



AURORA[®]

AURORA CANNABIS INC.

**Condensed Consolidated Interim Financial Statements
(Unaudited)**

**For the three and six months ended December 31, 2021 and 2020
(in Canadian Dollars)**

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AURORA CANNABIS INC.

Condensed Consolidated Interim Statements of Financial Position

As at December 31, 2021 and June 30, 2021

(Unaudited – Amounts reflected in thousands of Canadian dollars)

| | Notes | December 31, 2021 | June 30, 2021 |
|---|-------------|-------------------|------------------|
| | | \$ | \$ |
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | 332,404 | 421,457 |
| Restricted cash | 20 | 51,349 | 19,394 |
| Accounts receivable | 4, 5, 25(a) | 50,109 | 56,261 |
| Income taxes receivable | | — | 221 |
| Marketable securities | 7(a) | 1,677 | 3,751 |
| Biological assets | 9 | 31,970 | 20,250 |
| Inventory | 10 | 117,560 | 117,471 |
| Prepays and other current assets | | 11,802 | 11,169 |
| Assets held for sale | 12(a) | 7,568 | 15,918 |
| | | 604,439 | 665,892 |
| Property, plant and equipment | 11 | 574,031 | 606,093 |
| Derivatives | 7(b) | 36,737 | 59,382 |
| Deposits | | 2,613 | 3,538 |
| Loan receivable | | 13,080 | 10,096 |
| Investments in associates and joint ventures | 8 | 6,440 | 289 |
| Lease receivable | | 4,679 | 4,256 |
| Intangible assets | 13 | 354,960 | 367,448 |
| Goodwill | 13 | 888,405 | 887,737 |
| Total assets | | 2,485,384 | 2,604,731 |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 25(b) | 52,802 | 57,944 |
| Income taxes payable | | 396 | — |
| Deferred revenue | 22 | 5,510 | 4,169 |
| Convertible debentures | 14 | 38,334 | 34,749 |
| Lease liabilities | 15 | 6,267 | 6,188 |
| Contingent consideration payable | | 227 | 374 |
| Provisions | 3 | 2,477 | 2,077 |
| Other current liabilities | | 16,852 | 10,874 |
| | | 122,865 | 116,375 |
| Convertible debentures | 14 | 310,419 | 293,182 |
| Lease liabilities | 15 | 59,431 | 65,431 |
| Derivative liability | 14, 16(c) | 37,894 | 91,939 |
| Other long-term liability | | 119 | 104 |
| Total liabilities | | 530,728 | 567,031 |
| Shareholders' equity | | | |
| Share capital | 16 | 6,429,089 | 6,424,296 |
| Reserves | | 143,708 | 141,500 |
| Accumulated other comprehensive loss | | (211,328) | (207,011) |
| Deficit | | (4,407,311) | (4,321,085) |
| Total equity attributable to Aurora shareholders | | 1,954,158 | 2,037,700 |
| Non-controlling interests | 26 | 498 | — |
| Total equity | | 1,954,656 | 2,037,700 |
| Total liabilities and equity | | 2,485,384 | 2,604,731 |

Nature of Operations (Note 1)

Commitments and Contingencies (Note 21)

Subsequent Events (Note 27)

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

AURORA CANNABIS INC.

Condensed Consolidated Interim Statements of Comprehensive Loss

Three and six months ended December 31, 2021 and 2020

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

| | Notes | Three months ended December 31, | | Six months ended December 31, | |
|---|---------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 2021 | Recasted Note 2(d) 2020 | 2021 | Recasted Note 2(d) 2020 |
| | | \$ | \$ | \$ | \$ |
| Revenue from sale of goods | 22 | 68,417 | 79,025 | 137,894 | 160,873 |
| Revenue from provision of services | 22 | 543 | 550 | 992 | 1,149 |
| Excise taxes | | (8,374) | (11,902) | (18,192) | (26,756) |
| Net revenue | | 60,586 | 67,673 | 120,694 | 135,266 |
| Cost of sales | 10 | 71,653 | 50,506 | 105,016 | 95,954 |
| Gross (loss) profit before fair value adjustments | | (11,067) | 17,167 | 15,678 | 39,312 |
| Changes in fair value of inventory sold | | 25,304 | 29,566 | 37,946 | 48,228 |
| Unrealized gain on changes in fair value of biological assets | 9 | (41,951) | (24,612) | (53,296) | (56,149) |
| Gross profit | | 5,580 | 12,213 | 31,028 | 47,233 |
| Expense | | | | | |
| General and administration | | 28,698 | 27,823 | 59,003 | 56,917 |
| Sales and marketing | | 14,263 | 14,138 | 29,718 | 29,132 |
| Acquisition costs | | 209 | — | 384 | 1,104 |
| Research and development | | 1,625 | 2,432 | 5,296 | 5,015 |
| Depreciation and amortization | 11, 13 | 12,678 | 13,962 | 25,048 | 27,910 |
| Share-based compensation | 17(a)(b)(c) | 3,900 | 5,987 | 6,747 | 12,848 |
| | | 61,373 | 64,342 | 126,196 | 132,926 |
| Loss from operations | | (55,793) | (52,129) | (95,168) | (85,693) |
| Other income (expense) | | | | | |
| Legal settlement and contract termination fees | 21(a), (b)(i) | (117) | (800) | (206) | (44,072) |
| Interest and other income | | 2,461 | 2,046 | 2,912 | 2,983 |
| Finance and other costs | | (15,904) | (18,850) | (31,244) | (33,474) |
| Foreign exchange ("FX") loss | | (2,355) | (527) | (1,907) | 6,900 |
| Other gains (losses) | 19 | 1,019 | 5,509 | 44,165 | (5,194) |
| Restructuring charges | 3 | (541) | — | (1,874) | (210) |
| Impairment of deposits | | — | (10,266) | — | (10,266) |
| Impairment of property, plant and equipment | 11, 12(a) | (4,281) | (221,643) | (4,281) | (222,302) |
| Impairment of intangible assets and goodwill | 13 | — | (395) | — | (3,777) |
| | | (19,718) | (244,926) | 7,565 | (309,412) |
| Loss from operations before taxes and discontinued operations | | (75,511) | (297,055) | (87,603) | (395,105) |
| Income tax recovery (expense) | | | | | |
| Current | | (82) | 118 | (255) | 225 |
| Deferred, net | | 450 | (3,285) | 831 | (4,003) |
| | | 368 | (3,167) | 576 | (3,778) |
| Net loss from continuing operations | | (75,143) | (300,222) | (87,027) | (398,883) |
| Net gain (loss) from discontinued operations, net of tax | | — | 2,298 | — | (433) |
| Net loss | | (75,143) | (297,924) | (87,027) | (399,316) |

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

AURORA CANNABIS INC.

Condensed Consolidated Interim Statements of Comprehensive Loss

Three and six months ended December 31, 2021 and 2020

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

(Continued)

| | | Three months ended December 31, | | Six months ended December 31, | |
|---|-------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Notes | 2021 | Recasted Note 2(d) 2020 | 2021 | Recasted Note 2(d) 2020 |
| | | \$ | \$ | \$ | \$ |
| Other comprehensive (loss) income ("OCI") that will not be reclassified to net loss | | | | | |
| Unrealized loss on marketable securities | 7(a) | (805) | (6,744) | (1,721) | (14,100) |
| | | (805) | (6,744) | (1,721) | (14,100) |
| Other comprehensive (loss) income that may be reclassified to net loss | | | | | |
| Share of income (loss) from investment in associates | 8 | — | (15) | (2) | 250 |
| Foreign currency translation loss | | (286) | (2,191) | (2,594) | (3,867) |
| | | (286) | (2,206) | (2,596) | (3,617) |
| Total other comprehensive loss | | (1,091) | (8,950) | (4,317) | (17,717) |
| Comprehensive loss from continuing operations | | (76,234) | (309,172) | (91,344) | (416,600) |
| Comprehensive loss from discontinued operations | | — | 2,298 | — | (433) |
| Comprehensive loss | | (76,234) | (306,874) | (91,344) | (417,033) |
| Net loss from continuing operations attributable to: | | | | | |
| Aurora Cannabis Inc. | | (74,776) | (300,222) | (86,660) | (397,419) |
| Non-controlling interests | | (367) | — | (367) | (1,464) |
| Net loss from discontinued operations attributable to: | | | | | |
| Aurora Cannabis Inc. | 12(b) | — | 2,298 | — | (433) |
| Comprehensive loss attributable to: | | | | | |
| Aurora Cannabis Inc. | | (75,867) | (306,874) | (90,977) | (416,364) |
| Non-controlling interests | | (367) | — | (367) | (669) |
| Loss per share - basic and diluted | | | | | |
| Continuing operations | 18 | (\$0.38) | (\$1.78) | (\$0.44) | (\$2.79) |
| Discontinued operations | 18 | \$— | \$0.01 | \$— | \$— |
| Total operations | 18 | (\$0.38) | (\$1.77) | (\$0.44) | (\$2.79) |

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

AURORA CANNABIS INC.

Condensed Consolidated Interim Statements of Changes in Equity

Six months ended December 31, 2021

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

| | Share Capital | | Reserves | | | | | AOCI | | | | | Non-Controlling Interests | Total | | |
|---|---------------|---------------|-----------|--------------------------|-------------------------------|-------------------|------------------------------|----------------|------------|--------------|-----------------------|------------------------------|---------------------------|-------------|------------|-----------|
| | 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 |
| | | # | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, June 30, 2021 | | 198,068,923 | 6,424,296 | 200,214 | 27,667 | 419 | (86,800) | 141,500 | (211,327) | 18,919 | 210 | (14,813) | (207,011) | (4,321,085) | — | 2,037,700 |
| Shares issued for services | | — | 637 | — | — | — | — | — | — | — | — | — | — | — | — | 637 |
| Shares issued through equity financing | 16(b) | — | (444) | — | — | — | — | — | — | — | — | — | — | — | — | (444) |
| Deferred tax on transaction costs | | — | (831) | — | — | — | — | — | — | — | — | — | — | — | — | (831) |
| Exercise of RSUs and DSUs | 17(b) | 212,928 | 4,539 | (4,539) | — | — | — | (4,539) | — | — | — | — | — | — | — | — |
| Share-based compensation ⁽¹⁾ | 17 | — | — | 6,747 | — | — | — | 6,747 | — | — | — | — | — | — | — | 6,747 |
| NCI Contribution | 26 | — | — | — | — | — | — | — | — | — | — | — | — | 434 | 865 | 1,299 |
| Shares issued to treasury | | 97,009 | 892 | — | — | — | — | — | — | — | — | — | — | — | — | 892 |
| Comprehensive loss for the period | | — | — | — | — | — | — | — | (1,721) | — | (2) | (2,594) | (4,317) | (86,660) | (367) | (91,344) |
| Balance, December 31, 2021 | | 198,378,860 | 6,429,089 | 202,422 | 27,667 | 419 | (86,800) | 143,708 | (213,048) | 18,919 | 208 | (17,407) | (211,328) | (4,407,311) | 498 | 1,954,656 |

⁽¹⁾ Included in share-based compensation is \$0.5 million and \$0.5 million relating to milestone payments for the three and six months ended December 31, 2021 (three and six months ended December 31, 2020 - nil and \$1.3 million).

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

AURORA CANNABIS INC.

Condensed Consolidated Interim Statements of Changes in Equity

Six months ended December 31, 2020

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

| | Share Capital | | Reserves | | | | | AOCI | | | | | Recasted Note 2(d) | Non- Controlling Interests | Total |
|---|------------------|-----------|-----------------------------|--------------------------------------|----------------------|------------------------------------|-------------------|---------------|-----------------|--------------------------|------------------------------------|---------------|-----------------------|----------------------------------|-----------|
| | 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 | | |
| | # | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 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 issued for earn out payments | 2,639,172 | 35,152 | — | (15,792) | — | — | (15,792) | — | — | — | — | — | — | — | 19,360 |
| Shares issued through equity financing | 65,359,118 | 471,154 | — | — | — | — | — | — | — | — | — | — | — | — | 471,154 |
| Equity financing transaction costs | — | (16,948) | — | — | — | — | — | — | — | — | — | — | — | — | (16,948) |
| Shares issued for service | 44,094 | 552 | — | — | — | — | — | — | — | — | — | — | — | — | 552 |
| Deferred tax on transaction costs | — | 3,777 | — | — | — | — | — | — | — | — | — | — | — | — | 3,777 |
| Exercise of stock options | 5,084 | 30 | (11) | — | — | — | (11) | — | — | — | — | — | — | — | 19 |
| Exercise of RSUs | 104,404 | 4,633 | (4,633) | — | — | — | (4,633) | — | — | — | — | — | — | — | — |
| Share-based compensation | — | — | 11,568 | 1,280 | — | — | 12,848 | — | — | — | — | — | — | — | 12,848 |
| Shares returned to treasury | (50,282) | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Change in ownership interests in subsidiaries | 830,287 | 5,629 | — | — | — | — | — | — | — | — | — | — | (31,449) | 25,820 | — |
| Comprehensive income (loss) for the period | — | — | — | — | — | — | — | (14,100) | — | 250 | (3,867) | (17,717) | (397,852) | (1,464) | (417,033) |
| Balance, December 31, 2020 | 184,160,688 | 6,289,374 | 195,727 | 28,461 | 419 | (86,800) | 137,807 | (208,737) | 18,919 | 223 | (15,319) | (204,914) | (4,025,312) | — | 2,196,955 |

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

AURORA CANNABIS INC.

Condensed Consolidated Interim Statements of Cash Flows

Six months ended December 31, 2021 and 2020

(Unaudited – Amounts reflected in thousands of Canadian dollars)

| | | Six months ended December 31, | |
|--|-------|-------------------------------|------------------|
| | Notes | 2021 | 2020 |
| | | \$ | \$ |
| Operating activities | | | |
| Net loss from continuing operations | | (87,027) | (398,883) |
| Adjustments for non-cash items: | | | |
| Unrealized gain on changes in fair value of biological assets | 9 | (53,296) | (56,149) |
| Changes in fair value included in inventory sold | | 37,946 | 48,228 |
| Depreciation of property, plant and equipment | 11 | 33,788 | 34,063 |
| Amortization of intangible assets | 13 | 16,806 | 18,374 |
| Share-based compensation | | 6,747 | 12,848 |
| Impairment of deposits | | — | 10,266 |
| Impairment of property, plant and equipment | 11 | 4,281 | 222,302 |
| Impairment of intangible assets and goodwill | 13 | — | 3,777 |
| Accrued interest and accretion expense | 14 | 17,207 | 14,386 |
| Interest and other income | | (370) | (191) |
| Deferred tax expense | | (831) | 3,778 |
| Other (gains) losses | 19 | (32,984) | 5,194 |
| Foreign exchange (gain) loss | | 1,826 | (20,944) |
| Restructuring charges | | 400 | — |
| Changes in non-cash working capital | 20 | 11,278 | (66,148) |
| Net cash used in operating activities from discontinued operations | | — | (3,494) |
| Net cash used in operating activities | | (44,229) | (172,593) |
| Investing activities | | | |
| Proceeds from disposal of marketable securities | 7 | — | 6,135 |
| Loan receivable | | (2,984) | (4,826) |
| Purchase of property, plant and equipment and intangible assets | | (16,818) | (29,661) |
| Disposal of property, plant and equipment | | 8,374 | 5,546 |
| Acquisition of businesses, net of cash acquired | | 1,299 | — |
| Payment of contingent consideration | | (150) | — |
| Deposits | | 925 | (2,813) |
| Net cash provided by investing activities from discontinued operations | | — | 2,050 |
| Net cash used in investing activities | | (9,354) | (23,569) |
| Financing activities | | | |
| Repayment of long-term loans | | — | (22,542) |
| Repayment of convertible debenture | 14 | (6,126) | — |
| Payments of principal portion of lease liabilities | 15 | (4,178) | (2,509) |
| Restricted cash | 2(d) | (31,955) | (50,000) |
| Financing fees | | — | (1,389) |
| Shares issued for cash, net of share issue costs | | 1,085 | 493,438 |
| Net cash used in financing activities from discontinued operations | | — | (331) |
| Net cash (used in) provided by financing activities | | (41,174) | 416,667 |
| Effect of foreign exchange on cash and cash equivalents | | 5,704 | 1,702 |
| (Decrease) increase in cash and cash equivalents | | (89,053) | 222,207 |
| Cash and cash equivalents, beginning of period | | 421,457 | 162,179 |
| Cash and cash equivalents, end of period | | 332,404 | 384,386 |

Supplemental cash flow information (Note 20)

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

AURORA CANNABIS INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three and six months ended December 31, 2021 and 2020

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

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, British Columbia V6E 4N7.

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

- Production, distribution and sale of medical and consumer cannabis products in Canada pursuant to the *Cannabis Act*;
- Distribution of wholesale medical cannabis in the European Union (“EU”) pursuant to the *German Medicinal Products Act and German Narcotic Drugs Act*; and
- Distribution and sale of hemp-derived CBD products in the United States (“U.S.”) market.

Note 2 Significant Accounting Policies and Judgments

(a) Basis of Presentation and Measurement

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards 34, “*Interim Financial Reporting*” (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”). Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except share and per share data.

The condensed consolidated interim financial statements are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company’s annual consolidated financial statements, except for the adoption of new accounting policies (Note 2(d)) and estimates for restructuring provisions (Note 3). Given that certain information and footnote disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these condensed consolidated interim financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended June 30, 2021, including the accompanying notes thereto.

(b) COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. 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.

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 condensed consolidated interim 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 condensed consolidated interim 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.

AURORA CANNABIS INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three and six months ended December 31, 2021 and 2020

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

The Company's principal subsidiaries during the three and six months ended December 31, 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") | 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. | 100% | Canadian Dollar |

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

(d) 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 annual consolidated financial statements taken as a whole for any prior period. The Company has revised opening deficit at June 30, 2020 by \$3.2 million and corrected the error by recasting the prior period information in these condensed consolidated interim financial statements. The following is a summary of the impacts to the statement of comprehensive loss and the statement of cash flows for the three months ended December 31, 2020, prior to the impact of discontinued operations:

| | Three months ended December 31, 2020 As previously reported | Biological Assets and Inventory Adjustments | Three months ended December 31, 2020 Recasted |
|---|---|--|---|
| Consolidated Statement of Comprehensive Loss | | | |
| Cost of sales | 50,644 | (138) | 50,506 |
| Gross profit before fair value adjustments | 17,029 | 138 | 17,167 |
| Changes in fair value of inventory sold | 5,942 | 23,624 | 29,566 |
| Unrealized gain on changes in fair value of biological assets | (6,262) | (18,350) | (24,612) |
| Gross profit (loss) | 17,349 | (5,136) | 12,213 |
| Deferred tax recovery | 3,285 | — | 3,285 |
| Net loss from continuing operations | (292,788) | (5,136) | (297,924) |
| Net loss attributable to Aurora shareholders | (292,788) | (5,136) | (297,924) |
| Loss per share (basic and diluted) | (\$1.74) | (\$0.03) | (\$1.77) |

| | Three months ended December 31, 2020 As previously reported | Biological Assets and Inventory Adjustments | Three months ended December 31, 2020 Recasted |
|---|---|--|---|
| Consolidated Statement of Cash Flows | | | |
| Unrealized gain on changes in fair value of biological assets | (6,262) | (18,350) | (24,612) |
| Changes in fair value of inventory sold | 5,942 | 23,624 | 29,566 |
| Deferred tax recovery | 3,167 | — | 3,167 |
| Changes in non-cash working capital | (27,388) | (138) | (27,526) |
| Net cash used in operating activities | (64,141) | — | (64,141) |

The following is a summary of the impacts to the statement of comprehensive loss and the statement of cash flows for the six months ended December 31, 2020, prior to the impact of discontinued operations:

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| | Six months ended December 31, 2020 As previously reported | Biological Assets and Inventory Adjustments | Six months ended December 31, 2020 Recasted |
|---|---|--|---|
| Consolidated Statement of Comprehensive Loss | | | |
| Cost of sales | 93,938 | 2,500 | 96,438 |
| Gross profit before fair value adjustments | 41,547 | (2,500) | 39,047 |
| Changes in fair value of inventory sold | 9,246 | 38,982 | 48,228 |
| Unrealized gain on changes in fair value of biological assets | (11,669) | (44,480) | (56,149) |
| Gross profit | 43,970 | 2,998 | 46,968 |
| Deferred tax recovery | 4,003 | — | 4,003 |
| Net loss from continuing operations | (399,948) | 2,998 | (396,950) |
| Net loss attributable to Aurora shareholders | (400,850) | 2,998 | (397,852) |
| Loss per share (basic and diluted) | (\$2.81) | \$0.02 | (\$2.79) |

| | Six months ended December 31, 2020 As previously reported | Biological Assets and Inventory Adjustments | Six months ended December 31, 2020 Recasted |
|---|---|--|---|
| Consolidated Statement of Cash Flows | | | |
| Unrealized gain on changes in fair value of biological assets | (11,669) | (44,480) | (56,149) |
| Changes in fair value of inventory sold | 9,246 | 38,982 | 48,228 |
| Deferred tax recovery | 3,778 | — | 3,778 |
| Changes in non-cash working capital | (63,339) | 2,500 | (60,839) |
| Net cash used in operating activities | (172,672) | — | (172,672) |

(e) New Accounting Policy

Segregated Cell Insurance

Insurance coverage for the Company's directors and officers has been secured through a segregated cell program ("Segregated Cell"). The Segregated Cell was effected by entering into a participation agreement with a registered Segregated Accounts Company for the purposes of holding and supporting the Company's insurance risk transfer strategies. The Company applies IFRS 10 *Consolidated Financial Statements* in its assessment of control as it relates to the Segregated Cell and the Company's accounting policy is to consolidate the Segregated Cell. The funds held in the Segregated Cell are held as cash with the possibility of reinvestment. As the funds cannot be transferred to other parts of the group, the funds are disclosed as Restricted Cash.

(f) 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 IFRS 9: Financial Instruments

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

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 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

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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.

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Note 3 Restructuring Provision

During the six months ended December 31, 2021, the Company announced an operational efficiency plan including the centralization of the Company's Canadian manufacturing processes to the Aurora River facility and the resultant closure of the western Canada manufacturing facility.

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 amounts that will need to be paid.

| | December 31, 2021 | June 30, 2021 |
|-----------------|-------------------|---------------|
| | \$ | \$ |
| Opening balance | — | 557 |
| Additions | \$ 1,874 | 1,011 |
| Payments | \$ (1,474) | (1,568) |
| Ending balance | 400 | — |

Note 4 Accounts Receivable

| | Notes | December 31, 2021 | June 30, 2021 |
|---|-------|-------------------|---------------|
| | | \$ | \$ |
| Trade receivables | 25(a) | 28,040 | 42,030 |
| Sales taxes receivable | | 1,255 | 1,625 |
| Lease receivable | 25(a) | 1,615 | 978 |
| Consideration receivable from divestiture | | 2,326 | 2,167 |
| Government grant receivable | 5 | 12,955 | 6,617 |
| Other receivables ⁽¹⁾ | | 3,918 | 2,844 |
| | | 50,109 | 56,261 |

⁽¹⁾ Includes interest receivable from the convertible debenture investments.

Note 5 Government Grant

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 has applied for CEWS. For the three and six months ended December 31, 2021, the Company has recognized net expense of (\$3.2) million, which is comprised of \$1.3 million in income offset by a provision of \$4.5 million, and \$11.2 million, respectively, in government grant income (expense), within other gains (losses) in the statement of comprehensive loss. During the three and six months ended December 31, 2021, the Company received \$4.6 million and \$10.6 million cash from CEWS, respectively.

Note 6 Investments

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

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

(i) Convertible Debenture

Effective July 8, 2021, the Company restructured its debt with Choom by extinguishing its existing \$20.0 million unsecured convertible debenture and accrued interest in exchange for: (i) 79,754,843 common shares with a fair value of \$5.2 million; and (ii) a \$6.0 million secured convertible debenture ("2021 Debenture") which approximates fair value. The 2021 Debenture is secured by a second ranking security interest in all of Choom's present and future acquired property. The 2021 Debenture bears interest at 7.0% per annum, matures on December 23, 2024, and is convertible into common shares of Choom at \$0.10 per share. Additionally, the Company and Choom (i) amended the Investor Rights Agreement providing the right to nominate up to two directors to Choom's Board of Directors and a participation right to maintain Aurora's pro-rata ownership, and (ii) established a debt restructuring fee payable by Choom to Aurora based on products sold at Choom's retail stores. As a result of the

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amendment, the \$20.0 million unsecured convertible debenture with a fair value of \$18.2 million and \$2.1 million interest receivable was derecognized, resulting in a loss of \$9.1 million recognized in other gains (losses) on the statement of comprehensive loss.

As of December 31, 2021, the 2021 Debenture had a fair value of \$5.2 million resulting in an unrealized loss of \$(0.8) million and \$(1.1) million for the three and six months ended December 31, 2021, respectively. The fair value of the 2021 Debenture was estimated using the FINCAD model based on the following assumptions: closing share price of \$0.07; credit spread of 24.85%; dividend yield of 0%; stock price volatility of 107.67%; and an expected life of 2.98 years.

(ii) Common Shares and Investment in Associate

As a result of the convertible debenture amendment, the Company obtained significant influence based on its 19.9% ownership interest in Choom and qualitative factors described above. The 9,859,155 common shares previously held in Choom was reclassified from marketable securities (Note 7(a)) to investment in associates (Note 8) at its fair value of \$0.6 million based on the quoted market price of \$0.065 per share on the amendment date.

As of December 31, 2021, the Company held 89,613,998 (June 30, 2021 - 9,859,155) common shares in Choom, representing a 19.19% (June 30, 2021 - 3.03%) ownership interest with a fair value of \$5.8 million (June 30, 2021 - \$0.7 million) based on the closing stock price of \$0.07 (June 30, 2021 - \$0.08).

(b) Australis Capital Inc. (“ACI”)

ACI is a public company that is focused on investments and acquisitions in the cannabis space and more specifically, investment in the growing U.S. cannabis market. ACI was previously wholly-owned by Aurora and was spun-out to Aurora shareholders on September 19, 2018. As of December 31, 2021, the Company holds the following restricted back-in right warrants:

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

Aurora is restricted from exercising the back-in right warrants unless all of ACI’s business operations in the U.S. are permitted under applicable U.S. federal and state laws and Aurora has received consent of the TSX and any other stock exchange on which Aurora may be listed, as required. As of December 31, 2021, the warrants remain un-exercisable.

As of December 31, 2021, the warrants had a fair value of \$3.0 million (June 30, 2021 - \$5.7 million) estimated using the Binomial model with the following assumptions: share price of \$0.18 (June 30, 2021 - \$0.32); risk-free interest rate of 1.84% (June 30, 2021 - 1.66%); dividend yield of 0% (June 30, 2021 - 0%); stock price volatility of 115.07% (June 30, 2021 - 116.44%); an expected life of 6.72 years (June 30, 2021 - 7.23 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 \$(0.6) million and \$(2.7) million of unrealized loss on fair value during the three and six months ended December 31, 2021 (three and six months ended December 31, 2020 - \$1.3 million and \$(0.3) million) (Note 7(b)).

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Note 7 Marketable Securities and Derivatives

(a) Marketable securities

At December 31, 2021, the Company held the following marketable securities:

| <i>Financial asset hierarchy level</i> | Level 1 | Level 1 | Level 1 | Level 1 | Level 3 | Level 3 | |
|---|---------|------------|--------------------|-----------------------------------|---------|---------------------------------|----------|
| <i>Marketable securities designated at fair value through other comprehensive income ("FVTOCI")</i> | Radiant | Cann Group | Choom Note 6(a) | CTT Pharmaceutical Holdings | Capcium | Other immaterial investments | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, June 30, 2021 | 3,010 | — | 741 | — | — | — | 3,751 |
| Transfer (to) from investment in associates | — | — | (642) | 289 | — | — | (353) |
| Unrealized loss on changes in fair value | (1,506) | — | (99) | (116) | — | — | (1,721) |
| Balance, December 31, 2021 | 1,504 | — | — | 173 | — | — | 1,677 |
| <i>Unrealized gain (loss) on marketable securities</i> | | | | | | | |
| Three months ended December 31, 2021 | | | | | | | |
| OCI unrealized loss | (753) | — | — | (52) | — | — | (805) |
| Three months ended December 31, 2020 | | | | | | | |
| OCI unrealized loss | — | (6,769) | — | — | — | 25 | (6,744) |
| Six months ended December 31, 2021 | | | | | | | |
| OCI unrealized loss | (1,506) | — | (99) | (116) | — | — | (1,721) |
| Six months ended December 31, 2020 | | | | | | | |
| OCI unrealized gain (loss) | (2,823) | (9,512) | — | — | (1,851) | 86 | (14,100) |

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(b) Derivatives

At December 31, 2021, the Company held the following derivative investments:

| Financial asset hierarchy level | Level 2 | Level 2 | Level 2 | Level 3 | Level 2 | Level 3 | Level 2 | Total |
|--|---------|------------------|--------------------|------------|-----------|------------|---------------------------------|----------|
| Derivatives and convertible debentures at fair value through profit or loss ("FVTPL") | TGOD | ACI Note 6(b) | Choom Note 6(a) | Investee-B | High Tide | Investee-C | Other immaterial investments | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, June 30, 2021 | — | 5,661 | 18,151 | 14,393 | 18,665 | 2,512 | — | 59,382 |
| Additions | — | — | 6,000 | — | — | — | — | 6,000 |
| Disposals | — | — | (18,151) | — | — | — | — | (18,151) |
| Repayment | — | — | — | — | (461) | — | — | (461) |
| Unrealized gain (loss) on changes in fair value | — | (2,651) | (849) | (1,016) | (5,885) | (23) | — | (10,424) |
| Foreign exchange | — | — | — | 391 | — | — | — | 391 |
| Balance, December 31, 2021 | — | 3,010 | 5,151 | 13,768 | 12,319 | 2,489 | — | 36,737 |
| Unrealized gain (loss) on derivatives (Note 19) | | | | | | | | |
| Three months ended December 31, 2021 | | | | | | | | |
| Foreign exchange | — | — | — | (5) | — | — | — | (5) |
| Unrealized gain (loss) on changes in fair value | — | (642) | (1,051) | (682) | (2,986) | (19) | — | (5,380) |
| | — | (642) | (1,051) | (687) | (2,986) | (19) | — | (5,385) |
| Three months ended December 31, 2020 | | | | | | | | |
| Foreign exchange | — | — | — | (683) | — | — | — | (683) |
| Unrealized gain (loss) on changes in fair value | (84) | 1,253 | (165) | 37 | 2,456 | — | — | 3,497 |
| | (84) | 1,253 | (165) | (646) | 2,456 | — | — | 2,814 |
| Six months ended December 31, 2021 | | | | | | | | |
| Foreign exchange | — | — | — | 391 | — | — | — | 391 |
| Unrealized gain (loss) on changes in fair value | — | (2,651) | (849) | (1,016) | (5,885) | (23) | — | (10,424) |
| | — | (2,651) | (849) | (625) | (5,885) | (23) | — | (10,033) |
| Six months ended December 31, 2020 | | | | | | | | |
| Foreign exchange | — | — | — | (987) | — | — | — | (987) |
| Unrealized loss on changes in fair value | (751) | (294) | (4,626) | (177) | 1,240 | — | (11) | (4,619) |
| | (751) | (294) | (4,626) | (1,164) | 1,240 | — | (11) | (5,606) |

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Note 8 Investments in Associates and Joint Ventures

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

| | Note | CTT Pharmaceutical Holdings Inc. | Choom Note 6(a) | Total |
|------------------------------------|------|----------------------------------|-----------------|-------|
| | | \$ | \$ | \$ |
| Balance, June 30, 2021 | | 289 | — | 289 |
| Additions | | — | 5,825 | 5,825 |
| Share of net income ⁽¹⁾ | 19 | — | 617 | 617 |
| Disposition | | (289) | — | (289) |
| OCI FX and share of OCI loss | | — | (2) | (2) |
| Balance, December 31, 2021 | | — | 6,440 | 6,440 |

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

Note 9 Biological Assets

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

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

| Significant inputs & assumptions | Range of inputs | | | Impact on fair value | |
|---|-------------------|---------------|---|----------------------|---------------|
| | December 31, 2021 | June 30, 2021 | Sensitivity | December 31, 2021 | June 30, 2021 |
| Average selling price per gram | \$5.16 | \$5.69 | Increase or decrease of \$1.00 per gram | \$9,092 | \$5,067 |
| Weighted average yield (grams per plant) | 47.71 | 30.69 | Increase or decrease by 5 grams per plant | \$2,508 | \$3,337 |
| Weighted average effective yield | 92 % | 84 % | Increase or decrease by 5% | \$1,426 | \$890 |
| Standard cost per gram to complete production | \$1.87 | \$1.72 | Increase or decrease of \$1.00 per gram | \$9,306 | \$6,323 |

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.

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

| | \$ |
|--|----------|
| Balance, June 30, 2021 | 20,250 |
| Production costs capitalized | 42,054 |
| Sale of biological assets | (116) |
| Foreign currency translation | (204) |
| Changes in fair value less cost to sell due to biological transformation | 53,296 |
| Transferred to inventory upon harvest | (83,310) |
| Balance, December 31, 2021 | 31,970 |

As of December 31, 2021, the weighted average fair value less cost to complete and cost to sell a gram of dried cannabis was \$2.96 per gram (June 30, 2021 - \$2.22 per gram).

During the three and six months ended December 31, 2021, the Company's biological assets produced 16,441 kilograms and 33,661 kilograms of dried cannabis, respectively (three and six months ended December 31, 2020 - 33,685 kilograms and 80,559 kilograms, respectively). As at December 31, 2021, it is expected that the Company's biological assets will yield approximately 23,906 kilograms (June 30, 2021 – 18,599 kilograms) of cannabis when harvested. As of December 31, 2021, the weighted average stage of growth for the biological assets was 45% (June 30, 2021 – 49%).

Note 10 Inventory

The following is a breakdown of inventory:

| | December 31, 2021 | | | June 30, 2021 | | |
|-----------------------------|-------------------|-----------------------|----------------|------------------|-----------------------|----------------|
| | Capitalized cost | Fair value adjustment | Carrying value | Capitalized cost | Fair value adjustment | Carrying value |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Harvested cannabis | | | | | | |
| Work-in-process | 37,719 | 23,881 | 61,600 | 30,693 | 10,433 | 41,126 |
| Finished goods | 9,465 | 1,300 | 10,765 | 13,405 | 4,676 | 18,081 |
| | 47,184 | 25,181 | 72,365 | 44,098 | 15,109 | 59,207 |
| Extracted cannabis | | | | | | |
| Work-in-process | 18,718 | 2,650 | 21,368 | 18,884 | 2,420 | 21,304 |
| Finished goods | 12,899 | 1,023 | 13,922 | 17,355 | 2,181 | 19,536 |
| | 31,617 | 3,673 | 35,290 | 36,239 | 4,601 | 40,840 |
| Hemp products | | | | | | |
| Raw materials | — | — | — | 773 | — | 773 |
| | — | — | — | 773 | — | 773 |
| Supplies and consumables | 8,713 | — | 8,713 | 15,095 | — | 15,095 |
| Merchandise and accessories | 1,192 | — | 1,192 | 1,556 | — | 1,556 |
| Ending balance | 88,706 | 28,854 | 117,560 | 97,761 | 19,710 | 117,471 |

During the three and six months ended December 31, 2021, inventory expensed to cost of goods sold was \$97.0 million and \$143.0 million, respectively (three and six months ended December 31, 2020 - \$80.1 million and \$144.2 million, respectively), which included \$25.3 million and \$37.9 million, respectively (three and six months ended December 31, 2020 - \$29.6 million and \$48.2 million, respectively) of non-cash expense related to the changes in fair value of inventory sold.

During the three and six months ended December 31, 2021, the Company recognized \$46.2 million and \$46.9 million, respectively, in inventory impairment losses (three and six months ended December 31, 2020 - \$22.7 million and \$32.0 million, respectively) consisting of \$14.6 million and \$20.2 million loss, respectively (three and six months ended December 31, 2020 - \$20.9 million and \$27.7 million, respectively) recognized in changes in fair value of inventory sold and \$31.6 million and \$26.7 million, respectively (three and six months ended December 31, 2020 - \$1.8 million and \$4.3 million, respectively) recognized in cost of sales.

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Note 11 Property, Plant and Equipment

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

| | December 31, 2021 | | | | June 30, 2021 | | | |
|-------------------------------------|-------------------|--------------------------|------------|----------------|---------------|--------------------------|------------|----------------|
| | Cost | Accumulated depreciation | Impairment | Net book value | Cost | Accumulated depreciation | Impairment | Net book value |
| Owned assets | | | | | | | | |
| Land | 28,256 | — | (1) | 28,255 | 27,357 | — | (3,380) | 23,977 |
| Real estate | 390,242 | (69,112) | (6) | 321,124 | 413,589 | (76,744) | (8,582) | 328,263 |
| Construction in progress | 72,233 | — | (4,019) | 68,214 | 327,073 | — | (249,434) | 77,639 |
| Computer software & equipment | 32,656 | (27,765) | (67) | 4,824 | 34,001 | (24,321) | (1,865) | 7,815 |
| Furniture & fixtures | 10,099 | (5,142) | (48) | 4,909 | 11,938 | (5,744) | (285) | 5,909 |
| Production & other equipment | 165,245 | (73,885) | (140) | 91,220 | 182,946 | (72,258) | (9,443) | 101,245 |
| Total owned assets | 698,731 | (175,904) | (4,281) | 518,546 | 996,904 | (179,067) | (272,989) | 544,848 |
| Right-of-use lease assets | | | | | | | | |
| Land | 20,224 | (1,302) | — | 18,922 | 23,748 | (971) | — | 22,777 |
| Real estate | 48,360 | (12,989) | — | 35,371 | 48,134 | (11,277) | — | 36,857 |
| Production & other equipment | 5,057 | (3,865) | — | 1,192 | 5,045 | (3,434) | — | 1,611 |
| Total right-of-use lease assets | 73,641 | (18,156) | — | 55,485 | 76,927 | (15,682) | — | 61,245 |
| Total property, plant and equipment | 772,372 | (194,060) | (4,281) | 574,031 | 1,073,831 | (194,749) | (272,989) | 606,093 |

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

| | Balance, June 30, 2021 | Additions | Disposals | Other ⁽¹⁾ | Depreciation | Impairment | Foreign currency translation | Balance, December 31, 2021 |
|-------------------------------------|------------------------|-----------|-----------|----------------------|--------------|------------|------------------------------|----------------------------|
| Owned assets | | | | | | | | |
| Land | 23,977 | 5,558 | 207 | (1,438) | — | (1) | (48) | 28,255 |
| Real estate | 328,263 | 1,011 | 1,743 | 2,053 | (11,686) | (6) | (254) | 321,124 |
| Construction in progress | 77,639 | 4,302 | (2,809) | (6,923) | — | (4,019) | 24 | 68,214 |
| Computer software & equipment | 7,815 | 133 | (168) | 1,460 | (4,346) | (67) | (3) | 4,824 |
| Furniture & fixtures | 5,909 | 92 | 381 | (460) | (939) | (48) | (26) | 4,909 |
| Production & other equipment | 101,245 | 594 | 2,606 | 244 | (13,383) | (140) | 54 | 91,220 |
| Total owned assets | 544,848 | 11,690 | 1,960 | (5,064) | (30,354) | (4,281) | (253) | 518,546 |
| Right-of-use leased assets | | | | | | | | |
| Land | 22,777 | — | — | (3,527) | (330) | — | 2 | 18,922 |
| Real estate | 36,857 | 1,680 | (508) | — | (2,671) | — | 13 | 35,371 |
| Production & other equipment | 1,611 | 19 | — | — | (433) | — | (5) | 1,192 |
| Total right-of-use lease assets | 61,245 | 1,699 | (508) | (3,527) | (3,434) | — | 10 | 55,485 |
| Total property, plant and equipment | 606,093 | 13,389 | 1,452 | (8,591) | (33,788) | (4,281) | (243) | 574,031 |

⁽¹⁾ Includes reclassification of construction in progress cost when associated projects are complete. Includes the \$0.7 million and \$5.6 million transfer of the Uruguay recreational production and Nordic Sky facility, respectively to assets held for sale as at December 31, 2021 (Note 12(a)).

During the three and six months ended December 31, 2021, no borrowing costs were capitalized (three and six months ended December 31, 2020 - \$2.1 million at a weighted average interest rate of 13%) to construction in progress.

As of December 31, 2021, \$39.2 million (June 30, 2021 - \$40.0 million) of property, plant and equipment were temporarily idle as the Company continues to evaluate all capital projects and investments to prioritize core cannabis operations. Of the \$39.2 million idle property, plant, and equipment, \$35.2 million relates to the Aurora Sun facility (June 30, 2021 - \$35.9 million).

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 three and six months ended December 31, 2021, the Company recognized \$17.6 million and \$32.1 million of depreciation expense, respectively (three and six months ended December 31, 2020 - \$16.9 million and \$34.8 million, respectively), of which \$11.5 million and \$20.8 million was reflected in cost of sales, respectively (three and six months ended December 31, 2020 - \$10.5 million and \$19.2 million).

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Note 12 Assets Held for Sale and Discontinued Operations

(a) Assets Held for Sale

| | Colombia Property | Restructuring Facilities | Uruguay Facility | Nordic Sky | Total |
|--|-------------------|--------------------------|------------------|------------|---------|
| | \$ | \$ | \$ | | \$ |
| Balance, June 30, 2021 | 1,925 | 13,993 | — | — | 15,918 |
| Transferred from property, plant and equipment | — | — | 669 | — | 669 |
| Net proceeds from disposal | — | (6,274) | — | — | (6,274) |
| Loss on disposal ⁽¹⁾ | — | (110) | — | — | (110) |
| Balance, September 30, 2021 | 1,925 | 7,609 | 669 | — | 10,203 |
| Transferred from property, plant and equipment | — | (355) | — | 5,643 | 5,288 |
| Net proceeds from disposal | — | (5,166) | (602) | — | (5,768) |
| Loss on disposal ⁽¹⁾ | — | (2,088) | (67) | — | (2,155) |
| Balance, December 31, 2021 | 1,925 | — | — | 5,643 | 7,568 |

⁽¹⁾ The loss on disposal is recognized in other gains (losses) (Note 19) in the statement of comprehensive loss.

Restructuring Facilities

In connection with the business transformation plan, during the six months ended December 31, 2021, the Company sold a production facility located in Saskatchewan for net proceeds of \$6.3 million (comprised of \$6.5 million purchase price net of commissions paid of \$0.2 million) with a carrying value of \$6.4 million. As a result, the Company recognized a \$0.1 million loss on disposal. The Company also sold a production facility located in Cremona, Alberta for net proceeds of \$5.0 million with a carrying value of \$7.0 million. As a result, the Company recognized a \$2.0 million loss on disposal. Additionally, the Company sold equipment for net proceeds of \$0.2 million with carrying value of \$0.3 million and recognized a \$0.1 million loss on disposal which is recognized in other gains (losses) in the statement of comprehensive loss (Note 19).

Uruguay Facility

During the six months ended December 31, 2021, management committed to sell its recreational production facility located in Uruguay and listed the property for sale. As a result, the Company reclassified the asset with a carrying value of \$0.7 million from property, plant, and equipment to assets held for sale. The Company sold the facility for net proceeds of \$0.6 million and recognized a \$0.1 million loss on disposal within other gains (losses) in the statement of comprehensive loss (Note 19).

Nordic Sky

During the six months ended December 31, 2021, management committed to sell its production facility located in Denmark and listed the property for sale. As a result, the Company reclassified the asset with a carrying value of \$5.6 million from property, plant, and equipment to assets held for sale. The fair value of the property was estimated using a market approach and approximates its carrying value. As at December 31, 2021, the Company entered into an asset purchase agreement to sell the facility for approximately \$7.5 million in gross proceeds. The asset purchase agreement is subject to obtaining final approval by local government authorities.

(b) Discontinued Operations

There were no transactions within discontinued operations during the three and six months ended December 31, 2021. The following table summarizes the Company's consolidated discontinued operations for the three and six months ended December 31, 2020:

| | Three months ended December 31, 2020 | Six months ended December 31, 2020 |
|--|--------------------------------------|------------------------------------|
| Revenue | — | 717 |
| Cost of sales | — | 1,028 |
| General and administration expenses | 11 | 676 |
| Sales and marketing | — | 57 |
| Other expenses (income) | 247 | 77 |
| Other gains (losses) | (2,556) | (2,556) |
| Loss on disposal of discontinued operations | — | 1,868 |
| Net gain (loss) from discontinued operations, before and after taxes | 2,298 | (433) |

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Note 13 Intangible Assets and Goodwill

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

| | December 31, 2021 | | | June 30, 2021 | | | |
|------------------------------------|-------------------|--------------------------|----------------|---------------|--------------------------|------------|----------------|
| | Cost | Accumulated amortization | Net book value | Cost | Accumulated amortization | Impairment | Net book value |
| Definite life intangible assets: | | | | | | | |
| Customer relationships | 89,571 | (44,713) | 44,858 | 96,838 | (40,155) | (7,408) | 49,275 |
| Permits and licenses | 109,127 | (36,321) | 72,806 | 109,127 | (33,841) | — | 75,286 |
| Patents | 1,967 | (751) | 1,216 | 1,895 | (659) | — | 1,236 |
| Intellectual property and know-how | 78,099 | (43,683) | 34,416 | 78,099 | (37,588) | — | 40,511 |
| Software | 40,599 | (12,994) | 27,605 | 41,708 | (9,385) | (3,777) | 28,546 |
| Indefinite life intangible assets: | | | | | | | |
| Brand | 146,699 | — | 146,699 | 146,699 | — | — | 146,699 |
| Permits and licenses | 27,360 | — | 27,360 | 25,895 | — | — | 25,895 |
| Total intangible assets | 493,422 | (138,462) | 354,960 | 500,261 | (121,628) | (11,185) | 367,448 |
| Goodwill | 888,405 | — | 888,405 | 921,494 | — | (33,757) | 887,737 |
| Total | 1,381,827 | (138,462) | 1,243,365 | 1,421,755 | (121,628) | (44,942) | 1,255,185 |

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

| | Balance, June 30, 2021 | Additions | Amortization | Foreign currency translation | Balance, December 31, 2021 |
|-------------------------------------|------------------------|-----------|--------------|------------------------------|----------------------------|
| Definite life intangible assets: | | | | | |
| Customer relationships | 49,275 | — | (4,531) | 114 | 44,858 |
| Permits and licenses | 75,286 | — | (2,477) | (3) | 72,806 |
| Patents | 1,236 | 71 | (91) | — | 1,216 |
| Intellectual property and know-how | 40,511 | — | (6,095) | — | 34,416 |
| Software | 28,546 | 2,671 | (3,612) | — | 27,605 |
| Indefinite life intangible assets: | | | | | |
| Brand | 146,699 | — | — | — | 146,699 |
| Permits and licenses ⁽¹⁾ | 25,895 | 1,953 | — | (488) | 27,360 |
| Total intangible assets | 367,448 | 4,695 | (16,806) | (377) | 354,960 |
| Goodwill | 887,737 | — | — | 668 | 888,405 |
| Total | 1,255,185 | 4,695 | (16,806) | 291 | 1,243,365 |

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

As at December 31, 2021, \$146.7 million and \$27.4 million indefinite life intangibles were allocated to the group of cash generating units ("CGUs") that comprise the Canadian Cannabis Segment and the International Cannabis Segment, respectively (June 30, 2021 - \$172.6 million allocated to the group of CGUs that comprise the Cannabis segment (Note 23). As at the July 1, 2021 date of the operating segment reorganization (Note 23), \$741.7 million and \$146.0 million of goodwill was allocated to the Canadian Cannabis Segment and the International Cannabis Segment, respectively (June 30, 2021 - \$887.7 million of goodwill was allocated to the Cannabis operating segment). As at December 31, 2021, \$741.7 million and \$146.7 million of goodwill was allocated to the Canadian Cannabis Segment and the International Cannabis Segment, respectively.

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Note 14 Convertible Debentures

| | \$ |
|-------------------------------------|----------|
| Balance, June 30, 2021 | 327,931 |
| Interest paid | (12,008) |
| Accretion | 17,048 |
| Accrued interest | 12,045 |
| Debt repurchased | (5,691) |
| Unrealized loss on foreign exchange | 9,428 |
| Balance, December 31, 2021 | 348,753 |
| Current portion | (38,334) |
| Long-term portion | 310,419 |

On January 24, 2019, the Company issued \$460.6 million (US\$345.0 million) in aggregate principal amount of Convertible Senior Notes due 2024 ("Senior Notes") issued at par value. Holders may convert all or any portion of the Senior Notes at any time. The Senior Notes are unsecured, mature on February 28, 2024 and bear cash interest semi-annually at a rate of 5.5% per annum. The initial conversion rate for the Senior Notes is 11.53 common shares per US\$1,000 principal amount of Senior Notes, equivalent to an initial conversion price of approximately US\$86.72 per common share. As of December 31, 2021, \$432.7 million (US\$339.5 million) principal amount of the Senior Notes are outstanding.

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.

As of December 31, 2021, the conversion option had a fair value of \$0.4 million (June 30, 2021 - \$3.1 million) and the Company recognized a \$0.9 million and \$2.6 million unrealized gain on the derivative liability for the three and six months ended December 31, 2021 (three and six months ended December 31, 2020 - \$1.6 million loss and \$0.1 million gain). The fair value of the conversion option was determined based on the Kynex valuation model with the following assumptions: share price of US\$5.41 (June 30, 2021 - US\$9.04), volatility of 81% (June 30, 2021 - 87%), implied credit spread of 1,409 bps (June 30, 2021 - 1,302 bps), and assumed stock borrow rate of 10% (June 30, 2021 - 10 %). As of December 31, 2021, the Company has accrued interest payable of \$2.8 million (June 30, 2021 - \$8.6 million) on these Senior Notes.

During the three and six months ended December 31, 2021, the Company repurchased a total of \$7.1 million (US\$5.5 million) in principal amount of the Senior Notes at a total cost, including accrued interest, of \$6.1 million (US\$4.8 million), and recorded a loss of \$0.3 million within other gains (losses) in the statement of comprehensive loss.

Note 15 Lease liabilities

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

| | \$ |
|---------------------------------------|---------|
| Balance, June 30, 2021 | 71,619 |
| Lease additions | 1,699 |
| Disposal of leases | (995) |
| Lease payments | (5,079) |
| Lease term reduction and other items | (3,527) |
| Changes due to foreign exchange rates | 45 |
| Interest expense on lease liabilities | 1,936 |
| Balance, December 31, 2021 | 65,698 |
| Current portion | (6,267) |
| Long-term portion | 59,431 |

Note 16 Share Capital

(a) Authorized

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

- i. Unlimited number of common voting shares without par value.
- ii. Unlimited number of Class "A" Shares each with a par value of \$1.00. As at December 31, 2021, no Class "A" Shares were issued and outstanding.
- iii. Unlimited number of Class "B" Shares each with a par value of \$5.00. As at December 31, 2021, no Class "B" Shares were issued and outstanding.

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(b) Shares Issued and Outstanding

At December 31, 2021, 198,378,860 common shares (June 30, 2021 – 198,068,923) were issued and fully paid.

(c) Share Purchase Warrants

A summary of warrants outstanding is as follows:

| | Warrants | Weighted average exercise price |
|----------------------------|------------|------------------------------------|
| | # | \$ |
| Balance, June 30, 2021 | 18,447,389 | 15.68 |
| Balance, December 31, 2021 | 18,447,389 | 16.02 |

During the year ended June 30, 2021, the Company issued 11,500,000 and 6,600,000 U.S. dollar denominated share purchase warrants as part of the November 2020 and January 2021 Unit Offering, respectively (“Offering Warrants”). In accordance with IAS 32 - *Financial Instruments: Presentation*, these warrants 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 gains (losses) (Note 19) on the statement of comprehensive loss.

The following summarizes the warrant derivative liabilities:

| | | | | US\$ equivalence | | |
|---|---------------------------|--------------------------|----------|---------------------------|--------------------------|----------|
| | November 2020 Offering | January 2021 Offering | Total | November 2020 Offering | January 2021 Offering | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, June 30, 2021 | 59,162 | 29,698 | 88,860 | 47,726 | 23,958 | 71,684 |
| Unrealized gain on derivative liability | (34,066) | (17,333) | (51,399) | (28,036) | (14,256) | (42,292) |
| Balance, December 31, 2021 | 25,096 | 12,365 | 37,461 | 19,690 | 9,702 | 29,392 |

The following table summarizes the warrants that remain outstanding as at December 31, 2021:

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

⁽¹⁾ Includes the November 2020 and January 2021 Offering Warrants exercisable at US\$9.00 and US\$12.60, respectively.

Note 17 Share-Based Compensation

(a) Stock Options

A summary of stock options outstanding is as follows:

| | Stock Options | Weighted Average Exercise Price |
|----------------------------|------------------|------------------------------------|
| | # | \$ |
| Balance, June 30, 2021 | 4,108,006 | \$ 68.46 |
| Granted | 913,876 | \$ 8.23 |
| Expired | (313,890) | \$ 31.06 |
| Forfeited | (312,684) | \$ 79.40 |
| Balance, December 31, 2021 | 4,395,308 | \$ 57.66 |

⁽¹⁾ No stock options were exercised during the three and six months ended December 31, 2021. The weighted average share price on the date stock options were exercised during the six months ended December 31, 2020 was \$14.16.

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The following table summarizes the stock options that are outstanding as at December 31, 2021:

| Exercise Price (\$) | Expiry Date | Weighted Average Remaining Life | Options Outstanding (#) | Options Exercisable (#) |
|---------------------|--------------------------------------|---------------------------------|-------------------------|-------------------------|
| 8.22 - 30.00 | August 25, 2021 - September 30, 2026 | 3.96 | 2,216,787 | 646,995 |
| 30.72 - 99.60 | January 19, 2022 - January 17, 2025 | 1.55 | 983,573 | 883,147 |
| 100.80 - 133.80 | January 2, 2023 - March 13, 2026 | 3.30 | 1,009,658 | 947,505 |
| 135.00 - 163.56 | January 2, 2023 - May 21, 2024 | 1.68 | 185,290 | 161,740 |
| | | | 4,395,308 | 2,639,387 |

During the three and six months ended December 31, 2021, the Company recorded aggregate share-based compensation expense of \$1.3 million and \$2.1 million (three and six months ended December 31, 2020 - \$4.0 million and \$8.4 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.

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

| | Three months ended December 31, | | Six months ended December 31, | |
|---|---------------------------------|---------|-------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Risk-free annual interest rate ⁽¹⁾ | 1.01% | 0.27% | 0.62% | 0.27% |
| Expected annual dividend yield | —% | —% | —% | —% |
| Expected stock price volatility ⁽²⁾ | 84.17% | 108.41% | 83.52% | 96.06% |
| Expected life of options (years) ⁽³⁾ | 2.41 | 2.39 | 2.50 | 2.37 |
| Forfeiture rate | 19.87% | 18.25% | 20.07% | 17.35% |

⁽¹⁾ The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

⁽²⁾ Volatility was estimated by using the average historical volatilities of the Company and certain competitors.

⁽³⁾ The expected life in years represents the period of time that options granted are expected to be outstanding.

The weighted average fair value of stock options granted during the three and six months ended December 31, 2021 was \$4.12 per option (three and six months ended December 31, 2020 - \$8.73 and \$4.07 per option).

(b) Restricted Share Units (“RSU”) and Deferred Share Units (“DSU”)

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

| | RSUs and DSUs | Weighted Average Issue Price of RSUs and DSUs | |
|-----------------------------|---------------|---|-------|
| | | # | \$ |
| Balance, June 30, 2021 | 1,040,544 | \$ | 16.46 |
| Issued | 574,385 | \$ | 8.22 |
| Vested, released and issued | (213,514) | \$ | 21.28 |
| Forfeited | (44,845) | \$ | 11.52 |
| Balance, December 31, 2021 | 1,356,570 | \$ | 12.37 |

⁽¹⁾ As of December 31, 2021, there were 1,270,977 RSUs and 85,593 DSUs outstanding (June 30, 2021 - 983,161 RSUs and 57,383 DSUs).

During the three and six months ended December 31, 2021, the Company recorded share-based compensation of \$1.7 million and \$3.6 million (three and six months ended December 31, 2020 - \$1.8 million and \$3.0 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 three and six months ended December 31, 2021 was \$8.22 and \$12.37 per unit (three and six months ended December 31, 2020 - \$12.59 and \$10.65 per unit).

The following table summarizes the RSUs and DSUs that are outstanding as at December 31, 2021:

| Weighted Average Issue Price (\$) | Expiry Date | Outstanding (#) | Vested (#) |
|-----------------------------------|---------------------------------------|-----------------|------------|
| 6.25 - 24.96 | February 10, 2023 - February 10, 2025 | 1,337,772 | 128,329 |
| 33.48 - 88.68 | August 3, 2021 - March 13, 2023 | 2,565 | 54 |
| 90.12 - 113.16 | July 12, 2021 - September 10, 2022 | 16,233 | 8,480 |
| | | 1,356,570 | 136,863 |

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(c) Performance Share Units (“PSUs”)

A summary of the PSUs outstanding is as follows:

| | PSUs | Weighted Average Issue Price of PSUs |
|-----------------------------------|----------------|--------------------------------------|
| | # | \$ |
| Balance, June 30, 2021 | 387,369 | 10.06 |
| Issued | 402,390 | 8.22 |
| Forfeited | (12,716) | 9.80 |
| Balance, December 31, 2021 | 777,043 | 9.11 |

The following table summarizes the PSUs that are outstanding as at December 31, 2021:

| Weighted Average Issue Price (\$) | Expiry Date | Outstanding (#) | Vested (#) |
|-----------------------------------|---|-----------------|--------------|
| 8.22 - 12.96 | September 10, 2023 - September 30, 2024 | 766,958 | 1,776 |
| 13.35 - 23.96 | December 8, 2023 - February 11, 2024 | 10,085 | — |
| | | 777,043 | 1,776 |

During the three and six months ended December 31, 2021, the Company recorded share-based compensation of \$0.7 million and \$1.0 million (three and six months ended December 31, 2020 - \$0.2 million and \$0.2 million) 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 three and six months ended December 31, 2021 were fair valued based on the following weighted average assumptions:

| | Three and six months ended December 31, 2021 |
|--|--|
| Risk-free annual interest rate ⁽¹⁾ | 1.23% |
| Dividend yield | —% |
| Expected stock price volatility ⁽²⁾ | 38.23% |
| Expected stock price volatility of peer group ⁽²⁾ | 28.74% |
| Expected life of options (years) ⁽³⁾ | 3.00 |
| Forfeiture rate | 10.30% |
| Equity correlation against peer group ⁽⁴⁾ | 47.51% |
| Weighted average fair value of PSUs granted | \$10.39 |

⁽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 18 Loss Per Share

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

Basic and diluted loss per share

| | Three months ended December 31, | | Six months ended December 31, | |
|--|---------------------------------|-----------------|-------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net loss from continuing operations attributable to Aurora | (\$74,776) | (\$300,222) | (\$86,660) | (\$397,419) |
| Net loss from discontinued operations attributable to Aurora | \$— | \$2,298 | \$— | (\$433) |
| Net loss attributable to Aurora shareholders | (\$74,776) | (\$297,924) | (\$86,660) | (\$397,852) |
| Weighted average number of common shares outstanding | 198,211,029 | 168,002,477 | 198,120,380 | 142,787,528 |
| Basic loss per share, continuing operations | (\$0.38) | (\$1.78) | (\$0.44) | (\$2.79) |
| Basic loss per share, discontinued operations | \$0.00 | \$0.01 | \$0.00 | \$0.00 |
| Basic loss per share | (\$0.38) | (\$1.77) | (\$0.44) | (\$2.79) |

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Note 19 Other Gains (Losses)

| | Note | Three months ended December 31, | | Six months ended December 31, | |
|---|-----------|---------------------------------|--------------|-------------------------------|----------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | \$ | \$ | \$ | \$ |
| Share of net income (loss) from investment in associates | 8 | 1,350 | (117) | 617 | (490) |
| Gain (loss) on deemed disposal of significant influence investment | | | — | — | (1,443) |
| Loss on extinguishment of derivative investment | 6(a) | — | — | (9,096) | — |
| Unrealized gain (loss) on derivative investments | 7(b) | (5,385) | 2,814 | (10,033) | (5,606) |
| Unrealized gain (loss) on derivative liability | 14, 16(c) | 13,696 | (21,013) | 54,045 | (19,278) |
| Unrealized gain (loss) on changes in contingent consideration fair value | 24 | — | 32 | (3) | (12) |
| Gain (loss) on debt modification | | | 858 | — | 221 |
| Gain (loss) on disposal of assets held for sale and property, plant and equipment | | (4,388) | 761 | (3,044) | (161) |
| Government grant income (expense) | 5 | (3,231) | 23,678 | 11,181 | 23,678 |
| Provisions | | | (2,000) | — | (2,000) |
| Realized loss on repurchase of convertible debt | 14 | (314) | — | (314) | — |
| Other gains (losses) | | (709) | 496 | 812 | (103) |
| Total other gains (losses) | | 1,019 | 5,509 | 44,165 | (5,194) |

Note 20 Supplemental Cash Flow Information

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

| | Six months ended December 31, | |
|--|-------------------------------|-----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Accounts receivable | 5,004 | 3,342 |
| Biological assets | (41,783) | (22,815) |
| Inventory | 45,275 | (15,460) |
| Prepaid and other current assets | 22 | (4,701) |
| Accounts payable and accrued liabilities | (5,190) | (26,451) |
| Income taxes payable | 617 | 86 |
| Deferred revenue | 1,341 | 407 |
| Provisions | — | (556) |
| Other current liabilities | 5,992 | — |
| Changes in operating assets and liabilities | 11,278 | (66,148) |

Additional supplementary cash flow information is as follows:

| | Six months ended December 31, | |
|---|-------------------------------|--------|
| | 2021 | 2020 |
| | \$ | \$ |
| Property, plant and equipment in accounts payable | 2,120 | 9,318 |
| Right-of-use asset additions | 1,699 | 1,917 |
| Capitalized borrowing costs | — | — |
| Amortization of prepaids | 17,943 | 16,769 |
| Interest paid | 14,067 | 15,661 |
| Interest received | 405 | 915 |

Included in restricted cash is \$4.2 million attributed to collateral held for letters of credit and corporate credit cards, \$15.0 million for self-insurance, and \$32.0 million of funds reserved for the Segregated Cell (Note 2(e)).

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Note 21 Commitments and Contingencies

(a) Claims and Litigation

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

On November 21, 2019, a purported class action proceeding was commenced in the United States District Court for the District of New Jersey against the Company and certain of its current and former directors and officers on behalf of persons or entities who purchased, or otherwise acquired, publicly traded Aurora securities between October 23, 2018 and February 6, 2020. An amended complaint was filed on September 21, 2020 which alleges, inter alia, that the Company and certain of its current and former officers and directors violated the federal securities laws by making false or misleading statements, materially overstated the demand and potential market for the Company's consumer cannabis products; that the Company's ability to sell products had been materially impaired by extraordinary market oversupply, that the Company's spending growth and capital commitments were likely to exceed our revenue growth; that the Company had violated German law mandating that companies receive special permission to distribute medical products exposed to regulated irradiation techniques, and that the foregoing, among others, had negatively impacted the Company's business, operations, and prospects and impaired the Company's ability to achieve profitability. A motion to dismiss was filed on November 20, 2020 and granted by the court on July 7, 2021, however, the plaintiffs were given an opportunity to file a second amended complaint no later than September 7, 2021. Pursuant to the July 7, 2021 order, the plaintiffs filed a second amended complaint on September 7, 2021 which included new allegations pertaining to certain alleged financial misrepresentation and improper revenue recognition by the Company. The Company subsequently filed a motion to dismiss on December 6, 2021 and, 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 December 31, 2021 (September 30, 2021 - 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 December 31, 2021 (September 30, 2021 - 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 December 31, 2021 (September 30, 2021 - nil).

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 December 31, 2021 (September 30, 2021 - 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 current and former 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 current and former 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. The Company disputes the allegations. On November 2, 2021, the plaintiffs voluntarily dismissed this action without prejudice as to all claims. This matter is now concluded. No provision has been recognized as at December 31, 2021 (September 30, 2021 - nil).

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 December 31, 2021 (September 30, 2021 - 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

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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) 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 calendar 2022.
- (ii) The Company has various lease commitments related to various office space, production equipment, vehicles, facilities and warehouses expiring between October 2021 and June 2033. The Company has certain leases with optional renewal terms that the Company may exercise at its option.

In addition to lease liability commitments disclosed in Note 25(b), the Company has the following future capital commitments and purchase commitments payments, which are due in the next five years and thereafter:

| | \$ |
|-------------------------|--------------|
| Next 12 months | 3,890 |
| Over 1 year to 2 years | 2,066 |
| Over 2 years to 3 years | 2,066 |
| Over 3 years to 4 years | 1,377 |
| | <u>9,399</u> |

Note 22 Revenue

The Company generates revenue from the transfer of goods and services over time and at a point-in-time from the revenue streams below. Net revenue from sale of goods is reflected net of actual returns and estimated variable consideration for future returns and price adjustments of \$3.7 million and \$4.4 million for the three and six months ended December 31, 2021 (three and six months ended December 31, 2020 - \$2.7 million and \$3.4 million). The estimated variable consideration is based on historical experience and management's expectation of future returns and price adjustments. As of December 31, 2021, the net return liability for the estimated variable revenue consideration was \$0.5 million (June 30, 2021 - \$1.5 million) and is included in deferred revenue on the condensed consolidated interim statements of financial position.

| Three Months Ended December 31, 2021 | Point-in-time | Over-time | Total |
|---|---------------|-----------|----------|
| | \$ | \$ | \$ |
| Cannabis | | | |
| Revenue from sale of goods | 68,417 | — | 68,417 |
| Revenue from provision of services | — | 543 | 543 |
| Excise taxes | (8,374) | — | (8,374) |
| Net Revenue | 60,043 | 543 | 60,586 |
| | | | |
| Three Months Ended December 31, 2020 | Point-in-time | Over-time | Total |
| | \$ | \$ | \$ |
| Cannabis | | | |
| Revenue from sale of goods | 79,025 | — | 79,025 |
| Revenue from provision of services | — | 550 | 550 |
| Excise taxes | (11,902) | — | (11,902) |
| Net Revenue | 67,123 | 550 | 67,673 |
| | | | |
| Six months ended December 31, 2021 | Point-in-time | Over-time | Total |
| | \$ | \$ | \$ |
| Cannabis | | | |
| Revenue from sale of goods | 137,894 | — | 137,894 |
| Revenue from provision of services | — | 992 | 992 |
| Excise taxes | (18,192) | — | (18,192) |
| Net Revenue | 119,702 | 992 | 120,694 |

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| Six months ended December 31, 2020 | Point-in-time | Over-time | Total |
|------------------------------------|----------------|--------------|----------------|
| | \$ | \$ | \$ |
| Cannabis | | | |
| Revenue from sale of goods | 160,873 | — | 160,873 |
| Revenue from provision of services | — | 1,149 | 1,149 |
| Excise taxes | (26,756) | — | (26,756) |
| Net Revenue | 134,117 | 1,149 | 135,266 |

Note 23 Segmented Information

During the year ended June 30, 2021, the Company had two reportable operating segments: (i) Cannabis and (ii) Horizontally Integrated Businesses. The goodwill associated with all acquisitions were allocated to the Cannabis operating segment. During the six months ended December 31, 2021, the Company changed its internal management reporting and accordingly, identified the following two reportable operating segments: (i) Canadian Cannabis; and (ii) International Cannabis. The reorganization of the Company's reporting structure changed the composition of its reportable segments and required that goodwill be reassigned to the operating segments using a relative fair value allocation approach. Assets and liabilities were also reassigned to the reporting segments based on the assets that would be employed in, or the liabilities related to, the operations of each reporting segment, and the assets or liabilities that would be considered in determining the fair value of each reporting segment. After reorganization, the Company's reporting segments with goodwill include: (i) Canadian Cannabis; and (ii) International Cannabis. There were no indicators of impairment prior to the change in operating segments. Prior period disclosures have been restated based on the new operating segments.

| Operating Segments | Canadian Cannabis | International Cannabis | Corporate ⁽¹⁾ | Total |
|--|-------------------|------------------------|--------------------------|-----------|
| | \$ | \$ | \$ | \$ |
| Six months ended December 31, 2021 | | | | |
| Net revenue | 84,642 | 36,052 | | 120,694 |
| Gross profit before fair value adjustments | (1,905) | 17,583 | | 15,678 |
| Selling, general, and administrative expense | 70,261 | 10,557 | 7,903 | 88,721 |
| Income (loss) from operations before taxes and discontinued operations | (85,768) | 9,809 | (11,644) | (87,603) |
| Six months ended December 31, 2020 | | | | |
| Net revenue | 118,370 | 16,896 | — | 135,266 |
| Gross profit before fair value adjustments | 33,425 | 5,887 | — | 39,312 |
| Selling, general and administrative expense | 70,486 | 10,830 | 4,733 | 86,049 |
| Loss from operations before taxes and discontinued operations | (263,945) | (8,013) | (123,147) | (395,105) |

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

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| Operating Segments | Canadian Cannabis | International Cannabis | Corporate ⁽¹⁾ | Total |
|--|-------------------|------------------------|--------------------------|-----------|
| | \$ | \$ | \$ | \$ |
| Three months ended December 31, 2021 | | | | |
| Net revenue | 40,812 | 19,774 | — | 60,586 |
| Gross profit before fair value adjustments | (20,139) | 9,072 | — | (11,067) |
| Selling, general, and administrative expense | 31,772 | 5,308 | 5,881 | 42,961 |
| Income (loss) from operations before taxes and discontinued operations | (68,338) | 10,962 | (18,135) | (75,511) |
| Three months ended December 31, 2020 | | | | |
| Net revenue | 58,926 | 8,747 | — | 67,673 |
| Gross profit before fair value adjustments | 13,804 | 3,363 | — | 17,167 |
| Selling, general and administrative expense | 35,021 | 4,611 | 2,329 | 41,961 |
| Loss from operations before taxes and discontinued operations | (252,468) | (1,945) | (42,642) | (297,055) |

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

| Geographical Segments | Canada | EU | Other | Total |
|--|-----------|---------|--------|-----------|
| | \$ | \$ | \$ | \$ |
| Non-current assets other than financial instruments | | | | |
| December 31, 2021 | 1,614,227 | 192,145 | 20,077 | 1,826,449 |
| June 30, 2021 | 1,774,154 | 49,164 | 41,787 | 1,865,105 |

| | | | | |
|---|----------|--------|---|----------|
| Three months ended December 31, 2021 | | | | |
| Net revenue | 40,812 | 19,774 | — | 60,586 |
| Gross profit | (20,139) | 9,072 | — | (11,067) |

| | | | | |
|---|--------|-------|---|--------|
| Three months ended December 31, 2020 | | | | |
| Net revenue | 58,926 | 8,747 | — | 67,673 |
| Gross profit (loss) | 13,804 | 3,363 | — | 17,167 |

| | | | | |
|---|---------|--------|-------|---------|
| Six months ended December 31, 2021 | | | | |
| Net revenue | 84,642 | 35,633 | 419 | 120,694 |
| Gross profit | (1,905) | 18,015 | (432) | 15,678 |

| | | | | |
|---|---------|--------|-------|---------|
| Six months ended December 31, 2020 | | | | |
| Net revenue | 117,804 | 15,531 | 1,931 | 135,266 |
| Gross profit (loss) | 32,403 | 5,742 | 1,167 | 39,312 |

Included in net revenue arising from the Canadian Cannabis operating segment for the three months ended December 31, 2021 are net revenues of approximately \$6.4 million from Customer A (three months ended December 31, 2020 - Customer A \$7.1 million, Customer B \$8.1 million, and Customer D \$10.6 million), each contributing 10 per cent or more to the Company's net revenue. All of these customers are government bodies for sales of cannabis in the consumer market.

Included in net revenues arising from the Canadian cannabis operating segment for the six months ended December 31, 2021 are net revenues of approximately \$13.2 million from Customer A (six months ended December 31, 2020 - Customer A \$16.0 million, Customer B \$18.3 million, and Customer D \$23.1 million), each contributing 10 per cent or more to the Company's net revenue.

Included in net revenue arising from the International Cannabis operating segment for the three and six months ended December 31, 2021 are net revenues of approximately \$9.0 million and \$15.5 million, respectively, from Customer E (three and six months ended December 31, 2020 - nil), contributing 10 per cent or more to the Company's net revenue.

No other single customers contributed 10 per cent or more to the Company's net revenue during the three and six months ended December 31, 2021.

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Note 24 Fair Value of Financial Instruments

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

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

The carrying values of the financial instruments at December 31, 2021 are summarized in the following table:

| | Amortized cost | FVTPL | Designated FVTOCI | Total |
|---|----------------|--------|-------------------|---------|
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 332,404 | — | — | 332,404 |
| Restricted cash | 51,349 | — | — | 51,349 |
| Accounts receivable, excluding sales taxes and lease receivable | 47,239 | — | — | 47,239 |
| Marketable securities | — | — | 1,677 | 1,677 |
| Derivatives | — | 36,737 | — | 36,737 |
| Loans receivable | 13,080 | — | — | 13,080 |
| Lease receivable | 6,294 | — | — | 6,294 |
| Financial Liabilities | | | | |
| Accounts payable and accrued liabilities | 52,802 | — | — | 52,802 |
| Convertible debentures | 348,753 | — | — | 348,753 |
| Contingent consideration payable | — | 227 | — | 227 |
| Other current liabilities | 16,852 | — | — | 16,852 |
| Lease liabilities | 65,698 | — | — | 65,698 |
| Derivative liability | — | 37,894 | — | 37,894 |
| Other long-term liabilities | 119 | — | — | 119 |

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

| | Note | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|-----------|---------|---------|---------|--------|
| | | \$ | \$ | \$ | \$ |
| As at December 31, 2021 | | | | | |
| Marketable securities | 7(a) | 1,677 | — | — | 1,677 |
| Derivative assets | 7(b) | — | 20,480 | 16,257 | 36,737 |
| Contingent consideration payable | | — | — | 227 | 227 |
| Derivative liability | 14, 16(c) | 37,461 | 433 | — | 37,894 |
| As at June 30, 2021 | | | | | |
| Marketable securities | 7(a) | 3,751 | — | — | 3,751 |
| Derivative assets | 7(b) | — | 42,477 | 16,905 | 59,382 |
| Contingent consideration payable | | — | — | 374 | 374 |
| Derivative liability | 14, 16(c) | 88,860 | 3,079 | — | 91,939 |

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

Note 25 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. Certain restricted funds in the amount of \$32.1 million are retained by an insurer under the Segregated Accounts Companies Act governed by the Bermuda Monetary Authority. As the Company does not invest in asset-backed deposits or investments, it does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its Guaranteed Investment Certificates ("GICs"). The Company mitigates the credit risk associated with the loans receivable by managing and monitoring the underlying business relationship.

The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required. As of December 31, 2021, \$12.3 million of accounts receivable, net of allowances, are from non-government wholesale customers (June 30, 2021 - \$7.0 million). As of December 31, 2021, the Company recognized a \$4.4 million provision for expected credit losses (June 30, 2021 - \$5.4 million).

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

| | December 31, 2021 | June 30, 2021 |
|-------------|-------------------|---------------|
| | \$ | \$ |
| 0 – 60 days | 22,802 | 36,195 |
| 61+ days | 5,238 | 5,835 |
| | 28,040 | 42,030 |

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

| | Note | December 31, 2021 |
|--|------|-------------------|
| | | \$ |
| Next 12 months | | 1,618 |
| Over 1 year to 2 years | | 2,481 |
| Over 2 years to 3 years | | 1,368 |
| Over 3 years to 4 years | | 556 |
| Over 4 years to 5 years | | 281 |
| Thereafter | | 320 |
| Total undiscounted lease payments receivable | | 6,624 |
| Unearned finance income | | (330) |
| Total lease receivable | | 6,294 |
| Current | 4 | (1,615) |
| Long-term | | 4,679 |

(b) Liquidity risk

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

| | December 31, 2021 | June 30, 2021 |
|---------------------|-------------------|---------------|
| | \$ | \$ |
| Trade payables | 13,787 | 13,277 |
| Accrued liabilities | 24,016 | 29,883 |
| Payroll liabilities | 13,540 | 9,247 |
| Excise tax payable | 1,234 | 4,672 |
| Other payables | 225 | 865 |
| | 52,802 | 57,944 |

In addition to the commitments outlined in Note 21, the Company has the following undiscounted contractual obligations as at December 31, 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 | 52,802 | 52,802 | — | — | — |
| Convertible notes and interest ⁽¹⁾⁽²⁾ | 492,308 | 23,918 | 468,390 | — | — |
| Lease liabilities ⁽²⁾ | 119,039 | 9,824 | 25,733 | 20,555 | 62,927 |
| Contingent consideration payable ⁽³⁾ | 227 | 227 | — | — | — |
| | 664,376 | 86,771 | 494,123 | 20,555 | 62,927 |

⁽¹⁾ Assumes the principal balance of the debentures outstanding at December 31, 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.

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

As of December 31, 2021, the Company has access to the following capital resources available to fund operations and obligations:

- \$332.4 million cash and cash equivalents; and
- US\$1.0 billion securities registered for sale under the 2021 Shelf Prospectus filed on March 30, 2021 (the "2021 Shelf Prospectus") for future financings or issuances of securities, including US\$300 million available securities for sale under the 2021 at-the-market (ATM) program (the "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.

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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, financing and strategic activities for the foreseeable future.

Note 26 Asset Acquisition and Non-controlling Interest (“NCI”)

Growery B.V.

On November 12, 2021, the Company, through its wholly-owned indirect subsidiary, Aurora Nederland B.V., entered into a sale and purchase agreement to purchase 40% of the issued and outstanding shares in Growery B.V. (“Growery”). The Company controls Growery as it has the right to nominate two of three directors of Growery, and decisions require a simple majority. Based on having a controlling interest, the Company has consolidated Growery’s results in these consolidated financial statements.

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

The change in non-controlling interest is as follows:

| | \$ |
|--|-------|
| Non-controlling interest on initial capital contribution | 865 |
| Share of (loss) profit for the period | (367) |
| Balance December 31, 2021 | 498 |

Netherlands-based Growery is in the business of cultivation, production and sale of medical cannabis. Growery is one of the few license holders permitted to participate in the Controlled Cannabis Supply Chain Experiment (the “CCSC”). The CCSC is scheduled to be in effect for a minimum of four years, during which the Dutch government will evaluate if the rules of the CCSC should be expanded nationally.

Note 27 Subsequent Events

Subsequent to December 31, 2021, the Company issued 19,595,000 common shares under the ATM Program (Note 24(b)) for gross proceeds of US\$ 89.7 million.

Subsequent to December 31, 2021, the Company repurchased a total of \$13.4 million (US\$10.6 million) in principal amount of Senior Notes (Note 14) at a total cost, including accrued interest, of \$11.8 million (US\$9.3 million).