreting certain definitions as prescribed by CEWS. As such, of the $36.2 million (June 30, 2020 - nil) cash received from CEWS, $10.9 million is recognized as other current liabilities on the statement of financial position.

Subsequent to June 30, 2021, the Company received an additional $1.3 million cash from CEWS.

During the year ended June 30, 2021, the Company received a $3.6 million government grant related to the installation of a heat and power system which reduced electricity consumption from a city power grid. The grant was recognized against the asset and reduced the carrying value by $3.6 million (Note 11).

Note 6 Investments

(a) Cann Group Limited ("Cann Group")

Cann Group is a public company listed on the Australian Stock Exchange and is licensed in Australia for research and cultivation of medical cannabis for human use.

As of June 30, 2020, the Company held an aggregate of 31,956,347 shares in Cann Group, representing a 22.4% ownership interest. Given that the Company had significant influence over Cann Group, the investment was accounted for under the equity method (Note 8) and had a fair value of approximately $23.4 million (A$25.0 million) based on Cann Group's closing stock price of A$0.79 on June 30, 2020. During the year ended June 30, 2020, the Company assessed the carrying value of the investment against the estimated recoverable amount. As a result, the Company recognized $37.2 million of impairment charges for the year ended June 30, 2020 through the statement of comprehensive loss (Note 8).

On July 23, 2020, the Company no longer held significant influence over Cann Group as the Company's percentage ownership interest was diluted to approximately 18%. As a result, the $16.97 million carrying value of the Company's equity investment was derecognized from investment in associates (Note 8) and reclassified to marketable securities (Note 7(a)) at its fair value of $15.53 million, calculated based on the July 23, 2020 quoted market price of A$0.51. This resulted in the recognition of a $1.44 million loss on the deemed disposal of the investment in associate during the year ended June 30, 2021 (Note 22).

On October 9, 2020, the Company sold all of its 31,956,347 common shares held in Cann Group at A$0.20 per share for net proceeds of $5.9 million. The fair value of the Cann Group shares on October 9, 2020 was $6.0 million, which resulted in a cumulative loss of $9.5 million recognized through OCI during the year ended June 30, 2021.

(b) 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 June 30, 2021, the Company held an aggregate of 37,643,431 shares in Radient (June 30, 2020 – 37,643,431) with a fair value of $3.0 million (June 30, 2020 - $6.0 million) resulting in an unrealized loss of $3.0 million for the year ended June 30, 2021 (year ended June 30, 2020 - $24.8 million unrealized fair value loss)(Note 7(a)). During the year ended June 30, 2020, the Company's 4,541,889 warrants in Radient expired unexercised, resulting in the recognition of an unrealized loss of $0.1 million.

(c) Alcanna Inc. ("Alcanna")

Alcanna is an Alberta based public company listed on the TSX. Its principal business activity is the retailing of wines, beers and spirits and the retailing of cannabis.

(i) Common Shares and Investment in Associate

During the year ended June 30, 2020, the Company disposed of its investment in Alcanna, representing 9,200,000 common shares or a 24.8% ownership interest. The Company received gross proceeds of $27.6 million at an average price of $3.00 per share and recognized a $12.0 million accounting gain on disposal. The proceeds were used to repay a portion of the Credit Facility (Note 17). Prior to the disposal, management had significant influence over Alcanna and accounted for the investment under the equity method (Note 8). During the year ended June 30, 2020, the Company assessed the carrying value of the investment against the estimated recoverable amount. As a result, the Company recognized $27.7 million of impairment charges for the year ended June 30, 2020. As of June 30, 2020, the Companyno longer held any shares of Alcanna.

(ii) Warrants

During the year ended June 30, 2020, 10,130,000 warrants expired unexercised and 1,750,000 warrants were canceled. As at June 30, 2020, the Company held no warrants in Alcanna.

(d) Capcium Inc. ("Capcium")

Capcium is a Montreal-based private company and is in the business of manufacturing soft-gels.

As at June 30, 2020, the Company held 5,371 convertible debentures for a total cost of $4.9 million. The 5,371 convertible debentures bore interest at 8% per annum and matured on September 5, 2020. The debentures were convertible at the option of Aurora upon the occurrence of a Liquidity Event into units of Capcium at the lesser of (i) the price that is 20% discount to the Liquidity Event Price; and (ii) the price determined based on a pre-money value of $80.0 million at the time of the Liquidity Event. Each unit consisted of one common share and one common share purchase warrant exercisable into one common share at a price that is 50% greater than the conversion price for 2 years from the completion of a Liquidity Event. A Liquidity Event is defined as the occurrence of either a public offering, a reverse take-over or a merger transaction which results in the common shares of Capcium being listed on a recognized stock exchange. Included in the 5,371 convertible debentures is 488 convertible debentures received in 2019 for no additional consideration as Capcium had not completed a Liquidity Event.

In July 2020, the Company converted its 5,371 convertible debentures with a principal balance of $5.4 million and a fair value of nil (June 30, 2020 - nil) into 5,371,300 Series A preferred shares. The Series A preferred shares accrue an annual per share dividend of 8% and rank subordinate to the Series B preferred shares described below. In the event of a liquidity event, which is the occurrence of a merger, consolidation, sale, lease, transfer, exclusive license or other disposal of all or substantially all of the assets of Capcium, the Series A preferred shares shall automatically convert into a number of common stock equal to 15% of the issued and outstanding common stock on a fully diluted basis. As at June 30, 2021, the Series A preferred shares had a nominal fair value resulting in an unrealized loss of nil for the year ended June 30, 2021.

During the year ended June 30, 2021, the Company subscribed for 1,851,086 Series B preferred shares of Capcium for $1.9 million (Note 7(a)). In the event of a liquidity event, Series B preferred shareholders of Capcium shall receive a cash payment equal to twice the initial investment and the Series B preferred shares shall automatically convert into a number of common stock based on the fair market value at that time. In the event of an IPO liquidity event, which is the occurrence of either a public offering or a reverse take-over, the Series B preferred shares shall automatically convert into a number of common stock based on the fair market value at that time. As at June 30, 2021, the Series B preferred shares had a nominal fair value resulting in an unrealized loss of $1.9 million for the year ended June 30, 2021. In conjunction with the Company's investment, the parties amended an existing manufacturing agreement to reduce the Company's annual minimum purchase commitment by 20.0 million capsules (Note 26(b)(ii)).

The Company continues to hold 8,828,662 common shares in Capcium as of June 30, 2021 (June 30, 2020 - 8,828,662) representing an 18% ownership interest based on common shares outstanding (June 30, 2020 - 19%). Given that the Company has significant influence over Capcium, the investment has been accounted for under the equity method (Note 8). During the year ended June 30 2020, the Company identified indicators of impairment within its Capcium investment and as such, assessed the carrying value of the investment against the estimated recoverable amount. The recoverable amount of the investment was determined using a value-in-use calculation by discounting the most recent expected future net cash flows of the Company from the investment. As a result, the Company recognized $9.0 million of impairment charges for the year ended June 30, 2020 which has been recognized through the statement of comprehensive loss.

(e) The Green Organic Dutchman Holdings Ltd. ("TGOD")

TGOD is an Ontario based licensed producer of cannabis in Canada and is publicly listed on the TSX.

During the year ended June 30, 2020, the Company sold all of its 28,833,334 common shares of TGOD for gross proceeds of $86.5 million at an average price of $3.00 per share. As a result, the Company recognized a realized loss of $115.3 million during the year ended June 30, 2020, of which $6.7 million were losses recognized during the year ended June 30, 2020. The realized loss was calculated based on the deemed cost of $6.94 per share which represents the September 27, 2018 quoted market price at the time the Company lost significant influence. As at June 30, 2020, the Company no longer held any shares of TGOD.

During the year ended June 30, 2020, 3,170,625 participation right warrants held in TGOD expired unexercised resulting in an unrealized loss of $0.6 million.

On February 28, 2021, the Company's 16,666,667 subscription receipt warrants expired unexercised. The subscription receipt warrants had a fair value of $1.1 million at June 30, 2020 and was estimated using the quoted market price of $0.065. As a result, the Company recognized an unrealized fair value loss of $1.1 million for the year ended June 30, 2021 (June 30, 2020 - $22.4 million)(Note 7(b)).

(f) 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

As of June 30, 2020, the Company held a $20.0 million unsecured convertible debenture in Choom with a second ranking security interest over Choom's present and after-acquired property. The debenture bears interest at 6.5% per annum, matures on November 2, 2022, and is convertible into common shares of Choom at $0.65 per share. As at June 30, 2021, the interest receivable balance from Choom was $2.1 million (June 30, 2020 – $1.5 million)(Note 4).

As of June 30, 2021, the convertible debenture had a fair value of $18.2 million (June 30, 2020 – $20.5 million) resulting in an unrealized loss of $2.3 million for the year ended June 30, 2021 (June 30, 2020 – $1.1 million unrealized loss)(Note 7(b)). The fair value of the convertible

debenture was estimated using the FINCAD model based on the following assumptions: share price of $0.08 (June 30, 2020 – $0.14); credit spread of 14.46% (June 30, 2020 – 8.58%); dividend yield of 0% (June 30, 2020 – 0%); stock price volatility of 119.39% (June 30, 2020 – 121.88%); and an expected life of 1.34 years (June 30, 2020 – 2.34 years).

Effective July 8, 2021, the Company restructured its debt with Choom by extinguishing the $20.0 million unsecured convertible debenture and accrued interest in exchange for: (i) 79,754,843 common shares providing the Company with a 19.9% ownership interest in Choom; (ii) an amended 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; (iii) a debt restructuring fee payable by Choom to Aurora based on products sold at Choom's retail stores; and (iv) a $6.0 million secured convertible debenture ("2021 Debenture"). The 2021 Debenture is secured with a second ranking security interest over Choom's future secured and all current unsecured and unsubordinated indebtedness. The 2021 Debenture bears interest at 7.0% per annum, matures on December 23, 2024, and is convertible into common shares of Choom at $0.10 per share.

(ii) Warrants

As of June 30, 2020, the Company held an aggregate of 96,464,248 share purchase warrants in Choom with a nominal fair value. The share purchase warrants were exercisable between $1.25 and $2.75 per share beginning November 2, 2018. The warrants expired unexercised on November 2, 2020 resulting in a nominal unrealized loss for the year ended June 30, 2020.

(iii) Common Shares and Investment in Associate

Per the terms of the arrangement and in accordance with the *Cannabis Retail Regulations* in Ontario, licensed producers are subject to an ownership interest cap in licensed retailers. On December 12, 2019, the *Cannabis Retail Regulations* in Ontario was amended increasing the ownership restriction to 25% from 9.9%. As a result, the Company obtained significant influence in Choom based on existing and potential voting rights effective December 12, 2019, being the date of the amendment. The 9,859,155 common shares held in Choom had a fair value of $1.8 million based on a quoted market price of $0.18 per share and the Company's investment was reclassified from marketable securities (Note 7(a)) to investment in associates (Note 8). The Company recognized an unrealized loss of $2.6 million for the year ended June 30, 2020, and the cumulative unrealized loss of $5.2 million as at December 12, 2019 was reclassified from other comprehensive loss to deficit.

During the year ended June 30, 2020, the Company assessed the carrying value of the investment against the estimated recoverable amount and as a result, recognized an impairment charge of $0.4 million through the statement of comprehensive loss (Note 8).

As a result of the warrants expiring on November 2, 2020, the Company's diluted percentage ownership interest decreased and Aurora no longer held significant influence over Choom. The $0.6 million carrying value of the Company's equity investment was derecognized from investment in associates (Note 8) and reclassified to marketable securities (Note 7(a)) at its fair value of $0.8 million, calculated based on the November 2, 2020 quoted market price of $0.08 per share. This resulted in the recognition of a $0.2 million gain on the deemed disposal of the investment in associate during the year ended June 30, 2021 (Note 22).

As of June 30, 2021, the Company held 9,859,155 (June 30, 2020 - 9,859,155) common shares in Choom, representing a 3.03% (June 30, 2020 - 4.37%) ownership interest with a fair value of $0.7 million (June 30, 2020 - $1.4 million) based on the closing stock price of $0.08 (June 30, 2020 - $0.14).

(g) Investee-B

Investee-B is a private Canadian company that cultivates, manufactures, and distributes medical cannabis products in Jamaica. The Company holds a $12.4 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 June 30, 2021, the convertible debenture had a fair value of $14.4 million (US $11.6 million) (June 30, 2020 – $16.1 million (US $11.9 million))(Note 7(b)). The Company recognized unrealized gains of $0.4 million for the year ended June 30, 2021 (June 30, 2020 – $1.5 million unrealized loss)(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, 2020 – $3.71); risk-free interest rate of 0.29% (June 30, 2020 – 2.88%); dividend yield of 0% (June 30, 2020 – 0%); stock price volatility of 44.75% (June 30, 2020 – 44.45%); credit spread of 0.48% (June 30, 2020 – 74.90%) and an expected life of 2.01 years (June 30, 2020 – 3.01 years). If the estimated volatility increases or decreases by 10%, the estimated fair value would increase or decrease by approximately $0.2 million (June 30, 2020 – $0.2 million). If the estimated share price increases or decreased by 10%, the estimated fair value would increase or decrease by approximately $0.3 million (June 30, 2020 – $0.3 million).

(h) High Tide Inc. ("High Tide")

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

On December 12, 2018, the Company invested $10.0 million in unsecured convertible debentures bearing an interest rate of 8.5% per annum and maturing on December 12, 2020 (the "December 2018 Debentures"). The December 2018 Debentures are convertible into common shares of High Tide at $0.75 per share at the option of the Company at any time after June 12, 2019.

On June 14, 2019, the Company invested $1.0 million in unsecured convertible debentures of High Tide bearing interest of 10.0% per annum, payable annually in advance in common shares of High Tide and maturing in two years from the date of issuance (the "June 2019 Debentures"). The June 2019 Debentures are convertible into common shares of High Tide at $0.75 per share at the option of the Company at any time after December 14, 2019. The Company also received 1,333,333 warrants, each warrant entitling the Company to acquire one common share at an exercise price of $0.85 per share for a period of two years.

On November 14, 2019, the Company invested $2.0 million in senior unsecured convertible debentures of High Tide bearing an interest rate of 10% per annum and maturing on November 14, 2021 (the "November 2019 Debentures"). The November 2019 Debentures are convertible into common shares of High Tide at $0.252 per share at the option of the Company any time after May 14, 2020. The Company also received 7,936,507 warrants, each warrant entitling the Company to acquire one common share at an exercise price of $0.50 per share for a period of two years.

On July 23, 2020, the Company entered into an amended restated secured convertible debenture (the "July 2020 Debenture") agreement for its December 2018 Debentures. 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 has also entered into a debt restructuring agreement 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 is 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. The June 2019 Debentures,and November 2019 Debentures are subject to Aurora holding no more than a 9.9% ownership interest in High Tide under the debenture agreements.

During the year ended June 30, 2021, the Company converted its $1.0 million June 2019 Debentures and $2.0 million November 2019 Debentures into 9,269,840 common shares at a weighted average conversion price of $0.42 with a fair value of $6.3 million (June 30, 2020 - $2.7 million). The Company also exercised 7,936,507 warrants held in High Tide at $0.50 per warrant with a fair value of $2.8 million (June 30, 2020 - $0.2 million) for a cost of $4.0 million. Additionally, the Company sold all of its 18,650,197 common shares held in High Tide at a weighted average price of $0.64 per share for net proceeds of $11.8 million. As a result, the Company recognized a realized loss of $1.3 million through comprehensive loss during the year ended June 30, 2021. The realized loss was calculated based on the deemed cost of $13.1 million which represents the warrant exercise cost and the fair value of the derivatives on the conversion date. As of June 30, 2021, the Company held no common shares of High Tide (June 30, 2020 - 267,380).

The remaining 1,333,333 warrants exercisable at $0.85 per warrant expired unexercised on June 14, 2021 resulting in a nominal fair value loss during the year ended June 30, 2021 (June 30, 2020 - nominal).

During the year ended June 30, 2021, $0.4 million of High Tide service fees (June 30, 2020 - nil) incurred by the Company were applied against the principal outstanding under the July 2020 convertible debentures. As of June 30, 2021, the remaining July 2020 convertible debentures had a fair value of $18.7 million (June 30, 2020 – $9.8 million), resulting in an unrealized gain of $9.3 million for the year ended June 30, 2021 (June 30, 2020 – $0.6 million) net of $0.4 million in repayments. The fair value of the convertible debentures was estimated using the FINCAD model with the following assumptions: share price of $0.66 (June 30, 2020 – $0.16); credit spread of 11.9% (June 30, 2020 – 12.3%); dividend yield of 0% (June 30, 2019 – 0%); stock price volatility of 102.0% (June 30, 2020 – 106.0%) and an expected life of 3.51 years (June 30, 2020 – 0.45 years).

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

ACI is a public company that is focused on investments and acquisitions in the cannabis space 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 June 30, 2021 and June 30, 2020, the Company held 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 June 30, 2021, the warrants remain un-exercisable.

As of June 30, 2021, the warrants had a fair value of $5.7 million (June 30, 2020 – $3.2 million) estimated using the Binomial model with the following assumptions: share price of $0.32 (June 30, 2020 – $0.22); risk-free interest rate of 1.66% (June 30, 2020 – 0.93%); dividend yield of 0% (June 30, 2020 – 0%); stock price volatility of 116.44% (June 30, 2020 – 116.01%); an expected life of 7.23 years (June 30, 2020 – 8.23 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 $2.5 million unrealized gain on fair value during the year ended June 30, 2021 (June 30, 2020 – $6.9 million unrealized loss)(Note 7(b)).

(j) EnWave Corporation ("EnWave")

EnWave is a Vancouver-based advanced technology company that has developed Radiant Energy Vacuum ("REV™") – a method for the precise dehydration of organic materials. Enwave is publicly listed on the TSXV.

On April 29, 2020, the Company sold all of its the 5,302,227 common shares of EnWave Corporation at $0.80 per share for net proceeds of $4.1 million. Based on the deemed cost of $1.89 per share, which represents the acquisition date quoted market price, the transaction resulted in a realized loss of $5.9 million. Of the $5.9 million realized loss, $8.5 million of fair value losses were recognized during the year ended June 30, 2020. As of June 30, 2020, the Company no longer held any shares in EnWave.

(k) 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.

As of June 30, 2021, the convertible debenture had a fair value of $2.5 million estimated using the FINCAD model with the following assumptions: interest rate volatility of 44%; risk-free rate of 0.8%; credit spread of 7%; and an expected life of 1.34 years.

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 only and not through profit or loss upon disposition.

As at June 30, 2021, the Company held the following marketable securities:

Financial asset hierarchy level	Level 1	Level 1	Level 1	Level 3	Level 1	Level 1	Level 1	Level 1	Level 3	
Marketable securities designated at FVTOCI	Micron	Cann Group Note 6(a)	Radient Note 6(b)	Capcium Note 6(d)	TGOD Note 6(e)	Choom Note 6(f)	High Tide Note 6(h)	EnWave Note 6(j)	Other immaterial investments	Total
	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2019	1,148	—	30,866	—	93,132	4,388	95	12,619	1,000	143,248
Disposals	(191)	—	—	—	(86,465)	—	—	(4,138)	—	(90,794)
Transfer to investment in associates	—	—	—	—	—	(1,775)	—	—	—	(1,775)
Loss on changes in fair value	(957)	—	(24,845)	—	(6,667)	(2,613)	(50)	(8,481)	—	(43,613)
Balance, June 30, 2020	—	—	6,021	—	—	—	45	—	1,000	7,066
Additions (Disposals)	—	(6,013)	—	1,851	—	—	1,284	—	(61)	(2,939)
Transfer from investment in associates	—	15,525	—	—	—	789	—	—	—	16,314
Loss on changes in fair value	—	(9,512)	(3,011)	(1,851)	—	(48)	(1,329)	—	(939)	(16,690)
Balance, June 30, 2021	—	—	3,010	—	—	741	—	—	—	3,751
Loss on marketable securities										
Year ended June 30, 2020										
OCI unrealized loss	(957)	—	(24,845)	—	(6,667)	(2,613)	(50)	(2,619)	—	(37,751)
OCI realized loss	—	—	—	—	—	—	—	(5,862)	—	(5,862)
Year ended June 30, 2021										
OCI unrealized loss	—	—	(3,011)	(1,851)	—	(48)	(55)	—	(939)	(5,904)
OCI realized loss	—	(9,512)	—	—	—	—	(1,274)	—	—	(10,786)

(b) Derivatives

Accounting Policy

Derivatives 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 of June 30, 2021, the Company held the following derivative investments:

Financial asset hierarchy level	Level 3	Level 2	Level 2	Level 3	Level 2	Level 2	Level 3	Level 3	
Derivatives and convertible debentures at FVTPL	Capcium Note 6(d)	TGOD Note 6(e)	Choom Note 6(f)	Investee-B Note 6(g)	High Tide Note 6(h)	ACI Note 6(i)	Investee-C Note 6(k)	Other immaterial investments	Total
	$	$	$	$	$	$	$	$	$
Balance, June 30, 2019	7,518	24,162	19,369	14,316	10,241	10,083	—	720	86,409
Additions (Disposals)	—	—	—	—	2,000	—	—	(49)	1,951
Unrealized gain (loss) on changes in fair value	(7,518)	(23,030)	1,130	1,465	419	(6,905)	—	(660)	(35,099)
Foreign exchange gain	—	—	—	321	—	—	—	—	321
Balance, June 30, 2020	—	1,132	20,499	16,102	12,660	3,178	—	11	53,582
Additions (Disposals)	—	—	—	—	(9,042)	—	2,500	—	(6,542)
Repayment	—	—	—	—	(416)	—	—	—	(416)
Unrealized gain (loss) on changes in fair value	—	(1,132)	(2,348)	(367)	15,463	2,483	12	(11)	14,100
Foreign exchange loss	—	—	—	(1,342)	—	—	—	—	(1,342)
Balance, June 30, 2021	—	—	18,151	14,393	18,665	5,661	2,512	—	59,382
Unrealized gain (loss) on derivatives (Note 22)									
Year ended June 30, 2020									
Foreign exchange gain	—	—	—	321	—	—	—	—	321
Inception gains amortized	—	—	—	—	—	—	—	709	709
Unrealized gain (loss) on changes in fair value	(7,518)	(23,030)	1,130	1,465	419	(6,905)	—	(660)	(35,099)
	(7,518)	(23,030)	1,130	1,786	419	(6,905)	—	49	(34,069)
Year ended June 30, 2021									
Foreign exchange loss	—	—	—	(1,342)	—	—	—	—	(1,342)
Unrealized gain (loss) on changes in fair value	—	(1,132)	(2,348)	(367)	15,463	2,483	12	(11)	14,100
	—	(1,132)	(2,348)	(1,709)	15,463	2,483	12	(11)	12,758

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:

	Cann Group Note 6(a)	Alcanna Note 6(c)	CTT Pharmaceutial Holdings	Capcium Note 6(d)	Choom Note 6(f)	Total
	$	$	$	$	$	$
Balance, June 30, 2019	57,017	50,950	1,025	9,853	—	118,845
Additions	—	—	—	—	1,775	1,775
Disposition / reclassification	—	(15,645)	—	—	—	(15,645)
Share of net loss [(1)]	(2,930)	(7,174)	(58)	(840)	(532)	(11,534)
Impairment	(37,213)	(27,748)	(633)	(9,013)	(428)	(75,035)
OCI FX gain (loss)	43	(383)	47	—	1	(292)
Balance, June 30, 2020	16,917	—	381	—	816	18,114
Reclassification	(16,968)	—	—	—	(585)	(17,553)
Share of net loss[(1)]	(226)	—	(52)	—	(231)	(509)
OCI FX and share of OCI income (loss)	277	—	(40)	—	—	237
Balance, June 30, 2021	—	—	289	—	—	289

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

The following is a summary of financial information for the Company's significant associates and joint ventures as of June 30, 2020, presented based on the latest available information of each investee. There were no significant associates and joint ventures as of June 30, 2021. The numbers have not been pro-rated for Aurora's ownership interest.

	June 30, 2020
	Cann Group
	$
Date obtained significant influence	Dec 11, 2017
Statement of financial position	
Cash and cash equivalents	7,513
Current assets	12,760
Non-current assets	58,521
Current liabilities	5,497
Non-current liabilities	835
Statement of comprehensive loss	
Revenue	1,025
Depreciation and amortization	(1,992)
Interest income	448
Interest expense	(83)
Loss from continued operations	(15,084)
Total comprehensive loss	(15,084)

Note 9 Biological Assets

unting Policy

ompany 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 Company utilizes an income approach to determine the fair value less cost to sell at a specific measurement date, based on the existing cannabis plants' stage of completion up to the point of harvest. 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. 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 biological assets:

Inputs and assumptions	Description	Correlation between inputs and fair value
e 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).
e 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).
ed 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).
rd 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).
ed 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).
of completion in the production process	Calculated by taking the weighted average number of days in production over the average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

uction 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.

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets:

Significant inputs & assumptions [1]	Inputs		Sensitivity	Impact on fair value	
	June 30, 2021	*Recasted Note 2(h)* June 30, 2020		June 30, 2021	*Recasted Note 2(h)* June 30, 2020
Average selling price per gram	$5.69	$4.60	Increase or decrease of $ 1.00 per gram	$5,067	$6,536
Weighted average yield (grams per plant)	30.69	52.73	Increase or decrease by 5 grams per plant	$3,337	$1,747
Weighted average effective yield	84 %	49 %	Increase or decrease by 5%	$890	$1,614
Standard cost per gram to complete production	$1.72	$1.45	Increase or decrease of $ 1.00 per gram	$6,323	$8,935

[1] Significant inputs & assumptions are determined on a weighted average basis and includes our Canadian and Denmark facilities (June 30, 2020 - Canadian facilities only).

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 year are as follows:

	June 30, 2021	*Recasted - Note 2(h)* June 30, 2020
	$	$
Opening balance	18,157	31,467
Production costs capitalized	49,249	46,150
Changes in fair value less cost to sell due to biological transformation	109,178	125,448
Transferred to inventory upon harvest	(156,334)	(184,908)
Ending balance	20,250	18,157

As of June 30, 2021, the weighted average fair value less cost to complete and cost to sell a gram of dried cannabis was $2.22 per gram (June 30, 2020 – $0.91 per gram).

During the year ended June 30, 2021, the Company's biological assets produced 111,153 kilograms of dried cannabis (year ended June 30, 2020 – 155,800 kilograms). As at June 30, 2021, it is expected that the Company's biological assets will yield approximately 18,599 kilograms (June 30, 2020 – 41,653 kilograms) of cannabis when harvested. As of June 30, 2021, the weighted average stage of growth for the biological assets was 49% (June 30, 2020 – 48%).

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:

	June 30, 2021			June 30, 2020 *Recasted - Note 2(h)*		
	Capitalized cost	Fair value adjustment	Carrying value	Capitalized cost	Fair value adjustment	Carrying value
	$	$	$	$	$	$
Harvested cannabis						
Work-in-process	30,693	10,433	41,126	26,918	27,488	54,406
Finished goods	13,405	4,676	18,081	11,768	2,889	14,657
	44,098	15,109	59,207	38,686	30,377	69,063
Extracted cannabis						
Work-in-process	18,884	2,420	21,304	21,637	8,878	30,515
Finished goods	17,355	2,181	19,536	15,724	2,514	18,238
	36,239	4,601	40,840	37,361	11,392	48,753
Hemp products						
Raw materials	773	—	773	929	—	929
Work-in-process	—	—	—	235	—	235
Finished goods	—	—	—	107	—	107
	773	—	773	1,271	—	1,271
Supplies and consumables	15,095	—	15,095	16,125	—	16,125
Merchandise and accessories	1,556	—	1,556	668	—	668
Ending Balance	97,761	19,710	117,471	94,111	41,769	135,880

During the year ended June 30, 2021, inventory expensed to cost of goods sold was $376.0 million (June 30, 2020 – $414.1 million) which included $118.7 million (June 30, 2020 – $149.1 million) of non-cash expense related to the changes in fair value of inventory sold.

During the year ended June 30, 2021, the Company recognized $167.2 million (June 30, 2020 - $176.4 million) in inventory impairment charges consisting of $82.5 million (June 30, 2020 - $81.6 million) recognized in changes in fair value of inventory sold and $84.7 million (June 30, 2020 - $94.9 million) recognized in cost of sales. The impairment is a result of management's assessment of inventory deemed as lower-potency or as excess inventory based on current and projected market demands.

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 as at the period ends presented:

	June 30, 2021				June 30, 2020			
	Cost	Accumulated depreciation	Impairment	Net book value	Cost	Accumulated depreciation	Impairment	Net book value
Owned assets								
Land	27,357	—	(3,380)	23,977	31,485	—	(893)	30,592
Real estate	413,589	(76,744)	(8,582)	328,263	515,264	(51,867)	(82,721)	380,676
Construction in progress	327,073	—	(249,434)	77,639	349,274	—	(37,741)	311,533
Computer software & equipment	34,001	(24,321)	(1,865)	7,815	30,947	(12,687)	(108)	18,152
Furniture & fixtures	11,938	(5,744)	(285)	5,909	9,888	(3,635)	(139)	6,114
Production & other equipment	182,946	(72,258)	(9,443)	101,245	187,512	(46,856)	(24,216)	116,440
Total owned assets	996,904	(179,067)	(272,989)	544,848	1,124,370	(115,045)	(145,818)	863,507
Right-of-use leased assets								
Land	23,748	(971)	—	22,777	27,862	(787)	—	27,075
Real estate	48,134	(11,277)	—	36,857	63,548	(7,729)	(2,416)	53,403
Production & other equipment	5,045	(3,434)	—	1,611	5,591	(3,196)	—	2,395
Total right-of-use leased assets	76,927	(15,682)	—	61,245	97,001	(11,712)	(2,416)	82,873
Total property, plant and equipment	1,073,831	(194,749)	(272,989)	606,093	1,221,371	(126,757)	(148,234)	946,380

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

	Balance, June 30, 2020	Additions	Disposals	Other [1][2][3]	Depreciation [4]	Impairment	Foreign currency translation	Balance, June 30, 2021
Owned assets								
Land	30,592	—	(5,422)	2,575	—	(3,380)	(388)	23,977
Real estate	380,676	249	(157)	(19,173)	(24,074)	(8,582)	(676)	328,263
Construction in progress	311,533	43,084	(879)	(25,288)	—	(249,434)	(1,377)	77,639
Computer software & equipment	18,152	1,370	(140)	(734)	(8,955)	(1,865)	(13)	7,815
Furniture & fixtures	6,114	110	(434)	2,271	(1,859)	(285)	(8)	5,909
Production & other equipment	116,440	3,014	(1,479)	16,545	(23,439)	(9,443)	(393)	101,245
Total owned assets	863,507	47,827	(8,511)	(23,804)	(58,327)	(272,989)	(2,855)	544,848
Right-of-use leased assets [5]								
Land	27,075	—	(3,605)	—	(675)	—	(18)	22,777
Real estate	53,403	1,946	(10,469)	(1,449)	(6,514)	—	(60)	36,857
Production & other equipment	2,395	499	(283)	(106)	(1,027)	—	133	1,611
Total right-of-use lease assets	82,873	2,445	(14,357)	(1,555)	(8,216)	—	55	61,245
Total property, plant and equipment	946,380	50,272	(22,868)	(25,359)	(66,543)	(272,989)	(2,800)	606,093

(1) Includes reclassification of construction in progress cost when associated projects are complete. Includes the $ 24.0 million transfer of the Restructuring Facilities and Colombia land to assets held for sale (Note 12(a)).
(2) During the year ended June 30, 2021, the Company recorded a non-material correction to re-classify $ 0.9 million of net book value into land, $ 25.1 million of net book value out of real estate, $ 30.2 million of net book value into construction in progress, $2.5 million of net book value into furniture & fixtures, and $ 9.0 million of net book value out of production & other equipment.
(3) During the year ended June 30, 2021, the Company received a $ 3.6 million government grant related to a generator which was recognized as a reduction to the carrying value of the asset (Note 5).
(4) During the year ended June 30, 2021, the Company recorded a non-material correction related to depreciation for impaired assets, reducing depreciation by $ 4.1 million.
(5) During the year ended June 30, 2021, the Company derecognized $ 5.3 million of right-of-use assets as a result of subleases where the Company is an intermediate lessor. Included in real estate owned and right-of-use assets is $3.4 million and $0.1 million, respectively, related to operating subleases where the Company is an intermediate lessor.

	Balance, June 30, 2019	IFRS 16 Transition	Additions	Disposals	Other [1][2][3]	Depreciation	Impairment	Foreign currency translation	Balance, June 30, 2020
Owned assets									
Land	39,532	—	337	—	(8,347)	—	(893)	(37)	30,592
Real estate	395,055	—	32,614	(267)	69,001	(33,942)	(82,721)	936	380,676
Construction in progress	222,884	—	261,830	(2,128)	(130,522)	—	(37,741)	(2,790)	311,533
Computer software & equipment	15,483	—	9,660	(52)	142	(6,973)	(108)	—	18,152
Furniture & fixtures	6,465	—	4,594	(120)	(3,417)	(1,192)	(139)	(77)	6,114
Production & other equipment	84,509	—	30,708	(2,302)	48,715	(21,024)	(24,216)	50	116,440
Total owned assets	763,928	—	339,743	(4,869)	(24,428)	(63,131)	(145,818)	(1,918)	863,507
Right-of-use leased assets									
Land	—	30,936	169	—	(3,243)	(787)	—	—	27,075
Real estate	—	62,817	7,764	(1,957)	(5,230)	(7,732)	(2,416)	157	53,403
Production & other equipment	1,639	2,296	1,453	(169)	—	(2,825)	—	1	2,395
Total right-of-use lease assets	1,639	96,049	9,386	(2,126)	(8,473)	(11,344)	(2,416)	158	82,873
Total property, plant and equipment	765,567	96,049	349,129	(6,995)	(32,901)	(74,475)	(148,234)	(1,760)	946,380

(1) Includes reclassification of construction in progress cost when associated projects are complete. Includes the $ 25.9 million transfer of land and real estate to assets held for sale, associated with the Exeter property, the Jamaica property and the Uruguay properties (Note 12(a)).
(2) During the year ended June 30, 2020, the Company recorded a non-material year end correction to re-classify $ 34.3 million of net book value of production and other equipment which was initially classified as real estate.
(3) As part of the Company's restructuring activities, management re-assessed the likelihood of executing renewal options of its existing leases which resulted in a reduction of the assessed lease term of several of the Company's leases.

During the year ended June 30, 2021, the Company sold two production facilities for net proceeds of $13.9 million with an aggregate carrying value of $3.8 million. As a result, the Company recognized a $10.1 million gain on disposal of property, plant and equipment.

During the year ended June 30, 2021, $2.1 million (June 30, 2020 – $22.0 million) in borrowing costs were capitalized to construction in progress at a weighted average interest rate of 13% (June 30, 2020 – 13%).

As of June 30, 2021, $40.0 million (June 30, 2020 – $216.0 million) of property, plant and equipment is temporarily idle as the Company continues to evaluate all capital projects and investments to prioritize core cannabis operations. Of the $40.0 million idled property, plant, and equipment, $35.9 million relates to the Aurora Sun facility (June 30, 2020 - $212.1 million) and $4.2 million (June 30, 2020 - $3.9 million) relates to the Nordic Sky Facility.

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 year ended June 30, 2021, the Company recognized $66.5 million (June 30, 2020 – $74.5 million) of depreciation expense of which $38.1 million (June 30, 2020 – $27.9 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 year ended June 30, 2021 and June 30, 2020, management noted indicators of impairment at the asset specific level and at the Cash Generating Unit ("CGU") level which are discussed below.

(a) Asset specific impairments

Year Ended June 30, 2021

During the year ended June 30, 2021, the Company initiated a plan to consolidate its operations in Europe with corporate office closures in Portugal, Spain and Italy. As a result, the Company recognized a $1.5 million impairment loss relating to certain European property, plant and equipment. The Company also identified other custom equipment in Canada that is no longer intended to be used, resulting in a $8.7 million impairment loss for the year ended June 30, 2021. Both the impairment losses are allocated to the cannabis operating segment (Note 28).

During the year ended June 30, 2021, the Company halted construction at the Aurora Sun facility which is an indicator of impairment. The fair value of the Aurora Sun facility was determined based on a third-party appraisal using a Fair Value Less Cost of Disposal ("FVLCD") approach including market and cost approaches in the context of an orderly liquidation process. Consideration is given to information from manufacturers,

historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3). As a result, the Company recognized a $220.8 million impairment loss for Aurora Sun for the year ended June 30, 2021. The Aurora Sun facility, and the corresponding impairment loss, is allocated to the cannabis operating segment (Note 28).

The Company has constructed a cannabis production facility in Germany which is no longer expected to generate cash inflows as initially forecasted, which is an indicator of impairment. The fair value of the production facility was determined using a FVLCD approach (level 3). As a result, the Company recognized a $31.2 million impairment loss for the production facility for the year ended June 30, 2021. The German production facility and the corresponding impairment loss is allocated to the cannabis operating segment (Note 28).

During the year ended June 30, 2021, management had plans to close a Canadian manufacturing facility, 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 $10.9 million impairment loss for the manufacturing facility for the year ended June 30, 2021. The manufacturing facility and the corresponding impairment loss is allocated to the cannabis operating segment (Note 28).

Year Ended June 30, 2020

During the period ended December 31, 2019, the Company halted construction of its Nordic Sky facility which is an indicator of impairment. The fair value of the Nordic Sky facility was determined based on a third-party appraisal using a FVLCD approach with the capitalization methodology using unobservable inputs (level 3). As a result, the Company recognized a $34.6 million impairment loss for Nordic Sky for the year ended June 30, 2020. The Nordic Sky facility, and the corresponding impairment loss, is allocated to the cannabis operating segment (Note 28).

During the year ended June 30, 2020, the Company listed its Exeter property for sale. The property was reclassified to Assets Held for Sale at the estimated $18.2 million fair value which resulted in an impairment charge of $1.4 million and is allocated to the cannabis operating segment (Note 28). The sale was completed during the year ended June 30, 2020 for net proceeds of $8.6 million (Note 12(a)).

During the year ended June 30, 2020, the Company initiated a plan to close operations at certain production facilities (Notes 1 and 3) which is an indicator of impairment. The fair value of these facilities was determined based on a third-party appraisal using FVLCD approaches including market and cost approaches. Consideration is given to information from manufacturers, historical data and industry standards which constitute both observable and unobservable inputs (level 2 and level 3). As a result, the Company recognized an $86.5 million impairment loss relating to these facilities for the year ended June 30, 2020. These production facilities, and the corresponding impairment loss, are allocated to the cannabis operating segment (Note 28).

(b) CGU impairments

Year Ended June 30, 2020

Canadian, European and Latin American Hemp CGU

The following factors were identified as impairment indicators for the Canadian Hemp CGU as at March 31, 2020:

i. Revenue decline - Slower than anticipated launch of new products resulting in a decrease of expected sales and profitability for the Canadian Hemp CGU as compared to outcomes initially forecasted by management;
ii. Change in strategic plans - As at March 31, 2020, management was evaluating the Company's strategy and market opportunities with respect to hemp-derived CBD, including the divestiture of certain Canadian Hemp assets.

As a result of the above factors, management performed an impairment test as at March 31, 2020 for the Canadian Hemp CGU.

The Company's Canadian Hemp CGU represents its operations dedicated to the cultivation and sale of hemp products within Canada. This CGU is attributed to the Company's cannabis operating segment. The $0.2 million recoverable amount was determined using a FVLCD method by discounting the most recent expected future net cash flows attributable to the Canadian Hemp CGU. As a result, management recorded impairment losses of $9.8 million during the period ended March 31, 2020. No additional impairment was recognized for the Canadian Hemp CGU for the year ended June 30, 2020 or June 30, 2021. 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 $7.4 million of impairment losses to owned property, plant and equipment and $2.4 million of impairment losses to right-of-use leased assets. The recoverable amount of owned property, plant and equipment and right-of-use leased assets within this CGU was determined based on fair value less cost to dispose using a market approach (Level 3 inputs).

During the year ended June 30, 2020, the Company recognized impairment losses within its Latin American Hemp CGU, and its European Hemp CGU, and allocated impairment losses of $15.9 million to property, plant and equipment (Note 15(b)). The property, plant, and equipment impairment losses for the Latin American Hemp CGU and the European Hemp CGU are allocated to the cannabis operating segment (Note 28). During the year ended June 30, 2021, the Company divested from AHE, representing the European Hemp CGU. As such, the operating results of AHE were reclassified to discontinued operations (Note 12(b)).

Note 12 Assets Held for Sale and Discontinued Operations

Accounting Policy

Assets Held for Sale

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.

Discontinued Operations

A disposal group qualifies as discontinued operations if it is a component of an entity that has either been disposed of, or is classified as held for sale, and (i) represents a separate major line of business or geographical area of operations, (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive loss and comparative periods have been restated.

(a) Assets Held for Sale

	Exeter Property	Jamaica Property	Uruguay Properties	Colombia Property	Restructuring Facilities	Total
	$	$	$	$	$	$
Balance, June 30, 2019	—	—	—	—	—	—
Transferred from property, plant and equipment	19,677	4,173	2,021	—	—	25,871
Impairment	(11,047)	—	—	—	—	(11,047)
Net proceeds from disposal	(8,607)	—	—	—	—	(8,607)
Loss on disposal [1]	(23)	—	—	—	—	(23)
Balance, June 30, 2020	—	4,173	2,021	—	—	6,194
Transferred from property, plant and equipment	—	—	—	3,212	20,796	24,008
Addition	—	—	—	—	1,199	1,199
Impairment	—	—	—	(1,287)	(7,802)	(9,089)
Foreign exchange	—	—	(101)	—	—	(101)
Net proceeds from disposal	—	(4,006)	(1,448)	—	(200)	(5,654)
Loss on disposal [1]	—	(167)	(472)	—	—	(639)
Balance, June 30, 2021	—	—	—	1,925	13,993	15,918

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

Exeter Property

In connection with management's plan to rationalize capital expenditures to align the Company's cultivation footprint to current demand, in November 2019, the Company committed to sell its Exeter land and greenhouse (the "Exeter Property") and reclassified it from property, plant and equipment to assets held for sale. The Company obtained a third-party appraisal to determine the fair value of the Exeter Property based on a direct comparison approach (Level 2). During the period ended June 30, 2020, the Company sold the property for net proceeds of $8.6 million, resulting in a total impairment charge of $11.0 million, inclusive of the $1.4 million impairment recognized upon the transfer to Assets Held for Sale (Note 11(a)). The impairment loss is recognized in impairment in property, plant, and equipment in the statement of comprehensive loss. The realized loss on disposal is recognized in other (losses) gains in the statement of comprehensive loss (Note 22). The impairment loss and the loss on disposal are allocated to the cannabis operating segment (Note 28).

Jamaica Property

In connection with the Company's business transformation plan, during the year ended June 30, 2020, the Company listed for sale its Jamaica land which had a carrying value of $4.2 million. As a result, the Company reclassified it from property, plant, and equipment to assets held for sale. The fair value of the land was estimated based on the accepted offer on the property for proceeds of $4.3 million, net of selling costs. As the estimated net proceeds was higher than the carrying value, no impairment was recognized. On August 19, 2020, the Company entered into an agreement to sell the Jamaica property for gross proceeds of $4.6 million (US$3.5 million). The disposal is allocated to the cannabis operating segment (Note 28).

Uruguay Properties

In connection with the Company's business transformation plan, during the year ended June 30, 2020, the Company listed for sale two properties in Uruguay which had a total carrying value of $2.0 million. As a result, the Company reclassified the land from property, plant, and equipment to assets held for sale. The fair value of the land, which exceeds the property's carrying value, was estimated using a market approach.

During the year ended June 30, 2021, the Company sold both properties for $1.4 million (US$1.1 million) resulting in a $0.5 million loss on disposal. The loss on disposal is recognized in other (losses) gains (Note 22) in the statement of comprehensive loss. The disposals are allocated to the cannabis operating segment (Note 28).

Colombia Property

In connection with the Company's business transformation plan, during the year ended June 30, 2021, the Company listed for sale its Colombian land which had a carrying value of $3.2 million. The fair value of the land was estimated using a market approach resulting in a FVLCD of $1.9 million. As a result, the Company recognized an impairment loss of $1.3 million for the year ended June 30, 2021. The impairment loss was included in impairment of property, plant and equipment in the statement of comprehensive loss. The disposal is allocated to the cannabis operating segment (Note 28).

Restructuring Facilities

During the year ended June 30, 2021, the Company entered into two agreements to sell two of its production facilities in connection with its business transformation plan and as such, the two facilities were reclassified from property, plant and equipment to assets held for sale. The fair values of the facilities were estimated using a market approach resulting in a FVLCD of $14.2 million which resulted in an impairment loss of $7.8 million for the year ended June 30, 2021. The impairment loss was included in impairment of property, plant and equipment in the statement of comprehensive loss. The facilities are allocated to the cannabis operating segment (Note 28).

Subsequent to June 30, 2021, the Company completed the sale of one of the production facilities for gross proceeds of $6.6 million.

(b) Discontinued Operations

The following is a summary of the Company's consolidated discontinued operations for the year ended June 30, 2021 and 2020:

	Year ended June 30,	
	2021	2020
	$	$
Revenue	717	10,203
Cost of sales	1,028	21,414
General and administration expenses	877	14,866
Sales and marketing expenses	57	1,071
Other expenses	77	4,146
Impairment of property, plant and equipment	—	16,868
Impairment of goodwill	—	130
Other gains	(2,556)	—
Loss on disposal of discontinued operations	2,846	2,816
Net loss from discontinued operations before taxes	(1,612)	(51,108)
Income tax expense	—	(753)
Net loss from discontinued operations, net of tax	(1,612)	(51,861)

Sale of Aurora Larssen Projects Inc. ("ALPS")

On May 11, 2020, the Company divested its wholly owned subsidiary, ALPS, back to its former founding owner. This disposal is consistent with the Company's long-term strategy to streamline operations and improve profitability. As ALPS represented a separate line of business of the Company, the revenue, expenses and cash flows related to ALPS' operations have been presented in these consolidated financial statements as discontinued operations on a retroactive basis. ALPS was sold for a nominal amount and the Company recognized a $2.8 million loss on disposal during the year ended June 30, 2020.

Sale of Aurora Hemp Europe ("AHE")

On July 23, 2020, the Company divested its wholly owned Lithuanian subsidiary, AHE, to the subsidiary's President and former owner. Aurora Hemp Europe provided hemp seed contracting and processing. The sale was a result of hemp-based consumer packaged goods no longer aligning with the Company's strategy to focus on core cannabis operations. As AHE represented a separate line of business of the Company, the revenue, expenses and cash flows related to AHE's operations have been presented in these consolidated financial statements as discontinued operations on a retroactive basis. AHE was sold for gross consideration of $3.0 million which shall be paid in 12 equal quarterly installments beginning on June 30, 2022. The $1.9 million fair value of the consideration receivable on the disposal date was determined by the present value of principal and interest payments, discounted at a rate of 15% which represents management's best estimate of the rate that a similar interest bearing loan receivable with similar terms and risk would earn. As a result of the divestiture, the Company recognized a $2.8 million loss on disposal during the year ended June 30, 2021.

Dissolution of Hempco Food and Fiber Inc. ("Hempco")

During the year ended June 30, 2021, the Company dissolved its wholly owned subsidiary, Hempco. Hempco was in the business of producing and selling hemp products within Canada. The sale was a result of hemp-based consumer packaged goods no longer aligning with the Company's strategy to focus on core cannabis operations. As Hempco represented a separate line of business of the Company, the revenue, expenses and cash flows related to Hempco's operations have been presented in these consolidated financial statements as discontinued operations on a retroactive basis. As a result of the dissolution, the Company recognized a $0.1 million loss on disposal during the year ended June 30, 2021.

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 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.

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.

(a) Business Combinations Completed During the Year Ended June 30, 2021

During the year ended June 30, 2021, the Company did not complete any business acquisitions.

(b) Business Combinations Completed During the Year Ended June 30, 2020

Reliva LLC ("Reliva")

On May 28, 2020, the Company acquired Reliva, a U.S. company based in Massachusetts specialized in the sale of hemp-derived CBD products. The acquisition marked the Company's entry into the U.S. CBD market.

The Company acquired all of the issued and outstanding shares of Reliva for aggregate consideration of $52.5 million comprised of 2,480,810 Aurora common shares at a price of US$15.34 per share with a fair value of $52.4 million (US$38.1 million) and $0.1 million held in escrow for a holdback related to Reliva's trademarks. The contingent consideration represents the fair value of the US$45.0 million gross consideration to be paid out contingent upon Reliva achieving certain Earnings Before Interest, Depreciation and Amortization ("EBITDA") targets over the twelve months ending December 31, 2020 and December 31, 2021. The contingent consideration is payable in Aurora common shares, cash, or any combination thereof at Aurora's sole discretion. The December 31, 2020 EBITDA target was not met and no consideration was paid for this milestone.

Total consideration	$
Common shares issued	52,380
Funds held in escrow	138
	52,518
Net identifiable assets acquired (liabilities assumed)	
Cash	280
Accounts receivable	316
Inventories	1,195
Prepaids and other current assets	657
Intangible asset: Distribution network	13,489
Accounts payable and accrued liabilities	(429)
Deferred revenue	(618)
	14,890
Purchase price allocation	
Net identifiable assets acquired	14,890
Goodwill	37,628
	52,518
Net cash outflows	
Cash acquired	280
	280
Acquisition costs expensed	
Year ended June 30, 2020	1,849

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, 2021, the Company recognized an impairment on these intangible assets and goodwill (Note 15).

During the year ended June 30, 2021, management finalized the purchase price allocation of Reliva based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values presented at June 30, 2020 were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Consideration paid	53,068	(550)	52,518
Goodwill	38,178	(550)	37,628

For the year ended June 30, 2020, Reliva accounted for $0.6 million in revenue and $0.1 million in net loss since the May 28, 2020 acquisition date. If the acquisition had been completed on July 1, 2019, the Company estimates it would have recorded an increase of $7.6 million in revenue and an increase of $1.9 million in net loss for the year ended June 30, 2020.

Note 14 Non-Controlling Interests

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 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 interests is as follows:

	Total
	$
Balance, June 30, 2019	4,410
Change in ownership interest	(2,100)
Share of loss for the period	(26,666)
Balance, June 30, 2020	(24,356)
Change in ownership interest	25,820
Share of loss for the period	(1,464)
Balance, June 30, 2021	—

Aurora Nordic

Aurora Nordic is a company located in Odense, Denmark that is in the business of cultivation, production, distribution and sale of medical cannabis. On September 25, 2020, the Company issued 830,287 shares for the acquisition of the remaining 49% of common shares in Aurora Nordic not previously owned by Aurora. As Aurora previously controlled Aurora Nordic with a 51% ownership interest, the transaction resulted in a change to Aurora's ownership interest and was accounted for as an equity transaction. The $31.4 million difference between the deficit of $25.8 million attributable to NCI and the $5.6 million fair value of consideration paid was recognized directly in deficit.

Hempco

Hempco was in the business of producing and selling hemp products in Canada. On August 19, 2019, the Company completed the acquisition of the remaining common shares of Hempco not previously owned by Aurora. The Company issued a total of 217,554 shares and reserved 20,217 of shares issuable upon the potential exercise of certain outstanding Hempco stock options. As Aurora previously controlled Hempco with a 51% ownership interest, the transaction resulted in a change to Aurora's ownership stake and was accounted for as an equity transaction. The $18.3 million difference between the $2.1 million in NCI interest and the $20.4 million fair value of consideration paid was recognized directly in deficit. Prior to the acquisition of the remaining ownership interest, Hempco was listed on the TSXV.

Note 15 Intangible Assets and Goodwill

unting Policy

gible assets

gible 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	2 - 8 years
Health Canada licenses	Useful life of the facility
Other operating licenses	10 years
Patents	10 years
IP and Know-how	5 - 10 years
ERP Software	5 years

stimated 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.

arch 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.

dwill

will 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.

irment of intangible assets and goodwill

will 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.

will and indefinite life intangible assets are tested annually at June 30 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 cannabis operating segment and the U.S. CBD CGU, 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.

pairment loss is recognized for the amount by which the 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:

	June 30, 2021				June 30, 2020			
	Cost	Accumulated amortization	Impairment	Net book value	Cost	Accumulated amortization	Impairment	Net book value
Definite life intangible assets:								
Customer relationships and distribution network	96,838	(40,155)	(7,408)	49,275	104,807	(29,209)	(4,203)	71,395
Permits and licenses	109,127	(33,841)	—	75,286	216,220	(29,260)	(105,345)	81,615
Patents	1,895	(659)	—	1,236	1,895	(477)	—	1,418
Intellectual property and know-how	78,099	(37,588)	—	40,511	82,500	(25,308)	(4,401)	52,791
Software	41,708	(9,385)	(3,777)	28,546	35,137	(3,472)	—	31,665
Indefinite life intangible assets:								
Brand	146,699	—	—	146,699	148,399	—	(1,700)	146,699
Permits and licenses [1]	25,895	—	—	25,895	170,098	—	(143,414)	26,684
Total intangible assets	500,261	(121,628)	(11,185)	367,448	759,056	(87,726)	(259,063)	412,267
Goodwill	921,494	—	(33,757)	887,737	3,212,963	—	(2,285,081)	927,882
Total	1,421,755	(121,628)	(44,942)	1,255,185	3,972,019	(87,726)	(2,544,144)	1,340,149

[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.

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

	Balance, June 30, 2020	Additions	Disposals	Amortization	Impairment	Foreign currency translation	Balance, June 30, 2021
Definite life intangible assets:							
Customer relationships and distribution network	71,395	480	(14)	(13,911)	(7,408)	(1,267)	49,275
Permits and licenses	81,615	181	(1,594)	(4,916)	—	—	75,286
Patents	1,418	—	—	(182)	—	—	1,236
Intellectual property and know-how	52,791	—	—	(12,280)	—	—	40,511
Software	31,665	6,842	—	(6,184)	(3,777)	—	28,546
Indefinite life intangible assets:							
Brands	146,699	—	—	—	—	—	146,699
Permits and licenses	26,684	—	—	—	—	(789)	25,895
Total intangible assets	412,267	7,503	(1,608)	(37,473)	(11,185)	(2,056)	367,448
Goodwill	927,882	—	—	—	(33,757)	(6,388)	887,737
Total	1,340,149	7,503	(1,608)	(37,473)	(44,942)	(8,444)	1,255,185

	Balance, June 30, 2019	Additions [1]	Disposals	Amortization	Impairment	Foreign currency translation	Balance, June 30, 2020
Definite life intangible assets:							
Customer relationships	71,568	18,529	—	(14,499)	(4,203)	—	71,395
Permits and licenses	209,328	493	(12,189)	(10,672)	(105,345)	—	81,615
Patents	1,602	—	—	(184)	—	—	1,418
Intellectual property and know-how	70,114	—	—	(12,922)	(4,401)	—	52,791
Software	16,652	17,313	—	(2,300)	—	—	31,665
Indefinite life intangible assets:							
Brands	148,399	—	—	—	(1,700)	—	146,699
Permits and licenses	170,703	—	—	—	(143,414)	(605)	26,684
Total intangible assets	688,366	36,335	(12,189)	(40,577)	(259,063)	(605)	412,267
Goodwill [2]	3,172,550	37,628	—	—	(2,285,081)	2,785	927,882
Total	3,860,916	73,963	(12,189)	(40,577)	(2,544,144)	2,180	1,340,149

[1] Included in the $ 74.0 million additions are primarily (i) a $ 13.5 million distribution network intangible asset and $ 37.6 million goodwill from the acquisition of Reliva (Note 13(b)); (ii) $ 17.3 million from capitalized ERP costs; and (iii) $5.0 million from the acquisition of a customer list purchased through the issuance of common shares (Note 19(b)(i)).

(2) In accordance with *IFRS 3 - Business Combinations,* acquisition date fair values assigned to intangible assets have been adjusted, within the applicable measurement period, when new information is obtained about facts and circumstances that existed at the acquisition date (Note 13(b)).

As of June 30, 2021, all of the $172.6 million (June 30, 2020 – $173.4 million) indefinite life intangibles are allocated to the group of cash generating units ("CGUs") that comprise the cannabis operating segment. As of June 30, 2021, $887.7 million (June 30, 2020 – $890.3 million) goodwill was allocated to the cannabis operating segment and $nil (June 30, 2020 - $37.6 million) was allocated to the U.S. CBD CGU.

At the end of each reporting period, the Company assesses whether there were events or changes in circumstances 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.

(a) Asset Specific Impairments

During the year ended June 30, 2021, the Company identified certain enterprise resource planning projects that will be discontinued as part of the Company's ongoing business transformation plan. The recoverable amount of the projects were estimated by using a FVLCD approach (level 3) which resulted in a nominal value. As a result, the Company recognized a $3.8 million impairment loss relating to these intangible assets for the year ended June 30, 2021. The impairment loss was allocated to the cannabis operating segment (Note 28).

During the year ended June 30, 2020, the Company initiated a plan to close operations at certain production facilities (Notes 1 and 3) which adversely impacts the intended use of the related operating permits and licenses and certain property, plant and equipment (Note 11). The recoverable amount of the permits and licenses are estimated using a FVLCD approach (level 3) which resulted in a nominal value. As a result, the Company recognized a $100.4 million impairment loss relating to these intangible assets for the year ended June 30, 2020. These permits and licenses, and the corresponding impairment loss, are allocated to the cannabis operating segment (Note 28).

(b) CGU and Goodwill Impairments

As at June 30, 2021 and 2020, 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. As the cannabis operating segment is comprised of various CGUs, management tested the individual CGUs, which contain the indefinite life intangibles, for impairment before the cannabis operating segment which contains the associated goodwill. 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 operating costs. The Canadian Cannabis CGU, European Cannabis CGU, and the Cannabis Operating Segment forecasts are extended to a total of four years (and a terminal year thereafter), while the U.S. CBD CGU forecast is extended to a total of eight years (and a terminal year thereafter) as this was deemed more appropriate for operations entering in new and developing markets;
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 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.

The following table outlines the key assumptions used in calculating the recoverable amount for each CGU and operating segment tested for impairment as at June 30, 2021 and 2020:

	Indefinite Life Intangible Impairment Testing		Goodwill Impairment Testing	
	Canadian Cannabis CGU	European Cannabis CGU	Cannabis Operating Segment	U.S. CBD CGU
June 30, 2021				
Terminal value growth rate	3.0 %	3.0 %	3.0 %	3.0 %
Discount rate	13.8 %	14.5 %	14.0 %	14.8 %
Budgeted revenue growth rate	53.4 %	60.8 %	53.7 %	47.4 %
Fair value less costs of disposal	$1,587,207	$183,480	$1,915,366	$4,368
June 30, 2020				
Terminal value growth rate	3.0 %	3.0 %	3.0 %	3.0 %
Discount rate	16.1 %	16.0 %	16.1 %	20.3 %
Budgeted revenue growth rate	44.9 %	75.0 %	45.4 %	212.4 %
Fair value less costs of disposal	$1,956,844	$113,703	$2,188,056	$54,367

(i) CGU impairments

In addition to the annual impairment test, at the end of each reporting period, the Company assesses whether there were events or changes in circumstances 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.

As at December 31, 2020, management had noted indicators of impairment present within its Canadian Cannabis CGU and as a result, performed an indicator-based impairment test. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment. As at December 31, 2020, the following factor was identified as an impairment indicator for the Canadian Cannabis CGU:

- Change in strategic plans - During the three months ended December 31, 2020, the Company announced its shift towards a more variable cost structure in cultivation by expanding its network of external supply and scaling back production from its existing fixed asset network. As part of this plan, the Company (i) formally terminated construction activity and closed the Aurora Sun facility; and (ii) scaled back production at Aurora Sky to 25% of its previous levels.

The Company's Canadian Cannabis CGU represents its operations dedicated to the cultivation and sale of cannabis products within Canada and forms part of the Company's Cannabis Operating Segment. As a result, management also tested the Cannabis Operating Segment which contained $888.7 million of goodwill as at December 31, 2020. Management concluded that the recoverable amounts were higher than the carrying values as at December 31, 2020, and no impairment was recognized within the Canadian Cannabis CGU nor the Cannabis Operating Segment.

The following table outlines the key assumptions used in calculating the recoverable amount for each CGU and operating segment tested for impairment:

	Canadian Cannabis CGU	Cannabis Operating Segment
December 31, 2020		
Terminal value growth rate	3.0%	3.0%
Discount rate	14.5%	14.5%
Budgeted revenue growth rate (average of next five years)	41.8%	42.4%
Fair value less costs of disposal	$1,759,421	$2,205,098

As at December 31, 2019, management performed an indicator-based test as there were events or changes in circumstances that indicated that a CGU or group of CGUs were impaired. As at December 31, 2019, the following factors were identified as impairment indicators:

i. Revenue decline - Constraints in the provincial retail distribution network, including a slower than expected roll-out of retail stores across Canada, has resulted in a decrease of expected sales and profitability as compared to outcomes initially forecasted by management;
ii. Change in strategic plans - Halting of construction at Aurora's Nordic Sky Facility and deferral of the majority of final construction and commissioning activities at its Aurora Sun Facility;
iii. Decline in stock price and market capitalization - As at December 31, 2019, the carrying amount of the Company's total net assets exceeded the Company's market capitalization.

Key assumptions used in calculating the recoverable amount for each CGU tested for impairment as at December 31, 2019 are outlined in the following table:

	Canadian Cannabis CGU	Latin American CGU	European Hemp CGU	Analytical Testing CGU
December 31, 2019				
Terminal value growth rate	3.0 %	3.0 %	3.0 %	3.0 %
Discount rate	11.5 %	31.8 %	15.0 %	14.0 %
Budgeted revenue growth rate (average of next five years)	50.6 %	3.0 %	13.5 %	12.5 %
Fair value less costs of disposal	$3,712,967	$12,386	$11,572	$8,064

Canadian Cannabis CGU

Management concluded that the recoverable amount was higher than the carrying value as at June 30, 2021, andno impairment was recognized within the Canadian Cannabis CGU (December 31, 2020, June 30, 2020 and December 31, 2019 - nil, nil, and nil, respectively).

European Cannabis CGU

The Company's European Cannabis CGU represents its operations dedicated to the cultivation and sale of cannabis products within Europe and forms part of the Company's Cannabis Operating Segment. Management concluded that the recoverable amount was higher than the carrying value as at June 30, 2021, and no impairment was recognized within the European Cannabis CGU (June 30, 2020 - nil).

Latin American ("LATAM") CGU

The Company's LATAM CGU represents its operations dedicated to the cultivation and sale of cannabis and hemp products within LATAM. This CGU is attributed to the Company's Cannabis Operating Segment. As a result of the impairment test performed during the three months ended December 31, 2019, management concluded that the carrying value was higher than the recoverable amount and recorded impairment losses of $152.3 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 $143.4 million of impairment losses to the CGU's indefinite life permits and licenses and $8.8 million of impairment losses to property, plant and equipment (Note 11). There were no impairment indicators for this CGU during the year ended June 30, 2021.

European Hemp CGU

The Company's European Hemp CGU represents its operations dedicated to the cultivation and sale of hemp products within Europe. This CGU is attributed to the Company's Cannabis Operating Segment. As a result of the impairment test performed during the three months ended December 31, 2019, management concluded that the carrying value was higher than the recoverable amount and recorded impairment losses of $7.0 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. The impairment loss was fully allocated to property, plant and equipment (Note 11). There were no impairment indicators for this CGU during the year ended June 30, 2021.

Analytical Testing CGU

The Company's Analytical Testing CGU represents its operations dedicated to analytical and quality control testing of cannabis. This CGU is attributed to the Company's Cannabis Operating Segment. As a result of the impairment test performed during the three months ended December 31, 2019, management concluded that the carrying value was higher than the recoverable amount and recorded impairment losses of $12.8 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. The impairment loss was allocated among intangible assets including customer relationships, definite life permits and licenses, know-how and brand. There were no impairment indicators for this CGU during the year ended June 30, 2021.

Patient Counseling CGU

The Company's Patient Counseling CGU represents its operations dedicated to patient counseling and educational operations. This CGU is attributed to the Company's Cannabis Operating Segment. The recoverable amount of $0.5 million was determined using a FVLCD method by discounting the most recent expected future net cash flows to the Company from the investment. As a result of the impairment test performed during the three months ended December 31, 2019, management concluded that the estimated recoverable amount of the investment is nominal and as a result, recorded impairment losses of $2.5 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. The impairment loss was allocated to the customer relationship intangible asset. There were no impairment indicators for this CGU during the year ended June 30, 2021.

(ii) Operating segment impairments

Cannabis Operating Segment (Goodwill)

During the year ended June 30, 2021, the Company had no goodwill impairment (June 30, 2020 - $2.3 billion) for the cannabis operating segment. As a result of the impairment tests performed as at June 30, 2021 and December 31, 2020, management concluded that the carrying value of the cannabis operating segment was lower than the $1.9 billion and $2.2 billion recoverable amount, respectively (June 30, 2020 and December 31, 2019 - $2.2 billion and $4.7 billion, respectively), and recorded impairment losses of nil and nil, respectively (three months ended June 30, 2020 and December 31, 2019 - $1.5 billion and $762.2 million, respectively). The impairment losses during the prior year were recognized due to a change in overall industry and market conditions, a change in management's forecasted sales and profitability outlook, and a realignment and refocus of strategic plans to meet market demand.

The cannabis operating segment impairment test at June 30, 2021 resulted in a recoverable amount that approximated the carrying value. The results of the impairment test is dependent on estimates and judgments made by management, particularly in relation to the key assumptions described above. A reasonably possible change in key assumptions could lead to the carrying value of the operating segment exceeding its recoverable amount. The following table highlights the sensitivities and amount by which each significant assumption used must change in isolation in order for the estimated recoverable amount to equal the carrying value:

	Cannabis Operating Segment
Change required for the recoverable amount to equal the carrying value	
Pre-tax discount rate	0.02 %
Total pre-discounted forecasted operating cash flow	(1.54) %

U.S. CBD CGU (Goodwill)

The Company's U.S. CBD CGU represents its operations dedicated to the sale of hemp-derived CBD products in the U.S. As a result of the impairment test as at June 30, 2021, management concluded that the recoverable amount of the U.S. CBD CGU was lower than the carrying

value and recorded an impairment loss of $41.2 million (June 30, 2020 - nil). Management allocated $33.8 million of the impairment loss to the U.S. CBD CGU's goodwill and $7.4 million to its customer distribution network intangible assets (June 30, 2020 - nil and nil, respectively).

Note 16 Convertible Debentures

Accounting Policy

Convertible 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.

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

	Mar 2018 (i)	Jan 2019 (ii)	Total
	$	$	$
Balance, June 30, 2019	212,094	291,487	503,581
Conversion of debt	(219,614)	—	(219,614)
Interest paid	(7,948)	(27,789)	(35,737)
Accretion	9,857	26,942	36,799
Accrued interest	7,917	25,548	33,465
Principal repayment	(2,306)	—	(2,306)
Unrealized gain on foreign exchange	—	10,850	10,850
Balance, June 30, 2020	—	327,038	327,038
Current portion	—	(32,110)	(32,110)
Long-term portion	—	294,928	294,928
Balance, June 30, 2020	—	327,038	327,038
Interest paid	—	(24,364)	(24,364)
Accretion	—	30,265	30,265
Accrued interest	—	24,311	24,311
Unrealized gain on foreign exchange	—	(29,319)	(29,319)
Balance, June 30, 2021	—	327,931	327,931
Current portion	—	(34,749)	(34,749)
Long-term portion	—	293,182	293,182

(i) On March 9, 2018, the Company completed a private placement of $230.0 million 2-year unsecured convertible debentures (the "March 2018 Debentures"). The March 2018 Debentures bore interest at 5% per annum, payable semi-annually. The March 2018 debentures were convertible by the holder into common shares of the Company at a price of $156.60 per share subject to a forced conversion if the VWAP of the Company's common shares exceeded $204.00 per share for 10 consecutive trading days.

In November 2019, the Company provided notice to all holders of the March 2018 Debentures of an option to voluntarily convert their debentures at a temporarily amended early conversion price of $39.40 (the "Amended Early Conversion Price") calculated based on a 6% discount to the average daily VWAP of Aurora's common shares on both the Canadian and U.S. stock exchanges.

On November 25, 2019, $227.0 million principal amount, or approximately 99%, of the March 2018 Debentures were converted under the Amended Early Conversion Price into 5,761,260 common shares of Aurora. Debenture holders that elected to convert also received a total of $7.9 million of interest paid in cash which was comprised of: (i) $4.7 million of accrued and unpaid interest from the last interest payment date, being June 30, 2019, up to, but excluding, November 25, 2019, and (ii) $3.2 of million future unpaid interest from November 25, 2019, up to, but excluding, the date of maturity of the Debentures, being March 9, 2020. In accordance with *IAS 32 - Financial Instruments: Presentation*, the reduction of the conversion price to induce early conversion resulted in a loss of $172.3 million during the year ended June 30, 2020 (Note 22). The loss is calculated as the difference between the fair value of the consideration the holders received on conversion under the revised terms and the fair value of the consideration the holders would have received under the original terms of the agreement. On March 6, 2020, the Company repaid the remaining principal balance of $2.3 million in cash.

(ii) 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. On and after February 28, 2022 and prior to February 28, 2024, the Senior Notes are redeemable in whole or in part from time to time at the Company's option at par plus accrued and unpaid interest, provided that the VWAP of the shares on the Nasdaq for at least 20 trading days, during any 30 consecutive trading day period ending immediately preceding the date on which the notice of redemption is given, is not less than 130% of the conversion price then in effect, which currently equates to $112.74 per share.

At maturity, the Company has the option, upon not more than 60 nor less than 30 days prior notice, to satisfy its obligations to pay on redemption or maturity, the principal amount of the Senior Notes, in whole or in part, in cash or by delivering freely tradable shares. Any accrued and unpaid interest will be paid in cash. Where redemption is executed through the issuance of shares, payment will be satisfied by delivering for each $1,000 due, that number of freely tradable shares obtained by dividing $1,000 by the VWAP of the shares on the Nasdaq for the 20 consecutive trading days ending 10 trading days prior to the date fixed for redemption or maturity.

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 to 100% 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 June 30, 2021, the conversion option had a fair value of $3.1 million (June 30, 2020 – $1.8 million) and the Company recognized a $1.3 million unrealized loss (June 30, 2020 – $175.6 million unrealized gain) on the derivative liability for the year ended June 30, 2021 (Note 22). The fair value of the conversion option was determined based on the Kynex valuation model with the following assumptions: share price of US$9.04 (June 30, 2020 – US$12.42), volatility of 87% (June 30, 2020 – 75%), implied credit spread of 1,302 bps (June 30, 2020 – 3,297 bps), and assumed stock borrow rate of 10% (June 30, 2020 – 50%). As of June 30, 2021, the Company has accrued interest payable of $8.6 million (June 30, 2020 - $8.6 million) on these Senior Notes.

Note 17 Loans and Borrowings

Accounting Policy

Term loans are classified as other financial liabilities and are measured at fair value at initial recognition and subsequently at amortized cost. Transactions costs are deferred and amortized over the term of the liability.

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

	Term loan credit facilities	Revolving credit facility
	$	$
Balance, June 30, 2019	139,900	—
Additions	64,394	22,000
Deferred financing fee	(1,937)	—
Gain on debt modification	(1,287)	—
Accretion	12,497	108
Interest payments	(6,516)	(108)
Principal repayments	(93,130)	(22,000)
Balance, June 30, 2020	113,921	—
Current portion	(113,921)	—
Long-term portion	—	—
Balance, June 30, 2020	113,921	—
Deferred financing fee	(1,425)	—
Loss on debt modification	396	—
Loss on debt settlement	2,195	—
Accretion	6,762	—
Interest payments	(4,345)	—
Principal repayments	(117,504)	—
Balance, June 30, 2021	—	—

On August 29, 2018, the Company entered into a secured credit agreement (as amended, the "Credit Agreement") with Bank of Montreal ("BMO") and certain lenders to establish a credit facility (as amended, the "Credit Facility"). Under the terms of the amended Credit Facility, the Company had access to an aggregate of $264.4 million comprised of a $50.0 million revolving credit facility ("Facility A"), a $150.0 million non-revolving facility ("Facility B"), and a $64.4 million non-revolving facility ("Facility C").

On March 25, 2020, the Company utilized its $45.0 million restricted cash collateral balance to repay and permanently reduce the outstanding term loan balance under Facility C.

On March 27, 2020, the Company drew $22.0 million under Facility A which bears interest at a rate of 4.70%, based on a Canadian prime rate of 2.45% plus an applicable margin of 2.25%, payable monthly. Draws under Facility A were subject to a borrowing base limit determined based on certain eligible receivables less certain statutory payables. During the year ended June 30, 2020, the Company repaid the $22.0 million principal drawn under Facility A plus any unpaid and accrued interest.

During the year ended June 30, 2020, the Company sold all of its shares in Alcanna for gross proceeds of $27.6 million (Note 6(c)), of which $10.0 million was used to repay the principal outstanding under Facility C immediately and another $10.0 million was used to repay the principal outstanding under Facility C and Facility B on August 31, 2020. As of August 31, 2020, the Company's Facility C had been fully repaid and canceled.

Under the terms of the First Amendment to First Amended and Restated Credit Agreement, the Company was subject to certain customary financial and non-financial covenants and restrictions. The Credit Facility was to mature on August 29, 2021 and had a first ranking general security interest in the assets of Aurora and the loans could be repaid at any time without penalty at Aurora's discretion. Interest and standby fees were accrued at variable rates based on the Company's borrowing elections and certain financial metrics.

The First Amendment to the First Amended and Restated Credit Agreement reformulated the financial covenants governing the Credit Facility, and as of the execution of the First Amendment to the First Amended and Restated Credit Agreement, the Company was required meet the following financial covenants:

- Total funded debt to shareholders' equity is not to exceed 0.20:1 at any time. Total funded debt includes all obligations (except those noted below) which constitute debt and is calculated as the total principal outstanding under Facility A, Facility B, Facility C, the January 24, 2019 Senior Notes, total obligations under capital leases determined in accordance with *IAS 17: Leases,* and other obligations secured by Purchase-Money Security Interests, capitalized interest, the redemption price of any securities which are

redeemable at the option of the holder, and any aggregate actual hedge liability. Total funded debt excludes accounts payable, payroll accruals, accruals in respect of normal business expenses and future income taxes;

- Maintenance of a minimum $35.0 million unrestricted cash balance at any time. Unrestricted cash is defined as the amount of cash held in bank accounts of secured companies maintained by BMO that are not subject to any lien or any other restriction that would prevent the Company from using such cash for operating purposes in the ordinary course of business, less any outstanding principal drawn under Facility A; and
- Achievement of quarterly minimum EBITDA thresholds beginning in the quarter ending September 30, 2020. For the purposes of this calculation, EBITDA is defined as the consolidated net income of the Company excluding the following: extraordinary or non-recurring income (expenses) and gains (losses), non-cash gains (losses) (such as unrealized foreign exchange gains (losses)) and income of the unsecured subsidiaries (except to the extent that dividends in respect of such income have been paid in cash by such unsecured subsidiaries to a secured company); plus the following amounts (to the extent such amounts were deducted in determining such consolidated net income, and without duplication): (a) Interest, fees and expenses paid in connection with permitted funded debt; (b) income and capital taxes; (c) depreciation and amortization; (d) non-cash charges and expenses such as unrealized foreign exchange losses and charges relating to the impairment of goodwill and other intangible assets; (e) non-cash share-based compensation; (f) extraordinary non-recurring expenses or losses to the extent approved by the lenders in writing; and (g) any other expenses approved in writing by the lenders in their discretion. The minimum thresholds were as follows:

    (i) for the fiscal quarter ended September 30,2020: $5.0 million;
    (ii) for the fiscal quarter ended December 31,2020: $5.0 million;
    (iii) for the fiscal quarter ended March 31, 2021: $16.0 million;
    (iv) for the fiscal quarter ended June 30, 2021: $25.0 million; and
    (v) for the twelve month fiscal period ending June 30, 2021: $51.0 million

As of June 30, 2020, the Company had a total funded debt to shareholders' equity ratio of0.25:1 and an unrestricted cash balance of $143.9 million. As the Company exceeded its funded debt to shareholders' equity covenant, all amounts outstanding under the Credit Facility were classified as a current liability in accordance with *IAS 1 - Presentation of Financial Statements* for the year ended June 30, 2020.

On September 9, 2020, the Company executed an amendment to the First Amendment to the First Amended and Restated Credit Agreement (the "Second Amendment to the First Amended and Restated Credit Agreement") which restructures existing financial covenants and retroactively applies to and remedies the Company's covenant breach as at June 30, 2020. Under the Second Amendment to the First Amended and Restated Credit Agreement, the Company was required to meet the following financial covenants:

- Total funded debt to shareholders' equity is not to exceed 0.28:1 for the quarters ending June 30, 2020 and September 30, 2020, and shall be reduced to0.25:1 for the quarter ending December 31, 2020 onwards. For the purposes of calculating the total funded debt to shareholders' equity ratio, shareholders' equity excludes the $172.3 million loss from the induced conversion of the March 2018 Debentures (Note 16(i));
- Total senior funded debt to EBITDA is not to exceed 3.00:1 at June 30, 2021. Total senior funded debt is defined as total funded debt of the Aurora and its subsidiaries, other than subordinated debt and such convertible notes as agreed to be excluded by the Lenders;
- Maintenance of a minimum $35.0 million unrestricted cash balance at any time; and
- Achievement of quarterly minimum EBITDA thresholds as follows:

    (i) for the fiscal quarter ended September 30,2020: $(11.0) million;
    (ii) for the fiscal quarter ended December 31,2020: $4.0 million;
    (iii) for the fiscal quarter ended March 31, 2021: $10.0 million;
    (iv) for the fiscal quarter ended June 30, 2021: $17.0 million; and
    (v) for the twelve month fiscal period ending June 30, 2021: $20.0 million.

On December 17, 2020, the Company executed a second amended Credit Facility (the "Second Amended and Restated Credit Agreement") which restructures existing financial covenants, extends the credit facility maturity date and adjusts certain repayment terms. Under the Second Amended and Restated Credit Agreement, the key amended terms are as follows:

- An extension of the maturity date from August 29, 2021 to December 31, 2022;
- A requirement to maintain a restricted cash balance of $50.0 million that can be used to repay, at any time at the Company's discretion, the outstanding principal on Facility B on a 1:1 basis with a corresponding reduction in the restricted cash balance requirement;
- 100% of net proceeds received from the sale of certain Canadian facilities will be used to repay the outstanding principal on Facility B up to a maximum of $86.5 million; these repayments will reduce the quarterly principal repayments evenly over the remaining term post June 30, 2021. 75% of net proceeds received in excess of $5.0 million from the sale of other properties will be used to repay the outstanding principal on Facility B; and
- A single financial covenant requiring a minimum unrestricted cash balance of the lesser of i) $75 million or ii) 225% of the outstanding principal on Facility B less any cash collateral.

Under the terms of both the First Amendment to the First Amended and Restated Credit Agreement and the Second Amended and Restated Credit Agreement, the Company elected, at its sole discretion, to receive advances under Facility B through certain availment options, which includes prime rate loans and bankers' acceptances with monthly maturity dates that at the direction of the Company, roll over upon their maturities unless Aurora elects to convert the then outstanding principal and interest into prime rate loans at any time before December 31, 2022. During the year ended June 30, 2021, the Company elected to use both bankers' acceptances and prime rate loans on its advances for Facility B with an average interest rate of 4.83%. In accordance with IFRS 9, the loan conversions and the December 17, 2020 loan amendment were determined to be non-substantial modification of the loan terms. As a result, the Company recognized a loss of $0.4 million for the year ended

June 30, 2021 in other (losses) gains (Note 22) in the statement of comprehensive loss, with a corresponding adjustment to the carrying value of the Credit Facility. The loss was determined based on the difference between the original contractual cash flows and the modified expected cash flows, which was discounted at the original effective interest rate.

On June 1, 2021, the Company fully repaid the $88.7 million principal outstanding under Facility B using the $50.0 million balance in restricted cash towards the repayment. As of June 30, 2021, the Company was fully released and discharged from all of its indebtedness and obligations under the Second Amended and Restated Credit Agreement. As a result of the settlement, the Company expensed the remaining $0.9 million deferred financing fees and recognized a $2.2 million loss on debt settlement.

As of June 30, 2021, the Company had a total of $1.8 million of letters of credit outstanding with BMO and $4.4 million cash collateral recognized in restricted cash for the outstanding letters of credit and the corporate credit card.

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 statement 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 following is a continuity schedule of lease liabilities:

	$
Balance, June 30, 2019	1,326
IFRS 16 transition	95,464
Lease additions	9,465
Disposal of leases	(2,123)
Lease payments	(13,468)
Lease term reduction and other items [1]	(6,104)
Changes due to foreign exchange rates	185
Interest expense on lease liabilities	5,543
Balance, June 30, 2020	90,288
Current portion	(6,587)
Long-term portion	83,701

Balance, June 30, 2020	90,288
Lease additions	2,463
Disposal of leases	(13,132)
Lease payments	(10,429)
Lease term reduction and other items [1]	(1,955)
Changes due to foreign exchange rates	(213)
Interest expense on lease liabilities	4,597
Balance, June 30, 2021	71,619
Current portion	(6,188)
Long-term portion	65,431

[1] As part of the Company's restructuring activities (Note 3), management re-assessed the likelihood of executing renewal options of its existing leases which resulted in a reduction of the assessed lease term of several of the Company's leases.

For the year ended June 30, 2021, the Company recorded a $4.1 million rent expense (June 30, 2020 - $5.5 million) related to short-term leases, variable leases, and low-value leases.

Note 19 Share Capital

Accounting Policy

Share Purchase Warrants

Warrants 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.
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. As at June 30, 2021, no Class "A" Shares were issued and outstanding.

(iii) Unlimited number of Class "B" Shares each with a par value of $5.00.
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 at June 30, 2021, no Class "B" Shares were issued and outstanding.

(b) Issued and Outstanding

At June 30, 2021, 198,068,923 common shares (June 30, 2020 – 115,228,811) were issued and fully paid.

(i) Shares for business combinations, asset acquisitions and strategic investments

During the year ended June 30, 2021, there were no shares issued for business combinations, asset acquisitions and strategic investments.

During the year ended June 30, 2020, the Company issued the following shares for business combinations, asset acquisitions and investment in associates:

	Note	Number of shares issued	Share capital
		#	$
Year ended June 30, 2020			
Acquisition of Reliva	13(b)	2,480,810	52,380
Acquisition of intangible asset	15	209,123	5,040
		2,689,933	57,420

(ii) Shares issued for earn-out payments

During the year ended June 30, 2021, the Company issued an aggregate of 2,691,759 common shares for milestone payments in connection with three acquisitions completed in prior years (June 30, 2020 - 614,513 common shares in connection with five acquisitions).

(iii) Shares issued for equity financing

The Company issued the following common shares under its 2019 At-the-Market ("ATM") program (Note 30(b)):

					US$ equivalence	
	Year ended June 30,				Year ended June 30,	
	2021		2020		2021	2020
Gross proceeds	$ 284,138	$	585,146	$	214,662	$ 435,536
Commission	$ 5,642	$	11,729	$	4,298	$ 8,717
Net proceeds	$ 278,496	$	573,417	$	210,364	$ 426,819
Average gross price	$ 6.71	$	27.85	$	5.07	$ 20.73
Number of shares issued	42,359,118		21,009,339			

On November 16, 2020, the Company completed an offering of 23,000,000 units ("November 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 Offering Warrant") of the Company. Each whole November Offering Warrant entitles the holder to purchase one common share of the Company at a price of US$9.00 per warrant share until March 16, 2024 (Note 19(c)).

On January 26, 2021, the Company completed an offering of 13,200,000 units ("January 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 Offering Warrant") of the Company. Each whole January Offering Warrant entitles the holder to purchase one common share of the Company at a price of US$12.60 per warrant share until January 26, 2024 (Note 19(c)).

(c) Share Purchase Warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
	#	$
Balance, June 30, 2019	1,982,156	95.76
Issued	90,495	31.46
Expired	(986)	73.79
Exercised	(992,918)	109.83
Balance, June 30, 2020	1,078,747	77.36
Issued [1]	18,333,908	12.76
Exercised	(491,500)	11.14
Expired	(473,766)	48.00
Balance, June 30, 2021	18,447,389	15.68

[1] 11,500,000 and 6,600,000 warrants were issued as part of the November and January Unit Offering (Note 19(b)(iii)), respectively.

In accordance with *IAS 32 - Financial Instruments: Presentation*, the November and January Offering Warrants (Note 19(b)(iii)), 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 statement 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$ equivalence		
	November Offering	January Offering	Total	November Offering	January Offering	Total
	$	$	$	$	$	$
Balance, June 30, 2020	—	—	—	—	—	—
Additions	39,213	34,816	74,029	29,900	27,324	57,224
Exercise	(3,523)	—	(3,523)	(2,794)	—	(2,794)
Unrealized loss (gain) on derivative liability	23,472	(5,118)	18,354	20,620	(3,366)	17,254
Balance, June 30, 2021	59,162	29,698	88,860	47,726	23,958	71,684

The following table summarizes the warrants that remain outstanding as at June 30, 2021:

Exercise Price ($)	Expiry Date	Warrants (#)
$11.11 - 16.36 [1]	January 26, 2024 - November 30, 2025	17,919,197
$112.46 - $116.09	August 9, 2023 to August 22, 2024	528,192
		18,447,389

[1] Includes the November and January Offering Warrants exercisable at US$ 9.00 and US$12.60, respectively.

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.

On September 25, 2017, the Board adopted a "rolling maximum" or "evergreen" stock option plan and a Restricted Share Unit Plan. On October 5, 2018 and November 12, 2020, the Board adopted a Directors Deferred Share Unit Plan (applicable to independent directors only), and a Performance Share Unit Plan, respectively. As approved by the shareholders at the Annual General Meeting held on November 12, 2020, the Board of Directors may from time to time, in its discretion, and in accordance with the Toronto Stock Exchange requirements, grant to directors, officers, employees and consultants, non-transferable stock options, RSUs, DSUs, and PSUs. The maximum number of common shares issuable pursuant to all equity based compensation arrangements shall, at any time, not exceed 10% of the issued and outstanding common shares of the Company.

(a) Stock Options

A summary of stock-options outstanding is as follows:

	Stock Options (#)	Weighted Average Exercise Price ($)
Balance, June 30, 2019	5,693,397	95.88
Granted	1,232,796	54.27
Exercised [1]	(103,828)	26.91
Expired	(135,926)	51.72
Forfeited [2]	(937,936)	98.94
Balance, June 30, 2020	5,748,503	88.60
Granted	786,510	11.56
Exercised [1]	(36,634)	5.70
Expired	(2,383,140)	99.07
Forfeited	(7,233)	134.64
Balance, June 30, 2021	4,108,006	68.46

[1] The weighted average share price on the date stock options were exercised during the year ended June 30, 2021 was $ 14.88 (June 30, 2020 – $78.08).
[2] Included are the 1,039,672 forfeited options relating to the resignation of the Company's strategic advisor, as detailed below.

The following table summarizes the stock options that remain outstanding as at June 30, 2021:

Exercise Price ($)	Expiry Date	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
3.60 - 30.00	Aug 25, 2021 - May 31, 2026	3.39	1,657,991	770,154
30.72 - 99.60	Jan 19, 2022 - Jan 17, 2025	2.06	1,141,043	860,912
100.80 - 133.80	Jan 2, 2023 - Mar 13, 2026	3.75	1,057,712	950,698
135.00 - 163.56	Jan 2, 2023 - May 28, 2024	2.27	251,260	205,826
		3.05	4,108,006	2,787,590

During the year ended June 30, 2021, the Company recorded aggregate share-based compensation expense of $11.2 million (June 30, 2020 – $43.7 million) for all stock options granted and vested during the period. This expense is reflected in the share-based compensation line on the statement of comprehensive loss.

On September 25, 2020, Aurora's strategic advisor resigned which resulted in the forfeiture of 1,039,672 incentive stock options. No share-based compensation expense was recognized for the year ended June 30, 2021 (June 30, 2020 - $0.3 million) related to these consultant options. As at June 30, 2021, the former strategic advisor had 623,808 vested stock options that remain outstanding.

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

	Year ended June 30, 2021	2020
Risk-free annual interest rate [1]	0.31 %	0.88 %
Expected annual dividend yield	0 %	0 %
Expected stock price volatility [2]	81.69 %	89.60 %
Expected life of options (years) [3]	2.40	2.37
Forfeiture rate	18.75 %	12.54 %

[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 volatility of the Company.
[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 year ended June 30, 2021 was $5.50 (June 30, 2020 – $25.26) per option.

(b) Restricted Share Units and Deferred Share Units

Under the terms of the RSU plan, directors, 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 has reserved 833,333 common shares for issuance under this plan. The Company amended its RSU plan, as approved by the shareholders at the Company's November 12, 2020 Annual General Meeting ("AGM"), which increased the maximum reserve under the RSU plan to 3,000,000 common shares.

Under the terms of the DSU plan, non-employee directors of the Company may be granted DSUs. Each participant is entitled to redeem their DSUs for period of 90 days following their termination date, being the date of the participant's retirement or cessation of employment. 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 number of DSUs outstanding pursuant to the plan shall not exceed 83,333 common shares. The Company amended its DSU plan, as approved by the shareholders at the Company's November 12, 2020 ("AGM"), which increased the maximum reserve under the DSU plan to 500,000 common shares.

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, 2019	169,195	59.28
Issued	266,640	37.82
Vested, released and issued	(44,823)	50.58
Forfeited	(14,716)	86.77
Balance, June 30, 2020	376,296	44.06
Issued	954,698	10.82
Vested, released and issued	(168,784)	44.44
Forfeited	(121,666)	18.77
Balance, June 30, 2021	1,040,544	16.46

(1) As of June 30, 2021, there were 983,161 RSUs and 57,383 DSUs outstanding (June 30, 2020 - 360,098 RSUs and 16,198 DSUs).

During the year ended June 30, 2021, the Company recorded share-based compensation of $7.0 million (June 30, 2020 – $5.8 million) for RSUs and DSUs granted and vested during the period. This expense is included in the share-based compensation line on the statement of comprehensive loss.

The weighted average fair value of RSUs and DSUs granted in the year ended June 30, 2021 was $10.82 per unit (June 30, 2020 – $37.82 per unit).

The following table summarizes the RSUs and DSUs that remain outstanding as at June 30, 2021:

Weighted Average Issue Price ($)	Expiry Date	Outstanding (#)	Vested (#)
6.25 - 24.96	Feb 10, 2023 - Feb 10, 2025	993,740	74,702
33.12 - 88.68	Aug 3, 2021 - Mar 13, 2023	13,558	4,150
90.12 - 123.84	Jul 12, 2021 - Sep 10, 2022	33,246	16,265
		1,040,544	95,117

(c) Performance Share Units

The Company adopted a PSU plan approved by Aurora shareholders at the November 12, 2020 AGM. The maximum number of common shares issuable pursuant to the PSU and RSU plan together shall not exceed 3,000,000 common shares. The number of units earned is determined at the end of thethree year term based on Aurora's three year Total Shareholder Return ("TSR") relative to a peer group of companies and can vary from 0.0 to 2.0 times the number of PSUs granted.

A summary of the PSUs outstanding is as follows:

	PSUs (#)	Weighted Average Issue Price of PSUs ($)
Balance, June 30, 2020	—	—
Issued	469,834	10.07
Forfeited	(82,465)	10.09
Balance, June 30, 2021	387,369	10.06

The following table summarizes the PSUs that are outstanding as at June 30, 2021:

Weighted Average Issue Price ($)	Expiry Date	Outstanding (#)	Vested (#)
8.50 - 12.96	Sep 10, 2023 - May 18, 2024	377,284	—
13.35 - 23.96	Dec 8, 2023 - Feb 11, 2024	10,085	—
		387,369	—

During the year ended June 30, 2021, the Company recorded share-based compensation of $0.8 million (June 30, 2020 - nil) for PSUs granted during the period. This expense is included in the share-based compensation line on the statement of comprehensive loss.

PSUs granted during the year ended were fair valued based on the following weighted average assumptions:

	Year ended June 30, 2021
Risk-free annual interest rate [1]	0.64 %
Dividend yield	— %
Expected stock price volatility [2]	47.68 %
Expected stock price volatility of peer group [2]	27.35 %
Expected life of options (years) [3]	2.85
Forfeiture rate	2.63 %
Equity correlation against peer group [4]	46.42 %
Weighted average fair value of PSUs granted	$9.74

(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.

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:

	Year ended June 30,	
	2021	2020
Net loss from continuing operations attributable to Aurora shareholders	($692,013)	($3,230,833)
Net loss from discontinuing operations attributable to Aurora shareholders	($1,612)	($51,861)
Net loss attributable to Aurora shareholders	($693,625)	($3,282,694)
Weighted average number of common shares outstanding	169,118,540	96,753,429
Continuing operations, basic and diluted loss per share	($4.09)	($33.39)
Discontinued operations, basic and diluted loss per share	($0.01)	($0.54)
Basic and diluted loss per share	($4.10)	($33.93)

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.

Refer to Note 32 for share issuances and potential share issuances subsequent to June 30, 2021 that may be dilutive, impacting the number of shares outstanding and the calculation of basic and dilutive loss per share.

Note 22 Other Gains (Losses)

	Note	Year ended June 30, 2021	2020
		$	$
Share of loss from investment in associates	8	(509)	(11,534)
Gain (loss) on deemed disposal of significant influence investment	6(a), 6(f)	(1,239)	11,955
Loss on induced conversion of debenture	16(i)	—	(172,291)
Unrealized gain (loss) on derivative investments	7(b)	12,758	(34,069)
Unrealized gain (loss) on derivative liability	16(ii), 19(c)	(19,606)	175,568
Unrealized gain (loss) on changes in contingent consideration fair value	29	(30)	2,357
Gain (loss) on debt modification	17	(396)	1,287
Loss on debt settlement	17	(2,195)	—
Gain on loss of control of subsidiary		—	500
Gain on disposal of assets held for sale and property, plant and equipment	11, 12	11,119	—
Government grant income	5	32,489	—
Provisions	26(b)(ii), (b)(iv)	(2,077)	(2,416)
Other gains		6,133	—
Total other gains (losses)		36,447	(28,643)

Note 23 Supplemental Cash Flow Information

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

	June 30, 2021	*Recasted - Note 2(h)* June 30, 2020
	$	$
Accounts receivable	7,371	55,159
Biological assets	(49,249)	4,835
Inventory	57,700	(31,154)
Prepaid and other current assets	2,277	346
Accounts payable and accrued liabilities	(28,294)	(22,547)
Income taxes payable	13	3,538
Deferred revenue	214	1,616
Provisions	(556)	(4,200)
Other current liabilities	10,921	—
Changes in operating assets and liabilities	397	7,593

During the year ended June 30, 2021, the Company reclassified $0.1 million impacts of FX on intercompany balances to the effect of foreign exchange on cash and cash equivalents line on the statement of cash flows. Of the $0.1 million, $4.1 million was reclassified from deposits, offset by $3.5 million from foreign exchange (gain) loss and $0.7 million from changes in non-cash working capital.

Additional supplementary cash flow information as at and for the year ended June 30, 2021 and 2020 are as follows:

	June 30, 2021	June 30, 2020
	$	$
Property, plant and equipment in accounts payable	1,721	7,867
Right-of-use-asset additions	2,445	9,386
Capitalized borrowing costs	2,136	21,961
Amortization of prepaids	32,120	48,040
Interest paid	34,157	47,904
Interest received	2,198	2,516

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, 2020 – 27.0%) to loss before income tax for the following reasons:

	June 30, 2021	*Recasted - Note 2(h)* June 30, 2020
	$	$
Loss from operations before taxes and discontinued operations	(699,798)	(3,339,734)
Combined federal and provincial rate	27.0 %	27.0 %
Expected tax recovery from operations before taxes and discontinued operations	(188,945)	(901,728)
Change in estimates from prior year	1,054	(115)
Foreign exchange	1,464	(373)
Non-deductible expenses	6,629	19,996
Non-deducible (non-taxable) portion of capital items	2,678	20,839
Non-deducible loss on conversion of debt	—	46,598
Goodwill and other impairment items	326	659,980
Tax impact on divestitures	6,295	(5,170)
Difference in statutory tax rate	14,755	13,929
Effect of change in tax rates	55	967
Changes in deferred tax benefits not recognized	149,368	62,842
Income tax recovery from continuing operations	(6,321)	(82,235)

(1) Excludes tax expense from discontinued operations of nil (June 30, 2020 - $0.8 million) and the tax expense from the loss on the sale of the discontinued operation of nil (June 30, 2020 - nil). These amounts are included in net loss from discontinued operations, net of tax on the statement of comprehensive loss.

On June 30, 2020, the Alberta provincial government announced as part of the Alberta Recovery Plan, the province's Job Creation Tax Cut program will be accelerated in order to decrease the Alberta general corporation income tax rate on businesses from 12% to 8% effective July 1, 2020. Previously the Alberta provincial government announced on May 28, 2019 under Alberta Bill 3 to decrease the general corporate rate from 12% to 11% effective July 1, 2019, with a further 1% rate reduction each and every year on January 1 until the general corporate tax rate is 8% on January 1, 2022. Deferred tax assets and liabilities have been remeasured accordingly for the fiscal year ended June 30, 2020.

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 June 30, 2021 and 2020 are comprised of the following:

	Recasted Note 2(h) Balance, June 30, 2020	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	Balance, June 30, 2021
	$	$	$	$	$
Deferred tax assets					
Non-capital losses	125,008	(14,508)	(415)	(8,691)	101,394
Capital losses	501	(50)	—	—	451
Finance costs	9,689	(14,985)	—	6,109	813
Investment tax credit	569	902	—	—	1,471
Derivatives	420	314	—	—	734
Leases	13,075	1,892	(30)	—	14,937
Total deferred tax assets	149,262	(26,435)	(445)	(2,582)	119,800
Deferred tax liabilities					
Convertible debenture	(33,787)	12,851	—	—	(20,936)
Investment in associates	—	1,409	—	—	1,409
Derivatives	—	(393)	—	—	(393)
Intangible assets	(90,952)	11,830	222	—	(78,900)
Property, plant and equipment	(7,118)	(8,355)	234	—	(15,239)
Inventory	(18,306)	10,042	(32)	—	(8,296)
Biological assets	(2,496)	(411)	7	—	(2,900)
Others	(549)	6,004	—	—	5,455
Total deferred tax liabilities	(153,208)	32,977	431	—	(119,800)
Net deferred tax liabilities	(3,946)	6,542	(14)	(2,582)	—

	Balance, June 30, 2019	Discontinued operations	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	*Recasted Note 2(h)* Balance, June 30, 2020
	$	$	$	$	$	$
Deferred tax assets						
Non-capital losses	44,303	(1,319)	81,943	81	—	125,008
Capital losses	—	—	501	—	—	501
Finance costs	11,545	—	(4,087)	—	2,231	9,689
Investment tax credit	728	—	(159)	—	—	569
Property, plant and equipment	13,701	114	(13,815)	—	—	—
Derivatives	37,462	—	(37,042)	—	—	420
Leases	—	—	13,050	25	—	13,075
Others	9,470	—	(9,470)	—	—	—
Total deferred tax assets	117,209	(1,205)	30,921	106	2,231	149,262
Deferred tax liabilities						
Convertible debenture	(47,089)	—	11,599	—	1,703	(33,787)
Marketable securities	(6,141)	—	4,916	624	601	—
Investment in associates	(4,409)	—	4,409	—	—	—
Intangible assets	(129,562)	—	38,807	(197)	—	(90,952)
Property, plant and equipment	—	—	(7,100)	(18)	—	(7,118)
Inventory	(15,008)	—	(3,298)	—	—	(18,306)
Biological assets	(4,345)	—	1,849	—	—	(2,496)
Others	—	—	(549)	—	—	(549)
Total deferred tax liabilities	(206,554)	—	50,633	409	2,304	(153,208)
Net deferred tax assets (liabilities)	(89,345)	(1,205)	81,554	515	4,535	(3,946)

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

	June 30, 2021	*Recasted Note 2(h)* June 30, 2020
	$	$
Deferred tax assets	—	21,974
Deferred tax liabilities	—	(25,920)
Net deferred tax assets (liabilities)	—	(3,946)

Deferred tax assets not recognized in respect of deductible temporary differences, unused tax losses, and tax credits are as follows:

	June 30, 2021	*Recasted Note 2(h)* June 30, 2020
	$	$
n-capital losses carried forward	570,195	223,339
estment in associates	—	33,629
pital losses	132,456	131,295
perty, plant, and equipment	359,455	154,523
angible assets	11,701	3,668
odwill	33,764	—
rketable Securities	28,323	23,792
estment tax credits	5,028	5,034
rivatives	—	2,860
pital lease obligations	2,462	5,408
ner	55,537	6,198
	1,198,921	589,746

The Company has income tax loss carryforwards of approximately $881.5 million (June 30, 2020 – $595.7 million) which are predominately from Canada and if unused, will expire between 2022 to 2041.

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:

	Years ended June 30,	
	2021	2020
	$	$
Short-term employment benefits [1]	5,022	8,118
Termination benefit	2,583	4,553
Directors' fees [2]	458	586
Share-based compensation [3]	12,543	20,628
Total management compensation [4]	20,606	33,885

[1] Short-term employment benefits include salaries, wages, bonuses and non-monetary benefits such as subsidized vehicle costs. 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, performance share units, and deferred share units granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans (Note 20).
[4] As of June 30, 2021, $ 0.8 million is payable or accrued for key management compensation (June 30, 2020 – $3.8 million).

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

	Years ended June 30,	
	2021	2020
	$	$
Production costs [1]	5,100	6,330
Services and advisory fees [2]	—	1,247
	5,100	7,577

[1] Production costs incurred with (i) Capcium, a company where Aurora holds significant influence; and (ii) Sterigenics Radiation Technologies ("Sterigenics", formerly Iotron Industries Canada Inc.), 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).
[2] Service and advisory fees paid to Lola Ventures Inc. (a company controlled by the former CEO), and Superior Safety Codes (a company controlled by the former CEO and President).

During the year ended June 30, 2021, the Company sold AHE to the subsidiary's President and former owner (Note 12(b)). During the year ended June 30, 2020, the Company sold ALPS back to its former founding owner (Note 12(b)).

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

	June 30, 2021	June 30, 2020
	$	$
Equipment loan receivable from investments in associates [1]	10,096	3,242
Production costs with investments in associates [2][3]	—	(1,365)
	10,096	1,877

[1] Relates to the purchase of production equipment on behalf of the Company's joint venture, Auralux Enterprises Ltd. ("Auralux"). The loan bears interest at 5% per annum, payable monthly. The loan is to be repaid in installments on an annual basis in an amount equal to 50% of the associate's EBITDA. The unpaid balance of the loan matures 10 years from the funding date.
[2] Production costs incurred with (i) Capcium, a company that manufactures our softgels in which Aurora holds significant influence in; and (ii) Sterigenics which provides cannabis processing services to the Company and is party to a common joint venture in Auralux. Pursuant to a manufacturing agreement with Capcium, the Company is contractually committed to purchase a minimum number of softgels during calendar 2020 and thereafter. If the Company fails to meet the required purchase minimum, then it is required to pay a penalty fee equal to the difference between the actual purchased quantity and the required purchase minimum multiplied by cost of the softgels. The Company is committed to purchase 42.7 million capsules in calendar 2020, and 20.0 million capsules per calendar year until December 31, 2026. The Company believes that it is more likely than not that the minimum quantity will be met for the 2021 calendar year and as a result, no provision was recognized as of June 30, 2021 (June 30, 2020 - $0.9 million).
[3] Amounts are due upon the issuance or receipt of invoices, are unsecured and non-interest bearing.

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 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 an amended complaint on September 7, 2021. The amended complaint makes new allegations pertaining to certain financial misrepresentation and improper revenue recognition by the Company, which allegations the Company is reviewing in preparing for its response to the amended complaint. 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. No provision has been recognized as at June 30, 2021 (June 30, 2020 - nil).

The Company and its subsidiary, 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 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. No provision has been recognized as at June 30, 2021.

A claim was commenced by a party to a former term sheet on June 15, 2020 with the Queen'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. No provision has been recognized as of June 30, 2021 (June 30, 2020 - nil).

A claim was commenced on June 17, 2020 against Aurora by a former consultant of MedReleaf regarding stock options that were believed by the plaintiff to be granted prior to MedReleaf's Initial Public Offering ("IPO"). These options were not on the records of MedReleaf at the time of due diligence or acquisition and, as such, no options were granted on closing of the acquisition. As of June 30, 2021, the Company had fully settled this claim for $1.3 million and is recognized in legal settlement and contract termination fees in the statement of comprehensive loss for the year ended June 30, 2021.

On August 10, 2020, a purported class action lawsuit was filed with the Queen'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. 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. No provision has been recognized as at June 30, 2021 (June 30, 2020 - nil).

On October 2, 2020, a purported class action lawsuit was commenced in the United States District Court for the District of New Jersey against the Company and certain executive officers on behalf of persons or entities who purchased or otherwise acquired Aurora securities between February 13, 2020 and September 4, 2020. The complaint alleges, inter alia, that the Company and certain executive officers violated the federal securities laws by making false and/or misleading statements and/or failing to disclose that the Company had significantly overpaid for previous acquisitions and experienced degradation in certain assets, including its production facilities and inventory; the Company's business transformation plan and cost reset failed to mitigate the foregoing issues; it was foreseeable that the Company would record significant goodwill and asset impairment charges; and as a result, the Company's public statements were materially false and misleading. Lead plaintiff and lead counsel have been appointed and the Company is awaiting filing of their complaint. 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 matters described above. No provision has been recognized as at June 30, 2021 (June 30, 2020 - nil).

The Company was party to an arbitration matter with a third party with respect to a break fee believed to be due by Aurora under an agreement. Binding arbitration in favor of the other company was awarded on September 13, 2020 in the amount of $3.0 million plus interest and costs, and the payment was made by the Company on October 13, 2020. The settlement amount was recognized in legal settlement and contract termination fees in the statement of comprehensive loss.

On January 4, 2021, a civil claim was filed with the Queen'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. No provision has been recognized as of June 30, 2021 (June 30, 2020 - nil).

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.

(b) Commitments

(i) On September 8, 2020, the Company and the Ultimate Fighting Championship ("UFC") mutually terminated its partnership. The Company paid $40.2 million as a termination fee which has been recognized in legal settlement and contract termination fees in the statement of comprehensive loss.

(ii) Pursuant to a manufacturing agreement, the Company is contractually committed to purchase a minimum number of softgels each calendar year. If the Company fails to meet the required purchase minimum, then it is required to pay a penalty fee equal to the difference between the actual purchased quantity and the required purchase minimum multiplied by cost of the softgels. The Company expects to meet the purchase minimum for 2021 and as such, no provision was recorded as at June 30, 2021 (June 30, 2020 - $0.9 million)

(iii) The Company has various lease commitments related to various office space, production equipment, vehicles, facilities and warehouses expiring between July 2021 and June 2033. The Company has certain leases with optional renewal terms that the Company may exercise at its option.

(iv) During the year ended June 30, 2021, the Company indefinitely halted construction at the Aurora Sun facility. The facility had an existing utility supply contract which included annual minimum energy consumption commitments. As at June 30, 2021, the Company recognized a $2.1 million (June 30, 2020 - nil) onerous contract provision which represents the lesser of the costs of exiting the contract and the cost of fulfilling it. Additionally, the Company impaired $10.3 million deposits related to Sun. The provision and impairment loss have been included in other gains (losses) and impairment of deposits, respectively, on the statement of comprehensive loss (Note 22).

In addition to lease liability commitments disclosed in Note 30(b), the Company has the following future capital commitments, purchase commitments and retention payments, which are due in the next five years and thereafter:

	$
Next 12 months	4,073
Over 1 year to 2 years	2,066
Over 2 years to 3 years	2,066
Over 3 years to 4 years	1,894
	10,099

Note 27 Revenue

Accounting Policy

The Company generates revenue primarily from the sale of cannabis, cannabis related products 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.

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 $7.4 million for the year ended June 30, 2021 (June 30, 2020 - $15.3 million). The estimated variable consideration is based on historical experience and management's expectation of future returns and price adjustments. As of June 30, 2021, the return liability for the estimated variable revenue consideration was $1.5 million (June 30, 2020 - $2.1 million) and is included in deferred revenue on the consolidated statements of financial position.

Year ended June 30, 2021	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods	288,592	—	288,592
Revenue from provision of services	—	1,877	1,877
Excise taxes	(45,217)	—	(45,217)
Net Revenue	243,375	1,877	245,252

Year ended June 30, 2020	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods [1]	311,909	—	311,909
Revenue from provision of services	—	5,002	5,002
Other			
Revenue from sale of goods	1,089	—	1,089
Excise taxes	(49,297)	—	(49,297)
Net Revenue	263,701	5,002	268,703

[1] During the year ended June 30, 2021, the Company divested from AHE and dissolved Hempco. As such, both entities are no longer included in Cannabis revenue from sale of goods following the reclassification into discontinued operations (Note 12(b)).

Note 28 Segmented Information

Accounting Policy

Operating 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.

Key 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 two reportable segments plus corporate. The two reportable segments are (i) Cannabis; and (ii) Horizontally Integrated Businesses. The Company primarily operates in the Cannabis segment which includes support services such as patient counselling services and analytical testing services.

Operating Segments	Cannabis [1]	Horizontally Integrated Businesses [2]	Corporate [3]	Total
	$	$	$	$
Year ended June 30, 2021				
Net revenue	245,252	—	—	245,252
Gross loss	(21,558)	—	—	(21,558)
Net loss before taxes and discontinued operations	(486,717)	55	(213,136)	(699,798)
Year ended June 30, 2020				
Net revenue	267,614	1,089	—	268,703
Gross profit (loss)	(19,997)	62	—	(19,935)
Net loss before taxes and discontinued operations	(3,109,601)	3,988	(234,121)	(3,339,734)

[1] During the year ended June 30, 2021, the Company divested from AHE and dissolved Hempco (June 30, 2020 - ALPS). As a result, these entities are no longer included in the Cannabis segment following the reclassification into discontinued operations (Note 12(b)).
[2] The horizontally integrated businesses segment represents the indoor cultivator CGU comprised of B.C. Northern Lights Enterprises ltd. ("BCNL") and Urban Cultivator Inc. ("UC"). During the year ended June 30, 2020, the Company sold BCNL and sold certain assets of UCI. The remaining UCI operations were largely wound down as of June 30, 2020.
[3] Net loss 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 [1]	Canada	European Union	Other	Total
	$	$	$	$
Non-current assets other than financial instruments and deferred tax assets				
Balance, June 30, 2021	1,774,154	49,164	41,787	1,865,105
Balance, June 30, 2020	2,139,765	81,927	95,281	2,316,973
Year ended June 30, 2021				
Net revenue	211,073	29,981	4,198	245,252
Gross profit (loss)	(44,032)	21,478	996	(21,558)
Year ended June 30, 2020				
Net revenue	252,860	14,613	1,230	268,703
Gross profit (loss)	(32,430)	13,459	(964)	(19,935)

[1] During the year ended June 30, 2021, the Company divested from AHE and dissolved Hempco (June 30, 2020 - ALPS). As a result, these entities are no longer included following the derecognition and reclassification into discontinued operations (Note 12(b)).

Included in net revenue arising from the Canadian cannabis operating segment for the year ended June 30, 2021 are net revenues of approximately $27.7 million from Customer A, $24.3 million from Customer B, and $40.4 million from Customer D. (year ended June 30, 2020 - Customer A $34.8 million, Customer B $33.8 million, Customer C $32.6 million and Customer D $26.9 million), each contributing 10 per cent or more to the Company's net revenue.

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 which approximates fair value

The carrying values of the financial instruments at June 30, 2021 are summarized in the following table:

	Amortized cost	FVTPL	Designated FVTOCI	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	421,457	—	—	421,457
Restricted cash	19,394	—	—	19,394
Accounts receivable, excluding sales taxes receivable	54,636	—	—	54,636
Marketable securities	—	—	3,751	3,751
Derivatives	—	59,382	—	59,382
Loan receivable	10,096	—	—	10,096
Lease Receivable	4,256	—	—	4,256
Financial Liabilities				
Accounts payable and accrued liabilities	57,944	—	—	57,944
Convertible debentures [1]	327,931	—	—	327,931
Contingent consideration payable	—	374	—	374
Other current liabilities	10,874	—	—	10,874
Lease liabilities	71,619	—	—	71,619
Derivative liability	—	91,939	—	91,939
Other long-term liabilities	104	—	—	104

[1] The fair value of convertible notes includes both the debt and equity components.

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

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As of June 30, 2021				
Marketable securities	3,751	—	—	3,751
Derivative assets	—	42,477	16,905	59,382
Contingent consideration payable	—	—	374	374
Derivative liability	88,860	3,079	—	91,939
As of June 30, 2020				
Marketable securities	6,066	—	1,000	7,066
Derivative assets	—	37,480	16,102	53,582
Contingent consideration payable	—	—	19,054	19,054
Derivative liability	—	1,827	—	1,827

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

The following is a continuity schedule of contingent consideration payable:

	CanvasRx	H2	Whistler	Reliva [1]	Immaterial transactions	Total
	$	$	$	$	$	$
Balance, June 30, 2019	1,985	1,231	24,771	—	150	28,137
Additions	—	—	—	138	—	138
Unrealized gain (loss) from changes in fair value	8	(49)	(2,316)	—	—	(2,357)
Payments	(1,993)	(1,182)	(3,689)	—	—	(6,864)
Balance, June 30, 2020	—	—	18,766	138	150	19,054
Additions	—	—	—	—	100	100
Unrealized gain (loss) from changes in fair value	—	—	44	(14)	—	30
Payments	—	—	(18,810)	—	—	(18,810)
Balance, June 30, 2021	—	—	—	124	250	374

[1] In accordance with *IFRS 3 - Business Combinations,* acquisition date fair values assigned to the Reliva purchase price allocation and goodwill have been adjusted, within the applicable measurement period, where new information is obtained about facts and circumstances that existed at the acquisition date (Note 13(b)).

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 a nominal amount (June 30, 2020 - $1.9 million). If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration would increase or decrease by a nominal amount (June 30, 2020 - $0.2 million). If the expected timing of the achievement is delayed by six months, the estimated fair value of contingent consideration would decrease by a nominal amount (June 30, 2020 - $0.1 million).

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 statement of financial position. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. 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 June 30, 2021, $7.0 million of trade accounts receivable, net of allowances, are from non-government wholesale customers (June 30, 2020 - $2.2 million). As of June 30, 2021, the Company recognized a $5.4 million provision for expected credit losses (June 30, 2020 - $1.7 million).

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

	June 30, 2021	June 30, 2020
	$	$
0 – 60 days	36,195	34,167
61+ days	5,835	11,032
	42,030	45,199

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

	Note	June 30, 2021
		$
Next 12 months		1,103
Over 1 year to 2 years		1,315
Over 2 years to 3 years		1,375
Over 3 years to 4 years		1,028
Over 4 years to 5 years		346
Thereafter		398
Total undiscounted lease payments receivable		5,565
Unearned finance income		(331)
Total lease receivable		5,234
Current	4	978
Long-term		4,256

(1) The Company had no subleases during the year ended June 30, 2020.

(b) Liquidity risk

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

	June 30, 2021	June 30, 2020
	$	$
ıde payables	13,277	19,706
ɔrued liabilities	29,883	42,910
yroll liabilities	9,247	23,752
ɔise tax payable	4,672	6,770
ıer payables	865	2,436
	57,944	95,574

In addition to the commitments outlined in Note 26, the Company has the following gross contractual obligations as at June 30, 2021, 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	57,944	57,944	—	—	—
Convertible notes and interest [1][2]	498,229	23,522	474,707	—	—
Lease liabilities [2]	144,034	10,227	26,352	20,902	86,553
Contingent consideration payable [3]	31,240	31,240	—	—	—
	731,447	122,933	501,059	20,902	86,553

(1) Assumes the principal balance of the notes outstanding at June 30, 2021 remains unconverted and includes the estimated interest payable until the February 28, 2024 maturity date. Settlement is payable in cash or common shares (Note 16).
(2) Includes interest payable until maturity date.
(3) Contingent consideration is payable in Aurora common shares, cash, or a combination of both, at the sole discretion of Aurora.

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.

In an effort to manage liquidity prudently while the Company moves toward profitability and positive cash flow, Aurora has taken the following steps:

- During the year ended June 30, 2021, the Company raised net proceeds of $278.5 million (US$210.4 million) under its 2019 ATM program (Note 19(b)(iii)). As at December 31, 2020 and June 30, 2021, the Company had no remaining available amounts to draw down and no additional shares were issued under the 2019 ATM;
- On October 9, 2020, the Company sold all of its 31,956,347 common shares held in Cann Group at A$0.20 per share for net proceeds of $5.9 million (Note 6(a));
- In November 2020, the Company filed a supplement under the 2020 Shelf Prospectus for its November Unit Offering and raised $226.2 million (US$172.5 million) through the issuance of 23,000,000 units at US$7.50 per unit (Note 19(b)(iii));
- In January 2021, the Company filed a second supplement under the 2020 Shelf Prospectus for its January Unit Offering and raised $175.8 million (US$137.9 million) through the issuance of 13,200,000 units at US$10.45 per unit (Note 19(b)(iii));
- In April, the Company converted an aggregate of $3.0 million of its June 2019 and November 2019 High Tide convertible debentures into 9,269,840 common shares at a weighted average conversion price of $0.42. The Company also exercised 7,936,507 warrants held in High Tide at $0.50 for a cost of $4.0 million. Additionally, the Company then sold all 18,650,197 of its common shares held in High Tide at a weighted average price of $0.64 per share for net proceeds of $11.8 million (Note 6(h));
- During the year ended June 30, 2021, the Company sold two production facilities for net proceeds of $13.9 million in connection with its business transformation plan (Note 1). The proceeds from sale were used to repay the $88.7 million principal outstanding under Facility B of the BMO Credit Facility (Note 17).

As of June 30, 2021, the Company has access to the following capital resources available to fund operations and obligations:

- $421.5 million cash and cash equivalents; and
- US$1.0 billion securities registered for sale under the 2021 Shelf Prospectus for future financings or issuances of securities, including US$800.0 million available securities for sale under the 2021 ATM program. 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 2021 Shelf Prospectus.

From time-to-time, management may also consider the sale of its marketable securities and shares held in publicly traded investments in associates to support near term cash and liquidity needs.

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.

(c) 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 (Note 6(g)); US$345.0 million of U.S. dollar denominated Senior Notes (Note 16); and US$71.7 million of warrant derivative liabilities exercisable in U.S. dollars (Note 19(c)). Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that as at June 30, 2021, 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 $40.0 million (June 30, 2020 – $41.8 million) to net loss and $4.7 million (June 30, 2020 – $2.6 million) to comprehensive loss for the year ended June 30, 2021.

At June 30, 2021, 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 June 30, 2021, the Company's financial liabilities consisted primarily of long-term fixed rate debt or variable rate debt. Fluctuations in interest rates could have impacted the Company's cash flows, primarily with respect to the interest payable on the Company's variable rate debt, which consisted of the BMO Credit Facility with a total principal value of $88.7 million (June 30, 2020 – $117.5 million). If the variable interest rate changed by 10 basis points, net and comprehensive loss would have increased or decreased by approximately $0.4 million (June 30, 2020 – $0.5 million). During the year ended June 30, 2021, the Company repaid the balance of the BMO term loan and no longer had any term loans outstanding at June 30, 2021 (Note 17).

(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 June 30, 2021, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $15.2 million (June 30, 2020 – $6.1 million). Refer to Note 7 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 June 30, 2021, the capital structure of the Company consists of $2.4 billion (June 30, 2020 - $2.7 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 June 30, 2021, the Company assigned the Aurora Vie property lease to a third party as part of its business transformation plan.

Subsequent to June 30, 2021, the Company entered into a participation agreement with a registered Segregated Account for the purposes of holding and supporting the Company's insurance risk transfer strategies and has insured up to US$25.0 million for risks to date.

As part of the May 13, 2021 planned cost efficiencies announcement, on September 21, 2021, the Company announced the closure of its Polaris manufacturing facility and the consolidation of its R&D facilities. Medical distribution previously at Polaris will be transferred to Aurora Sky, while manufacturing will be transferred to Aurora River. During the year ended June 30, 2021, the Company recognized an impairment loss on the Polaris facility (Note 11(a)).



AURORA CANNABIS INC.

Management Discussion & Analysis

For the years ended June 30, 2021 and 2020
(in Canadian Dollars)

Management Discussion & Analysis

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Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended June 30, 2021

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 the Company's audited consolidated financial statements for the year ended June 30, 2021 and the accompanying notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared as of September 27, 2021 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.")/Canadian 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.

Given the Company's recent business transformation initiatives to realign its operational footprint and increase financial flexibility, this MD&A provides additional disclosures comparing the fourth quarter ended June 30, 2021 ("Q4 2021"), to the fourth quarter ended June 30, 2020 ("Q4 2020") and to the third quarter ended March 31, 2021 ("Q3 2021"). Management believes that these sequential comparatives provide relevant and current information. The Company has also reclassified certain items, which are not material, on the consolidated statement of comprehensive loss to conform with the current period's presentation and improve comparability.

In Q4 2021, the Company identified a non-material prior period error for the valuation of biological assets and inventory. Additionally, the Company revised certain key inputs used in determining fair value less costs to sell ("FVLCS"), including the incorporation of an effective yield factor based on the potency of cannabis produced. Management has applied the change retrospectively. Refer to the Financial Statements Note 2(h).

On May 11, 2020, the Company completed a one-for-twelve (1:12) reverse share split of all of its issued and outstanding common shares ("Share Consolidation"), resulting in a reduction in the issued and outstanding shares from 1,321,072,394 to 110,089,377. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the Share Consolidation. All share and per share data presented in the Company's consolidated financial statements and this MD&A reflect the Share Consolidation unless otherwise noted.

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 Canadian securities laws, and the use of non-GAAP measures. 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 and the Company's annual audited consolidated financial statements, annual information form ("AIF"), press releases and other disclosure documents required to be filed by applicable securities laws 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 at www.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 500 - 10355 Jasper Avenue, Edmonton, Alberta, Canada, T5J 1Y6. The Company's registered and records office address is Suite 1500 – 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7.

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 where 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 Canada and Germany. Aurora has established a leading market position in both countries;

- **Global consumer 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; and

- **Global hemp-derived cannabidiol ("CBD") market:** The Company expects consumer demand for products containing CBD derived from hemp plants to be an exciting growth opportunity in the coming years. The Company believes that the most important near-term market opportunity for hemp-derived CBD is in the U.S. On May 28, 2020, the Company acquired Reliva, LLC ("Reliva"), a U.S. company based in Massachusetts, which specializes in the distribution and sale of hemp-derived CBD products in the U.S. market.

Business Transformation Plan Update

In February 2020, Aurora announced a business transformation plan intended to align Aurora's cultivation footprint, sales and marketing, operations and logistics, and back-office functions with the realities of operating in a rapidly evolving global cannabis category. The intention of the business transformation plan is to focus Aurora's operations on achieving profitability in core Canadian medical, select international medical and Canadian consumer markets in the near term.

The first phase of the business transformation plan was announced in February 2020, and Aurora made significant progress on reducing selling, general and administrative ("SG&A") expenses and capital expenditures.

The second phase of the business transformation plan was announced in June 2020 and was focused on aligning Aurora's production and distribution network with current market quality and quantity demands in both the Canadian medical and adult-use markets. This decision included the announcement in December 2020 of the ramp-down of Aurora Sky to 25% of capacity. The business transformation included the appointment of Miguel Martin as CEO in September 2020 and a focus on repositioning Aurora's Canadian consumer business to focus on core and premium margin segments in the key formats that comprise the vast majority of the consumer market economics: dry flower, pre-rolls, vapour and concentrates. During fiscal 2021, Aurora made considerable progress in transforming all of its cultivation and production to higher quality standards including higher potency and terpene levels, and consumer experience standards including flower size, moisture levels, and visual appearance, all of which are important to meet the higher quality standards now expected by both medical patients and adult-use consumers.

On September 21, 2021, Aurora announced the third phase of the business transformation plan which included the centralization of manufacturing activities at the Company's River facility, and the closing of the Polaris manufacturing and distribution facility.

To summarize the results of the transformation program to date:

- Quarterly SG&A reductions in excess of $24 million from Q3 2020 to Q4 2021 and over $100 million reduction in fiscal 2021 as compared to the prior year, with further SG&A reductions expected to be achieved in the next 12-18 months;
- Capital expenditure reductions from over $100 million per quarter prior to Q3 2020 down to a run-rate averaging less than $11 million per quarter; and
- Cannabis cost of sales reductions of $7 per quarter in Q4 2021 and Q3 2021, excluding the impacts of inventory impairment and the Q4 2021 out-of-period raw materials count adjustment, as we shuttered facilities during the latter half of the fiscal year.

Aurora's achievement of further significant cost and expense reductions as part of phase three of the program are expected to clear a path to Adjusted EBITDA profitability.

Today, Aurora is a leading global cannabinoids company with a strong and diversified business model anchored by:

- The #1 medical cannabis platform in Canada by revenue;
- A leading international medical cannabis platform with sales into 12 countries with federally legal medical cannabis regimes;
- Industry leading gross margins driven by efficient production facilities and high margin medical businesses,
- A world leading science and innovation program, underpinned by what we believe is the world's largest dedicated cannabis breeding and genetics facility located in Comox B.C.; and
- A vastly improved balance sheet and cash flow position, with over $400 million of cash at June 30, 2021, all term debt having been paid off, and no convertible debt due for almost 3 years.

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 profitable Canadian and International medical markets positions us well for new regulated market openings such as Israel, as well as potential US federal legalization of medical cannabis. At the core of Aurora's objective to achieve near term positive EBITDA 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 gross profit margins of ~60% with substantially better pricing power relative to the Canadian adult-use segment.

Our leadership in International medical cannabis flower provides us with a high growth, highly profitable business that consistently delivers cash gross margins exceeding 60% (72% in Q4 2021). 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 as new medical markets open. For example, Aurora is one of the very few successful exporters of medical cannabis to Israel with what we believe is the single largest legal international cannabis shipment ever of 2,000 kilograms to Israel in July 2021, with the next expected export scheduled for October 2021.

Science leadership: Genetics, Breeding, Biosynthetics
Our scientific leadership and ongoing investment provides Aurora with a strong right to win in premium consumer categories driven by our industry leading genetics and breeding program. The breeding program, located at Aurora Coast, the state-of-the-art facility in Vancouver Island's Comox Valley, is expected to drive revenues by injecting rotation and variety into our product pipeline, and has screened over 7,000 unique cultivars in 2021. In August and September 2021, Aurora launched the first three new proprietary cannabis cultivars that have been genetically engineered from the ground up by our genetic research program – Stonefruit Sunset, Driftwood Diesel, and Lemon Rocket, all of which have the distinctive terpene profiles and high THC potency (in the mid 20% range) that are highly desired by cannabis consumers.

The genetics and breeding program is also expected, over time to generate incremental, capital efficient revenue through license agreements for these genetic innovations to other licensed producers. The first indications of the importance of this business, and the capabilities of our genetics and breeding program, are the two cultivars provided to a Canadian craft grower, North 40, that recently launched small batches of

Farmgas, and Sourdough, both of which have high levels of very distinctive terpenes, and very high THC potency, measuring in in the high 20% range, with some batches exceeding 30%.

Finally, we also believe that our intellectual property includes the most efficient path for cannabinoid biosynthetic production, which puts us in a pivotal position with most biosynthetics work being undertaken in the cannabis industry, which we are actively working to build, partner, enforce, and protect.

U.S. expansion
We believe that the U.S. cannabis market will eventually be federally regulated, with states' rights respected, in a framework similar to every other comparable industry. 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 with a continuing right to win in lucrative components of the cannabis value chain.

Key Q4 and Full Year 2021 Results

Revenue and Gross Margin Update

Gross margin before fair value adjustments on cannabis net revenue was 31% in Q4 2021 as compared to (96)% in Q4 2020 and includes the impacts of inventory impairment. Included in Q4 2021 cannabis gross margin before fair value adjustments are also (i) $8.9 million (Q4 2020 - $7.8 million) depreciation charges in cost of sales; and (ii) $4.6 million (Q4 2020 - nil) out-of-period gross profit adjustments mainly related to a catch-up of prior year count reconciliations for raw materials.

Excluding inventory impairment and the adjustments above, Adjusted gross margin before fair value adjustments ("adjusted gross margin") on cannabis net revenue for Q4 2021 was 54% compared to 49% in Q4 2020.

Aurora's leading medical businesses in Canada and Europe continued to perform exceptionally well in Q4 2021 while the Canadian consumer business has begun to recover from the Coronavirus ("COVID-19") lockdowns and market development headwinds.

In Q4 2021, Aurora's International medical cannabis net revenue of $8.6 million showed 88% growth versus the prior year comparative period and delivered an Adjusted gross margin of 72%. The revenue increase was the result of an increase in kilograms sold and an increase in cannabis derivative sales which have a higher average net selling price. Our broad European footprint continued to show its strength with UK and Poland now bringing in $2.0 million in Q4 2021 revenue as compared to a minor amount in the prior year period and $1.8 million in Q3 2021.

The Canadian medical cannabis net revenue of $26.4 million with a 66% gross margin has remained strong from Q4 2020 and Q3 2021, a consistent performance in the face of the continued consumer retail industry roll-out.

Total Q4 2021 medical cannabis net revenues of $35.0 million continue to deliver a normalized adjusted gross margin on medical cannabis net revenue in the 60% range, with 68% in Q4 2021 (Q4 2020 - 64%). This strong margin profile has held steady for several years and is an important gross profit driver that distinguishes Aurora from its major competitors.

In Q4 2021 consumer cannabis net revenue saw a decrease of $15.8 million to $19.5 million, including $0.7 million in actual net returns, price adjustments and provisions, compared to the prior year comparative period. Adjusted gross margins in Q4 2021 were 31% compared to 36% in the comparative period of 2020. The decline in revenue was largely due to (i) a reduction in orders from the Provinces in response to slower demand in the consumer market, which reflects the impacts of lockdown restrictions related to COVID-19 and (ii) our product swap initiative temporarily reducing orders from the Provinces as they continue to work through these recent deliveries of higher quality product. Sequentially, consumer cannabis net revenue increased $1.5 over the prior quarter mainly due to completion of the transition of our fixed sales force to Great North and a $2.5 million reduction in actual net returns, price adjustments and provisions as the company completed its Product Swap initiative.

Aurora's Q4 2021 average net selling price per gram of dried cannabis, excluding the effect of bulk wholesale of excess mid-potency cannabis flower, rose 2% to $5.11 from $5.00 in Q3 2021.

SG&A Update

SG&A and research and development ("R&D") expense was $49.9 million in Q4 2021 (Q4 2020 - $65.6 million) which includes $5.2 million of business transformation severance and restructuring costs (Q4 2020 - $1.8 million).

Excluding the business transformation severance and restructuring costs, SG&A and R&D continued to be well controlled at $44.8 million during Q4 2021 as compared to $63.8 million in Q4 2020, a decrease of 30%.

Capital Expenditures Update

Aurora reported approximately $11.6 million in capital expenditures for Q4 2021 ($11.3 million cash outlays) which includes additions to intangible assets and excludes the impact of capitalized borrowing costs. During Q4 2021, the Company also received a $3.6 million government grant related to the co-generation project at the Aurora River facility to further offset the capital expenditures. Management expects the project to qualify for an additional $5.8 million government grant related to the co-generation project in the next fiscal year.

In Q4 2021, the Company generated $13.9 million cash from the disposal of property, plant and equipment.

For the full fiscal year 2021, management recognized $30.2 million in capital expenditures net of disposals and government grant income.

Adjusted EBITDA

Aurora reported Adjusted EBITDA loss of $19.3 million in Q4 2021 (Q4 2020 - EBITDA loss of $33.3 million; Q3 2021 EBITDA loss of $23.9 million) which includes $5.1 million of restructuring and one time costs (Q4 2020 - $1.8 million; Q3 2021 - $7.3 million).

Excluding the restructuring and one time costs, Adjusted EBITDA loss would have been $13.9 million (Q4 2020 - EBITDA loss of $31.5 million; Q3 2021 - EBITDA loss of $16.5 million).

The $17.6 million decrease in loss as compared to Q4 2020, and $2.6 million compared to Q3 2021 was primarily driven by a decrease in SG&A and R&D, as part of the business transformation plan, and very strong gross margins in the medical business.

Liquidity Update

The Company believes that in a nascent industry like cannabis, having sufficient financial resources to be strategically opportunistic and volatility-resistant is critically important. During Q4 2021, the Company executed a number of initiatives designed to strengthen the balance sheet. These measures included filing a prospectus supplement for a new US$300 million At-the-Market ("ATM") equity program (which remains fully available), the full settlement and discharge of its BMO Credit Facility, the sale of two production facilities as part of its June 2020 business transformation plan and continuing to demonstrate improved cash utilization across the business.

As of September 24, 2021, the Company had approximately $400 million of cash on hand with no term debt. 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 a US$1.0 billion shelf prospectus, including the full amount of US$300 million ATM available to be used for strategic purposes.

Aurora continues to materially improve cash use. At March 31, 2021, the Company reported $520.2 million of cash and cash equivalents, including $50.0 million of restricted cash.

During Q4 2021, the Company raised cash primarily through the following:

- Net proceeds of $11.9 million from the sale of marketable securities; and
- Net proceeds of $13.9 million from the sale of property, plant and equipment.

During Q4 2021, the Company utilized cash in the following categories:

- Debt and lease obligation payments of $90.1 million which includes the $88.7 million full principal repayment on the credit facility the Company had with the Bank of Montreal ("BMO"). As of June 30, 2021, the BMO credit facility has been fully settled and discharged.
- Operations used cash of $7.8 million, including working capital and restructuring and severance payments of $5.1 million; and
- Capital assets used approximately $7.6 million, net of $3.6 million government grant income related to the co-generation project at Aurora River, and includes invoices paid related to work done in Q3 2021.

Accordingly, as at June 30, 2021, the Company had $440.9 million of cash, comprised of $421.5 million of cash and cash equivalents and $19.4 million in restricted cash, and $549.5 million of net working capital.

Coronavirus ("COVID-19") Update

For the year ended June 30, 2021, the COVID-19 pandemic has impacted revenue in the Canadian consumer market, particularly in Ontario, as governments impose retail access restrictions to curbside pickup at points during the pandemic, and have changed their purchasing patterns to reflect the slow-down in the market. As at the date of this report, the production and sale of medical and consumer cannabis have been recognized as essential services across Canada. All of the Company's facilities in Canada and internationally continue to be operational and we continue to work closely with local, national and international government authorities to ensure that we are following the required protocols and guidelines related to COVID-19 within each region. During the year ended June 30, 2021, the Company recognized an impairment for the U.S. CBD CGU as forecasted revenues have declined as a result of COVID-19 (Refer to Note 15(b)) of the Financial Statements). Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future and as such, the Company cannot provide assurance that there will not be disruptions to its operations in the future. Refer to the "*Risk Factors*" section for further discussion on the potential impacts of COVID-19.

Impact of Biological Assets and Inventory Prior Period Non-Material Error

During Q4 2021, a non-material error was identified in the valuation methodology for biological assets. Additionally, the Company revised certain key inputs used in determining FVLCS, including the incorporation of an effective yield factor based on the potency of cannabis produced. These changes primarily impacted unrealized fair value gains on biological assets and changes in fair value of inventory sold, both of which are non-cash impacts. Management evaluated the materiality of the errors, both quantitatively and qualitatively, and concluded that the changes were not material to the consolidated financial statements taken as a whole for any prior period. The Company has revised opening deficit and corrected the error by recasting the prior period information in these consolidated financial statements. Refer to *"Change in Accounting Policies and Estimates"* section in this MD&A.

As a result of these changes, for Q3 2021 we recognized a net $4.0 million decrease to net loss comprised of (i) a $3.8 million decrease in cost of sales; (ii) a $21.0 million increase in unrealized gains on biological assets; offset by (iii) a $20.8 million increase in changes in fair value of inventory sold. The impact of these changes to the Q3 2021 key metrics, prior to discontinued operations (refer to Note 12(b) in the Financial Statements), are as follows:

- Gross margin and gross margin before fair value were recast, respectively, to (148)% and (124)%, compared to (155)% and (131)% as previously reported;
- Adjusted gross margin before FV adjustments on consumer and medical cannabis net revenue were recast, respectively, to 33% and 53%, compared to 21% and 59% as previously reported; and
- Adjusted EBITDA loss was recast to $20.2 million, compared to $24.0 million adjusted EBITDA loss as previously reported.

Condensed Statement of Comprehensive (Loss) Income

	Three months ended			Year ended		
($ thousands)	June 30, 2021	June 30, 2020 [1][2]	March 31, 2021 [1][2]	June 30, 2021	June 30, 2020 [1][2]	June 30, 2019 [1][2][3]
Net revenue [4]	$54,825	$68,426	$55,161	$245,252	$268,703	$237,478
Gross profit (loss) before FV adjustments	$17,210	($66,961)	($68,551)	($12,029)	$3,716	$121,693
Gross profit (loss)	$12,645	($89,360)	($81,436)	($21,558)	($19,935)	$137,239
Operating expenses	$70,839	$88,375	$57,495	$261,260	$445,847	$451,018
Loss from operations	($58,194)	($177,735)	($138,931)	($282,818)	($465,782)	($313,779)
Other expense	($85,745)	($1,727,679)	($21,823)	($416,980)	($2,873,952)	($11,928)
Net loss from continuing operations	($133,969)	($1,843,978)	($160,625)	($693,477)	($3,257,499)	($294,487)
Net loss from discontinued operations, net of taxes	($1,179)	($15,721)	$—	($1,612)	($51,861)	($10,311)
Net loss	($135,148)	($1,859,699)	($160,625)	($695,089)	($3,309,360)	($304,798)

(1) Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the "*Change in Accounting Policies and Estimates*" section below for further detail.
(2) As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco Food and Fiber Inc. ("Hempco"), Aurora Hemp Europe ("AHE"), and Aurora Larssen Projects Inc. ("ALPS"), the operations of Hempco, AHE, and ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information.
(3) Amounts have been retroactively restated for the change in accounting policy for inventory costing relating to by-products and the allocation of production management staff salaries. Refer to the "*Change in Accounting Policies and Estimates*" section below for further detail.
(4) Net revenue represents our total gross revenue exclusive of excise taxes levied by the Canada Revenue Agency ("CRA") on the sale of medical and consumer cannabis products effective October 17, 2018.

Key Quarterly Financial and Operating Results

($ thousands, except Operational Results)	Q4 2021	Q4 2020 [1][2]	$ Change	% Change	Q3 2021 [1][2]	$ Change	% Change
Financial Results							
Total net revenue [3]	$54,825	$68,426	($13,601)	(20) %	$55,161	($336)	(1) %
Cannabis net revenue [3][4a]	$54,825	$67,492	($12,667)	(19) %	$55,161	($336)	(1) %
Medical cannabis net revenue [4a]	$35,022	$32,226	$2,796	9 %	$36,378	($1,356)	(4) %
Consumer cannabis net revenue [3][4a]	$19,514	$35,266	($15,752)	(45) %	$18,023	$1,491	8 %
Adjusted gross margin before FV adjustments on cannabis net revenue [4b]	54 %	49 %	N/A	5 %	44 %	N/A	10 %
Adjusted gross margin before FV adjustments on medical cannabis net revenue [4b]	68 %	64 %	N/A	4 %	53 %	N/A	15 %
Adjusted gross margin before FV adjustments on consumer cannabis net revenue [4b]	31 %	36 %	N/A	(5) %	33 %	N/A	(2) %
SG&A expense	$46,902	$57,969	($11,067)	(19) %	$41,684	$5,218	13 %
R&D expense	$3,034	$7,645	($4,611)	(60) %	$3,398	($364)	(11) %
Adjusted EBITDA [4c]	($19,256)	($33,349)	$14,093	42 %	($23,853)	$4,597	19 %
Balance Sheet							
Working capital	$549,517	$145,258	$404,259	278 %	$646,310	($96,793)	(15) %
Cannabis inventory and biological assets [5]	$120,297	$135,973	($15,676)	(12) %	$102,637	$17,660	17 %
Total assets	$2,604,731	$2,779,921	($175,190)	(6) %	$2,839,155	($234,424)	(8) %
Operational Results – Cannabis							
Average net selling price of dried cannabis excluding bulk sales [4]	$5.11	$3.60	$1.51	42 %	$5.00	$0.11	2 %
Kilograms sold [6]	11,346	16,748	(5,402)	(32) %	13,520	(2,174)	(16) %

(1) Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the "*Change in Accounting Policies and Estimates*" section below for further detail.
(2) As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco and AHE during the year ended June 30, 2021, the operations of Hempco and AHE have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information.
(3) Includes the impact of actual and expected product returns and price adjustments (three and twelve months ended June 30, 2021 - $0.7 million and $7.4 million; three and twelve months ended June 30, 2020 - $1.9 and $15.3).

(4) 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 the non-GAAP measures to the IFRS equivalent measure:
   a. Refer to the " *Revenue*" section for a reconciliation to the IFRS equivalent.
   b. Refer to the " *Cost of Sales and Gross Margin*" section for reconciliation to the IFRS equivalent.
   c. Refer to the " *Adjusted EBITDA*" section for reconciliation to the IFRS equivalent.

(5) Represents total biological assets and cannabis inventory, exclusive of merchandise, accessories, supplies and consumables.

(6) The kilograms sold is offset by the grams returned.

Key Developments During and Subsequent to the Three Month Period Ended June 30, 2021

Financing Activities

Full Repayment of BMO Credit Facility

On June 1, 2021, the Company fully repaid and discharged, without penalty and at the Company's discretion, the remaining $88.7 million principal outstanding on the Second Amended and Restated Credit Facility with BMO, which was to mature on December 31, 2022, and consisted of a term loan and revolver. The repayment results in interest and scheduled principal repayment reductions of approximately $25 million over the next year based on the outstanding balance at the time of repayment. Refer to the "*Liquidity and Capital Resources*" section for further details.

Prospectus Supplement for an At-The-Market ("ATM") Equity Program

On May 20, 2021, the Company filed a prospectus supplement establishing a new ATM Program that allows the Company to issue and sell up to US$300.0 million in common shares from treasury to the public in the U.S., at the Company's discretion, at the prevailing market price at the time of sale. The Company believes this filing will provide flexibility to pursue select acquisitions going forward, including within the U.S. Given the strength of the Company's current cash position, it is not expected to need to access the ATM Program without an accretive use of proceeds. The Company has not utilized this new ATM program to date. Refer to the " *Liquidity and Capital Resources*" section for further details.

Operational Updates

Planned Cost Efficiencies

On May 13, 2021, Aurora announced a plan to achieve $60 million to $80 million in annualized cost efficiencies which are expected to be realized over the next 12-18 months. The efficiencies are expected to be $40 million - $60 million in costs of sales and approximately $20 million in SG&A, and relate primarily to production costs, facility and logistic expenses, organizational efficiencies, insurance and capital markets related expenses. These efficiencies are incremental to the approximately $300 million of total annualized expense reductions already achieved since the announcement of the Company's Business Transformation Plan in February 2020.

On September 21, 2021, the Company announced the closure of its Polaris manufacturing facility. Medical distribution previously at Polaris will be transferred to Aurora Sky, while manufacturing will be centralized at the Aurora River facility. Operations at our existing R&D facilities will also be consolidated.

New Science and Innovation Business Unit

On May 27, 2021, the Company announced the launch of a dedicated Science & Innovation business group, 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. Currently, the Company is exploring ways to optimize the cannabinoid biosynthesis pathway within the plant itself using its IP. Aurora together with its sub-licensee, 22nd Century Group, intends to leverage the intellectual property that includes the most efficient path for cannabinoid biosynthetic production, which puts us in a pivotal position with most biosynthetics work being undertaken in the cannabis industry, which we are actively working to build, partner, enforce, and protect.

The Science and Innovation Business Unit is also leading the Company's cannabis cultivar breeding program, located at Aurora Coast, the state-of-the-art facility in Vancouver Island's Comox Valley. This initiative is expected to drive revenues by injecting rotation and variety into Aurora's product pipeline, and has screened over 7,000 unique cultivars in 2021. In August and September 2021, Aurora launched the first three new proprietary cannabis cultivars that have been genetically engineered from the ground up by the genetic research program - Stonefruit Sunset, Driftwood Diesel, and Lemon Rocket, all of which have the distinctive terpene profiles and high THC potency (in the mid 20% range) that are highly desired by cannabis consumers.

The genetics and breeding program is also expected, over time to generate incremental, capital efficient revenue through license agreements for these genetic innovations to other licensed producers. The first indications of the importance of this business, and the capabilities of our genetics and breeding program, are the two cultivars provided to a Canadian craft grower, North 40, that recently launched small batches of Farmgas, and Sourdough, both of which have high levels of very distinctive terpenes, and very high THC potency, measuring in in the high 20% range, with some batches exceeding 30%.

Sale and Assignment of Facilities

In Q4 2021, the Company sold two of its production facilities for an aggregate $13.9 million net proceeds. Subsequent to June 30, 2021, the Company closed the sale of a third production facility for $6.5 million net proceeds and assigned the lease of a fourth production facility to a third party. The closure of these facilities were announced in June 2020 in connection with our business transformation plan, intended to better align production levels with demand and the current realities of the cannabis market in Canada.

Delivery of Cannabis Shipment to Israel

On July 15, 2021, the Company delivered a cannabis shipment to Israel valued at approximately $8 million. The sale is a significant step in advancing the Company's international medical business, a key strategic priority for Aurora as a global cannabis company. The Company has a strategic supply agreement with Cantek Global Ltd. and intends to supply a minimum of 4,000 kilograms of bulk dried flower annually to Israel. The Company is actively working with Cantek to ensure it maintains continued 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.

Delivery of Cannabis Shipment to the French Medical Cannabis Pilot Program

On August 25, 2021, the Company announced its wholly-owned subsidiary Aurora Germany GmbH, and Ethypharm, had successfully delivered its initial shipment of cannabis to the French medical cannabis pilot program. Aurora and Ethypharm were selected by the National Agency for the Safety of Medicines and Health Products 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 sourced from its Denmark greenhouse production facility, Aurora Nordic, as well as EU GMP manufacturing and logistics support. Ethypharm's French subsidiary, Laboratoires Ethypharm, is responsible for pharmaceutical distribution in France.

Focus on Uruguay Medical Market

At the end of Q4, and after extensive negotiations with the responsible regulatory agency, IRCAA, the Company has decided not to renew its license for the provision of cannabis to the consumer-use market and exited this unprofitable segment, in order to focus on the higher margin medical segment and the upcoming launch of its CBD oil products in the Uruguayan and adjacent markets.

Segregated Cell Insurance

Subsequent to June 30, 2021, the Company entered into a participation agreement with a registered Segregated Account for the purposes of holding and supporting the Company's insurance risk transfer strategies and has insured up to US$25.0 million for risks to date.

Corporate Updates

Stock Exchange Listing Transfer to the NASDAQ

On May 24, 2021 after market close, the Company transferred its U.S. stock exchange listing from the NYSE to Nasdaq. The Company's common stock continues to be listed under the ticker symbol "ACB".

Executive Leadership Changes

Effective April 30, 2021, Debra Wilson retired from her role as Aurora's Executive Vice President, Human Resources. The Company appointed Lori Schick to the role of Executive Vice President, Human Resources, effective May 3, 2021. Ms. Schick oversees the strategic framework of the human resources function at Aurora.

Effective May 17, 2021, Alex Miller was appointed to the role of Executive Vice President, Supply Chain. Mr. Miller now leads our end-to-end supply chain including procurement, production, manufacturing, engineering and logistics.

Executive Board Transition

Mr. Ronald Funk, lead independent Director, has assumed the role of Chairman, effective May 13, 2021. Mr. Michael Singer has reverted from Executive Chairman to the Board seat he has occupied since May 2016. This transition reflects the strength of current management and the Board's planned governance enhancements to include an independent Chairman.

Appointment of New Independent Director

On July 26, 2021, Theresa Firestone was appointed to the Company's Board of Directors. This appointment expanded the Board to nine members, seven of whom are independent.

Financial Review

Net Revenue

The Company primarily operates in the cannabis market. The table below outlines the reconciliation of the Company's total net revenue to its cannabis net revenue metric for the three and twelve months ended June 30, 2021 and their comparative periods.

	Three months ended			Year ended	
($ thousands)	June 30, 2021	March 31, 2021 [2]	June 30, 2020 [2]	June 30, 2021	June 30, 2020 [2]
Medical cannabis net revenue					
Canada dried cannabis	13,531	13,917	15,571	57,074	60,150
Canada cannabis derivatives [1]	12,869	13,029	12,063	50,069	45,615
Canadian medical cannabis net revenue	26,400	26,946	27,634	107,143	105,765
International dried cannabis	8,296	8,830	4,555	34,829	14,886
International cannabis derivatives [1]	326	602	37	1,657	497
International cannabis provisions	—	—	—	(118)	—
International medical cannabis net revenue	8,622	9,432	4,592	36,368	15,383
Total medical cannabis net revenue	**35,022**	**36,378**	**32,226**	**143,511**	**121,148**
Consumer cannabis net revenue					
Dried cannabis	14,062	14,806	30,190	73,920	118,853
Cannabis derivatives [1]	6,194	6,457	6,929	33,834	23,228
Net revenue provisions	(742)	(3,240)	(1,853)	(7,306)	(15,336)
Total consumer cannabis net revenue	**19,514**	**18,023**	**35,266**	**100,448**	**126,745**
Wholesale bulk cannabis net revenue					
Dried cannabis	289	760	—	1,293	9,784
Cannabis extracts [1]	—	—	—	—	2,904
Total wholesale bulk cannabis net revenue	**289**	**760**	**—**	**1,293**	**12,688**
Total cannabis net revenue	**54,825**	**55,161**	**67,492**	**245,252**	**260,581**
Ancillary net revenue	**—**	**—**	**934**	**—**	**8,122**
Total net revenue	**54,825**	**55,161**	**68,426**	**245,252**	**268,703**

[1] Cannabis derivatives net revenue includes cannabis oils, capsules, softgels, sprays, topical, edibles, vaporizer revenue and U.S. CBD product sales.
[2] As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco Food and Fiber Inc. ("Hempco") and Aurora Hemp Europe ("AHE") during the year ended June 30, 2021, the operations of Hempco and AHE have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information.

Medical Cannabis Net Revenue

During the three months ended June 30, 2021, the Company's medical cannabis net revenue increased $2.8 million, or 9%, as compared to the prior year. The increase was primarily attributable to:

- continued growth in international sales with an 88% increase over the prior year as a result of successful expansion of sales and sales channels in Germany as well as the continued growth of new and important medical markets, including the UK and Poland, and augmented by a 7% increase in the average net selling price per gram of dried cannabis due to country and product mix; offset by
- a $1.2 million decrease in Canadian medical sales as a combination of a decrease of 339 dried kilograms sold as the consumer retail market continued to roll out in the prior year, partially offset by a 4% increase in the average net selling price of dried cannabis.

During the three months ended June 30, 2021, the Company's medical cannabis net revenue decreased $1.4 million, or 4%, as compared to the prior quarter. The decrease was primarily attributable to

- Canadian cannabis sales decreased by $0.5 million over the prior period mainly due to a 2% decrease in the average net selling price, while the kilograms sold remained consistent quarter over quarter; and
- International dried cannabis sales decreased by $0.5 million or 151 kilograms over the prior quarter.

During the year ended June 30, 2021, medical cannabis net revenue increased by $22.4 million, or 18%, as compared to the prior year. The increase was primarily driven by (i) a $19.8 million, or 133%, increase in international dried cannabis sales as a result of an increase in kilograms sold from continued growth, including $3.2 million from Israel sales which were not present in the prior year; and (ii) an increase of $1.4 million in Canadian sales as a result of a $0.12, or 1%, increase in the average net selling price per gram.

Consumer Cannabis Net Revenue

During the three months ended June 30, 2021, consumer cannabis net revenue decreased by $15.8 million, or 45%, as compared to the prior year. The decrease was primarily attributable to:

- reduced orders from the Provinces in response to slower demand in the consumer market, which reflects the impacts of lockdown restrictions related to COVID-19;
- the Company initiated Product Swap, where we pro-actively pulled low-potency product back from certain provincial distributors to open room for the higher potency and quality flower that the Company is now producing. The Product Swap resulted in a temporary decline of orders from the Provinces as they work through these higher quality products; offset by
- a $1.1 million reduction in actual net returns, price adjustments and provisions as compared to prior year;

During the three months ended June 30, 2021, consumer cannabis net revenue increased by $1.5 million, or 8%, as compared to the same period in the prior quarter. The increase is primarily attributed to:

- the transition from our internal fixed sales force to Great North in Q3 2021 which resulted in a temporary decline in sales representatives for Aurora brands in the retail environment; and
- a $2.5 million reduction in actual net returns, price adjustments and provisions as the company completes its Product Swap initiative.
- Included in consumer revenue is an adjustment of $0.9 relating to a reclassification of rebates against net revenue. Excluding the impact of the out-of-period adjustment, consumer cannabis net revenue for Q4 2021 would have been $20.4 million, an increase of $2.4 million over the prior period.

During the year ended June 30, 2021, consumer cannabis net revenue decreased by $26.3 million, or 21%, as compared to the prior year. The decrease was primarily attributed to:

- Reduced orders from the Provinces and the transition to Great North as described above; offset by
- a $10.6 million increase in cannabis derivative sales due to the legalization of Cannabis 2.0 products in October 2019, with Cannabis 2.0 sales only commencing near the end of December 2019; and
- a decrease of $8.0 million in actual net returns, price adjustments and provisions as the Provinces have reduced their inventory levels to align with the slow down in the cannabis industry and now hold higher quality product from the Product Swap.

Wholesale Bulk Cannabis Net Revenue

The Company generates revenue from wholesale bulk cannabis from time-to-time when opportunities exist and pricing and terms are deemed appropriate by the Company. During the year ended June 30, 2021, the Company realized $1.3 million (June 30, 2020 - $12.7 million) of wholesale bulk cannabis net revenue from the sale of low potency product.

Cost of Sales and Gross Margin

	Three months ended			Year ended	
($ thousands)	**June 30, 2021**	**March 31, 2021 [1][2]**	**June 30, 2020 [1][2]**	**June 30, 2021**	**June 30, 2020 [1][2]**
Net revenue	54,825	55,161	68,426	245,252	268,703
Cost of sales	(37,615)	(123,712)	(135,387)	(257,281)	(264,987)
Gross profit (loss) before FV adjustments [3]	**17,210**	**(68,551)**	**(66,961)**	**(12,029)**	**3,716**
Changes in fair value of inventory sold	(20,111)	(50,368)	(60,131)	(118,707)	(149,099)
Unrealized gain on changes in fair value of biological assets	15,546	37,483	37,732	109,178	125,448
Gross profit (loss)	**12,645**	**(81,436)**	**(89,360)**	**(21,558)**	**(19,935)**
Gross margin	**23 %**	**(148)%**	**(131)%**	**(9)%**	**(7)%**

[1] Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the " *Change in Accounting Policies and Estimates"* section below for further detail.
[2] As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco and AHE during the year ended June 30, 2021, the operations of Hempco and AHE have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information.
[3] Gross profit before fair value adjustments is a non-GAAP measure. Refer to *"Cautionary Statement Regarding Certain Non-GAAP Performance Measures"* section of this MD&A for the defined term.

During the three months ended June 30, 2021, gross profit increased by $102.0 million as compared to the same period in the prior year. The increase was primarily driven by a $97.8 million decrease in cost of sales of which $91.8 million is attributable to the Q4 2020 cash inventory impairment charges, $17.8 million decrease in changes in fair value of inventory sold and unrealized gains on biological assets, offset by a $13.6 million decrease in total net revenue as discussed in the previous section.

During the three months ended June 30, 2021, gross profit increased by $94.1 million as compared to the prior quarter. The increase was primarily driven by an $86.1 million decrease in cost of sales of which $82.9 million is attributable to the Q3 2021 cash inventory impairment charges, and a $8.3 million decrease in changes in fair value of inventory sold and unrealized gains on biological assets.

During the year ended June 30, 2021, gross profit decreased by $1.6 million as compared to the prior year. The decrease was primarily driven by a $23.5 decrease in net revenue as discussed in the previous section, offset by a $14.1 million decrease in changes in fair value of inventory sold and unrealized gains on biological assets and a $10.2 million decrease in cash inventory impairment charges over prior year.

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

($ thousands)	Medical Cannabis	Consumer Cannabis	Wholesale Bulk Cannabis	Auxiliary Support Functions	Total
Three months ended June 30, 2021					
Gross Revenue	38,076	26,037	289	—	64,402
Excise taxes	(3,054)	(6,523)	—	—	(9,577)
Out-of-period revenue adjustments [4]	—	908	—	—	908
Net revenue	35,022	20,422	289	—	55,733
Cost of sales	(17,558)	(19,726)	(331)	—	(37,615)
Gross profit (loss) before FV adjustments [1]	**17,464**	**696**	**(42)**	**—**	**18,118**
Depreciation	5,245	3,587	40	—	8,872
Inventory impairment and out-of-period adjustments in cost of sales [4]	1,028	2,017	—	—	3,045
Adjusted gross profit (loss) before FV adjustments [1]	**23,737**	**6,300**	**(2)**	**—**	**30,035**
Adjusted gross margin before FV adjustments [1]	**68 %**	**31 %**	**(1) %**	**— %**	**54 %**
Three months ended March 31, 2021 [2][3]					
Gross Revenue	39,457	23,828	760	—	64,045
Excise taxes	(3,079)	(5,805)	—	—	(8,884)
Net revenue	36,378	18,023	760	—	55,161
Cost of sales	(50,672)	(71,332)	(1,708)	—	(123,712)
Gross loss before FV adjustments [1]	**(14,294)**	**(53,309)**	**(948)**	**—**	**(68,551)**
Depreciation	4,107	5,781	138	—	10,026
Inventory impairment in cost of sales	29,466	53,446	—	—	82,912
Adjusted gross profit (loss) before FV adjustments [1]	**19,279**	**5,918**	**(810)**	**—**	**24,387**
Adjusted gross margin before FV adjustments [1]	**53 %**	**33 %**	**(107) %**	**— %**	**44 %**
Three months ended June 30, 2020 [2][3]					
Gross Revenue	35,494	48,299	—	934	84,727
Excise taxes	(3,268)	(13,033)	—	—	(16,301)
Net revenue	32,226	35,266	—	934	68,426
Cost of sales	(34,215)	(98,262)	—	(2,910)	(135,387)
Gross loss before FV adjustments [1]	**(1,989)**	**(62,996)**	**—**	**(1,976)**	**(66,961)**
Depreciation	3,283	4,468	—	—	7,751
Inventory impairment in cost of sales	19,248	71,331	—	1,177	91,756
Adjusted gross profit (loss) before FV adjustments [1]	**20,542**	**12,803**	**—**	**(799)**	**32,546**
Adjusted gross margin before FV adjustments [1]	**64 %**	**36 %**	**— %**	**(86) %**	**48 %**

[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] Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the " *Change in Accounting Policies Estimates*" section below for further detail.
[3] As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco and AHE during the year ended June 30, 2021, the operations of Hempco and AHE have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information.
[4] Included in out-of-period adjustments is a $5.5 million cost of sales adjustment related to a catch-up of prior year raw material count reconciliations and a $0.9 million out-of-period revenue adjustment to reclassify prior period rebates against net revenue.

Medical Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on medical cannabis net revenue for the three months ended June 30, 2021 increased to 68% as compared to 64% for the same period in the prior year. The increase in adjusted gross margin before fair value adjustments was a result of (i) an overall reduction in production costs as a result of the closure of non-core facilities as part of our business transformation plan; (ii) a 10.4% increase in medical sales mix attributed to our international sales, which yield higher margins, from 14.2% in Q4 2020 to 24.6% in Q4 2021; offset by (iii) $2.0 million of additional cost of sales incurred from Aurora Nordic which received its sales license in Denmark in Q1 2021 and was not present in the prior year.

Adjusted gross margin before fair value adjustments on medical cannabis net revenue for the three months ended June 30, 2021 increased to 68% as compared to 53% in the prior quarter. The increase in adjusted gross margin before fair adjustments was a result of (i) a $2.3 million decrease in overall production costs including a $0.9 million decrease in cost of sales from under-utilized capacity at Aurora Sky; and (ii) a 9% increase in the average net selling price per gram of international cannabis increasing the contribution margin.

The Company does not pass the cost of excise taxes onto medical patients. Of the $9.6 million excise taxes incurred during the three months ended June 30, 2021 (three months ended March 31, 2021 and June 30, 2020 - $8.9 million and $16.3 million, respectively), $3.1 million

(three months ended March 31, 2021 and June 30, 2020 - $3.1 million and $3.3 million, respectively) relates to excise taxes levied on cannabis products that we sold to medical patients in Canada. As such, these excise taxes on medical cannabis revenues directly impacted our bottom line and decreased our medical gross margin by 2% (three months ended March 31, 2021 and June 30, 2020 - 4% and 3%, respectively) for the three months ended June 30, 2021. Excluding the impact of excise taxes on medical cannabis net revenue, our adjusted gross margin before FV adjustments on medical cannabis would have been 70%, 57%, and 67% for the three months ended June 30, 2021, March 31, 2021, and June 30, 2020, respectively.

Consumer Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on consumer cannabis net revenue for the three months ended June 30, 2021 decreased to 31% as compared to 36% for the same period in the prior year. This was a result of (i) a $1.6 million inventory provision reversal in Q4 2021; (ii) a $0.9 million increase in cost of sales due to under-utilized capacity at Aurora Sky; offset by (iii) a 9% increase in the consumer dried cannabis sales mix attributed to our core and premium brands, from 43% in Q4 2020 to 52% in Q4 2021, contributing to a 6% increase in our average net selling price per gram of dried cannabis.

Adjusted gross margin before fair value adjustments on consumer cannabis net revenue for the three months ended June 30, 2021 was 31% as compared to 33% in the prior quarter. The decrease was primarily attributable to (i) a $1.6 million inventory provision reversal in Q4 2021; offset by (ii) a 9% decrease in the consumer dried cannabis sales mix attributed to our Daily Special value brand, contributing to an 8% increase in our average net selling price per gram of dried cannabis; (ii) a $2.5 million decrease in actual net returns, price adjustments and net revenue provisions as the Company largely completed its Product Swap initiative; and (iii) a $3.5 million decrease in overall production costs including a $1.5 million decrease in cost of sales due to under-utilized capacity at Aurora Sky.

Wholesale Bulk Cannabis Gross Margin

During the three months ended June 30, 2021, the Company capitalized on opportunities to sell lower potency product at reduced margins. The Company generates revenue from wholesale bulk cannabis from time-to-time when pricing and terms are appropriate.

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

($ thousands)	Medical Cannabis	Consumer Cannabis	Wholesale Bulk Cannabis	Auxiliary Support Functions	Total
Year ended June 30, 2021					
Gross Revenue	155,718	133,458	1,293	—	290,469
Excise taxes	(12,207)	(33,010)	—	—	(45,217)
Net revenue	143,511	100,448	1,293	—	245,252
Cost of sales	(110,655)	(142,868)	(3,758)	—	(257,281)
Gross profit (loss) before FV adjustments [1]	**32,856**	**(42,420)**	**(2,465)**	**—**	**(12,029)**
Depreciation	16,564	20,442	1,096	—	38,102
Inventory impairment and out-of-period adjustments in cost of sales [4]	31,475	58,736	—	—	90,211
Adjusted gross profit (loss) before FV adjustments [1]	**80,895**	**36,758**	**(1,369)**	**—**	**116,284**
Adjusted gross margin before FV adjustments [1]	**56 %**	**37 %**	**(106) %**	**— %**	**47 %**
Year ended June 30, 2020 [2][3]					
Gross Revenue	134,086	163,104	12,688	8,122	318,000
Excise taxes	(12,938)	(36,359)	—	—	(49,297)
Net revenue	121,148	126,745	12,688	8,122	268,703
Cost of sales	(79,636)	(170,283)	(6,217)	(8,851)	(264,987)
Gross profit (loss) before FV adjustments [1]	**41,512**	**(43,538)**	**6,471**	**(729)**	**3,716**
Depreciation	9,750	15,859	2,261	—	27,870
Add inventory impairment in cost of sales	20,207	73,470	—	—	93,677
Adjusted gross profit (loss) before FV adjustments [1]	**71,469**	**45,791**	**8,732**	**(729)**	**125,263**
Adjusted gross margin before FV adjustments [1]	**59 %**	**36 %**	**69 %**	**(9) %**	**47 %**

(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) Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the " *Change in Accounting Policies and Estimates"* section below for further detail.
(3) As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco and AHE during the year ended June 30, 2021, the operations of Hempco and AHE have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information.
(4) Included in out-of-period adjustments is a $5.5 million Q4 2021 cost of sales adjustment related to a catch-up of prior year raw material count reconciliations.

Medical Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on medical cannabis net revenue for the year ended June 30, 2021 was 56% compared to 59% for the prior year. The Company had an overall reduction in production costs in 2021 from the closure of non-core facilities as part of our business transformation plan, which was offset by a $3.8 million increase in cost of sales due to under-utilized capacity at Aurora Sky. Additionally, the decrease in margins was primarily due to (i) $6.7 million of additional cost of sales incurred from Aurora Nordic which received its sales license in Denmark in Q1 2021 and was not present in the prior year; offset by (ii) a 12.6% increase in medical sales mix attributed to our international sales, which yield higher margins, from 12.7% to 25.3% for the years ended June 30, 2020 and 2021, respectively.

The Company does not pass the cost of excise taxes onto medical patients. Of the $45.2 million excise taxes incurred during the year ended June 30, 2021 (June 30, 2020 - $49.3 million), $12.2 million (June 30, 2020 - $12.9 million) relates to excise taxes levied on cannabis products that we sold to medical patients in Canada. As such, these excise taxes on medical cannabis revenues directly impacted our bottom line and decreased our medical gross margin by 4% (June 30, 2020 - 4%). Excluding the impact of excise taxes on medical cannabis net revenue, our adjusted gross margin before FV adjustments on medical cannabis would have been 60% and 63% for the years ended June 30, 2021 and June 30, 2020, respectively.

Consumer Cannabis Gross Margin

Adjusted gross margin before fair value adjustments on consumer cannabis net revenue for the year ended June 30, 2021 was 37% as compared to 36% in the prior year. The increase was a mainly a result of (i) an overall reduction in production costs as a result of the closure of non-core facilities as part of our business transformation plan; (ii) an $8.0 million decrease in actual net returns, price adjustments and net revenue provisions as the Provinces have reduced their inventory levels to align with the slow down in the cannabis industry and now hold higher quality product from the Product Swap; offset by (iii) a 24% decrease of our overall average net selling price per gram due to pricing compression in the consumer market.

Wholesale Bulk Cannabis Gross Margin

During the year ended June 30, 2021 and 2020, the Company capitalized on opportunities to sell lower potency product at reduced margins. The Company generates revenue from wholesale bulk cannabis from time-to-time when pricing and terms are appropriate.

Operating Expenses

	Three months ended			Year ended	
($ thousands)	June 30, 2021	March 31, 2021 [1]	June 30, 2020 [1]	June 30, 2021	June 30, 2020 [1]
General and administration	34,004	28,516	41,474	119,437	196,361
Sales and marketing	12,898	13,168	16,495	55,198	90,216
Acquisition costs	4,657	—	2,170	5,761	6,493
Research and development	3,034	3,398	7,645	11,447	26,027
Depreciation and amortization	14,084	7,180	14,570	49,174	67,574
Share-based compensation	2,162	5,233	6,021	20,243	59,176
Total operating expenses	70,839	57,495	88,375	261,260	445,847

[1] As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco and AHE during the year ended June 30, 2021 (2020 - ALPS), the operations of Hempco, AHE and ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information.

[a] During the three and twelve months ended June 30, 2020, discontinued operations had incurred a total of $1.8 million and $14.9 million of general and administration expense, respectively, of which $1.2 million and $5.3 million, respectively, was attributable to AHE, and $0.7 million and $3.7 million, respectively, was attributable to Hempco, and a nominal and $6.0 million, respectively was attributable to ALPS.

[b] During the three and twelve months ended June 30, 2020, discontinued operations had incurred a total of $0.3 million and $1.1 million of sales and marketing expense, respectively, of which $0.1 million and $0.4 million, respectively, was attributable to AHE, $0.2 million and $0.7 million, respectively, was attributable to Hempco, and nominal amounts were attributable to ALPS.

General and administration ("G&A")

During the three and twelve months ended June 30, 2021, G&A decreased by $7.5 million and $76.9 million, respectively, as compared to the same periods in the prior year. The decrease was primarily attributable to a significant reduction in salaries, wages and benefit costs associated with a lower headcount base, as well as a reduction in professional and consulting fees related to general corporate matters, travel and entertainment expenses and corporate and office charges as a result of the business transformation plan.

During the three months ended June 30, 2021, G&A expenses increased by $5.5 million as compared to the prior quarter. Included in G&A for the three months ended June 30, 2021 and March 31, 2021 is $5.2 million and $3.2 million, respectively, attributed to severance, benefits and restructuring charges related to the wind down of certain production facilities as part of our business transformation plan, as well as a $3.0 million reclassification from sales and marketing. Excluding these impacts, G&A for the three months ended June 30, 2021 and March 31, 2021 would have increased $0.5 million from $25.3 million in Q3 2021 to $25.8 million in Q4 2021 and remained relatively consistent.

Sales and marketing ("S&M")

During the three and twelve months ended June 30, 2021, S&M decreased by $3.6 million and $35.0 million, respectively, as compared to the same periods in the prior year. The decrease was primarily attributable to a reduction in promotional activities and travel expenses, as well as decreases resulting from our business transformation plan and the mutual partnership termination with the Ultimate Fighting Championship ("UFC"), including: (i) a reduction of $1.1 million and $5.2 million, respectively, as a result of efficiencies from the amalgamation of Aurora Cannabis Enterprises Inc. with MedReleaf Corp. and CanniMed Therapeutics Inc. effective July 1, 2020; (ii) a reduction of $0.4 million and $3.7 million, respectively, in professional consulting fees; (iii) a reduction of $1.3 million and $2.9 million, respectively, in payroll.

During the three months ended June 30, 2021, S&M expenses decreased $0.3 million as compared to the prior quarter. SG&A remained relatively consistent after the transition from our fixed sales force to Great North in Q3 2021. The change in Q4 2021 as compared to Q3 2021 is a result of: (i) a $3.0 million decrease from a reclassification to G&A as mentioned above; offset by (ii) $1.1 million increase in warehousing expenses no longer classified within production costs due to the closure of certain facilities; and (iii) $1.0 million higher referral fee and marketing spend related to campaigns.

R&D

During the three and twelve months ended June 30, 2021, R&D decreased by $4.6 million and $14.6 million, respectively, as compared to the same periods in the prior year. The decrease was primarily attributable to (i) a decrease of $0.5 million and $3.8 million, respectively, in payroll expenses as a result of the restructuring and business transformation plan; (ii) a decrease of $2.8 million and $7.5 million, respectively, in R&D project costs mainly attributed to UFC sponsorship fees as a result of the mutual partnership termination; and (iii) a decrease of $0.7 million and $2.6 million, respectively, in expenses related to Anandia as the testing activities shifted away from R&D towards supporting production.

During the three months ended June 30, 2021, R&D expenses decreased $0.4 million and remained relatively consistent as compared to the prior quarter.

Depreciation and amortization

Depreciation and amortization expense for the three and twelve months ended June 30, 2021 decreased by $0.5 million and $18.4 million, respectively, as compared to the same periods in the prior year. The decrease was primarily due to the impairment in property, plant and equipment and definite life intangible assets recorded subsequent to June 30, 2020.

Depreciation and amortization expense for the three months ended June 30, 2021 increased by $6.9 million as compared to the prior quarter. The increase is attributable to depreciation for facilities that are no longer in operation which was previously recognized in cost of sales.

Share-based compensation

During the three and twelve months ended June 30, 2021, share-based compensation expense decreased by $3.9 million and $38.9 million, respectively, as compared to the same periods in the prior year. The decrease was primarily due to the headcount reduction from our business transformation plan, a reduction in post-combination contingent consideration share-based payments relating to business combinations completed in prior years, a reduction in share-based payments related to options issued to our former independent strategic advisor who had resigned in September 2020, as well as a reduction in the fair value of new options issued during the respective periods. The decline in fair value is directly attributable to the decline in the Company's stock price.

During the three months ended June 30, 2021, share-based compensation expense decreased by $3.1 million as compared to the prior quarter. The decrease was primarily due to headcount reduction and the reversal of expenses for unvested awards.

Other (expense) income

During the three months ended June 30, 2021, other expense was $85.7 million and primarily consisted of (i) $55.2 million impairment on property, plant and equipment; (ii) $41.2 million impairment on intangible assets and goodwill; (iii) $16.0 million finance and other costs; (iv) $7.7 million unrealized fair value loss from derivative investments; (v) $4.9 million impairment of deposits; offset by (vi) $22.1 million unrealized gains on derivative liabilities; (vii) $9.7 million gain from disposal of property, plant and equipment and assets held for sale.

During the year ended June 30, 2021, other expense was $417.0 million and primarily consisted of (i) $282.1 million impairment on property, plant and equipment; (ii) $66.4 million finance and other costs; (iii) $46.2 million legal settlement and contract termination fees mainly attributed to the termination of the UFC contract; (iv) $44.9 million impairment of intangibles and goodwill; (v) $15.1 million impairment of deposits; (vi) $19.6 million unrealized loss on derivative liabilities; and (vii) $2.6 million loss from the BMO debt modification and settlement; offset by (viii) $32.5 million government grant income; (ix) $11.1 million gain from disposal of property, plant and equipment and assets held for sale; (x) $12.8 million unrealized fair value gains on derivative investments; and (xi) $6.1 million other gains.

Refer to Notes 7(b), 11, 15, 16, and 19(c) of the Financial Statements for a discussion of the Company's derivative investments, impairments of property, plant and equipment, intangible assets and goodwill, convertible debentures and warrant derivative liabilities.

Adjusted EBITDA

The following is the Company's adjusted EBITDA:

	Three months ended			Year ended	
($ thousands)	**June 30, 2021**	**March 31, 2021 [1][2]**	**June 30, 2020 [1][2]**	**June 30, 2021**	**June 30, 2020 [1][2]**
Net loss from continuing operations	(133,969)	(160,625)	(1,843,978)	(693,477)	(3,257,499)
Finance costs	15,973	16,990	28,369	66,437	76,115
Interest income	(1,295)	(1,467)	627	(5,745)	(5,913)
Income tax expense (recovery)	(9,970)	(129)	(61,436)	(6,321)	(82,235)
Depreciation and amortization	22,956	17,206	22,321	87,276	95,444
EBITDA	**(106,305)**	**(128,025)**	**(1,854,097)**	**(551,830)**	**(3,174,088)**
Changes in fair value of inventory sold	20,111	50,368	60,131	118,707	149,099
Unrealized gain on changes in fair value of biological assets	(15,546)	(37,483)	(37,732)	(109,178)	(125,448)
Share-based compensation	2,162	5,233	6,021	20,243	59,176
Acquisition costs	4,657	—	2,170	5,761	6,493
Foreign exchange loss (gain)	3,248	7,035	(3,003)	3,383	13,141
Share of loss from investment in associates	10	9	2,601	509	11,534
Government grant income	(4,119)	(4,692)	—	(32,489)	—
Gain on loss of control of subsidiary	—	—	—	—	(500)
(Gain) loss on financial instruments [3]	(12,640)	(2,566)	(3,265)	9,469	27,148
(Gain) loss on deemed disposal of significant influence investment	—	(204)	(11,955)	1,239	(11,955)
Gains on disposal of assets held for sale and property, plant and equipment	(9,685)	(1,595)	—	(11,119)	—
Restructuring charges	—	801	1,947	1,011	1,947
Onerous contract provision	—	—	—	2,000	—
Out-of-period adjustments [4]	66	(194)	—	1,325	—
Impairment of inventory, investment in associates, property, plant and equipment, intangibles, and goodwill	98,785	87,460	1,803,833	426,844	2,854,873
Adjusted EBITDA [5]	**(19,256)**	**(23,853)**	**(33,349)**	**(114,125)**	**(188,580)**

(1) Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the " *Change in Accounting Policies and Estimates*" section below for further detail.

(2) As a result of the Company's dissolution and divestment of its wholly owned subsidiaries, Hempco, AHE, and ALPS, the operations of Hempco, AHE, and ALPS have been presented as discontinued operations and the Company's operational results have been retroactively restated, as required. Refer to Note 12(b) of the Financial Statements for additional information. Including the results of Hempco, AHE, and ALPS, adjusted EBITDA loss would have been $19.5 million and $115.4 million for the three and twelve months ended June 30, 2021, respectively, and $36.5 million and $205.2 million for the three and twelve months ended June 30, 2020, respectively.

(3) Includes fair value changes on derivative investments, derivative liabilities, contingent consideration, loss on induced conversion of a debenture, and (gain) loss on the modification and settlement of debt. Refer to Note 22 of the Financial Statements.

(4) Included in out-of-period adjustments in Q4 2021 is (i) a $5.5 million cost of sales adjustment related to a catch-up of prior year raw material count reconciliations, (ii) a $0.9 million out-of-period 2021 revenue adjustment to reclassify prior period rebates against net revenue; offset by (iii) a $6.4 million other gain relating to prior periods identified through our period end reconciliations (year ended June 30, 2021 - $5.5 million raw materials cost of sales adjustment; offset by a $4.2 million other gain relating to prior periods identified through our period end reconciliations).

(5) Adjusted EBITDA is a non-GAAP financial measure and is not a recognized, defined, or standardized measure under IFRS. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of the MD&A.

Included in the three months ended June 30, 2021 Adjusted EBITDA loss is $5.1 million (three months ended March 31, 2021 and June 30, 2020 - $3.2 million and $1.0 million, respectively) related to restructuring charges, severance and benefits associated with the business transformation plan, nil (three months ended March 31, 2021 and June 30, 2020 - $2.2 million and $0.8 million, respectively) legal settlement and contract termination fees, and $0.25 million (three months ended March 31, 2021 and June 30, 2020 - $1.9 million and nil, respectively) in revenue provisions as a result of our Company initiated product swap to replace low quality product with higher potency product at the Provinces. Excluding these impacts, Adjusted EBITDA loss would have been $13.9 million, $16.5 million, and $31.5 million for the three months ended June 30, 2021, March 31, 2021, and June 30, 2020, respectively.

Adjusted EBITDA loss improved by $14.1 million, or 42%, for the three months ended June 30, 2021 as compared to the same period in the prior year. The decrease in Adjusted EBITDA loss was primarily attributable to (i) $15.7 million reduction in SG&A and R&D expense; offset by (ii) $3.4 million decrease in gross profit before fair value adjustments, excluding the impacts of inventory impairment, cost of sales depreciation, and the $5.5 million out-of-period cost of sales adjustment. Excluding the $5.3 million (Q4 2020 - $1.8 million) severance, restructuring, legal settlement charges and product swap revenue provisions noted above, Adjusted EBITDA loss would have been $13.9 million, a decrease of $17.6 million from the prior year.

Adjusted EBITDA loss decreased by $4.6 million, or 19%, for the three months ended June 30, 2021 as compared to the prior quarter. The decrease is primarily attributable to a $4.7 million increase in adjusted gross profit before fair value adjustments, excluding the impacts of

inventory impairment, cost of sales depreciation, and the $5.5 million out-of-period cost of sales adjustment. Excluding the $5.3 million (Q3 2021 - $7.3 million) severance, legal settlement charges and product swap revenue provisions noted above, Adjusted EBITDA loss would have been $13.9 million, a $2.6 million decrease from Q3 2021.

Adjusted EBITDA loss improved by $74.5 million, or 39%, for the year ended June 30, 2021 as compared to the prior year primarily due to: (i) a $126.5 million reduction in SG&A and R&D expense; offset by (ii) a $10.2 million decrease in gross profit before fair value adjustments, excluding the impacts of inventory impairment and cost of sales depreciation, and the $5.5 million out-of-period cost of sales adjustment; and (iii) $46.6 million in legal and contract settlement costs. Included in Adjusted EBITDA loss for the year ended June 30, 2021 is $13.7 million (June 30, 2020 - $6.0 million) related to restructuring charges, severance and benefits associated with the business transformation plan, $46.6 million (June 30, 2020 - $0.8 million) legal settlement and contract termination fees, and $3.9 million (June 30, 2020 - nil) in revenue provisions as a result of our Company initiated product swap to replace low quality product with higher potency product at the Provinces. Excluding these impacts, Adjusted EBITDA loss would have been $49.9 million for the year ended June 30, 2021, a decrease of $131.9 million or 73% compared to $181.8 million in the prior year.

Liquidity and Capital Resources

($ thousands)	June 30, 2021	June 30, 2020 [1]	June 30, 2019 [1]
Cash and cash equivalents	421,457	162,179	172,727
Restricted cash	19,394	—	46,066
Marketable securities	3,751	7,066	143,248
Working capital	549,517	145,258	218,595
Total assets	2,604,731	2,779,921	5,493,623
Total non-current liabilities	450,656	384,439	674,086
Capitalization			
Convertible notes	327,931	327,038	503,581
Loans and borrowings	—	113,921	139,918
Lease liabilities	71,619	90,288	1,326
Total debt	399,550	531,247	644,825
Total equity	2,037,700	2,123,226	4,383,173
Total capitalization	2,437,250	2,654,473	5,027,998

[1] Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the " *Change in Accounting Policies and Estimates*" section below for further detail.

Total assets decreased by $175.2 million from the prior year primarily due to (i) $340.3 million decrease in property, plant and equipment as a result of $273.0 million impairment charges and $66.5 million depreciation; (ii) $85.0 million decrease in intangible assets and goodwill as a result of $44.9 million impairment charges, $37.5 million amortization, and $1.6 million disposals; offset by (ii) $278.7 million increase in cash and cash equivalents and restricted cash (refer to *Cash Flow Highlights* below).

As at June 30, 2021, total capitalization decreased by $217.2 million compared to June 30, 2020. The decrease was primarily due to a (i) $113.9 million decrease in loans and borrowings from the full settlement and discharge of the BMO debt; (ii) $85.5 million decrease in equity as a result of $342.1 million impairment charges for intangible assets, goodwill, deposits, property, plant and equipment and assets held for sale, offset by equity financings; and (iii) $18.7 million decrease in lease liabilities from disposals and lease payments.

During the year ended June 30, 2021, the Company primarily financed its operations, capital expenditures and growth initiatives through the generation of net revenue and equity financing. For more information on key cash flows related to operations, investing and financing activities during the period, 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 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.

In an effort to manage liquidity prudently while the Company works to achieve profitability and positive cash flow, Aurora has taken the following steps:

- During the year ended June 30, 2021, the Company raised net proceeds of $278.5 million (US$210.4 million) under its 2019 ATM program. As at December 31, 2020 and June 30, 2021, the Company had no remaining available amounts to drawn down under the 2019 ATM;
- On October 9, 2020, the Company sold all of its 31,956,347 common shares held in Cann Group at A$0.20 per share for net proceeds of $5.9 million;
- On October 29, 2020, the Company filed a short form base shelf prospectus ("2020 Shelf Prospectus") and a corresponding shelf registration statement on Form F-10 (the "2020 Registration Statement") with the United States Securities and Exchange

Commission (the "SEC"). The 2020 Shelf Prospectus and the 2020 Registration Statement was declared effective on October 29, 2020 and allows the Company to make offerings of up to US$500 million in common shares, preferred shares, warrants, subscription receipts and debt securities, or any combination thereof during the 25-month period that the 2020 Shelf Prospectus remains effective. Should the Company decide to offer additional securities during this period, the specific terms, including the use of proceeds from any offering, will be set forth in a related prospectus supplement to the 2020 Shelf Prospectus, which will be filed with the applicable Canadian securities regulatory authorities and the SEC;

- In November 2020, the Company filed a supplement under the 2020 Shelf Prospectus for its November Unit Offering (refer to *Equity Financings* section below) and raised $226.2 million (US$172.5 million) through the issuance of 23,000,000 units at US$7.50 per unit;
- In December 2020, the Company announced that it had ceased construction of its Aurora Sun facility to align cultivation with current market demand and expectations;
- In January 2021, the Company filed a second supplement under the 2020 Shelf Prospectus for its January Unit Offering (refer to *Equity Financings* section below) and raised $175.8 million (US$137.9 million) through the issuance of 13,200,000 units at US$10.45 per unit;
- On March 30, 2021, the Company filed a short form base shelf prospectus ("2021 Shelf Prospectus") and a corresponding shelf registration statement on Form F-10 (the "2021 Registration Statement") with the SEC. The 2021 Registration Statement was declared effective by the SEC on March 30, 2021 and allows the Company to make offerings of up to US$1.0 billion in common shares, warrants, options, subscription receipts, debt securities or any combination thereof during the 25-month period that the 2021 Shelf Prospectus remains effective. Should the Company decide to offer additional securities during this period, the specific terms, including the use of proceeds from any offering, will be set forth in a related prospectus supplement to the 2021 Shelf Prospectus, which will be filed with the applicable Canadian securities regulatory authorities and the SEC;
- In April, the Company converted an aggregate of $3.0 million of its June 2019 and November 2019 High Tide convertible debentures into 9,269,840 common shares at a weighted average conversion price of $0.42. The Company also exercised 7,936,507 warrants held in High Tide at $0.50 for a cost of $4.0 million. Additionally, the Company then sold all 18,650,197 of its common shares held in High Tide at a weighted average price of $0.64 per share for net proceeds of $11.8 million;
- On May 13, 2021, the Company announced a plan to accelerate $60 million to $80 million in annualized cost efficiencies which are expected to be realized over the next 12 to 18 months. The efficiencies are expected to be $40 million to $60 million in costs of sales and approximately $20 million in selling, general, and administration expenses, and related primarily to production costs, facility and logistic expenses, organizational efficiencies, insurance and capital markets related expenses.
- On May 19, 2021, the Company filed a supplement under the 2021 Shelf Prospectus for an ATM program ("2021 ATM"). The 2021 ATM program provides for US$300 million in common shares to be sold by registered dealers on behalf of Aurora in the U.S. at prevailing market prices at the time of sale. As of the date of this report, no common shares have been sold under the 2021 ATM; and
- During the year ended June 30, 2021, the Company sold two production facilities for net proceeds of $13.9 million in connection with its business transformation plan. The $13.9 proceeds from sale was used towards the repayment of the $88.7 million principal outstanding under Facility B of the BMO Credit Facility.

These initiatives are expected to provide the Company with increased liquidity and flexibility to meet its financial commitments, including its near-term cash obligations of $98.4 million. As of June 30, 2021, the Company has access to the following capital resources available to fund operations, obligations, and strategic initiatives:

- $421.5 million cash and cash equivalents; and
- US$1.0 billion securities registered for sale under the 2021 Shelf Prospectus for future financings or issuances of securities, including US$300 million available securities for sale under the 2021 ATM program.

From time-to-time, management may also consider the sale of its marketable securities and shares held in publicly traded investments in associates to support near term cash and liquidity needs.

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.

Credit Facility

On August 29, 2018, the Company entered into a secured credit agreement (as amended, the "Credit Agreement") with Bank of Montreal ("BMO") and certain lenders to establish a credit facility (as amended, the "Credit Facility"). Refer to Note 17 of the Financial Statements for additional details on the Credit Facility.

On September 9, 2020, the Company executed an amendment to the First Amendment to the First Amended and Restated Credit Agreement (the "Second Amendment to the First Amended and Restated Credit Agreement") which restructures existing financial covenants and retroactively applies to and remedies the Company's covenant breach as at June 30, 2020. Under the Second Amendment to the First Amended and Restated Credit Agreement, the Company was required to meet the following financial covenants:

- Total funded debt to shareholders' equity is not to exceed 0.28:1 for the quarters ending June 30, 2020 and September 30, 2020, and shall be reduced to 0.25:1 for the quarter ending December 31, 2020 onwards. For the purposes of calculating the total funded debt to shareholders' equity ratio, shareholders' equity excludes the $172.3 million loss from the induced conversion of the March 2018 Debentures;
- Total senior funded debt to EBITDA is not to exceed 3.00:1 at June 30, 2021. Total senior funded debt is defined as total funded debt of the Aurora and its subsidiaries, other than subordinated debt and such convertible notes as agreed to be excluded by the Lenders;
- Maintenance of a minimum $35.0 million unrestricted cash balance at any time; and

- Achievement of quarterly minimum EBITDA thresholds as follows:

    (i) for the fiscal quarter ended September 30,2020: $(11.0) million;
    (ii) for the fiscal quarter ended December 31,2020: $4.0 million;
    (iii) for the fiscal quarter ended March 31, 2021: $10.0 million;
    (iv) for the fiscal quarter ended June 30, 2021: $17.0 million; and
    (v) for the twelve month fiscal period ending June 30, 2021: $20.0 million.

On December 17, 2020, the Company executed a second amended Credit Facility (the "Second Amended and Restated Credit Agreement") which restructures existing financial covenants, extends the credit facility maturity date and adjusts certain repayment terms. Under the Second Amended and Restated Credit Agreement, the key amended terms are as follows:

- An extension of the maturity date from August 29, 2021 to December 31, 2022;
- A requirement to maintain a restricted cash balance of $50.0 million that can be used to repay, at any time at the Company's discretion, the outstanding principal on Facility B on a 1:1 basis with a corresponding reduction in the restricted cash balance requirement;
- 100% of net proceeds received from the sale of certain Canadian facilities will be used to repay the outstanding principal on Facility B up to a maximum of $36.5 million; these repayments will reduce the quarterly principal repayments evenly over the remaining term post June 30, 2021. 75% of net proceeds received in excess of $5.0 million from the sale of other properties will be used to repay the outstanding principal on Facility B; and
- A single financial covenant requiring a minimum unrestricted cash balance of the lesser of i) $75.0 million or ii) 225% of the outstanding principal on Facility B less any cash collateral.

On June 1, 2021, the Company fully repaid the $88.7 million principal outstanding under Facility B using the $50.0 million balance in restricted cash towards the repayment. As of June 30, 2021, the Company was fully released and discharged from all of its indebtedness and obligations under the Second Amended and Restated Credit Agreement.

As of June 30, 2021, the Company had a total of $1.8 million of letters of credit outstanding with BMO and $4.4 million cash collateral recognized in restricted cash for the outstanding letters of credit and the corporate credit card.

Equity Financings

On April 2, 2019, the Company filed a Shelf Prospectus (the "2019 Shelf Prospectus") with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 (the "2019 Registration Statement") with the SEC. The 2019 Shelf Prospectus and the 2019 Registration Statement allowed the Company to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof of up to US$750.0 million during the 25-month period that the 2019 Shelf Prospectus is effective. The Company filed two prospectus ATM supplements (the "2019 ATM") which together provided for the sale of up to US$650 million of common shares by registered dealers on behalf of Aurora at prevailing market prices at the time of sale. During the year ended June 30, 2021, the Company issued 42,359,118 common shares under the ATM program for US$215 million gross proceeds, with no remaining amounts available under the 2019 ATM as at June 30, 2021.

On October 29, 2020, the Company filed the 2020 Shelf Prospectus and a corresponding 2020 Registration Statement with the SEC. The 2020 Shelf Prospectus and the 2020 Registration Statement allowed the Company to make offerings of common shares, preferred shares, warrants, subscription receipts and debt securities, or any combination thereof of up to US$500 million during the 25-month period that the 2020 Shelf Prospectus remains effective. In November 2020, the Company filed a supplement under the 2020 Shelf Prospectus ("November Unit Offering") and raised $226.2 million (US$172.5 million) through the issuance of 23,000,000 units at US$7.50 per unit. In January 2021, the Company completed a second unit offering (the "January Unit Offering") under the 2020 Shelf Prospectus and raised $175.8 million (US$137.9 million).

On March 30, 2021, the Company filed a 2021 Shelf Prospectus and a corresponding 2021 Registration Statement with the SEC. The 2021 Shelf Prospectus and the 2021 Registration Statement allows the Company to make offerings of up to US$1.0 billion in common shares, warrants, options, subscription receipts, debt securities or any combination thereof during the 25-month period that the 2021 Shelf Prospectus remains effective. As of June 30, 2021, US$1.0 billion remains available for use.

Cash Flow Highlights

The table below summarizes the Company's cash flows for the three and twelve months ended June 30, 2021:

	Three months ended		Year ended	
($ thousands)	June 30, 2021	June 30, 2020 [1]	June 30, 2021	June 30, 2020 [1]
	$	$	$	$
Cash (used in) provided by operating activities	19,423	(56,703)	(210,577)	(342,142)
Cash (used in) provided by investing activities	11,539	1,180	(26,905)	(245,430)
Cash (used in) provided by financing activities	(59,100)	(5,068)	521,954	582,562
Effect of foreign exchange	(20,643)	(7,438)	(25,194)	(5,538)
Increase (decrease) in cash and cash equivalents	(48,781)	(68,029)	259,278	(10,548)

[1] Amounts have been retroactively recast for the biological assets and inventory non-material prior period error. Refer to the " *Change in Accounting Policies and Estimates*" section below for further detail.

Cash provided by operating activities for the three months ended June 30, 2021 increased by $76.1 million as compared to the same period in prior year. The increase was primarily attributable to a decrease in operational spending as a result of the business transformation plan announced on February 6, 2020 and June 23, 2020, offset by a $83.2 million changes in non-cash working capital. The decrease in non-cash working capital is mainly driven by (i) $76.6 million increase in biological assets and inventory which includes the impact of $91.8 million inventory impairment from prior year; (ii) $33.8 million increase in accounts receivable; offset by (iii) $17.5 million increase in accounts payable; and (iv) $10.7 million increase in other current liabilities.

Cash used in operating activities for the year ended June 30, 2021 decreased by $131.6 million as compared to the year ended June 30, 2020. This was primarily attributable to a reduction in operational spending and a lower headcount as a result of the business transformation plan as well as $7.2 million in changes in non-cash working capital over prior year. The decrease in non-cash working capital is mainly driven by (i) a $47.8 million increase in accounts receivable; (ii) a $5.7 million decrease in accounts payable and accrued liabilities; offset by (iii) a $34.8 million decrease in biological assets and inventory which includes the impact of $84.7 million (year ended June 30, 2020 - $94.9 million) inventory impairment; and (iv) a $10.9 million increase in other current liabilities.

Cash provided by investing activities for the three months ended June 30, 2021 increased by $10.4 million as compared to the same period in prior year. The increase was primarily attributable to (i) a $22.7 million decrease in property, plant and equipment expenditures; (ii) a $12.6 million increase in proceeds generated from disposals of property, plant and equipment; (iii) $3.6 million proceeds received from a government grant related to the co-generation project at Aurora River; offset by (iv) $21.7 million decrease in proceeds generated from the sale of investments; and (v) $6.7 million increase in investments outlays during the period.

Cash used in investing activities for the year ended June 30, 2021 decreased by $218.5 million as compared to the year ended June 30, 2020. The decrease was primarily attributable to (i) a $295.7 million decrease in property, plant and equipment expenditures; (ii) a $18.0 million increase in proceeds received from the disposal of property, plant, and equipment; (iii) $3.6 million proceeds received from a government grant; offset by (iv) $100.4 million decrease in proceeds received from the disposal of investments.

Cash used in financing activities for the three months ended June 30, 2021 increased by $54.0 million as compared to the same period in prior year. The increase was primarily attributable to (i) a $30.9 million increase in cash used for the repayment of loans mostly as a result of the full settlement and discharge of our BMO Credit Facility in Q4 2021 at the Company's discretion; (ii) $47.8 million decrease in shares issued for cash; offset by (iii) a $30.6 million reduction in restricted cash.

Cash provided by financing activities for the year ended June 30, 2021 decreased by $60.6 million as compared to the year ended June 30, 2020. The decrease was primarily attributable to (i) a $86.4 million decrease in proceeds from long-term loans; (ii) $65.5 million increase in the use of restricted cash; offset by (iii) $90.5 million increase in shares issued for cash.

Capital Expenditures

The Company's major capital expenditures for the Q4 2021 primarily consisted of (i) construction activities at the German production facility, (ii) activities to prepare the Polaris facility for manufacturing, and (iii) enhancements at Aurora Sky. We are simplifying our network and focusing on our core sites to transform Aurora into a company that delivers earnings both in the short-term and long-term. During the year ended June 30, 2021, capital expenditures, including intangible assets and net of disposals, was $33.8 million. Additionally, management has applied for a $9.4 million government grant related to its co-generation project at the Aurora River facility to offset the capital expenditures, of which $3.6 million was received as of June 30, 2021.

Contractual Obligations

As at June 30, 2021, 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	57,944	57,944	—	—	—
Convertible notes and interest [1]	498,229	23,522	474,707	—	—
Lease liabilities [2]	144,034	10,227	26,352	20,902	86,553
Contingent consideration payable [3]	31,240	31,240	—	—	—
Capital commitments [4]	2,007	2,007	—	—	—
Purchase commitments [5]	8,092	2,066	4,132	1,894	—
Business acquisition retention payments	5,597	2,498	3,099	—	—
Total contractual obligations	747,143	129,504	508,290	22,796	86,553

(1) Assumes the principal balance outstanding at June 30, 2021 remains unconverted and includes the estimated interest payable until the maturity date.
(2) Includes interest payable until maturity date.
(3) Includes $0.1 million payable in cash, with the remainder 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.
(5) Relates to a manufacturing agreement with Capcium for the encapsulation of softgels.

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 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 an amended complaint on September 7, 2021. The amended complaint makes new allegations pertaining to certain financial misrepresentation and improper revenue recognition by the Company, which allegations the Company is reviewing in preparing for its response to the amended complaint. 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, we are 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. No provision has been recognized as at June 30, 2021 (June 30, 2020 - nil).

The Company and its subsidiary, Aurora Cannabis Enterprises Inc., 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 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, we are 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. No provision has been recognized as at June 30, 2021 (June 30, 2020 - nil).

A claim was commenced by a party to a former term sheet on June 15, 2020 with the Queen'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. No provision has been recognized as of June 30, 2021 (June 30, 2020 - nil).

A claim was commenced on June 17, 2020 against Aurora by a former consultant of MedReleaf regarding stock options that were believed by the plaintiff to be granted prior to MedReleaf's Initial Public Offering. These options were not on the records of MedReleaf at the time of due diligence or acquisition and, as such, no options were granted on closing of the acquisition. As of June 30, 2021, the Company had fully settled this claim for $1.3 million and is recognized in legal settlement and contract termination fees in the statement of comprehensive loss for the year ended June 30, 2021.

On August 10, 2020, a purported class action lawsuit was filed with the Queen'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. 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, we are 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. No provision has been recognized as at June 30, 2021 (June 30, 2020 - nil).

On October 2, 2020, a purported class action lawsuit was commenced in the United States District Court for the District of New Jersey against the Company and certain executive officers on behalf of persons or entities who purchased or otherwise acquired Aurora securities between February 13, 2020 and September 4, 2020. The complaint alleges, inter alia, that the Company and certain executive officers violated the federal securities laws by making false and/or misleading statements and/or failing to disclose that the Company had significantly overpaid for previous acquisitions and experienced degradation in certain assets, including its production facilities and inventory; the Company's business transformation plan and cost reset failed to mitigate the foregoing issues; it was foreseeable that the Company would record significant goodwill and asset impairment charges; and as a result, the Company's public statements were materially false and misleading. Lead plaintiff and lead counsel have been appointed and we are awaiting filing of their complaint. 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, we are 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. No provision has been recognized as at June 30, 2021 (June 30, 2020 - nil).

The Company was party to an arbitration matter with a third party with respect to a break fee believed to be due by Aurora under an agreement. Binding arbitration in favor of the other company was awarded on September 13, 2020 in the amount of $3.0 million plus interest and costs, and the payment was made by the Company on October 13, 2020. The settlement amount was recognized in legal settlement and contract termination fees in the statement of comprehensive loss.

On January 4, 2021, a civil claim was filed with the Queen'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. We filed a statement of defense on March 24, 2021. While this matter is ongoing, the Company intends to continue to defend against the claims. No provision has been recognized as of June 30, 2021 (June 30, 2020 - nil).

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 not provided for through insurance or otherwise, would have a material effect on our consolidated financial statements, other than the claims described above.

Off-balance sheet arrangements

As at the date of this MD&A, the Company has $1.8 million letters of credit outstanding with BMO. 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 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:

	Years ended June 30,	
	2021	2020
Short-term employment benefits [1]	5,022	8,118
Termination benefits	2,583	4,553
Directors' fees [2]	458	586
Share-based compensation [3]	12,543	20,628
Total management compensation [4]	20,606	33,885

(1) Short-term employment benefits include salaries, wages, bonuses and non-monetary benefits such as subsidized vehicle costs. 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 unites, 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 (Note 20 of the Financial Statements).
(4) As of June 30, 2021, $0.8 million is payable or accrued for key management compensation (June 30, 2020 - $3.8 million).

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

	Years ended June 30,	
	2021	2020
ɔduction costs [1]	5,100	6,330
ʻvices and advisory fees [2]	—	1,247
	5,100	7,577

[1] Production costs incurred with (i) Capcium Inc. ("Capcium"), a company where Aurora holds significant influence; and (ii) Sterigenics Radiation Technologies ("Sterigenics", formerly Iotron Industries Canada Inc.), 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).

[2] Service and advisory fees paid to Lola Ventures Inc. (a company controlled by the former CEO), and Superior Safety Codes (a company controlled by the former CEO and President).

During the year ended June 30, 2021, the Company sold Aurora Hemp Europe to the subsidiary's President and former owner. During the year ended June 30, 2020, the Company sold ALPS back to its former founding owner.

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

	June 30, 2021	June 30, 2020
Equipment loan receivable from joint venture [1]	10,096	3,242
Production costs with investments in associates [2][3]	—	(1,365)
	10,096	1,877

[1] Relates to the purchase of production equipment on behalf of the Company's joint venture, Auralux Enterprises Ltd. ("Auralux"). The loan bears interest at 5% per annum, payable monthly. The loan is to be repaid in installments on an annual basis in an amount equal to 50% of the associate's EBITDA. The unpaid balance of the loan matures 10 years from the funding date.

[2] Production costs incurred with (i) Capcium, a company that manufactures our softgels and in which Aurora holds significant influence in; and (ii) Sterigenics which provides cannabis processing services to the Company and is party to a common joint venture in Auralux. Pursuant to a manufacturing agreement with Capcium, the Company is contractually committed to purchase a minimum number of softgels during calendar 2020 and thereafter. If the Company fails to meet the required purchase minimum, then it is required to pay a penalty fee equal to the difference between the actual purchased quantity and the required purchase minimum multiplied by cost of the softgels. The Company is committed to purchase 40.7 million capsules in calendar 2020, and 20.0 million capsules per calendar year until December 31, 2026. The Company believes that it is more likely than not that the minimum quantity will be met for the 2021 calendar year and as a result, no provision was recognized as of June 30, 2021 (June 30, 2020 - $0.9 million).

[3] Amounts are due upon the issuance or receipt of invoices, are unsecured and non-interest bearing.

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 Company's 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 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.

Leases

The lease liability and right-of-use asset valuation is based on the present value of the lease payments over the lease term. The lease term is determined as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. We apply judgment in evaluating whether it is reasonably certain whether or not to exercise the option to extend or terminate the lease, and any modifications to the lease term will result in the revaluation of the lease. The present value of the lease payments is dependent on the incremental borrowing rate used, which we apply estimates in determining the rates.

Estimated useful life of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. Residual values, useful lives and depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic conditions, market conditions and the useful lives of the assets.

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.

Impairment of investments in associates and joint ventures

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.

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, 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 for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on either fair value less costs of disposal or value-in-use method. 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

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs 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 purchase warrants

Warrants 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 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.

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, 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.

Change in Accounting Estimates

Biological Assets and Inventory Non-Material Prior Period Error

During the year ended June 30, 2021, a non-material error was identified in the valuation methodology for biological assets. As part of the fair value measurement, management incorporated the cannabis plant's stage of growth in determining the FVLCS. In the period of harvest, the balance in biological assets was transferred directly to inventory at the average 48% stage of growth without adjusting for the incremental fair value to grow the plant through the full lifecycle. The Company now includes the incremental fair value of the plants in the valuation and transfers the biological assets to inventory at the full stage of growth at the point of harvest. Additionally, the Company revised certain key inputs used in determining FVLCS, including the incorporation of an effective yield factor based on the potency of cannabis produced. These changes primarily impacted unrealized fair value gains on biological assets and changes in fair value of inventory sold, both of which are non-cash impacts and are not material to the Company.

Management evaluated the materiality of the errors, both quantitatively and qualitatively, and concluded that the changes were not material to the consolidated financial statements taken as a whole for any prior period. The Company has revised opening deficit and corrected the error by recasting the prior period information in these consolidated financial statements. The following is a summary of the impacts to the statement of financial position, the statement of comprehensive loss, and the statement of cash flows for the year ended June 30, 2020, prior to the impact of discontinued operations (refer to Note 12(b) in the Financial Statements):

	June 30, 2020 As previously reported	Biological Assets and Inventory Adjustments	June 30, 2020 Recasted
Consolidated Statement of Financial Position			
Biological assets	35,435	(17,278)	18,157
Inventory	121,827	14,053	135,880
Deferred tax liability	(3,946)	—	(3,946)
Deficit	(3,592,786)	(3,225)	(3,596,011)

	June 30, 2020 As previously reported	Biological Assets and Inventory Adjustments	June 30, 2020 Recasted
Consolidated Statement of Comprehensive Loss			
Cost of sales	277,234	9,167	286,401
Gross profit (loss) before fair value adjustments	1,672	(9,167)	(7,495)
Changes in fair value of inventory sold	91,825	57,274	149,099
Unrealized gain on changes in fair value of biological assets	(56,614)	(68,834)	(125,448)
Gross loss	(33,539)	2,393	(31,146)
Deferred tax recovery	(78,303)	1,416	(76,887)
Net loss from continuing operations	(3,300,493)	977	(3,299,516)
Net loss attributable to Aurora shareholders	(3,283,671)	977	(3,282,694)
Loss per share (basic and diluted)	($33.94)	$0.01	($33.93)

	June 30, 2020 As previously reported	Biological Assets and Inventory Adjustments	June 30, 2020 Recasted
Consolidated Statement of Cash Flows			
Unrealized gain on changes in fair value of biological assets	(56,614)	(68,834)	(125,448)
Changes in fair value of inventory sold	91,825	57,274	149,099
Deferred tax recovery	(78,303)	1,416	(76,887)
Changes in non-cash working capital	7,643	8,499	16,142
Net cash used in operating activities	(337,952)	—	(337,952)

New or Amended Standards Effective July 1, 2020

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued "*Definition of a Business (Amendments to IFRS 3)*". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company adopted the Amendments to IFRS 3 effective July 1, 2020 with no impact to the Company's consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments revise the existing requirements for hedge accounting and are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as Interbank Offered Rates ("IBOR"). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The Company adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 effective July 1, 2020 with no impact on the Company's consolidated financial statements.

New Accounting Pronouncements

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, 2022. The Company is currently evaluating the potential impact of these amendments 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.

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 is currently evaluating the potential impact of these amendments 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, loan 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 which approximates fair value

Summary of Financial Instruments

The carrying values of the financial instruments as at June 30, 2021 are summarized in the following table:

	Amortized Cost	FVTPL	Designated FVTOCI	Total
Financial Assets	$	$	$	$
Cash and cash equivalents	421,457	—	—	421,457
Restricted cash	19,394	—	—	19,394
Accounts receivable, excluding taxes receivable	54,636	—	—	54,636
Marketable securities	—	—	3,751	3,751
Derivatives	—	59,382	—	59,382
Loan receivable	10,096	—	—	10,096
Lease receivable	4,256	—	—	4,256
Financial Liabilities				
Accounts payable and accrued liabilities	57,944	—	—	57,944
Convertible debentures [1]	327,931	—	—	327,931
Contingent consideration payable	—	374	—	374
Other current liabilities	10,874	—	—	10,874
Lease liabilities	71,619	—	—	71,619
Derivative liability	—	91,939	—	91,939
Other long-term liabilities	104	—	—	104

[1] The fair value of convertible notes includes both the debt and equity components.

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:

($ thousands)	Level 1	Level 2	Level 3	Total
As of June 30, 2021				
Marketable securities [1]	3,751	—	—	3,751
Derivative assets [1]	—	42,477	16,905	59,382
Contingent consideration payable [2]	—	—	374	374
Derivative liability [2]	88,860	3,079	—	91,939
As of June 30, 2020				
Marketable securities	6,066	—	1,000	7,066
Derivative assets	—	37,480	16,102	53,582
Contingent consideration payable [3]	—	—	19,054	19,054
Derivative liability [2]	—	1,827	—	1,827

[1] For a reconciliation of realized and unrealized gains and losses applicable to financial assets measured at fair value for the year ended June 30, 2021, refer to Notes 7(a) and (b) of the Financial Statements.

[2] For a reconciliation of unrealized gains and losses applicable to financial liabilities measured at fair value for the year ended June 30, 2021, please refer to Note 16(ii) and Note 19(c) of the Financial Statements.

[3] In accordance with *IFRS 3 - Business Combinations*, acquisition date fair values assigned to the Reliva purchase price allocation and goodwill have been adjusted, within the applicable measurement period, where new information is obtained about facts and circumstances that existed at the acquisition date. Refer to Note 13 in the Financial Statements.

During the year ended June 30, 2021, 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. 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 June 30, 2021, $7.0 million of trade accounts receivable, net of allowances, are from non-government wholesale customers (June 30, 2020 - $2.2 million). As of June 30, 2021, the Company recognized a $5.4 million provision for expected credit losses (June 30, 2020 - $1.7 million).

As at June 30, 2021, the Company's aging of trade receivables was as follows:

($ thousands)	June 30, 2021	June 30, 2020
0 – 60 days	36,195	34,167
61 + days	5,835	11,032
	42,030	45,199

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

($ thousands)	June 30, 2021
	$
Next 12 months	1,103
Over 1 year to 2 years	1,315
Over 2 years to 3 years	1,375
Over 3 years to 4 years	1,028
Over 4 years to 5 years	346
Thereafter	398
Total undiscounted lease payments receivable	5,565
Unearned finance income	(331)
Total lease receivable	5,234
Current	978
Long-term	4,256

(1) The Company had no subleases during the year ended June 30, 2020

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 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. Refer to "*Liquidity and Capital Resources*" section of this MD&A for detailed discussion.

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$345.0 million of U.S. dollar denominated Senior Notes; and US$71.7 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 June 30, 2021, 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 $40.0 million (June 30, 2020 – $41.8 million) to net loss and $4.7 million (June 30, 2020 – $2.6 million) to comprehensive loss for the year ended June 30, 2021.

At June 30, 2021, 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 June 30, 2021, the Company's financial liabilities consisted primarily of long-term fixed rate debt or variable rate debt. Fluctuations in interest rates could have impacted the Company's cash flows, primarily with respect to the interest payable on the Company's variable rate debt, which consisted of the BMO term loan with a total principal value of $88.7 million (June 30, 2020 – $117.5 million). If the variable interest rate changed by 10 basis points, net and comprehensive loss would have increased or decreased by approximately $0.4 million (June 30, 2020 – $0.5 million). During the year ended June 30, 2021, the Company repaid the balance of the BMO term loan and no longer had any term loans outstanding at June 30, 2021.

(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 under the "*Financial Instruments"* section above, 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 June 30, 2021, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $15.2 million (June 30, 2020 – $6.1 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 August 31, 2021:

Securities [1]	Units Outstanding
Issued and outstanding common shares	198,120,055
Stock options	3,328,986
Warrants	18,447,389
Restricted share units	964,068
Deferred share units	57,383
Performance share units	385,385
Convertible debentures	47,737,650

[1] Refer to Note 16 "Convertible Debentures", Note 19 "Share Capital" and Note 20 "Share-Based Compensation" of the Financial Statements for a detailed description of these securities.

Historical Quarterly Results

($ thousands, except per share and Operational Results)	Q4 2021	Q3 2021 [1]	Q2 2021 [1]	Q1 2021 [1]
Financial Results				
Net revenue [2]	$54,825	$55,161	$67,673	$67,593
Adjusted gross margin before FV adjustments on cannabis net revenue [3]	54 %	44 %	44 %	49 %
Loss from continuing operations attributable to common shareholders	($133,969)	($160,625)	($300,222)	($97,197)
(Loss) earnings from discontinued operations attributable to common shareholders	($1,179)	$—	$2,298	($2,731)
Loss earnings attributable to common shareholders	($135,148)	($160,625)	($297,924)	($99,928)
Basic and diluted loss per share from continuing operations	($0.68)	($0.83)	($1.79)	($0.83)
Basic and diluted loss per share	($0.68)	($0.83)	($1.77)	($0.85)
Balance Sheet				
Working capital	$549,517	$646,310	$592,519	$206,334
Cannabis inventory and biological assets [4]	$120,297	$102,637	$179,275	$171,086
Total assets	$2,604,731	$2,839,155	$2,829,963	$2,762,181
Operational Results – Cannabis				
Average net selling price of dried cannabis excluding bulk sales [3]	$5.11	$5.00	$4.45	$3.86
Kilograms sold	11,346	13,520	15,253	16,139

	Q4 2020 [1][5]	Q3 2020 [1]	Q2 2020 [1]	Q1 2020 [1]
Financial Results				
Net revenue [2]	$68,426	$72,217	$54,679	$73,381
Adjusted gross margin before FV adjustments on cannabis net revenue [3]	49 %	41 %	44 %	57 %
(Loss) earnings from continuing operations attributable to common shareholders	($1,839,435)	($131,188)	($1,286,761)	$26,551
Loss from discontinued operations attributable to common shareholders	($15,721)	($16,965)	($11,763)	($7,412)
(Loss) earnings attributable to common shareholders	($1,855,156)	($148,153)	($1,298,524)	$19,139
Basic and diluted (loss) earnings per share from continuing operations	($16.52)	($1.31)	($14.18)	$0.31
Basic and diluted (loss) earnings per share	($16.66)	($1.48)	($14.31)	$0.22
Balance Sheet				
Working capital	$145,258	$416,108	$398,665	$123,106
Cannabis inventory and biological assets [4]	$135,973	$212,782	$199,463	$178,104
Total assets	$2,779,921	$4,685,952	$4,654,641	$5,606,155
Operational Results – Cannabis				
Average net selling price of dried cannabis excluding bulk sales [3]	$3.60	$4.64	$5.21	$5.69
Kilograms sold	16,748	12,729	9,501	12,463

(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 detail, refer to Note 12(b) of the Financial Statements and "*Change in Accounting Policies and Estimates*" section above, respectively.

(2) Net revenues represent our total gross revenues net of excise taxes levied by the CRA effective October 17, 2018, 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 Performance Measures*" section of this MD&A for the defined terms.

(4) Represents total biological assets and cannabis inventory, exclusive of merchandise, accessories, supplies and consumables.

(5) In accordance with *IFRS 3 - Business Combinations*, acquisition date fair values assigned to the Reliva purchase price allocation and goodwill have been adjusted, within the applicable measurement period, where new information is obtained about facts and circumstances that existed at the acquisition date. Refer to Note 12 of the Financial Statements.

Risk Factors

In addition to the other information included in this report, readers should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements ("FLS") set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such FLS to reflect events or circumstances after the date of this MD&A.

These risks include, but are not limited to the following:

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 revenues 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 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.

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. 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 United States 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 expect even more competitors to enter our market, and many of our current and future 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 are 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.

Some companies 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.

The cannabis industry, particularly the recreational cannabis industry, in which we operate is, and is expected to continue to be, highly competitive. As such there is potential that we will face intense competition from existing companies and additional competition from new entrants. The number of licenses granted, and the number of licensed producers ultimately authorized by Health Canada, could have an adverse impact on our ability to compete for market share in Canada's cannabis market. We also face competition from illegal cannabis dispensaries, who do not have a valid license, that are selling cannabis to individuals.

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. 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.

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 of, such contracts may adversely impact our business, financial condition and operations.

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.

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 its common shares.

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.

Further, 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.

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. 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.

Our 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.

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.

We may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, and high rates of inflation. 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.

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 (United States) ("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 inhaled and ingested 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. 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 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 holders of licenses under the *Cannabis Act* generally, which could have a material adverse effect on our business, financial condition and operations.

We may become party to litigation, mediation, and/or arbitration from time to time.

We may 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 United States 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 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.

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, snow storms, 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 protect our ideas and technology. Even if we move to protect our technology 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 United States 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.

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.

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 continue to meet the listing standards of the NASDAQ and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on the NASDAQ and the TSX. If we fail to comply with listing standards and the 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 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.

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 June 30, 2021. 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 United States 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 United States 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 United States 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 United States 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 United States Securities and Exchange Commission ("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 United States. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the United States. 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 United States 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 United States 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 United States, 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 United States or other foreign jurisdictions.

Our business may be subject to disruptions as a result of the COVID-19 pandemic.

We are closely monitoring the rapid evolution of COVID-19 with a focus on the jurisdictions in which the Company and its subsidiaries operate. During this period of uncertainty, it is our priority to safeguard the health and safety of our personnel, support and enforce government actions to slow the spread of COVID-19, and continually assess and mitigate the risks to our business operations. We have taken responsible measures to maximize the safety of staff working at all of its facilities. This includes reorganizing physical layouts, adjusting schedules to improve physical distancing, implementing extra health screening measures for employees and applying rigorous standards for personal protective equipment. We continue to maintain regular communications with legal and government representatives, suppliers, customers and business partners to identify and monitor any potential risks to our ongoing operations. As at the date of this report, the production and sale of cannabis has been recognized as an essential service across Canada. Consumer cannabis sales in Canada are primarily with government bodies, which continue to offer end customers online ordering and home delivery options. Consumer market retail stores are generally permitted to remain open in Canada subject to adhering to the required social distancing measures. All of our facilities in Canada and internationally continue to be operational and we continue to work closely with local, national and international governmental authorities to ensure that we are following the required protocols and guidelines related to COVID-19 within each region. Although there have not been any significant impacts to our operations to date, we cannot provide assurance that there will not be disruptions to its operations in the future.

Reliva's operations in the United States 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 Agricultural Improvement Act, H.R. 25 ("2018 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 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 United States 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. Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use. 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.

Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use.

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.

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 (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 June 30, 2021 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 June 30, 2021 in conformity with GAAP and our external auditors have issued an unqualified opinion on our consolidated financial statements as of and for the year ended June 30, 2021.

Changes to Internal Controls over Financial Reporting

Between Q1 and Q3 of the current fiscal year, the Company made significant progress on its Business Transformation Plan first announced in fiscal 2020. During this timeframe, the Company completed the following activities as part of its Business Transformation Plan and in an effort to remediate material weaknesses identified for the year ended June 30, 2020:

- Further developed and enhanced IT processes and controls. Including (i) remediation of IT general and application controls related to user access privileges, unauthorized access, and segregation of duties, and (ii) enhancement of controls to provide reasonable assurance over third party service organization applications and services
- Enhanced our risk assessment process to more effectively respond to indicators of change in process, risk or the control environment with the potential to impact the effectiveness of internal controls over financial reporting ("ICFR")
- Enhanced and implemented additional manual reconciliation and review controls to address key ICFR risks and limitations with system automation and integration, including over Journal Entries

Key changes to the control environment were completed between Q1 and Q3 to allow for the timely testing of design and operating effectiveness of controls at the Company's year-end. While the Company communicated further efficiency efforts through reduction of complexity in operations and additional cost savings, no additional material changes to operations occurred in Q4 that impacted the Company's ICFR.

These improvements have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. As a result, management has concluded that some of the material weaknesses identified as of June 30, 2020 have been eliminated as of June 30, 2021. Specifically, management has remediated material weaknesses related to our Risk Assessment, IT General Controls, Journal Entries, and Third-Party Service Organizations. We will continue to monitor and evaluate the effectiveness of these remedial actions and make further changes as deemed appropriate.

Management, with oversight from the Audit Committee will continue to implement, remediation measures related to the below identified material weakness, with a continued focus on reducing the use of complex spreadsheets in the performance of key business controls. We believe these measures, and others that may be implemented, will remediate the material weakness in ICFR described above.

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 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 June 30, 2021 against the COSO Framework. Based on this evaluation, management concluded that a material weakness existed as of June 30, 2021, as described below, and due to this material weakness, ICFR is not effective as of June 30, 2021.

Complex Spreadsheet Controls

The Company did not implement and maintain effective controls surrounding certain complex spreadsheets. Spreadsheets are inherently prone to error due to their manual nature which increases the risk of human error. The Company's controls related to complex spreadsheets did not address all identified risks associated with manual data entry, review of inputs into management assumptions and estimates, completeness of data entry, and the accuracy of mathematical formulas, impacting complex spreadsheets used in property, plant and equipment, fair value of biological assets, valuation of inventory provision, and production and revenue forecasting.

Management concluded this deficiency constitutes a material weakness in the Company's ICFR. As a result of the material weakness, management concluded that our ICFR was not effective as of June 30, 2021. No material errors were identified in the consolidated 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.

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;
- 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 ability to execute on its business transformation plan and path to Adjusted EBITDA profitability;
- planned cost efficiencies, including the execution of the Company's costs savings plan, including, but not limited to, asset consolidation, supply chain efficiency and other reductions in SG&A expenses;
- expectations related to the development and legalization of adult recreational markets;
- growth opportunities, including the expansion into additional international adult recreational markets;
- the recovery of the Company's domestic adult recreational segment;
- the continued supply of product into Israel and associated revenue;
- product portfolio and innovation, and associated revenue growth;
- future strategic plans including, but not limited to, M&A in the United States;
- competitive advantages and strengths of medical and regulatory expertise;
- licensing of genetic innovations to other Licensed Producers and associated revenue growth;
- expectations regarding biosynthetic production and associated intellectual property; 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,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 (termed "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.
    - Ancillary net revenue represents non-cannabis net revenue for ancillary support functions only.

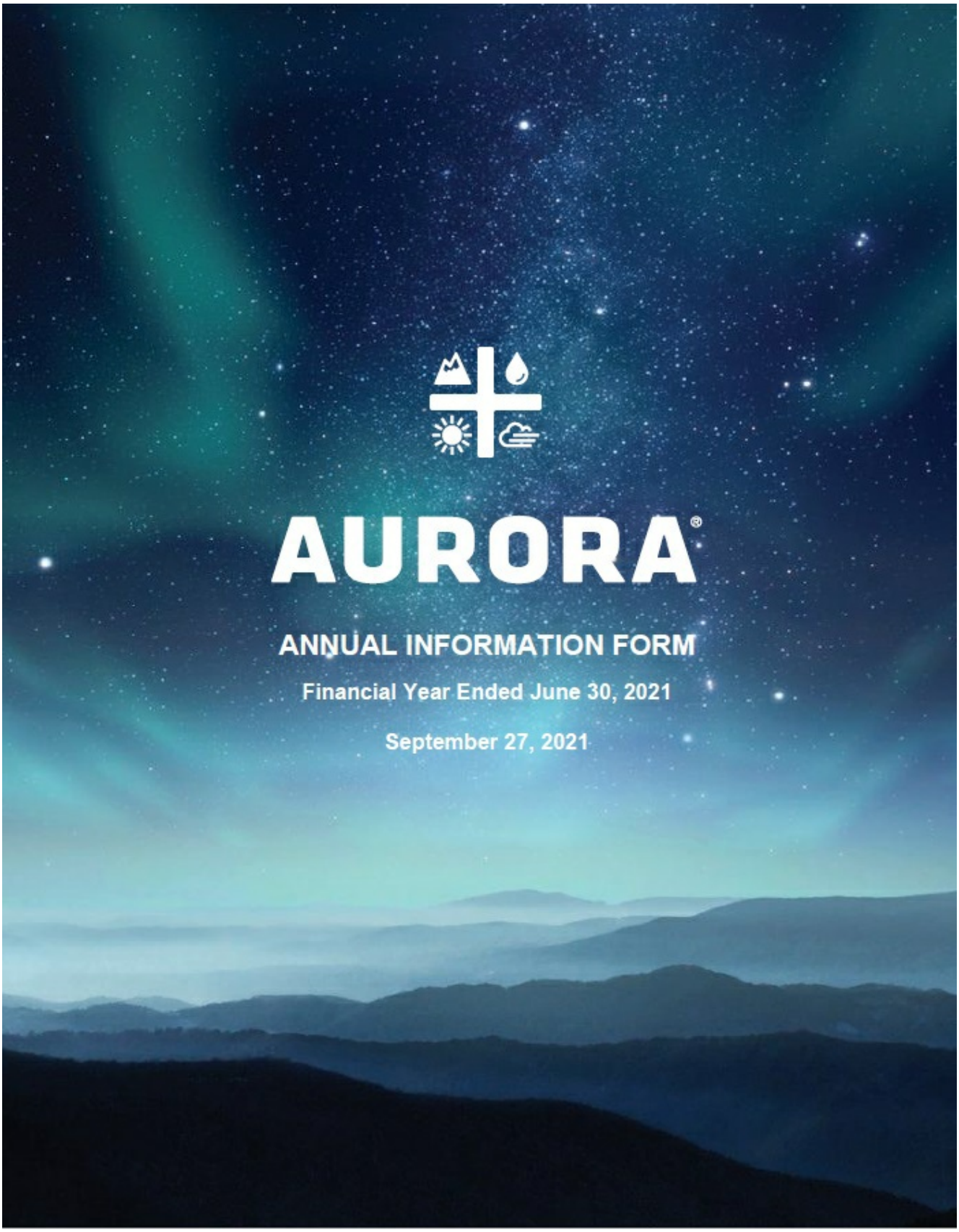
  Management believes the cannabis net revenue measures provide more specific information about the net revenue purely generated from our core cannabis business and by market type.
- Average net selling price per gram and gram equivalent is calculated by taking cannabis net revenue and removing the impact of cost of sales net against revenue in agency relationships, which is then divided by total grams and grams equivalent of cannabis sold in the period. Average net selling price per gram and gram equivalent is further broken down as follows:
    - Average net selling price per gram of dried cannabis represents the average net selling price per gram for dried cannabis sales only, excluding wholesale bulk cannabis sold in the period.
    - Average net selling price per gram of international dried cannabis represents the average net selling price per gram for international dried cannabis sales only, excluding wholesale bulk cannabis sold in the period.
    - Average net selling price per gram and gram equivalent of Canadian medical cannabis represents the average net selling price per gram and gram equivalent for dried cannabis and cannabis derivatives sold in the Canadian medical market.
    - Average net selling price per gram and gram equivalent of medical cannabis represents the average net selling price per gram and gram equivalent for dried cannabis and cannabis derivatives sold in the medical market.
    - Average net selling price per gram and gram equivalent of consumer cannabis represents the average net selling price per gram and gram equivalent for dried cannabis and cannabis derivatives sold in the consumer market.

  Management believes the average net selling price per gram or gram equivalent measures provide more specific information about the pricing trends over time by product and market type. Under an agency relationship, revenue is recognized net of cost of sales in accordance with IFRS. Management believes the removal of agency cost of sales in determining the average net selling price per gram and gram equivalent is more reflective of our average net selling price generated in the marketplace.
- Gross profit 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 non-cannabis 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 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 non-cannabis ancillary support functions; and removing (iii) depreciation in cost of sales; (iv) cannabis inventory impairment; and (v) 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.
    - Adjusted gross profit and gross margin before FV adjustments on ancillary net revenue represents gross profit and gross margin before FV adjustments on sales generated from ancillary support functions 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) excluding interest income (expense), accretion, income taxes, depreciation, amortization, changes in fair value of inventory sold, changes in fair value of biological assets, share-based compensation, acquisition costs, foreign exchange, share of income (losses) from investment in associates, government grant income, fair value gains and losses on financial instruments, gains and losses on deemed disposal, losses on disposal of assets, restructuring charges, onerous contract provisions, out-of-period adjustments, and non-cash impairments of deposits, property, plant and

equipment, equity investments, intangibles, goodwill, and other assets. 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. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of FV adjustments on biological assets and inventory and financial instruments, which may be volatile and fluctuate significantly from period to period.

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
Financial Year Ended June 30, 2021
September 27, 2021

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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 September 27, 2021, 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 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 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;
- statements made under the heading "Our Strategy";
- statements made with respect to the anticipated disposition of legal claims disclosed under the heading "Legal Proceedings and Regulatory Actions";
- the Company's ability to execute on its business transformation plan and path to Adjusted EBITDA profitability;
- planned cost efficiencies, including the execution of the Company's costs savings plan, including, but not limited to, asset consolidation, supply chain efficiency and other reductions in SG&A expenses;
- expectations related to the development and legalization of adult recreational markets;
- growth opportunities, including the expansion into additional international adult recreational markets;
- the continued supply of product into Israel;
- product portfolio and innovation;
- future strategic plans;
- competitive advantages and strengths of medical and regulatory expertise;
- licensing of genetic innovations to other LPs and associated revenue growth;
- expectations regarding biosynthetic production and associated intellectual property; 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,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	
ABCA	*Business Corporations Act* (Alberta)
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 September 27, 2021 for the year ended June 30, 2021
Anandia	Anandia Laboratories Inc., a wholly owned subsidiary of the Company
Aurora or the Company	Aurora Cannabis Inc
Aurora Coast	Aurora's state-of-the-art research facility dedicated to cannabis breeding, located in Comox, British Columbia
Aurora Germany	Aurora Deutschland GmbH, a wholly owned subsidiary of the Company
Aurora Nordic	Aurora Nordic Cannabis A/S, a wholly owned subsidiary of the Company
Aurora Nordic Facility	Aurora' production facility located in Odense, Denmark
Aurora River	Aurora's production facility located in Bradford, Ontario
Aurora Sky	Aurora's production facility located at Edmonton International Airport
Aurora USA	Aurora USA Holdings Ltd., a Delaware company and the U.S. holding company that owns Reliva
BAR	Business Acquisition Report - prepared in accordance with Form 51-102F4 and filed with respect to a significant acquisition as required under Part 8 of NI 51-102
BCBCA	*Business Corporations Act* (British Columbia)
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
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

CPG	consumer packaged goods
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 United States Department of Health and Human Services responsible for protecting and promoting public health through the control and supervision of, among other things, food safety, dietary supplements, prescription and over-the-counter pharmaceutical drugs and cosmetics
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, 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
Polaris	the 300,000 square foot manufacturing facility at the Edmonton International Airport which is scheduled for closure
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
Reliva	Reliva, LLC, a wholly owned subsidiary of the Company
THC	tetrahydrocannabinol, the principal psychoactive constituent of cannabis
TSX	Toronto Stock Exchange
U.S.	United States of America
Whistler	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. Effective October 2, 2014, the Company changed its name to Aurora Cannabis Inc.

The head office of Aurora is located at 500-10355 Jasper Avenue, Edmonton, Alberta, T5J 1Y6 and the registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

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 ABCA 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.
- **Aurora Nordic**, a Danish company we acquired, and which operates our Aurora Nordic Facility.

- **1769474 Alberta Ltd.**, a holding company and the entity that leases the lands for some of our production facilities, which was incorporated under the ABCA on August 20, 2013.
- **Whistler**, a holder of licenses under the *Cannabis Act*, which was incorporated under the BCBCA and holds the Whistler Facility and the Pemberton Facility. We acquired Whistler on March 1, 2019.
- **Reliva LLC**, a Delaware corporation, which we acquired on May 28, 2020.

GENERAL DEVELOPMENT OF THE BUSINESS

Developments during the Financial Year ended June 30, 2019

During fiscal 2019, the Company continued its growth commenced in the prior years. This phase was marked by acquisitions, strategic investments and expansion initiatives, as the Company developed and expanded its product offerings, sales and distribution channels and sought to grow its market share. Significant developments during 2019 are set out below.

Strategic investments, acquisitions, and partnerships

During fiscal 2019, the Company undertook a number of strategic investments and acquisitions, including:

- On July 25, 2018, Aurora completed the acquisition of all the issued and outstanding common shares of MedReleaf pursuant to a statutory plan of arrangement under the *Business Corporations Act* (Ontario) for total consideration of $2.6 billion, comprised of 30,843,353 Common Shares at an exchange ratio of 0.2979 Common Shares and $75.4 million fair value of replaced share-based payments. Pursuant to Part 8 of NI 51-102, this acquisition constituted a significant acquisition and a BAR was filed.
- On August 8, 2018, Aurora acquired all of the issued and outstanding common shares of Anandia, a privately held and globally recognized leader in cannabis science, in an all-share transaction. Pursuant to the terms of the arrangement agreement, Aurora issued 1,059,707 shares and 529,851 warrants for total consideration of $98.2 million, with an additional $10 million to be paid by way of the issuance of additional shares and warrants upon the achievement of future milestones. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and a BAR was not required to be filed. Subsequently, on November 14, 2018 the Company appointed Jonathan Page, a co-founder of Anandia, as Chief Science Officer of the Company. This transaction enabled the Company to develop new, customized cultivars for specific applications, creating high-margin products that generate positive health outcomes in relation to specific medical indications, while further enhancing efficiencies at its facilities. In April 2020, Anandia ceased serving external customers to devote all of its resources to the Company's analytical testing needs.
- On November 5, 2018, the Company increased its investment in Choom Holdings Inc. (" **Choom**") by an additional $20 million through a convertible debenture maturing in four years and convertible into common shares of Choom ("**Choom Shares**") (i) at the option of Aurora, any time prior to the Maturity Date at a conversion price of $1.25 per share, subject to a minimum conversion amount of $5 million, and (ii) at the option of Choom any time after the hold period has expired and the volume weighted average price ("**VWAP**") of the Choom Shares on the Canadian Securities Exchange was $3.00 or more for a period of 10 consecutive trading days. On July 8, 2021, Choom and Aurora made amendments to their relationship, whereby: (i) they entered into a debt restructuring fee agreement and an amended and restated investor rights agreement; (ii) Aurora converted indebtedness owed to it into 79,754,843 Choom Shares and was issued a convertible debenture in the aggregate principal amount of $6.0 million convertible into Choom Shares at $0.10 per share and maturing on December 23, 2024; (iii) Choom extended the expiry date of warrants held by Aurora from December 23, 2023 to December 23, 2024; and (iv) they agreed to use commercially reasonable efforts to enter into a services agreement pursuant to which Choom would operate retail cannabis stores on behalf of Aurora. As a result of the foregoing, Aurora beneficially owns, controls or exercise direction over an aggregate of 89,613,998 Choom Shares, representing approximately 19.9% of the issued and outstanding Choom Shares.
- On November 22, 2018, Aurora acquired all of the issued and outstanding common shares of ICC Labs Inc. for total consideration of $262.9 million comprised of 2,658,722 Common Shares and $7.7 million fair value of replaced share-based payments issued to ICC Labs shareholders. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and a BAR was not required to be filed. The Company is currently focusing on the higher margin medical market in Uruguay and the upcoming launch of its CBD oil products in the Uruguayan and adjacent markets.

- On March 1, 2019, the Company completed the acquisition of Whistler in an all-share transaction pursuant to the terms of an amalgamation agreement for total consideration of $158.1 million. On closing, the Company issued 1,121,736 Common Shares to Whistler shareholders, with two milestone payments in the amounts of $30 million and $10 million payable upon certain conditions being met. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and a BAR was not required to be filed.
- On March 13, 2019, the Company appointed Nelson Peltz as a strategic advisor, through 280 Park ACI Holdings, LLC. In consideration for the services, the Company granted stock options to purchase 1,663,480 Common Shares at $124.08 per share. On September 28, 2020, the Company announced that 280 Park ACI Holdings LLC had resigned as senior advisor of the Company effective September 25, 2020 in order to pursue other commitments.
- On April 16, 2019, the Company announced that it had entered into a binding letter agreement with Hempco Food and Fiber Inc. (" **Hempco**") with respect to the acquisition of all of the issued and outstanding common shares of Hempco not already owned at an agreed price of $1.04 per Hempco Share and payable in Common Shares. The acquisition was completed on August 19, 2019. Hempco was subsequently dissolved during the year ended June 30, 2021 as a result of hemp-based consumer packaged goods no longer aligning with the Company's strategy to focus on core cannabis operations.
- On May 21, 2019, the Company entered into a global partnership with the Ultimate Fighting Championship intended to advance further clinical research on the relationship between 100% hemp-derived CBD products and athlete wellness and recovery, with a view to accelerating CBD product development and education. As the cannabis market did not grow as quickly as expected following legalization, and in line with the Company's later focus on financial discipline and near-term profit pools (as detailed below under fiscal 2020), this partnership was mutually terminated, and the Company made a one-time payment of US$30 million in Q1 2021.

Corporate development and financing

During fiscal 2019, the Company sought opportunities to fund its expansion and corporate growth by accessing the capital markets. Significant corporate development and financing activities undertaken include the following:

- On September 4, 2018, the Company closed a $200 million debt facility with Bank of Montreal (the " **Credit Facility**") consisting of a $150 million term loan and a $50 million revolving credit facility, both of which were set to mature in 2021. The Company had an option to upsize the Credit Facility to a total of $250 million, subject to the implementation of the Cannabis Act. The Credit Facility was primarily secured by the Company's Canadian production facilities. See discussion under "Developments during the Financial Year Ended June 30, 2021" for further details.
- On October 23, 2018, the Company's Common Shares commenced trading on the NYSE under the symbol "ACB".
- On January 24, 2019, the Company closed a private offering of convertible senior notes due in 2024 for gross proceeds of US$345 million (including US$45 million pursuant to the exercise of the initial purchasers' over-allotment option). The notes are unsecured and will mature on February 28, 2024. The notes bear cash interest semi-annually at a rate of 5.5% per annum.
- On May 10, 2019, the Company filed a short form base shelf prospectus (" **Shelf**") with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 with the SEC in order to conduct "at-the-market" ("**ATM**") offerings in the United States. The ATM offering was put in place to support the strength of the Company's balance sheet and provide continued access to equity capital as the Company continued to align with the realities of the Canadian and international cannabis markets.

International expansion

During fiscal 2019, the Company sought to expand its entry and access to international markets. Some highlights include:

- On October 25, 2018, the Company announced that the Polish Ministry of Health had granted Aurora Germany approval for its first shipment of medical cannabis to Poland, to be sent to a pain treatment center and a hospital in Warsaw.
- On February 11, 2019, the Company announced it completed its first commercial export of cannabis oil to the United Kingdom (UK), making it one of the first Canadian companies to commercially supply cannabis-based medicines into the UK under the new legal framework that came into effect on November 1, 2018.

- On March 11, 2019, the Company announced that it had commenced the sale of cannabis oils to German pharmacies following receipt of all necessary approvals from the Canadian and German regulatory authorities.

Developments during the Financial Year ended June 30, 2020

During fiscal 2020, the Company focused on building the infrastructure and capabilities necessary for a successful and diversified business to better align with the realities of the current cannabis industry. The Company sought to increase its market share in Canada and key international markets, including through its entry into the U.S CBD market. Some key highlights for 2020 include:

Canadian and international expansion and market share

- On July 15, 2019, the Company announced it had received Health Canada licenses for outdoor cultivation. The Company's outdoor site in British Columbia is used for cultivation research to develop new technology, genetics and intellectual property in order to drive sustainable, high-quality outdoor production.
- On July 18, 2019, the Company announced it had been selected as the only winner of the Italian government's public tender to supply medical cannabis in Italy, awarding Aurora three lots to supply the Italian market, which is one of the most strictly regulated medical cannabis markets in the world. The supply contract, which was finalized on September 18, 2019, outlined the terms pursuant to which Aurora would supply a minimum of 400kg of medical cannabis over the two-year contract from its Canadian EU GMP certified facilities, imported to Italy through Aurora Germany and then sold to Agenzia Industrie Difesa (an agency of the Italian Ministry of Defense) for distribution to local pharmacies, who dispense directly to patients.
- On February 3, 2020, the Company announced that Aurora River had received EU GMP certification as well as all necessary approvals from local regulators in Germany for sales of its medical cannabis products, following a temporary sales suspension on certain products in December 2019.
- On May 20, 2020, the Company announced it had entered into an agreement to strategically enter the United States through the acquisition of Reliva. The acquisition closed on May 28, 2020 for total consideration of US$38.6 million comprised of 2,480,810 Common Shares at a price of US$15.34 and $0.5 million fair value of contingent consideration. The transaction also included a potential earn-out of up to a maximum of US$45 million payable in Common Shares, cash or a combination thereof, over the next two years contingent upon Reliva achieving certain financial targets. Pursuant to Part 8 of NI 51-102, this acquisition did not constitute a significant acquisition and a BAR was not required to be filed. This acquisition marked the Company's entry into the U.S. hemp-derived CBD market. Reliva is a leader in delivering high quality hemp-derived CBD products to consumers. Built on a philosophy of compliance, testing, product innovation and approachable price points Reliva has grown to become the #1 Nielsen and #2 IRI ranked retail CBD brand in the U.S. Reliva's products contain CBD derived from industrial hemp in compliance with the U.S. Agriculture Improvement Act of 2018 (2018 Farm Bill), and its products are not subject to the U.S. Controlled Substances Act.

Corporate re-set, cost rationalization and alignment with current market and industry realities

As the legal cannabis industry continued to evolve in fiscal 2020, the Company sought to better align to current conditions to ensure its future success. Several initiatives were undertaken from both a financial and corporate perspective to put the Company in a better position as it drove towards maturing within the industry, highlights of which are as follows:

- On August 15, 2019, the Company announced that it had secured commitments from an expanded syndicate of lenders to amend and upsize its existing Credit Facility to $360 million (the "**Amended and Restated Credit Facility**"). The Amended and Restated Credit Facility consisted of an additional $160 million allocated between both term loans and a revolving credit facility, both of which were set to mature in August 2021. In connection with the amendment, the Company also obtained the right to increase the loan amount by an additional $39.1 million under the same terms of the existing agreement. Closing of the Amended and Restated Credit Facility was announced on September 9, 2019. On March 25, 2020, the Company executed an amendment to the Amended and Restated Credit Facility with Bank of Montreal, which eliminated the $96.5 million non-revolving facility as the funds were initially earmarked for the construction of the Company's former Aurora Sun facility, utilized the $45.0 million restricted cash to repay and permanently reduce the outstanding term loan balance under Facility C, and amended our financial covenant ratios. See discussion under "Developments during the Financial Year Ended June 30, 2021" for further details.

- On November 14, 2019, the Company announced it had provided notice to all holders (the " **Debenture Holders**") of the two-year unsecured convertible debentures issued in March 2018 (the "**March Debentures**") of an opportunity to voluntarily convert at an amended early conversion ratio, equal to $1,000 principal amount of March Debentures divided by a 6% discount to 5-day VWAP of the Common Shares (the "**Amended Early Conversion Ratio**"). All Debenture Holders would be able to convert their March Debentures at the Amended Early Conversion Ratio during the period commencing on November 18, 2019 and ending on November 20, 2019. On November 25, 2019, the Company announced it received notice from Debenture Holders representing approximately $227 million principal (or approximately 99%) to voluntarily convert into Common Shares at a price of $39.4044 resulting in the issuance of an aggregate of 5,761,260 Common Shares, in accordance with the Amended Early Conversion Ratio.
- On December 20, 2019, Cam Battley stepped down as Chief Corporate Officer of the Company.
- On February 6, 2020, the Company announced the retirement of Terry Booth, the Company's founder and Chief Executive Officer. As part of his succession plan, Terry became a Senior Strategic Advisor, a position he held until May 27, 2020, and he remained on the Board, with Michael Singer replacing him as Interim Chief Executive Officer. The Company also appointed Michael Detlefsen and Lance Friedmann as new independent directors. Concurrent with these updates, the Company announced a business transformation plan intended to rationalize the cost structure and balance sheet going forward, which included the elimination of close to 500 full-time equivalent staff across the company, including approximately 25% of corporate positions. Additionally, management announced the restructuring of spending plans on information technology projects, sales and marketing initiatives, travel and entertainment, professional services, and other non-revenue generating third-party costs which do not provide an immediate impact on revenue.
- On April 13, 2020, the Company announced its intention to consolidate its Common Shares on a 12 to 1 basis to restore compliance with the NYSE's continued listing standards. The consolidation became effective on May 11, 2020 on both the TSX and NYSE.
- On June 3, 2020, the Company and Alcanna Inc. (" **Alcanna**") jointly announced that they had entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. (collectively, the "**Underwriters**") pursuant to which the Underwriters agreed to purchase, on a "bought deal" basis, 9,200,000 common shares of Alcanna ("**Alcanna Shares**") held by Aurora (the " **Offered Shares**") at a price of $3.00 per Offered Share and offer them to the public by way of short form prospectus for total gross proceeds to Aurora of approximately $27.6 million. The sale closed on June 24, 2020 and as a result, the Company no longer holds any Alcanna Shares or warrants to purchase Alcanna Shares**.** The Company initially made a strategic investment in Alcanna in February 2018.
- On June 23, 2020, the Company announced a material reduction in both corporate and production level employees and third-party consulting and professional spending across the organization. The corporate headcount rationalization was undertaken at all levels of the Company, including a restructuring of the executive leadership team. The Company also initiated a plan to close operations at five facilities over the subsequent two quarters in order to focus production and manufacturing at the Company's larger scale and highly efficient sites.
- On June 26, 2020, co-founder Terry Booth retired from his position as a Director of the Company and, subsequently on June 30, 2020, co-founder Steve Dobler retired from his roles as President and Director of the Company.

Developments during the Financial Year ended June 30, 2021

During fiscal 2021, the Company continued to work towards maturing into a profitable business by executing on its corporate re-set goals and a tactical plan intended to grow Aurora's leading market share in key profitable Canadian consumer categories, protect and enhance Aurora's leading market share in Canadian medical, and grow our international medical business.

Continuation of corporate re-set and cost rationalization

As the legal cannabis industry continued to evolve in fiscal 2021, the Company continued to better align itself to current conditions to ensure its future success. Several additional initiatives were undertaken from both a financial and corporate perspective to put the Company in a better position as it continued to drive towards maturing within the industry, highlights of which are as follows:

- On September 8, 2020, the Company announced it had reached an agreement with its syndicate of banks regarding amendments to its Amended and Restated Credit Facility and subsequently, on December 16, 2020, that it had reached an agreement regarding a second Amended and Restated Credit Facility (the "**Second Amended Credit Facility** "). Both amendments were implemented to provide additional flexibility during the Company's

business transformation plan. The Second Amended Credit Facility transitioned the facility to a minimum liquidity covenant rather than a minimum EBITDA covenant and extended the maturity to December 31, 2022. On June 1, 2021, the Company repaid the Second 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 results in interest and scheduled principal repayment reductions of approximately $25 million over the next 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 Quebec, and a corresponding shelf registration statement on Form F-10 with the SEC. The final 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 the base shelf prospectus remains 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 Company subsequently filed a prospectus supplement to the 2020 Shelf Prospectus relating to an overnight marketed public offering (the "**Offering**") of units of the Company (the " **Units**") 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 is comprised of one Common Share and one half of one Common Share purchase warrant (each full Common Share purchase warrant, a "**Warrant**"). Each Warrant is exercisable to acquire one Common Share (a " **Warrant Share**") for a period of 40 months following the closing date of the Offering at an exercise price of US$9.00 per Warrant Share, subject to adjustment in certain events. In addition, 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 are intended to fund growth opportunities, and for working capital and other general corporate purposes.
- 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 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 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 " **March 2021 Shelf**") to qualify Common Shares, preferred shares, Warrants, subscription receipts and debt securities up to US$1 billion during the 25-month period that it remains effective. The March 2021 Shelf was filed to provide maximum flexibility to pursue strategic initiatives, which may include acquisitions or partnerships pursuant to the Company's previously stated global growth strategy. On May 20, 2021, the Company filed a supplement to the March 2021 Shelf establishing a new ATM program that allows 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. Any Common Share sales under the ATM program will be made through "at-the-market distributions" as defined in National Instrument 44-102 and sold through Nasdaq or other marketplace(s) in the United States at the prevailing market price at the time of sale. Sales may also be made in privately negotiated transactions. No sales will be made through a stock exchange or stock market in Canada. Distributions of the Common Shares through the ATM program will be 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**").
- 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 that are expected to be achieved within eighteen months of the announcement date.
- 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 is 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

As the Company continued to mature within the industry, a number of changes were made to the senior management team, and enhancements made to strengthen the Board's governance, including the following:

- On July 6, 2020, the Company appointed Miguel Martin, President of Aurora USA and head of Reliva, as Chief Commercial Officer of the Company, replacing Darren Karasiuk. Miguel 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. Miguel has deep, diverse experience in consumer-packaged goods, highly regulated industries and the U.S. cannabinoid industry and is well-positioned to continue to execute Aurora's business transformation, with a focus on commercial strategy.
- 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 Company, replacing Michael Singer who maintains a seat on the Board. This transition reflects the strength of current management and the Board's planned governance enhancements to include an independent Chairman. Ron has 30+ years in senior executive roles managing profitable regulated CPG brands. He brings unique skills and experiences that will assist the Company in the pursuit of global growth and has proven himself to be an effective leader as the Company has grown and evolved during his tenure on the Board. The Company also announced the appointment of Alex Miller to the role of Executive Vice President, Supply Chain and Lori Schick to the role of Executive Vice President, Human Resources. Alex brings 25+ years of experience in food, CPG and pharmaceutical industry experience in operations and supply chain leadership positions, most recently as Vice President, Operations at MAV Beauty Brands Inc. Lori brings 20+ years of global human resources leadership experience leading organizational transformation and building high performance teams. Most recently, Lori was Senior Vice President and Head of People at Holt, Renfrew & Co.

Science and innovation initiatives

During fiscal 2021, the Company continued its science and innovation strategy and worked to harness cannabinoid technologies to commercialize products across a variety of consumer sectors. Key achievements include:

- On May 27, 2021, the Company announced the launch of a dedicated science and innovation business group, 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. 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 sub-licensee 22nd Century Group together share the global IP rights to commercialize key aspects of cannabinoid biosynthesis in plants and microorganisms. The two companies are working closely to enforce their IP against infringing parties, as well as to actively explore commercial development opportunities.
- 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. Guided by consumer insights to identify highly desirable traits, the new cultivars were developed at Aurora Coast, 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. The new hybrid and indica cultivars are also the first adult-use flower products Aurora has commercialized from Aurora Coast.

Operations and international reach

During fiscal 2021, the Company worked to right-size its operations and maintain its leading international cannabis platform by entering into various strategic supply agreements. Key highlights include:

- On November 25, 2020, the Company announced it had entered into a strategic supply agreement with Cantek Holdings (“ **Cantek**”), one of Israel’s leaders in the medical cannabis field. Under the terms of the supply agreement, Aurora will supply Cantek with dried bulk flower over a two-year period, with the option to extend. The Company intends to provide Cantek with a minimum of 4,000 kilograms of bulk dried flower annually, which will be processed into finished product, and co-branded under the Aurora and Cantek brand names for the Israeli market with the potential for additional international market sales. Having secured all necessary export and import permits, the initial shipment of cannabis under the Agreement occurred during the week of November 16, 2020.
- 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 leading network, combined with increased focus on innovation led by deep plant science and genetics expertise.
- On January 14, 2021, the Company announced it had entered into an agreement with Great North Distributors Inc. (“ **Great North**”), Canada's first national sales broker for legalized adult-use cannabis. Under the agreement, Great North will be the exclusive representative for Aurora's leading portfolio of brands across the Canadian cannabis retail environment. Great North has reach across every province in Canada, including established relationships and expertise in working with provincially owned and operated retailers and private retailers in Canada's cannabis industry. Great North applies industry-leading data analytics capabilities to the sector, providing suppliers with a powerful data-driven approach to cannabis sales.
- On January 27, 2021, the Company announced it had entered into a strategic agreement with MedReleaf Australia (“ **MedAus**”). The companies signed a five-year supply agreement, which provides for MedAus to act as the exclusive supplier in Australia for Aurora’s MedReleaf, CanniMed and Aurora brands. Products covered by the agreement will be EU GMP certified and include dried flower, oils and softgels, as well as future products employing new delivery mechanisms.
- On May 20, 2021, the Company announced that Aurora Germany and Grow Group PLC (“ **Grow**”), a biopharmaceutical company focused on improving access to cannabis-based medicines in the United Kingdom, had extended their long-standing strategic relationship by signing a two-year market access services agreement for the UK. Aurora was one of the first companies to enter into a strategic relationship with Grow in August 2019 and since then, both companies have become leaders in the rapidly growing medical cannabis market in the UK.

Developments subsequent to the Financial Year ended June 30, 2021

Following fiscal 2021 and up to the date of this AIF, the Company has continued to execute against its strategic objectives and business transformation plan. Notably:

- 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 strategic supply agreement with Cantek. The sale is a significant step in advancing the Company’s international medical business, a key strategic priority for Aurora as a global cannabis company. With leadership in both Canada and Europe, Aurora is uniquely positioned to be a partner of choice in countries like Israel, where THC recreational markets are opening up in the near-term, and non-THC cannabinoids, such as CBD, are advancing toward legalization
- On July 26, 2021, the Company announced the appointment of Theresa Firestone to the Board. Theresa 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, Theresa 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 August 25, 2021, the Company announced that Aurora Germany and Ethypharm SAS successfully delivered their initial shipment of cannabis to the French medical cannabis pilot program, set to begin serving patients in the coming weeks. Aurora and Ethypharm were 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 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 sourced from our Aurora Nordic Facility, as well as EU GMP manufacturing and logistics support. Ethypharm's French subsidiary, Laboratoires Ethypharm, is responsible for pharmaceutical distribution in France.

- 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 Polaris facility.

DESCRIPTION OF THE BUSINESS

General

Aurora'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 where 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 Canada and Germany. Aurora has established a leading market position in both countries;
- **Global consumer 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; and
- **Global hemp-derived CBD market:** The Company expects consumer demand for products containing CBD derived from hemp plants to be an exciting growth opportunity in the coming years. The Company believes that the most important near-term market opportunity for hemp-derived CBD is in the U.S. On May 28, 2020, the Company acquired Reliva, which specializes in the distribution and sale of hemp-derived CBD products in the U.S. market.

Business Transformation Plan Update

In February 2020, the Company announced a business transformation plan intended to align Aurora's cultivation footprint, sales and marketing, operations and logistics, and back-office functions with the realities of operating in a rapidly evolving global cannabis category. The intention of the business transformation plan is to focus Aurora's operations on achieving profitability in core Canadian medical, select international medical and Canadian consumer markets in the near term.

The first phase of the business transformation plan was announced in February 2020, and Aurora made significant progress on reducing SG&A expenses and capital expenditures.

The second phase of the business transformation plan was announced in June 2020 and was focused on aligning Aurora's production and distribution network with current market quality and quantity demands in both the Canadian medical and adult-use markets. This decision included the announcement in December 2020 of the ramp-down of Aurora Sky to 25% of capacity. The business transformation included the appointment of Miguel Martin as CEO in September 2020 and a focus on repositioning Aurora's Canadian consumer business to focus on core and premium margin segments in the key formats that comprise the vast majority of the consumer market economics: dry flower, pre-rolls, vapour and concentrates. During fiscal 2021, Aurora made considerable progress in transforming all of its cultivation and production to higher quality standards including higher potency and terpene levels, and consumer experience standards including flower size, moisture levels, and visual appearance, all of which are important to meet the higher quality standards now expected by both medical patients and adult-use consumers.

On September 21, 2021, Aurora announced the third phase of the business transformation plan which included the centralization of manufacturing activities at the Company's River facility, and the closing of the Polaris manufacturing and distribution facility. Aurora's achievement of further significant cost and expense reductions as part of phase three of the program are expected to clear a path to Adjusted EBITDA profitability.

Today, Aurora is a leading global cannabinoids company with a strong and diversified business model anchored by:

- The #1 medical cannabis platform in Canada by revenue;
- A leading international medical cannabis platform with sales into 13 countries with federally legal medical cannabis regimes;
- Industry leading gross margins driven by efficient production facilities and high margin medical businesses,
- A world leading science and innovation program, underpinned by what we believe is the world's largest dedicated cannabis breeding and genetics facility located in Comox B.C.; and
- A vastly improved balance sheet and cash flow position, with over $400 million of cash at June 30, 2021, all term debt having been paid off, and no convertible debt due for almost 3 years.

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 profitable Canadian and international medical markets positions us well for new regulated market openings such as Israel, as well as potential US federal legalization of medical cannabis. At the core of Aurora's objective to achieve near term positive EBITDA 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 gross profit margins of ~60% with substantially better pricing power relative to the Canadian adult-use segment.

  Our leadership in international medical cannabis flower provides us with a high growth, highly profitable business that consistently delivers cash gross margins exceeding 60% (72% in Q4 2021). 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 as new medical markets open. For example, Aurora is one of the very few successful exporters of medical cannabis to Israel with what we believe is the single largest legal international cannabis shipment ever of 2,000 kilograms to Israel in July 2021, with the next expected export scheduled for October 2021.

- **Science leadership: Genetics, Breeding, Biosynthetics:** Our scientific leadership and ongoing investment provides Aurora with a strong right to win in premium consumer categories driven by our industry leading genetics and breeding program. The breeding program, located at Aurora Coast, the state-of-the-art facility in Vancouver Island's Comox Valley, is expected to drive revenues by injecting rotation and variety into our product pipeline, and has screened over 7,000 unique cultivars in 2021. In August and September 2021, Aurora launched the first three new proprietary cannabis cultivars that have been genetically engineered from the ground up by our genetic research program – Stonefruit Sunset, Driftwood Diesel, and Lemon Rocket, all of which have the distinctive terpene profiles and high THC potency (in the mid 20% range) that are highly desired by cannabis consumers.

  The genetics and breeding program is also expected, over time to generate incremental, capital efficient revenue through license agreements for these genetic innovations to other licensed producers. The first indications of the importance of this business, and the capabilities of our genetics and breeding program, are the two cultivars provided to a Canadian craft grower, North 40, that recently launched small batches of Farmgas, and Sourdough, both of which have high levels of very distinctive terpenes, and very high THC potency, measuring in the high 20% range, with some batches exceeding 30%.

  Finally, we also believe that our intellectual property includes the most efficient path for cannabinoid biosynthetic production, which puts us in a pivotal position with most biosynthetics work being undertaken in the cannabis industry, which we are actively working to build, partner, enforce, and protect.

- **U.S. expansion:** We believe that the U.S. cannabis market will eventually be federally regulated, with states' rights respected, in a framework similar to every other comparable industry. 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 with a continuing right to win in lucrative components of the cannabis value chain.

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

AURORA	Aurora is known around the globe for research-driven innovation at scale. In addition to a wide selection of dried flower, oils, and softgels, Aurora was one of the first Licensed Producers to the Canadian medical cannabis market with a wide range of Cannabis 2.0 products including edibles, vapes, and concentrates. 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.
CanniMed BY AURORA	The CanniMed brand portfolio includes a number of dried milled strains, cannabis oils, capsules, and topicals kits for medical patients. CanniMed's 1:20 Oil has been used in clinical trials studying symptom management in treatment-resistant childhood epilepsies.
MedReleaf BY AURORA	The MedReleaf brand portfolio includes dried cannabis varieties, strain specific cannabis oils, capsules, and concentrates. In 2013, MedReleaf entered into a strategic alliance with Tikun Olam Ltd. whereby MedReleaf obtained an exclusive license to offer premium, research-backed varieties of cannabis and leverage access to extensive patient data that Tikun Olam Ltd. had gathered for over a decade.
WMMC	Founded in 2013, Whistler was the first Canadian Licensed Producer to obtain organic certification and sell a full suite of organic-certified cannabis products. Whistler has commercialized more than 30 flower varieties and strain-specific oil products from an extensive genetics bank of over 150 strains.

Consumer

Super Premium	PREMIUM	CORE	VALUE
Whistler CANNABIS CO.	San Rafael '71 WHERE IT ALL BEGAN	AURORA drift	Daily SPECIAL THE BEST FOR LESS, SERVED DAILY.
Flower & Pre-Roll	*Flower, Pre-Roll, Vape, Live Resin, Soft Chew & Gel Cap*	*Vape, Soft Chew & Cookie*	*Flower, Pre-Roll, Vape, Chocolate, Oil & Gel Cap*

Product Innovation

The Company continues to evolve its product lines to meet the needs of medical patients, existing consumers, and new consumers alike, with a number of new products planned for the market. New product launches will focus on key patient and consumer needs and emerging opportunities.

The Company has a variety of new, differentiated cannabis products at various stages of development. R&D and consumer research resources are being prioritized in key growth and margin accretive derivative segments of the cannabis market. The Company remains focused on delivering innovative products that are patient and consumer focused.

Strategic Pillars:

- expanding and accelerating a portfolio of differentiated vape products
- pre-roll expansion into premium brands
- consumer-focused cultivars expansion
- expanding the concentrate portfolio and entry into solventless products
- expanding and accelerating a portfolio of differentiated and innovative edible formats
- seasonal offerings

The Company will continue to leverage its portfolio of brands and prioritize initiatives that are accretive to the business and deliver a positive consumer experience.

Revenue

The following table sets out the cannabis net revenue for each category of products within the cannabis 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	Year ended June 30, 2021 ($ thousands)	Year ended June 30, 2020 ($ thousands)
Net revenue from dried flower	160,995	189,543
Net revenue from extracts	84,257	71,038
Cannabis net revenue	**245,252**	**260,581**

Patient Counseling and Outreach Services

Aurora provides patient counseling and outreach services through our subsidiary CanvasRx. 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 currently has 11 physical locations in Alberta and Ontario.

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 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 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. In May 2016, we became the first Licensed Producer to offer same-day delivery of medical cannabis when we launched this service in the Calgary, Edmonton metropolitan areas. We now offer this service in the Greater Toronto Area. Medical cannabis is, and will continue to be, delivered by secured courier or other methods permitted by the Cannabis Act.

The Company has a supply agreement in place with Shoppers Drug Mart, which currently sells Aurora, CanniMed and MedReleaf products through their e-commerce website. In addition, we have agreements in place with PharmaSave (in collaboration with CanvasRX) and PharmaChoice, authorizing them to provide patient support and to refer patients into the Aurora network until such time as they can distribute medical cannabis through their pharmacists across Canada.

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, Aurora supplies the provinces with a wide variety of premium product from its 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 certification of certain of our facilities, we are 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. On September 11, 2020, Aurora Nordic received EU GMP certification which allows for the export of dried flower and oils, allowing distribution from the Aurora Nordic Facility to Germany, which allows us to transition the supply of product destined for the EU markets from Canadian facilities to Nordic.

RESEARCH AND DEVELOPMENT

In addition to the production and sale of cannabis and cannabis products, the Company is also focused on research and development activities (R&D), which are organized into the following main areas:

Plant science:	Breeding and genetics of new cultivars, tissue culture, cultivar commercialization and intellectual property, analysis of chemistry and quality for sales and marketing
Analytical science:	Quality control testing, development of new assays, support for new product formats, R&D analysis

Plant Science

Fiscal 2021 represented the first full year of breeding activities at our Aurora Coast facility. Several new cannabis cultivars were advanced to the “commercial ready” stage and five were put into production (three for Aurora and two for a third-party client). Our Aurora Coast facility, in Comox, British Columbia, continues to lead Aurora’s plant R&D efforts to deliver improved genetics for our production facilities, including better yields, disease resistance and improved chemical profiles. The products emerging from this R&D pipeline will serve Aurora as well as generate revenue through sale and licensing to third parties.

Aurora’s development of outdoor production continued in 2021, testing both pure auto-flowering plants (photoperiod insensitive) and auto/photo mixes (one parent auto flowering, one parent photo period sensitive). One of the auto/photo mixes, Goldberry Kush, achieved a potency level high enough to qualify for commercial sale through our medical channel. This spring we commenced another trial year with more auto/photo mixes and pure auto flowers. This year will focus on both genetic improvement and better agronomic practices to produce low-cost flower outdoors.

Our plant science team continues to work to protect intellectual property for its key cultivars using “plant breeders’ rights”.

On May 27, 2021, we announced the launch of a dedicated Science & Innovation business group, 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. Currently, the Company is exploring ways to optimize the cannabinoid biosynthesis pathway within the plant itself using its IP. Together with our sub-licensee, 22nd Century Group, we intend to leverage the intellectual property that includes the most efficient path for cannabinoid biosynthetic production, which puts us in a pivotal position with most biosynthetics work being undertaken in the cannabis industry, which we are actively working to build, partner, enforce, and protect.

Analytical Science

Our wholly owned subsidiary, Anandia, continues to provide standardized quality control testing to the Aurora quality assurance and production teams and has supported product development, R&D and commercial programs through routine and custom testing solutions.

PRODUCTION FACILITIES AND LICENSES

Our cannabis products are currently primarily cultivated and manufactured in the following licensed production facilities.

FACILITY	LOCATION	SIZE (ft^2)	ESTIMATED ANNUAL PRODUCTION	FULL OPERATION	LICENSE/CERTIFICATION			
					Cultivation	Sale	EU GMP	CUMCS
Aurora River	Bradford, ON	210,000	28,000 kg/year	●	●	●	●	*In process*
Aurora Ridge	Markham, ON	55,000	7,000 kg/year	●	●	●	●	*In process*
Aurora Nordic	Odense, Denmark	100,000	10,000 kg/year	●	●	●	●	*In process*
Whistler Pemberton	Pemberton, BC	62,000	4,500 kg/year	●	●	●		*In process*
Aurora Sky	Edmonton, AB	800,000	>25,000 kg/year	●	●	●		●

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, 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. Aurora River received its oils production license in September 2018. The Company expects a production capacity of up to 28,000 kg of cannabis per year.
Aurora Ridge	Through the acquisition of MedReleaf, we 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. Aurora Ridge received its EU GMP certification in August 2018. The Company expects a production capacity of 7,000 kg of cannabis per year from this facility.
Aurora Nordic	In order to accelerate time to market, Aurora Nordic retrofitted the Aurora Nordic Facility, an existing 100,000 square feet greenhouse. On September 11, 2020, Aurora Nordic received EU GMP certification which allows for the export of dried flower and oils to the rest of Europe. The Company expects a production capacity of up to 10,000 kg of cannabis per year from this facility.
Whistler Pemberton	Through the acquisition of Whistler, we acquired the Whistler Pemberton Facility, an existing purpose-built, state-of-the-art facility that has been constructed in compliance with EU GMP standards. The facility is now fully licensed and in full production, with a production capacity of 4,500 kg of cannabis per year.
Aurora Sky	Aurora Sky is located at the Edmonton International Airport. Construction was substantially completed in January 2019 and the facility was fully licensed by Health Canada for the production and sale of cannabis and cannabis derivative products as of February 25, 2019. Aurora Sky can produce more than 100,000 kilograms of cannabis per year, however, in December 2020, we announced the ramp-down of cultivation to 25% of nameplate capacity to better balance current production to demand.

Research and Analytical Testing Facilities

In addition to our production facilities, we have the following facilities which are used for research activities and analytical testing:

FACILITY	LOCATION	SIZE	STATUS	LICENSE (Research)
Aurora Coast	Comox, BC	22,500 ft^2	Operating research facility	●
Anandia UBC	Vancouver, BC	3,000 ft^2	Operating research facility	●
Anandia GNW	Vancouver, BC	12,700 ft^2	Licensed analytical testing and research facility	● (Analytical testing and research)
Anandia Toronto	Toronto, ON	2,700 ft^2	Licensed analytical testing facility	● (Analytical testing)

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, and analytical testing, international 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 consumer and patient 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 it produces and sells. Therefore, the Company must employ skilled personnel within these areas. Experience in cannabis or other regulated industries assists the Company in remaining in compliance with applicable laws and regulations.

Specialized skills and knowledge are important to the Company's success as it 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 goals.

Intangible Properties

To protect our intellectual property (" **IP**"), 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 international rights to over 100 patents and patent 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 IP 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 IP and understand how our IP assets can be used to protect and leverage product development efforts to achieve key business goals.

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 federal 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 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 Health Canada, provincial and territorial regulators frequently release and update guidance to assist the industry in interpreting and applying the 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, must hold a valid security clearance issued by the Minister of Health (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 license 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. 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 with 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 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
Quebec	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 United States

Aurora does not currently have any direct or indirect cannabis investments in the United States, where cannabis remains federally illegal.

The United States 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. Aurora Germany holds all relevant licenses and permits and has been importing, exporting, and distributing cannabis for medical purposes into and within the European Union since December 2015. Aurora Germany distributes directly to more than 2,000 German pharmacies as well as indirectly through a network of wholesalers and pharmacies. While Aurora historically relied on imported medical cannabis products from Licensed Producers in Canada and the Netherlands, the Company has shifted the majority of production for the German market to its Aurora Nordic Facility in Denmark.

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 is a priority and is underpinned by our Aurora Nordic Facility.

Denmark

Our Aurora Nordic Facility is able to produce up to 10,000 kg of cannabis per year. On September 11, 2020, Aurora Nordic received EU GMP certification, allowing for the distribution of dried flower and oils from that facility to Aurora Germany and other markets. It is now our main production facility to serve the European and other international markets in the future, allowing for greater efficiency, lower transportation costs and better ability to respond to local market patient preferences as compared to exporting from Aurora's Canadian production facilities**.**

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 we believe that the Polish medical market will continue to represent an attractive near-term growth opportunity for supply out of our Aurora Nordic Facility.

United Kingdom

In 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.

Israel

As described earlier, the Company successfully exported one of the largest shipments of cannabis ever received in Israel, valued at approximately $8 million, pursuant to its supply agreement with its exclusive distributor Cantek. In addition, and concurrently with the filing of this AIF, the Company announced a long-term supply agreement with Cantek, which is expected to provide a steady stream of high-margin revenue that could also evolve into a larger partnership over time. The Company is actively working with Cantek to ensure it maintains continued 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.

Employees

As of June 30, 2021, the Company (including its subsidiaries) had approximately 1,761 employees (2020 – 2,731 employees). As of September 27, 2021, the Company has approximately 1,643 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 revenues 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 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.

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. 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 United States 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 expect even more competitors to enter our market, and many of our current and future 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 are 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.

Some companies 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.

The cannabis industry, particularly the recreational cannabis industry, in which we operate is, and is expected to continue to be, highly competitive. As such there is potential that we will face intense competition from existing companies and additional competition from new entrants. The number of licenses granted, and the number of licensed producers ultimately authorized by Health Canada, could have an adverse impact on our ability to compete for market share in Canada's cannabis market. We also face competition from illegal cannabis dispensaries, who do not have a valid license, that are selling cannabis to individuals.

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. 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.

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 of, such contracts may adversely impact our business, financial condition and operations.

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.

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 its common shares.

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.

Further, 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.

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. 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.

Our 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.

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.

We may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, and high rates of inflation. 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.

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 (United States) ("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 inhaled and ingested 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. 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 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 holders of licenses under the *Cannabis Act* generally, which could have a material adverse effect on our business, financial condition and operations.

We may become party to litigation, mediation, and/or arbitration from time to time.

We may 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 United States 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 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.

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, snow storms, 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 protect our ideas and technology. Even if we move to protect our technology 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 United States 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.

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.

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 continue to meet the listing standards of the NASDAQ and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on the NASDAQ and the TSX. If we fail to comply with listing standards and the 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 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.

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 June 30, 2021. 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 United States 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 United States 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 United States 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 United States 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 United States Securities and Exchange Commission (" **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 United States. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the United States. 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 United States 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 United States 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 United States, 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 United States or other foreign jurisdictions.

Our business may be subject to disruptions as a result of the COVID-19 pandemic.

We are closely monitoring the rapid evolution of COVID -19 with a focus on the jurisdictions in which the Company and its subsidiaries operate. During this period of uncertainty, it is our priority to safeguard the health and safety of our personnel, support and enforce government actions to slow the spread of COVID-19, and continually assess and mitigate the risks to our business operations. We have taken responsible measures to maximize the safety of staff working at all of its facilities. This includes reorganizing physical layouts, adjusting schedules to improve physical distancing, implementing extra health screening measures for employees and applying rigorous standards for personal protective equipment. We continue to maintain regular communications with legal and government representatives, suppliers, customers and business partners to identify and monitor any potential risks to our ongoing operations. As at the date of this AIF, the production and sale of cannabis has been recognized as an essential service across Canada. Consumer cannabis sales in Canada are primarily with government bodies, which continue to offer end customers online ordering and home delivery options. Consumer market retail stores are generally permitted to remain open in Canada subject to adhering to the required social distancing measures. All of our facilities in Canada and internationally continue to be operational and we continue to work closely with local, national and international governmental authorities to ensure that we are following the required protocols and guidelines related to COVID-19 within each region. Although there have not been any significant impacts to our operations to date, we cannot provide assurance that there will not be disruptions to its operations in the future.

Reliva's operations in the United States 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 Agricultural Improvement Act, H.R. 25 (" **2018 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 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 United States 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. Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use. 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.

Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use.

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.

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 other 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 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 August 31, 2021, being the most recently completed month prior to the date of this AIF, there were 198,120,055 Common Shares issued and outstanding and 269,040,916 on a fully diluted basis. No Class A Shares or Class B Shares are issued or outstanding. As of August 31, 2021, the dilutive securities are summarized as follows:

Security Type	Common Shares Issuable (#)	Exercise price (average) ($)	Cash proceeds or debt reduction if exercised ($)
Warrants[1]	18,447,389	15.68	289,210,737
Stock Options	3,328,986	58.25	193,919,092
Convertible Debentures	47,737,650	US$7.23	US$345,000,000
Restricted Share Units ("RSUs")[2]	964,068	n/a	—
Performance Share Units ("PSUs")[2]	385,385	n/a	—
Deferred Share Units ("DSUs")[2]	57,383	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 $11.16 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 $15.62 until January 26, 2024.

(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 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 (CAD $)	Low (CAD $)	Total Volume
July 2020	17.31	13.65	24,880,382
August 2020	14.23	12.31	24,347,074
September 2020	12.16	6.20	55,191,623
October 2020	6.73	5.08	64,975,508
November 2020	15.25	5.82	249,385,247
December 2020	14.43	10.60	126,593,162
January 2020	16.94	10.64	125,167,037
February 2021	24.10	12.78	126,783,137
March 2021	15.28	10.80	76,026,787
April 2021	12.02	6.40	40,447,622
May 2021	11.64	7.99	36,851,800
June 2021	12.88	10.50	34,142,700

In the U.S., the Common Shares have been listed on Nasdaq since May 25, 2021, and previously to that were listed on the NYSE. The following table sets forth information relating to the trading of the Common Shares on Nasdaq and NYSE for the months indicated.

Month	NYSE and Nasdaq Price Range		
	High (US $)	Low (US $)	Total Volume
July 2020	12.90	10.13	74,008,200
August 2020	10.88	9.08	54,545,300
September 2020	9.73	4.56	175,305,800
October 2020	5.71	3.71	276,632,20
November 2020	14.48	4.10	1,590,698,500
December 2020	12.19	8.16	594,198,600
January 2020	13.32	8.38	566,029,300
February 2021	18.98	10.10	607,342,500
March 2021	12.08	8.61	266,830,400
April 2021	9.57	7.51	149,387,000
May 2021 [(1)]	9.66	6.59	137,517,200
June 2021	10.64	8.46	120,647,300

Note:

(1) Represents trading on NYSE from May 1 to May 24, 2021, and on Nasdaq thereafter.

Prior Sales

During the year ended June 30, 2021, 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
July 27, 2020	Stock Options	2,686	$14.00
September 10, 2020	Stock Options	131,211	$10.09
September 10, 2020	RSUs	523,313	N/A
September 10, 2020	DSUs	9,107	N/A
September 30, 2020	DSUs	1,967	N/A
October 9, 2020	RSUs	15,158	N/A
November 3, 2020	RSUs	3,800	N/A
November 12, 2020	PSUs	425,939	N/A
November 16, 2020	Warrants	11,500,000	U.S. $9.00
November 30, 2020	Warrants	233,908	$11.11
November 30, 2020	Options	20,226	$15.25
November 30, 2020	DSUs	5,160	N/A
December 8, 2020	PSUs	5,076	N/A
December 8, 2020	RSUs	6,689	N/A
December 8, 2020	Options	8,106	$13.35
December 9, 2020	PSUs	2,906	N/A
December 9, 2020	RSUs	4,297	N/A
December 9, 2020	Options	3,975	$13.59
December 14, 2020	RSUs	141,547	N/A
December 14, 2020	Options	243,963	$12.61
December 31, 2020	DSUs	1,159	N/A
January 19, 2021	PSUs	786	N/A
January 19, 2021	RSUs	1,833	N/A
January 26, 2021	Warrants	6,600,000	U.S.$12.60
January 26, 2021	PSUs	722	N/A
January 26, 2021	RSUs	1,684	N/A
January 27, 2021	PSUs	944	N/A
January 27, 2021	RSUs	2,202	N/A
February 11, 2021	Options	1,198	$23.96
February 11, 2021	PSUs	373	N/A
February 11, 2021	RSUs	373	N/A
February 16, 2021	RSUs	58,796	N/A
February 16, 2021	Options	87,704	$17.84
February 28, 2021	DSUs	5,850	N/A
February 28, 2021	Options	17,022	$13.46
March 11, 2021	DSUs	3,623	N/A
March 31, 2021	DSUs	5,780	N/A
May 18, 2021	Options	246,710	$8.50
May 18, 2021	PSUs	33,088	N/A
May 18, 2021	RSUs	148,897	N/A
May 31, 2021	DSUs	7,243	N/A
May 31, 2021	Options	23,709	$11.24
June 30, 2021	DSUs	6,220	N/A

ESCROWED SECURITIES

The Company had no escrowed securities outstanding as at June 30, 2021.

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	Chief Executive Officer of Aurora; President of Aurora USA since May 28, 2020 and head of Reliva LLC since November 2018; former President/General Manager of Logic Technology Development LLC from August 2013 to January 2018
Ron Funk[2][3][4][5] **Ontario, Canada** Chairman	July 2018	Chairman of the Board; owner of Funk Consulting (May 2009 to July 2020)
Michael Singer **Quebec, Canada** Director	May 2016	Director, consultant and entrepreneur (CPA, CGA); former Executive Chairman (July 2018 until May 2021) and Interim CEO (February 2020 until September 2020); previously independent Director (May 2016 until July 2018) and Chairman of the Board (May 2016 until July 2018)
Norma Beauchamp[3][4] **Ontario, Canada** Independent Director	July 2018	Self-employed public company director; past President and CEO, Cystic Fibrosis Canada
Margaret Shan Atkins[2][3] **Florida, USA** Independent Director	February 2019	Self-employed public company director (May 2003 to present); Chartered Professional Accountant (CPA, CA) and Certified Public Accountant; Owner of Chetrum Capital LLC (2002 to February 2018).
Adam Szweras[3][4] **Ontario, Canada** Independent Director	August 2015	Barrister & Solicitor; Partner at Fogler, Rubinoff LLP since February 2006 and Chairman of Foundation Markets Inc. since December 2005.
Michael Detlefsen[2][5] **Ontario, Canada** Independent Director	February 2020	Managing Director of Pomegranate Capital Advisors (2016 to present) and President, Pork Complex at Maple Leaf Foods (September 2020 to present); former Managing Director at Muir Detlefsen & Associates (2007 to 2016)
Lance Friedmann[2][5] **Illinois, USA** Independent Director	February 2020	Retired (2015 to present); independent public company director
Theresa Firestone **Ontario, Canada** Independent Director	July 2021	Retired (April 2021 to present); former Senior Vice President, Health and Wellness at Shoppers Drug Mart (January 2019 to April 2021) and Senior Vice-President, Healthcare Businesses (2014 to 2018)
Glen Ibbott **British Columbia, Canada** Chief Financial Officer	May 2017	Chief Financial Officer of Aurora; Chartered Professional Accountant (CPA, CA) and Certified Public Accountant; CFO of QLT Inc. from January 2015 to April 2017
Jillian Swainson **Alberta, Canada** Chief Legal Officer and Corporate Secretary	February 2018	Chief Legal Officer and Corporate Secretary of Aurora; former Senior VP and General Counsel (January 2018 to February 2019); former Partner at Brownlee LLP
Andre Jerome **Quebec, Canada** EVP, Global Business Development	November 2019	Executive Vice-President, Global Business Development; former Chief Integrations Officer of Aurora from November 2019 to June 2020; former SVP Integrations from February 2018 to November 2019; CEO of H2 Biopharma Inc. from September 2014 to February 2018

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 the respective director.

(2) Member of the Audit Committee

(3) Member of the Human Resources and Compensation Committee
(4) Member of the Nominating and Corporate Governance Committee
(5) Member of the Science and Innovation Committee.

As of the date of the AIF, our directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 83,049 Common Shares, representing approximately 0.04% 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 joining the Board, and he resigned as a director on May 28, 2018.

Adam 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 Dec. 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 Dec. 31, 2017 and 2018, and the interim periods ended March 31, 2019, June 30, 2019, and Sept. 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.

Other than as described below, n 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.

Margaret Shan Atkins was a director of LSC Communications (" **LSC**") in April 2020 when it filed for Chapter 11 bankruptcy in the United States District Court for the Southern District of New York. Margaret Shan 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

During the financial year ended June 30, 2021, the Company has been a party to (or any of its property is subject to) the following legal proceedings outside of the ordinary course of the Company's business:

- 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 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 an amended complaint on September 7, 2021. The amended complaint makes new allegations pertaining to certain financial misrepresentation and improper revenue recognition by the Company, which allegations the Company is reviewing in preparing for its response to the amended complaint. While this matter is ongoing, the Company disputes the allegations and intends to continue to vigorously defend against the claims.
- The Company and its subsidiary, Aurora Cannabis Enterprises Inc., 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 Queen'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 Queen'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. The Company disputes the allegations and intends to vigorously defend against the claims.

- On October 2, 2020, a purported class action lawsuit was commenced in the United States District Court for the District of New Jersey against the Company and certain executive officers on behalf of persons or entities who purchased or otherwise acquired Aurora securities between February 13, 2020 and September 4, 2020. The complaint alleges, inter alia, that the Company and certain executive officers violated the federal securities laws by making false and/or misleading statements and/or failing to disclose that the Company had significantly overpaid for previous acquisitions and experienced degradation in certain assets, including its production facilities and inventory; the Company's business transformation plan and cost reset failed to mitigate the foregoing issues; it was foreseeable that the Company would record significant goodwill and asset impairment charges; and as a result, the Company's public statements were materially false and misleading. Lead plaintiff and lead counsel have been appointed and we are awaiting filing of their complaint. While this matter is ongoing, the Company disputes the allegations and intends to vigorously defend against the claims.
- The Company was party to an arbitration matter with a third party with respect to a break fee believed to be due by Aurora under an agreement. Binding arbitration in favor of the other company was awarded on September 13, 2020 in the amount of $3.0 million plus interest and costs, and the payment was made by the Company on October 13, 2020.
- On January 4, 2021, a civil claim was filed with the Queen's Bench of Alberta against Aurora and Hempco by a former landlord regarding unpaid rent in the amount of $8,858,481.44, representing approximately $358,481 for rent in arrears and costs, plus $8.5 million for loss of rent and remainder of the term. We filed a statement of defence on March 24, 2021. While this matter is ongoing, the Company intends to continue to defend against the claims.

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.

INTERESTS 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 year ended June 30, 2021, 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, 3 rd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Company during the 12-month period ended June 30, 2021 which are material, or entered into before the 12-month period ended June 30, 2021, but are still in effect and which are required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations,* are the following:

- The Credit Facility with Bank of Montreal, as amended;
- Offering letters for the "bought deal" offering which closed on January 26, 2021; and
- ATM Sales Agreement

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

KPMG, the Company's independent auditors, has prepared an independent audit report dated September 27, 2021 in respect of the Company's audited consolidated financial statements for the years ended June 30, 2021 and 2020.

Interests of Experts

KPMG, auditors of the Company, 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 US professional and regulatory standards.

AUDIT COMMITTEE

The Company's 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:

Member	Independent (Y/N)	Financially Literate (Y/N)	Relevant Education and Experience
Margaret Shan Atkins *Chair	Y	Y	Margaret Shan is a chartered public accountant in Canada, a certified public accountant in the United States and holds an MBA from Harvard Business School and a Bachelor of Commerce (with honours) through Queens University. She 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	Y	Ron holds an MBA from Kellogg-Schulich and has been providing consulting services since 2009. He previously served on the Board of MedReleaf prior to its acquisition by the Company, where he served as a member of its audit committee.
Michael Detlefsen	Y	Y	Michael holds a Bachelor of Commerce (with honours) from Queen's University and a Master's in Public Policy from Harvard Kennedy School, and is considered a "Financial Expert" as defined by the SEC. He has served on audit committees of several public and private companies and is a private equity investor in multiple businesses, requiring extensive financial and accounting knowledge.
Lance Friedmann	Y	Y	Lance holds a BA in Economics from Stanford University and an MBA from Harvard Business School, and has 40 years' experience in business, with continuous exposure to financial data throughout his career.

Notes:

(1) A member of an Audit Committee is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

(2) 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 fiscal year ended June 30, 2021.

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 financial years ended June 30, 2021 and June 30, 2020 are as follows:

Financial Period Ending	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees ($)[3]	All Other Fees ($)[4]
2021	3,042,764	—	357,032	—
2020[5]	3,050,150	37,450	255,010	—

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, tax planning, tax structuring and tax advice.

(4) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents.

(5) Fees related to prospectus and related assistance to underwriters of $193,670 were reclassified from Audit Related Fees to Audit Fees to conform with current period's presentation

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 year ended June 30, 2021 which may be obtained upon request from Aurora's head office, or may be viewed on the Company's website https://investor.auroramj.com/investor-info/financial-reports/.

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. 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 of Directors of the Company (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) *Enterprise Risk and Assurance.* The Enterprise Risk and Assurance ("**ERA**") 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. ERA will report functionally to the Audit Committee and administratively to the Chief Financial Officer ("**CFO**"). Oversight responsibilities of the Committee include:

(i) *Implementation.* The Committee must assist with Board oversight of the design and implementation of the ERA function.

(ii) *Risk Assessment and Risk Management.* The Committee must discuss the Company's policies with respect to risk assessment and risk management, 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 ERA 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, ERA, 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 CFO 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, and other matters.

(vii) *Function Performance.* The Committee must annually assess the effectiveness of the ERA function, provide input into the performance appraisal process for the Senior Director, Enterprise Risk and Assurance and approve any decisions regarding the appointment and removal of the Senior Director, Enterprise Risk and Assurance.

(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 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, 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 at least an annual basis, 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

Individuals are strongly encouraged to approach a member of the Audit Committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The Audit Committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the Audit Committee will conduct a prompt, thorough 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 of Directors on June 21, 2021.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Aurora Cannabis Inc.

We consent to the use of:

- our report dated September 27, 2021 on the consolidated financial statements of Aurora Cannabis Inc. (the Company) which comprise the consolidated statements of financial position as at June 30, 2021 and June 30, 2020, the related consolidated statements of comprehensive loss, changes in equity and cash flows for each of the years in the two-year period ended June 30, 2021, and the related notes (collectively the "consolidated financial statements"), and
- our report dated September 27, 2021 on the effectiveness of the Company's internal control over financial reporting as of June 30, 2021

each of which is included in the Annual Report on Form 40-F of the Company for the fiscal year ended June 30, 2021.

We also consent to the incorporation by reference of such reports in the Registration Statements (No. 333-254096 and 333-249680) on Form F-10/A of the Company.

/s/ KPMG LLP
Chartered Professional Accountants

September 27, 2021
Vancouver, Canada