

Aurora Nordic Cannabis A/S

Bindekildevej 10, 5250 Odense SV

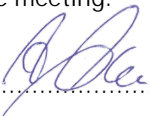
CVR no. 39 32 94 33

Annual report

for the period 1 July 2022 - 31 March 2023

Approved at the Company's annual general meeting on 30 October 2023

Chair of the meeting:


.....
Axel Gille

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Aurora Nordic Cannabis A/S for the financial year 1 July 2022 - 31 March 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 July 2022 - 31 March 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Odense, 30 October 2023
Executive Board:



Alexander Thier

Board of Directors:



Axel Gille
Chairman



Thorsten Hagemann



André Jérôme

Independent auditor's report

To the shareholders of Aurora Nordic Cannabis A/S

Opinion

We have audited the financial statements of Aurora Nordic Cannabis A/S for the financial year 1 July 2022 - 31 March 2023, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2023, and of the results of the Company's operations for the financial year 1 July 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Fredericia, 30 October 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Nikolaj Møller Hansen
State Authorised Public Accountant
mne33220

Management's review

Company details

Name	Aurora Nordic Cannabis A/S
Address, Postal code, City	Bindekildevej 10, 5250 Odense SV
CVR no.	39 32 94 33
Established	12 February 2018
Financial year	1 July 2022 - 31 March 2023
Board of Directors	Axel Gille, Chairman Thorsten Hagemann André Jérôme
Executive Board	Alexander Thier
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Vesterballevej 27.2, 7000 Fredericia

Management's review

Business review

The activity of the Company is to cultivate, produce, distribute and sell cannabis and other activities that in the discretion of the board of directors is deemed related thereto.

Recognition and measurement uncertainties

After the balance sheet date on 31 March 2023 decided closing Aurora Nordic Cannabis A/S. The decision closing Aurora Nordic Cannabis A/S executed during the financial year 2023/24.

The decision closing Aurora Nordic Cannabis A/S is materially affecting assessment of value of assets at the balance sheet date as value of assets now recognized at realization value. Recognizing all assets at realization value impacting the Annual Report 2022/23 DKK 17,797 thousand.

Furthermore, several liabilities and commitments existing at the balance sheet date are required expensed in Annual report 2022/23 following the upcoming closedown. The Annual report 2022/23 impacted DKK 7,654 thousand from expenses liabilities.

Financial review

The income statement for 2022/23 shows a loss of DKK 39,166 thousand against a loss of DKK 23,960 thousand last year, and the balance sheet at 31 March 2023 shows a negative equity of DKK 429,016 thousand.

For the next financial year, a loss expected due to cost of closing Aurora Nordic Cannabis A/S and only income generated first couple of months of the income year 2023/24 to offset.

The present financial figures cover a period of 9 months as compared to a period of 12 months in the comparative figures. The accounting period has been changed due to group-related circumstances.

Events after the balance sheet date

After the balance sheet date decided closing Aurora Nordic Cannabis A/S and the decision to close Aurora Nordic Cannabis A/S executed during FY24.

The decision closing Aurora Nordic Cannabis A/S materially affecting the assessment of the Annual Report 2022/23 as described in the recognition and measurement uncertainties section.

Financial statements 1 July 2022 - 31 March 2023

Income statement

Note	DKK'000	2022/23 9 months	2021/22 12 months
	Gross profit	31,292	65,020
3	Staff costs	-25,496	-35,948
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-20,167	-19,676
	Profit/loss before net financials	-14,371	9,396
4	Financial income	1,937	4
5	Financial expenses	-26,732	-33,179
	Profit/loss before tax	-39,166	-23,779
6	Tax for the year	0	-181
	Profit/loss for the year	-39,166	-23,960
	Recommended appropriation of profit/loss	-39,166	-23,960
	Retained earnings/accumulated loss	-39,166	-23,960

Financial statements 1 July 2022 - 31 March 2023

Balance sheet

Note	DKK'000	2022/23	2021/22
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Land and buildings	0	1,738
	Biological assets	0	100
	Plant and machinery	0	13,524
	Fixtures and fittings, other plant and equipment	0	58
	Leasehold improvements	0	0
	Property, plant and equipment under construction	0	5,588
		0	21,008
	Total fixed assets	0	21,008
	Non-fixed assets		
	Inventories		
	Work in progress	1,008	4,110
	Finished goods and goods for resale	9,942	3,477
		10,950	7,587
	Receivables		
	Trade receivables	620	1,111
	Receivables from group enterprises	0	59,472
	Other receivables	288	1,567
	Prepayments	0	1,014
		908	63,164
	Cash	2,053	15,692
	Total non-fixed assets	13,911	86,443
	TOTAL ASSETS	13,911	107,451

Financial statements 1 July 2022 - 31 March 2023

Balance sheet

Note	DKK'000	2022/23	2021/22
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500	500
	Retained earnings	-429,516	-390,350
	Total equity	-429,016	-389,850
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
8	Corporate income tax payable	0	181
	Other payables	33	0
		33	181
	Current liabilities other than provisions		
	Trade payables	938	3,699
	Payables to group enterprises	429,683	488,163
8	Corporate income tax payable	181	0
	Other payables	12,092	5,258
		442,894	497,120
	Total liabilities other than provisions	442,927	497,301
	TOTAL EQUITY AND LIABILITIES	13,911	107,451

- 1 Accounting policies
- 2 Special items
- 8 Deferred tax
- 9 Contractual obligations and contingencies, etc.
- 10 Related parties

Financial statements 1 July 2022 - 31 March 2023

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 July 2021	500	-366,390	-365,890
Transfer through appropriation of loss	0	-23,960	-23,960
Equity at 1 July 2022	500	-390,350	-389,850
Transfer through appropriation of loss	0	-39,166	-39,166
Equity at 31 March 2023	500	-429,516	-429,016

Financial statements 1 July 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies

The annual report of Aurora Nordic Cannabis A/S for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

After the balance sheet date on 31 March 2023 decided closing Aurora Nordic Cannabis A/S. The decision closing Aurora Nordic Cannabis A/S executed during the financial year 2023/24. Reference to Management's review for further information.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to consulting, sale, advertising, administration etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 July 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Depreciation and impairment

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	3-20 years
Plant and machinery	3-5 years
Leasehold improvements	3-5 years

Land is not depreciated.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Dividends from equity investments in group entities and participating interests (including associates) measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared. In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividends exceed profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements 1 July 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash.

Financial statements 1 July 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Equity

Grants without consideration within a group

Grants received from the parent company are recognised under "Retained earnings in equity" in the balance sheet as a capital injection.

Income taxes

Current tax receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Other payables

Other payables are measured at net realisable value.

2 Special items

DKK'000	2022/23 9 months	2021/22 12 months
Expenses		
Impairment losses of assets recognized at realization value	17,797	0
Expensed liabilities and commitments	7,654	0
	<u>25,451</u>	<u>0</u>
Special items are recognised in the below items of the financial statements		
Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	17,797	0
Other external costs	7,654	0
Net profit on special items	<u>25,451</u>	<u>0</u>

3 Staff costs

Wages/salaries	21,887	30,893
Pensions	3,329	4,390
Other social security costs	254	639
Other staff costs	26	26
	<u>25,496</u>	<u>35,948</u>
Average number of full-time employees	<u>72</u>	<u>72</u>

4 Financial income

Interest income, intercompany	1,911	0
Other financial income	26	4
	<u>1,937</u>	<u>4</u>

5 Financial expenses

Interest expenses, intercompany	26,330	30,421
Other financial expenses	402	2,758
	<u>26,732</u>	<u>33,179</u>

Financial statements 1 July 2022 - 31 March 2023

Notes to the financial statements

DKK'000		2022/23 9 months	2021/22 12 months				
6	Tax for the year						
	Estimated tax charge for the year	0	181				
		0	181				
7	Property, plant and equipment						
DKK'000	Land and buildings	Biological assets	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 July 2022	6,149	100	35,222	183	60,926	5,588	108,168
Additions	109	0	442	0	102	986	1,639
Cost at 31 March 2023	6,258	100	35,664	183	61,028	6,574	109,807
Impairment losses and depreciation at 1 July 2022	4,411	0	21,698	125	60,926	0	87,160
Impairment losses	919	100	8,675	38	97	6,574	16,403
Depreciation	928	0	5,291	20	5	0	6,244
Impairment losses and depreciation at 31 March 2023	6,258	100	35,664	183	61,028	6,574	109,807
Carrying amount at 31 March 2023	0	0	0	0	0	0	0
Depreciated over	3-20 years		3-5 years	3-5 years	3-5 years		

Note provides more details on security for loans, etc. as regards property, plant and equipment.

8 Deferred tax

The Company's preliminary net deferred tax asset at 31 March 2023 amounted to approx. DKK 82 million. Due to closing, Management has chosen not to capitalise a deferred tax asset.

9 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2022/23	2021/22
Rent and lease liabilities	0	6,536

Other rent and lease liabilities is falling due within 1 year.

Financial statements 1 July 2022 - 31 March 2023

Notes to the financial statements

10 Related parties

Aurora Nordic Cannabis A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Aurora Cannabis Inc.	Vancouver, Canada	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Aurora Cannabis Inc.	Vancouver, Canada	www.investor.auroramj.com

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Aurora Cannabis Inc.	Vancouver, Canada