ITEM 1: BREAKING DOWN MARGINS — Q2 MARGIN WALK TO NORMALIZED MARGINS

<table>
<thead>
<tr>
<th></th>
<th>Q2 FS Margin ($9,708)</th>
<th>Inv. Provision $19,193</th>
<th>Returns Mix $9,157</th>
<th>Under Utilization $7,262</th>
<th>Rec 2.0 $1,000</th>
<th>All Other $2,274</th>
<th>Normalized Margin $29,178</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Provision</td>
<td>$16.0MM</td>
<td>20% Margin $26.7M Rev</td>
<td>$5.3MM</td>
<td>Canada (BC/SF/KL) $3.3MM</td>
<td>Smiths Falls $1.0MM</td>
<td>True-Ups $0.8MM</td>
<td></td>
</tr>
<tr>
<td>Scarborough</td>
<td>$3.2MM</td>
<td>Price Impact Outside Q2</td>
<td>$3.9MM</td>
<td>Int’l (LATAM, Denmark) $4.0MM</td>
<td>Generator Rentals</td>
<td></td>
<td></td>
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<tr>
<td>Trim &amp; Other</td>
<td>-</td>
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</tr>
</tbody>
</table>

- Oils & Soft Gels: $16.0MM
- Returns Drag On Mix: 20% Margin $26.7M Rev
- Under Utilization: $5.3MM
- Rec 2.0 Infrastructure: Canada (BC/SF/KL) $3.3MM
- All Other Abnormal Costs: Smiths Falls $1.0MM
- Normalized Margin: $29,178

### Item Breakdown

- Q2 Margin: (12.7%)
- Inventory Provision: +25.1%
- Returns Mix: +12%
- Under Utilization: +9.5%
- Rec 2.0 Infrastructure: +1.3%
- All Other Abnormal Costs: +3%

**Normalized Margin:** 38.2%
ITEM 2: BREAKING DOWN ADJUSTED EBITDA

Adj EBITDA ($155.7M)

- Operating ($109M)
  - Core – ($59.8M)
  - Onerous Leases – ($8.8M)
  - Inv Restructuring – ($40.4M)

- Strategic ($36.2M)
  - USA – ($10.8M)
  - R&D – ($11.9M)
  - All Other – ($13.5M)

- Non-Operating & Under Utilization ($10.5M)
  - Under Utilization – ($7.3M)
  - Rec 2.0 – ($1.0M)
  - Abnormal Costs – ($2.2M)

vs Q1 ($57.8)
As of 9/30/19, Canopy held $461.8M of inventory and $110.3M of biological assets, for a total of $572.1M.

- Included is $219M of fair value adjustments, which are adjusted quarterly based on net realizable value calculations.
- All other inventory & biological assets of $65M pertain to international locations, including US Hemp farming costs, C3 inventory, S&B inventory, etc.
- Canada inventory and biological assets at cost is $288M, and includes raw materials, consumables, semi-finished goods such as resin and isolate, WIP and finished goods across all product formats.
Canopy Growth Corp. Proprietary and Confidential Information.

• The Company continually models projected demand versus production capacity across many scenarios, largely driven by number of store openings.

• This models an incremental 40 new stores monthly in Ontario starting in January 2020*, along with a range of assumptions.

• In this scenario, current production and demand equalize in June 2020, with 4.5 months of accumulated inventory.

* Alberta added approx. 40 stores per month for the 5 months ended Sep 2019.