CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(IN CANADIAN DOLLARS)

CANOPY GROWTH CORPORATION

TABLE OF CONTENTS

CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

UNAUDITED

(Expressed in CDN $000's)

	Notes	September 30, 2019	March 31, 2019
Assets			
Current assets			
Cash and cash equivalents	3	$ **1,102,464**	$ 2,480,830
Marketable securities	4	**1,633,692**	2,034,133
Amounts receivable	5	**107,487**	106,974
Biological assets	6	**110,347**	78,975
Inventory	7	**461,757**	262,105
Prepaid expenses and other current assets	8	**152,761**	107,123
		3,568,508	5,070,140
Investments in equity method investees	9	**113,046**	112,385
Other financial assets	10	**449,028**	363,427
Property, plant and equipment	11	**1,633,303**	1,096,340
Intangible assets	12	**514,033**	519,556
Goodwill	12	**1,912,484**	1,544,055
Other long-term assets		**34,781**	25,902
		$ **8,225,183**	$ 8,731,805
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	$ **286,862**	$ 226,533
Current portion of long-term debt	14	**14,115**	103,716
Other current liabilities	15	**124,853**	81,414
		425,830	411,663
Long-term debt	14	**590,373**	842,259
Deferred tax liability	22	**91,026**	96,031
Share repurchase credit liability	25	**1,288,079**	-
Other long-term liabilities	15	**207,183**	140,404
		2,602,491	1,490,357
Shareholders' equity			
Share capital	16	**6,331,325**	6,026,618
Other reserves		**2,756,749**	1,673,472
Accumulated other comprehensive income		**(29,064)**	28,630
Deficit		**(3,707,022)**	(777,087)
Equity attributable to Canopy Growth Corporation		**5,351,988**	6,951,633
Non-controlling interests	18	**270,704**	289,815
Total equity		**5,622,692**	7,241,448
		$ **8,225,183**	$ 8,731,805

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

UNAUDITED

(Expressed in CDN $000's except share amounts)	Notes	Three months ended **September 30, 2019**	Three months ended September 30, 2018	Six months ended **September 30, 2019**	Six months ended September 30, 2018
			(Restated - see note 2(d))		*(Restated - see note 2(d))*
Revenue	19	**$ 85,621**	$ 23,327	**$ 189,012**	$ 49,243
Excise taxes	19	**9,008**	-	**21,917**	-
Net revenue	19	**76,613**	23,327	**167,095**	49,243
Inventory production costs expensed to cost of sales		**86,321**	15,624	**159,503**	29,029
Gross margin before the undernoted		**(9,708)**	7,703	**7,592**	20,214
Fair value changes in biological assets included in inventory sold and other charges	7	**69,089**	51,496	**115,219**	77,884
Unrealized gain on changes in fair value of biological assets	6	**(82,320)**	(10,944)	**(221,339)**	(68,233)
Gross margin		**3,523**	(32,849)	**113,712**	10,563
Sales and marketing		**60,483**	40,182	**109,710**	58,875
Research and development		**11,922**	1,944	**20,396**	2,700
General and administration		**87,861**	37,101	**150,132**	56,689
Acquisition-related costs		**2,562**	3,202	**15,744**	5,086
Share-based compensation expense	16(b)(d), 17(e)	**83,767**	45,025	**160,848**	68,097
Share-based compensation expense related to acquisition milestones	16(c)	**9,114**	50,730	**19,395**	57,825
Depreciation and amortization		**13,644**	3,595	**26,423**	6,625
Operating expenses		**269,353**	181,779	**502,648**	255,897
Loss from operations		**(265,830)**	(214,628)	**(388,936)**	(245,334)
Loss on extinguishment of warrants	25	**-**	-	**(1,176,350)**	-
Other income (expense), net	21	**(109,283)**	(115,702)	**(76,662)**	(178,697)
Total other income (expense), net		**(109,283)**	(115,702)	**(1,253,012)**	(178,697)
Loss before income taxes		**(375,113)**	(330,330)	**(1,641,948)**	(424,031)
Income tax recovery (expense)	22	**493**	(284)	**(13,840)**	2,439
Net loss		**$ (374,620)**	$ (330,614)	**$ (1,655,788)**	$ (421,592)
Net (loss) income attributable to:					
Canopy Growth Corporation		**$ (374,184)**	$ (337,136)	**$ (1,657,239)**	$ (417,413)
Non-controlling interests	18	**(436)**	6,522	**1,451**	(4,179)
		$ (374,620)	$ (330,614)	**$ (1,655,788)**	$ (421,592)
Net loss per share, basic and diluted					
Net loss per share		**$ (1.08)**	$ (1.52)	**$ (4.79)**	$ (1.98)
Weighted average number of outstanding common shares		**347,226,921**	221,725,511	**346,028,903**	210,972,889

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

UNAUDITED

(Expressed in CDN $000's)	Notes	Three months ended **September 30, 2019**	Three months ended September 30, 2018	Six months ended **September 30, 2019**	Six months ended September 30, 2018
Net loss		**$ (374,620)**	$ (330,614)	**$ (1,655,788)**	$ (421,592)
Other comprehensive income (loss) that will not be reclassified to net income (loss)					
Fair value changes on equity instruments at FVOCI	10	**(44,942)**	(3,427)	**(75,630)**	7,730
Fair value changes of own credit risk of financial liabilities designated at FVTPL	14	**22,050**	(65,610)	**36,660**	(75,030)
Deferred income tax recovery (expense) on the above items	22	**5,274**	(719)	**9,340**	(949)
		(17,618)	(69,756)	**(29,630)**	(68,249)
Other comprehensive income (loss) that may be reclassified to net income (loss)					
Foreign currency translation		**8,627**	(3,386)	**(52,117)**	(4,706)
		8,627	(3,386)	**(52,117)**	(4,706)
Other comprehensive loss		**(8,991)**	(73,142)	**(81,747)**	(72,955)
Comprehensive loss		**$ (383,611)**	$ (403,756)	**$ (1,737,535)**	$ (494,547)
Comprehensive (loss) income attributable to:					
Canopy Growth Corporation		**$ (367,343)**	$ (411,158)	**$ (1,713,085)**	$ (498,321)
Non-controlling interests	18	**(16,268)**	7,402	**(24,450)**	3,774
		$ (383,611)	$ (403,756)	**$ (1,737,535)**	$ (494,547)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

UNAUDITED

				Other reserves			**Accumulated other comprehensive income**				
(Expressed in CDN $000's except share amounts)	**Note**	**Number of shares**	**Share capital**	**Share-based reserve**	**Warrants**	**Ownership changes**	**Exchange differences**	**Fair value changes, net of tax**	**Deficit**	**Non-controlling interests**	**Shareholders' equity**
Balance at March 31, 2018		**199,320,981**	**$ 1,076,838**	**$ 57,982**	**$ 70,455**	**$ (1,019)**	**$ 608**	**$ 45,558**	**$ (91,649)**	**$ 84,465**	**$ 1,243,238**
Issuance of shares from acquisitions		13,018,867	713,668	694	-	-	-	-	-	-	714,362
Exercise of warrants		35,110	322	-	(189)	-	-	-	-	-	133
Exercise of Omnibus Plan stock options		3,844,191	51,669	(26,776)	-	-	-	-	-	-	24,893
Other share issuances		2,383,986	52,705	(39,273)	-	-	-	-	-	-	13,432
Share-based compensation		-	-	112,902	-	-	-	-	-	-	112,902
Issuance and vesting of restricted share units		52,871	2,191	56	-	-	-	-	-	-	2,247
Replacement options and warrants for Hiku and CHI		-	-	21,737	30,611	-	-	-	-	-	52,348
Equity component of Hiku convertible debt		-	-	949	-	-	-	-	-	-	949
Other share issue costs		-	(1,548)	-	-	-	-	-	-	-	(1,548)
Acquisition of BC Tweed non-controlling interests - net of share issue costs $250		5,091,523	201,883	265,253	-	(422,786)	-	-	-	-	44,350
Ownership change arising from Spectrum Cannabis Chile purchase of non-controlling interests		-	-	-	-	(1,327)	-	-	-	331	(996)
Ownership change arising from changes in non-controlling interests		-	-	-	-	(502)	-	-	-	1,043	541
Non-controlling interest arising from Canopy Rivers financing - net of share issue costs $3,371		-	-	-	-	9,138	-	-	-	77,916	87,054
Additional non-controlling interests relating to share-based payments		-	-	-	-	-	-	-	-	12,952	12,952
Canopy Rivers warrants reclassed from liabilities to to equity		-	-	-	-	-	-	-	-	28,512	28,512
Net loss		-	-	-	-	-	-	-	(417,413)	(4,179)	(421,592)
Other comprehensive (loss) income		-	-	-	-	-	(4,706)	(76,202)	-	7,953	(72,955)
Balance at September 30, 2018		**223,747,529**	**$ 2,097,728**	**$ 393,524**	**$ 100,877**	**$ (416,496)**	**$ (4,098)**	**$ (30,644)**	**$ (509,062)**	**$ 208,993**	**$ 1,840,822**
Balance at March 31, 2019		**337,510,408**	**$ 6,026,618**	**$ 507,672**	**$ 1,589,925**	**$ (424,125)**	**$ 41,225**	**$ (12,595)**	**$ (777,087)**	**$ 289,815**	**$ 7,241,448**
Exercise of warrants	16(a)(ii)	12,523	932	-	(486)	-	-	-	-	-	446
Exercise of Omnibus Plan stock options	16(b)	3,290,212	58,764	(22,741)	-	-	-	-	-	-	36,023
Issuance of shares upon completion of acquisition milestones	16(a)(i)	566,851	21,715	(21,841)	-	-	-	-	-	-	(126)
Other share issue costs		-	(129)	-	-	-	-	-	-	-	(129)
Issuance of warrants	16(a)(ii)	-	-	-	359	-	-	-	-	-	359
Extinguishment of warrants	25	-	-	-	1,176,350	-	-	-	-	-	1,176,350
Issuance of shares on vesting of RSUs		7,320	389	(389)	-	-	-	-	-	-	-
Share repurchase credit liability	25	-	-	-	-	-	-	-	(1,274,544)	-	(1,274,544)
Share-based compensation		-	-	175,395	-	-	-	-	-	-	175,395
Acquisition of BC Tweed NCI release from escrow		6,940,531	223,036	(223,036)	-	-	-	-	-	-	-
Ownership change arising from changes in non-controlling interests	18	-	-	-	-	(334)	-	-	-	490	156
Additional non-controlling interests relating to share based payments	18	-	-	-	-	-	-	-	-	4,849	4,849
Derecognition of financial assets measured at fair value through other comprehensive income		-	-	-	-	-	-	(1,848)	1,848	-	-
Net income (loss)		-	-	-	-	-	-	-	(1,657,239)	1,451	(1,655,788)
Other comprehensive loss		-	-	-	-	-	(52,117)	(3,729)	-	(25,901)	(81,747)
Balance at September 30, 2019		**348,327,845**	**$ 6,331,325**	**$ 415,060**	**$ 2,766,148**	**$ (424,459)**	**$ (10,892)**	**$ (18,172)**	**$ (3,707,022)**	**$ 270,704**	**$ 5,622,692**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

UNAUDITED (Expressed in CDN $000's)	Notes		**September 30, 2019**		September 30, 2018
Net inflow (outflow) of cash related to the following activities:					
Operating					
Net loss		**$**	**(1,655,788)**	$	(421,592)
Adjustments for:					
Depreciation of property, plant and equipment	11		**35,309**		10,446
Amortization of intangible assets	12		**15,955**		5,236
Share of loss on equity investments	9		**4,004**		6,932
Fair value changes in biological assets included in inventory sold and other charges			**115,219**		77,884
Unrealized gain on changes in fair value of biological assets			**(221,339)**		(68,233)
Share-based compensation	16(b-d),17(e)		**180,243**		130,596
Other assets			**(23)**		(18,810)
Loss on extinguishment of warrants			**1,176,350**		-
Other income and expense			**104,909**		171,109
Income tax (recovery) expense			**13,840**		(2,439)
Non-cash foreign currency			**(1,463)**		(410)
Changes in non-cash operating working capital items	23		**(126,551)**		(88,855)
Net cash used in operating activities			**(359,335)**		(198,136)
Investing					
Purchases and deposits of property, plant and equipment			**(440,150)**		(293,179)
Purchases of intangible assets			**(3,614)**		(6,340)
Redemption (purchase) of marketable securities, net			**388,027**		(2,829)
Investments in equity method investees	9		**(4,719)**		(42,439)
Investments in other financial assets			**(36,423)**		(29,695)
Premium paid for Acreage Call Option	25		**(395,190)**		-
Net cash outflow on acquisition of non-controlling interests			**-**		(1,999)
Net cash outflow on acquisition of subsidiaries	24		**(421,952)**		427
Change in acquisition related liabilities	15		**(21,447)**		-
Net cash used in investing activities			**(935,468)**		(376,054)
Financing					
Payment of share issue costs			**(129)**		(6,819)
Proceeds from issuance of shares by Canopy Rivers			**156**		91,218
Proceeds from exercise of stock options	16(b)		**36,023**		13,626
Proceeds from exercise of warrants	16(a)(ii)		**446**		133
Issuance of long-term debt	14		**5,278**		600,000
Payment of long-term debt issue costs	14(i)		**-**		(16,380)
Payment of interest on long-term debt			**(12,750)**		-
Repayment of long-term debt	14		**(104,282)**		(747)
Net cash (used) provided by financing activities			**(75,258)**		681,031
Effect of exchange rate changes on cash and cash equivalents			**(8,305)**		-
Net cash (outflow) inflow			**(1,378,366)**		106,841
Cash and cash equivalents, beginning of period			**2,480,830**		322,560
Cash and cash equivalents, end of period		**$**	**1,102,464**	$	429,401

Refer to Note 23 for supplementary cash flow information

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Canopy Growth Corporation is a publicly traded corporation, incorporated in Canada, with its head office located at 1 Hershey Drive, Smiths Falls, Ontario with its common shares listed on the TSX, under the trading symbol "WEED" and as of May 24, 2018 on the NYSE, under the trading symbol "CGC". References in these condensed interim consolidated financial statements to "Canopy Growth" or "the Company" refer to Canopy Growth Corporation and its direct and indirect subsidiaries.

The principal activities of the Company are the production, distribution and sale of cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR") in Canada, up to and including October 16, 2018. On October 17, 2018, the ACMPR was superseded by The Cannabis Act which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. The Company is also expanding to jurisdictions outside of Canada where federally lawful and regulated for cannabis and/or hemp including subsidiaries which operate in the United States, Europe, Latin America and the Caribbean, Asia / Pacific, and Africa. Through its partially owned subsidiary Canopy Rivers Inc. ("Canopy Rivers"), the Company also provides growth capital and a strategic support platform that pursues investment opportunities in the global cannabis sector, where federally lawful.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Certain information and footnote disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with Canopy Growth's March 31, 2019 audited annual consolidated financial statements. Except for the adoption of IFRS 16, *Leases* ("IFRS 16"), and the change in accounting policy with respect to royalty payments, as described in Note 2(c) and Note 2(d), respectively, to these condensed interim consolidated financial statements, these condensed interim consolidated financial statements have been prepared on a basis consistent with the accounting policies disclosed in the March 31, 2019 audited annual consolidated financial statements.

These condensed interim consolidated financial statements are unaudited and reflect adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to provide a fair statement of results for the interim periods in accordance with IFRS.

The results reported in these condensed interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for an entire fiscal year. The policies set out below are consistently applied to all periods presented, unless otherwise noted.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on November 13, 2019.

All figures are presented in thousands of Canadian dollars unless otherwise noted.

(b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for biological assets and certain financial assets and liabilities which are measured at fair value.

(i) Consolidation

These condensed interim consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which Canopy Growth has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Non-controlling interests in the equity of Canopy Growth's subsidiaries are shown separately in equity in the condensed interim consolidated statements of financial position. Information on the Company's subsidiaries with non-controlling interests is included in Note 18.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets and liabilities assumed, all measured as of the acquisition date. Any excess of the fair value of the net assets acquired over the assumed consideration paid is recognized as a gain in the condensed interim consolidated statements of operations. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Refer to Note 24 for additional information on the Company's acquisitions.

(ii) Investments accounted for using the equity method

Investments accounted for using the equity method include investments in associates, which are entities over which the Company exercises significant influence, and joint arrangements representing joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts for its investments in associates and joint ventures using the equity method of accounting. Under the equity method, investments in associates and joint ventures are initially recognized in the condensed interim consolidated statements of financial position at cost, and subsequently adjusted for the Company's share of the net income (loss), comprehensive income (loss) and distributions of the investee. The carrying value is assessed for impairment at each statement of financial position date.

Refer to Note 9 for additional information on the Company's investments accounted for using the equity method.

(c) Adoption of IFRS 16, *Leases* and resulting changes to lease accounting policy

On April 1, 2019 the Company adopted IFRS 16 using the modified retrospective approach. Therefore, the comparative information has not been restated and continues to be reported under IAS 17, *Leases* ("IAS 17") and IFRIC 4, *Determining Whether an Arrangement Contains a Lease* ("IFRIC 4").

Lease accounting policy applicable from April 1, 2019

Definition of a lease

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys this right the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or reassessment of a contract that contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Accounting as a lessee under IFRS 16

The Company recognizes a right-of-use asset and lease liability on the consolidated statements of financial position at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of its useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise (a) fixed payments, including in-substance fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and (d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statements of operations if the carrying amount of the right-of-use asset has been reduced to $nil.

Transition to IFRS 16

Practical expedients

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions represent leases. The Company applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into, or changed, on or after April 1, 2019.

The Company used the following additional practical expedients:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of any onerous contract provisions recognized under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognize right-of-use assets and lease liabilities for short-term leases with terms less than 12 months and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line or other systematic basis over the lease term;

(Expressed in CDN $000's except share amounts)

- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amounts of the right-of-use asset and the lease liability at April 1, 2019, are determined as the carrying amounts of the lease asset and lease liability under IAS 17 immediately before that date.

Impacts on consolidated financial statements

On transition to IFRS 16, the Company elected to measure the right-of-use assets at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. As at April 1, 2019, the Company recognized $99,880 of right-of-use assets, net of onerous lease provisions of $10,703, and $110,583 of lease liabilities, with a $nil impact on deficit. The transition to IFRS 16 did not have a material impact on the Company's results of operations or liquidity.

When measuring lease liabilities, the Company used its incremental borrowing rate at April 1, 2019. The weighted-average rate applied was 4.5%. Right-of-use assets are recognized in Property, plant and equipment (see Note 11), and lease liabilities are recognized in Other current liabilities and Other long-term liabilities (see Note 15).

(d) Change in accounting policy

Effective July 1, 2019, the Company changed its accounting policy with respect to royalties. Prior to this change the Company recorded all royalty expenses as Inventory production costs expensed to cost of sales. The Company now classifies certain royalty expenses, which are based upon contractually predetermined percentages of sales of particular products and the related amortization of minimum payments, as Sales and marketing expense. The Company believes that the revised policy and presentation provides reliable and more relevant financial information to users of the consolidated financial statements.

The change in accounting policy has been applied retrospectively. The Company has restated the comparative figures in the consolidated statements of operations, resulting in (i) decreases of $1,135 and $2,562 to the previously reported Inventory production costs expensed to cost of sales amounts for the three and six month periods ended September 30, 2018, respectively, and (ii) increases of $1,135 and $2,562 to the previously reported Sales and marketing expense for the three and six months ended September 30, 2018, respectively. The Company has also restated the results of operations for the three months ended June 30, 2019 resulting in a decrease of $4,131 to the previously reported Inventory production costs expensed to cost of sales amount and a corresponding increase of $4,131 to the previously reported Sales and marketing expense.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are disaggregated as follows:

	September 30, 2019	March 31, 2019
Cash	**$ 492,804**	$ 1,703,550
Cash equivalents	**609,660**	777,280
Total cash and cash equivalents	**$ 1,102,464**	$ 2,480,830

(Expressed in CDN $000's except share amounts)

4. MARKETABLE SECURITIES

Marketable securities represent short-term investments not qualifying as cash equivalents. Marketable securities are recorded at fair value through profit and loss, and fair values have been determined based on quoted market prices.

	September 30, 2019	March 31, 2019
U.S. government securities	**$ 1,270,819**	$ 1,663,245
Term deposits	**268,323**	1,600
Canadian government securities	**94,550**	369,288
Total marketable securities	**$ 1,633,692**	$ 2,034,133

5. AMOUNTS RECEIVABLE

Amounts receivable is comprised of:

	September 30, 2019	March 31, 2019
Accounts receivable	**$ 55,442**	$ 61,830
Indirect taxes receivable	**39,886**	27,805
Interest receivable	**8,696**	7,193
Other receivables	**3,463**	10,146
Total amounts receivable	**$ 107,487**	$ 106,974

6. BIOLOGICAL ASSETS

The Company's biological assets consists of seeds and cannabis plants. The continuity of biological assets for the six months ended September 30, 2019 and the year ended March 31, 2019 is as follows:

	September 30, 2019	March 31, 2019
Balance, beginning of period	**$ 78,975**	$ 16,348
Acquisition of biological assets due to the acquisition of consolidated entities	**-**	184
Unrealized gain on changes in fair value of biological assets	**221,339**	167,550
Increase in biological assets due to capitalized costs	**125,319**	92,733
Net write-off of biological assets	**(13,934)**	(21,618)
Transferred to inventory upon harvest	**(301,352)**	(176,222)
Balance, end of period	**$ 110,347**	$ 78,975

Biological assets are valued in accordance with IAS 41, *Agriculture*, based on a market approach where fair value at the point of harvest is estimated based on selling prices less costs to sell at harvest. The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3).

For in-process biological assets, the fair value at point of harvest is adjusted based on the stage of growth. Stage of growth is determined by reference to costs incurred to date as a percentage of total expected costs from inception to harvest. As at September 30, 2019, the average stage of growth for the biological assets was 39%, compared to an average stage of growth of 42% as at March 31, 2019.

(Expressed in CDN $000's except share amounts)

The significant unobservable inputs and their range of values are noted in the table below. The sensitivity analysis for each significant input is performed by assuming a 5% decrease while assuming all other inputs remain constant:

Unobservable Inputs	Range	Weighted Average	Decrease in Fair Value of Biological Assets at September 30, 2019
Estimated Yield per Plant – varies by strain and is obtained through historical growing results or grower estimate if historical results are not available.	13 grams/plant to 333 grams/plant	85 grams/plant	$ (2,684)
Average Selling Price of Dry Cannabis – varies by strain and is obtained through average selling prices or estimated future selling prices if historical results are not available.	$5.17 to $7.90/gram	$6.23/gram	$ (5,490)

7. INVENTORY

Inventory is comprised of the following items:

	September 30, 2019	March 31, 2019
Finished goods	**$ 131,474**	$ 49,507
Work-in-process	**280,093**	165,462
Supplies and consumables	**50,190**	47,136
Total inventory	**$ 461,757**	$ 262,105

Inventory expensed during the three and six months ended September 30, 2019, was $123,247 and $219,643, respectively (three and six months ended September 30, 2018 - $57,846 and $90,090, respectively). Included in inventory expensed for the three and six months ended September 30, 2019 is an excess and obsolete inventory provision of $38,594, and other inventory charges of $48,030 and $66,832, respectively. Included in other inventory charges for the three and six months ended September 30, 2019 is $41,027 and $56,947 respectively of net realizable value adjustments, $21,594 and $21,594 respectively of the fair value component of the excess and obsolete inventory provision, $2,187 and $5,069 respectively of net write-offs of biological assets, and ($16,778) and ($16,778) respectively of the fair value component of potential inventory returns.

The fair value changes in biological assets included in inventory sold for the three and six months ended September 30, 2019 is $21,059 and $48,387.

(Expressed in CDN $000's except share amounts)

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Company's prepaid expenses and other current assets consists of the following:

		September 30, 2019		March 31, 2019
Prepaid expenses and other current assets	$	**88,624**	$	35,286
Deposits		**16,515**		29,138
Prepaid inventory		**29,370**		21,267
Restricted short-term investments		**18,252**		21,432
Total prepaid expenses and other current assets	$	**152,761**	$	107,123

9. INVESTMENTS IN EQUITY METHOD INVESTEES

The following table outlines changes in the investments in associates that are accounted for using the equity method. In accordance with IAS 28, *Investments in Associates and Joint Ventures* the Company has elected to account for its investments one quarter in arrears. Accordingly, certain of the figures in the following table, including the Company's share of the investee's net income (loss), are based on values at June 30, 2019 with adjustments for any significant transactions.

Entity	Instrument	Participating share	Balance at March 31, 2019	Additions	Share of net loss	Exchange differences	Balance at September 30, 2019
PharmHouse	Shares	49.0%	$ 39,278	$ -	$ (695)	$ -	**$ 38,583**
Agripharm	Shares	40.0%	36,127	-	(1,593)	-	**34,534**
Beckley Canopy Therapeutics	Shares	42.2%	11,653	-	(385)	-	**11,268**
CanapaR	Shares	49.1%	18,062	-	(259)	-	**17,803**
Other	Shares	18.2% to 66.7%	7,265	4,719	(1,072)	(54)	**10,858**
			$ 112,385	$ 4,719	$ (4,004)	$ (54)	**$ 113,046**

(Expressed in CDN $000's except share amounts)

10. OTHER FINANCIAL ASSETS

The following tables outlines changes in Other financial assets. Additional details on how the fair value of significant investments is calculated are included in Note 27.

Entity	Instrument	Note	Accounting method	Balance at March 31, 2019	Additions	FVOCI	FVTPL	Interest income	Exercise of options / disposal of shares	Balance at September 30, 2019
Acreage	Option	25	FVTPL	$ -	$ 395,190	$ -	$ (235,190)	$ -	$ -	**$ 160,000**
TerrAscend	Exchangeable shares		FVOCI	160,000	-	(60,000)	-	-	-	**100,000**
PharmHouse	Loan receivable		Amortized cost	40,000	-	-	-	-	-	**40,000**
Agripharm	Repayable debenture		FVTPL	10,254	8,000	-	1,292	-	-	**19,546**
HydRx Farms	Shares		FVOCI	17,611	-	-	-	-	-	**17,611**
ZeaKal	Shares	10(i)	FVOCI	-	13,487	(245)	-	-	-	**13,242**
AusCann Group Holdings	Shares		FVOCI	12,073	2,341	(1,244)	-	-	-	**13,170**
SLANG Worldwide	Warrants		FVTPL	44,000	-	-	(33,000)	-	-	**11,000**
Greenhouse	Convertible debenture		FVTPL	5,944	3,000	-	1,947	-	-	**10,891**
James E. Wagner Cultivation	Shares		FVOCI	12,389	890	(6,971)	-	-	-	**6,308**
CanapaR	Options		FVTPL	7,500	-	-	(1,500)	-	-	**6,000**
Radicle Medical Marijuana	Repayable debenture		FVTPL	5,064	-	-	(12)	-	-	**5,052**
Good Leaf	Shares		FVOCI	4,611	-	-	-	-	-	**4,611**
Other - classified as FVTPL	Various		FVTPL	17,960	2,677	-	(3,919)	-	(1,201)	**15,517**
Other - classified as FVOCI	Various		FVOCI	24,172	1,200	(7,170)	-	-	(3,635)	**14,567**
Other - classified as amortized cost	Loan receivable		Amortized cost	1,849	9,650	-	-	92	(78)	**11,513**
				$ 363,427	$ 436,435	$ (75,630)	$ (270,382)	$ 92	$ (4,914)	**$ 449,028**

(i) On Friday, June 14, 2019, Canopy Rivers acquired 248,473 preferred shares of ZeaKal, Inc. ("ZeaKal"), a California-based plant science company, for $13,487 which represents a 9% equity interest on a fully diluted basis.

(Expressed in CDN $000's except share amounts)

11. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment is comprised of the following:

		September 30, 2019		March 31, 2019
Buildings and greenhouses	**$**	**543,855**	$	361,958
Production and warehouse equipment		**212,222**		175,325
Leasehold improvements		**46,757**		32,264
Land		**58,407**		37,681
Office and lab equipment		**28,336**		23,495
Computer equipment		**25,256**		19,228
Right-of-use assets				
Buildings and greenhouses		**101,024**		-
Production and warehouse equipment		**2,643**		-
Assets in process		**694,744**		491,722
		1,713,244		1,141,673
Less: accumulated depreciation		**(79,941)**		(45,333)
Net book value	**$**	**1,633,303**	$	1,096,340

12. INTANGIBLE ASSETS AND GOODWILL

The Company's intangible assets is comprised of the following:

		September 30, 2019		March 31, 2019
Health Canada licenses	**$**	**64,600**	$	64,600
Acquired brands		**63,534**		64,374
Licensed brands		**68,432**		57,802
Distribution channel		**42,446**		42,400
Operating licenses		**150,853**		152,402
Intellectual property		**151,634**		153,797
Software and domain names		**13,282**		9,701
Intangibles in process		**4,637**		4,122
		559,418		549,198
Less: accumulated amortization		**(45,385)**		(29,642)
Net book value	**$**	**514,033**	$	519,556

The net change in goodwill is as follows:

	Note		
As at March 31, 2019		$	1,544,055
Additions from acquisitions of subsidiaries	24		388,586
Exchange differences			(20,157)
As at September 30, 2019		**$**	**1,912,484**

(Expressed in CDN $000's except share amounts)

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019	March 31, 2019
Trade payables	$ 241,847	$ 188,920
Accrued liabilities	37,266	37,613
Income tax payable	7,749	-
Total accounts payable and accrued liabilities	$ 286,862	$ 226,533

The accounts payable and accrued liabilities balance at September 30, 2019 is comprised of amounts for property, plant and equipment of $128,440 (March 31, 2019 – $96,875), inventory of $26,679 (March 31, 2019 – $23,173), professional fees of $17,337 (March 31, 2019 – $24,892), compensation related liabilities of $23,118 (March 31, 2019 – $20,577), and other miscellaneous liabilities of $91,288 (March 31, 2019 – $61,016).

14. LONG-TERM DEBT

	Maturity Date	September 30, 2019	March 31, 2019
Convertible senior notes at 4.25% interest with semi-annual interest payments	July 15, 2023		
Principal amount		$ 600,000	$ 600,000
Accrued interest		5,454	5,454
Non-credit risk fair value adjustment (FVTPL)		(25,470)	183,120
Credit risk fair value adjustment (FVOCI)		10,470	47,130
		590,454	835,704
Term loan facility advanced in the form of prime rate operating loan		$ -	$ 95,000
Transferred receivables, bearing interest rate of EURIBOR plus 0.850%		2,924	-
Other revolving debt facility, loan, and financings		11,110	15,271
		604,488	945,975
Less: current portion		(14,115)	(103,716)
Long-term portion		$ 590,373	$ 842,259

(i) Convertible senior notes

On June 20, 2018, the Company issued convertible senior notes ("the notes") with an aggregate principal amount of $600,000. The notes are subordinated in right of payment to any existing and future senior indebtedness, including indebtedness under the revolving credit facility. The notes will rank senior in right of payment to any future subordinated borrowings.

Holders of the notes have the right to exercise the conversion option at a rate of 20.7577 common shares for every $1 of principal amount of notes from September 30, 2018 to January 15, 2023, if (i) the market price of the Company common shares for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day, (ii) during the 5 business day period after any consecutive 5 trading day period (the "measurement period") in which the trading price per $1 principal amount of the notes for each trading day in the measurement period was less than 98% of the product of the last reported sales price of the Company's common shares and the conversion rate on each such trading day, (iii) the notes are called for redemption or (iv) upon occurrence of certain corporate events ("Fundamental Change").

(Expressed in CDN $000's except share amounts)

The Company may also redeem the notes if certain tax laws related to Canadian withholding tax change subject to certain further conditions. The redemption of the notes shall be at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest.

The overall change in fair value of the notes during the three and six months ended September 30, 2019 was a decrease of $199,194 and $245,250 respectively (three and six months ended September 30, 2018 – $288,984 and $301,224), which included accrued contractual interest of $6,306 and $12,750 respectively (three and six months ended September 30, 2018 – $990 and $7,224). Refer to Note 27 for additional details on how the fair value of the notes is calculated.

(ii) Alberta Treasury Board ("ATB") financing

On June 14, 2019, the Company repaid its ATB term loan facility. A payment of $95,180 was made to settle the loan balance which included interest of $180.

(iii) Transferred receivables

The carrying amounts of the transferred receivables include receivables which are subject to a factoring arrangement. Under this arrangement, C^3 has transferred the relevant receivables to PB Factoring GmbH in exchange for cash. The transferred receivables to PB Factoring GmbH is $3,249 and the associated secured borrowing is $2,924.

(iv) Other revolving debt facility, loans, and financings

The revolving debt facility is secured by a first charge on the properties in Niagara-on-the-Lake, Ontario, a corporate guarantee from the Company, and a general corporate security agreement.

15. OTHER LIABILITIES

		September 30, 2019			March 31, 2019		
	Notes	**Current**	**Long-term**	**Total**	Current	Long-term	Total
Acquisition consideration related liabilities		$ 25,616	$ 81,591	**$ 107,207**	$ 22,176	$ 87,747	$ 109,923
Lease liabilities	(a)	35,658	80,332	**115,990**	-	-	-
Minimum royalty obligations		6,308	22,069	**28,377**	3,445	24,392	27,837
Due to former shareholders of Storz & Bickel		-	-	**-**	21,447	-	21,447
Refund liability	19	37,790	-	**37,790**	-	-	-
Settlement liability	(b)	5,347	9,824	**15,171**	11,980	16,631	28,611
Put liability		-	9,300	**9,300**	-	6,400	6,400
Other		14,134	4,067	**18,201**	22,366	5,234	27,600
Total		**$ 124,853**	**$ 207,183**	**$ 332,036**	$ 81,414	$ 140,404	$ 221,818

(a) Lease liabilities

A continuity of lease liabilities for the six months ended September 30, 2019, is as follows:

As at April 1, 2019	$ 110,583
Lease additions	11,882
Lease terminations	(635)
Lease payments	(8,409)
Interest expense on lease liabilities	2,569
As at September 30, 2019	**$ 115,990**

(Expressed in CDN $000's except share amounts)

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Less than one year	$	**37,570**
One to five years		**56,183**
More than five years		**32,114**
Total undiscounted lease liabilities at September 30, 2019	$	**125,867**

(b) Settlement liability

During the year ended March 31, 2019, the Company reached a settlement with certain co-investors in Bedrocan Brasil S.A. and Entourage Phytolab S.A. to facilitate organizational changes to support the Company's growth in Latin America. Under the terms of the agreement the Company agreed to make cash payments totaling $25,185 and a final payment equal to 1.2% of the fair value of the Company's Latin American business as of Friday, June 30, 2023. The fair value of the settlement was estimated to be $28,611 and was recorded as an expense. The final payment represents a derivative liability that was initially measured at fair value with subsequent period end remeasurements of fair value recorded through net income (loss).

During the three and six months ended September 30, 2019, payments totalling $5,600 and $13,908 respectively, were made, with the remaining change in liability relating to accretion expense and fair value changes.

16. SHARE CAPITAL – CANOPY GROWTH

(a) Authorized

An unlimited number of common shares.

(i) *Issuances of equity*

During the three and six months ended September 30, 2019, the Company issued 84,530 and 566,851 shares respectively, as a result of the completion of acquisition milestones, with an increase of $3,041 and $21,715 in share capital respectively, and a corresponding decrease in share-based reserve.

(ii) *Warrants*

	Note	**Number of whole warrants**		**Average exercise price**		**Warrant value**
Balance outstanding at March 31, 2019		107,848,322	$	43.80	$	1,589,925
Issuance of Tranche B Warrants	25	38,454,444		76.68		1,176,350
Other issuance of warrants		9,200		32.83		359
Exercise of warrants		(12,523)		35.55		(486)
Balance outstanding at September 30, 2019[1]		**146,299,443**	**$**	**52.44**	**$**	**2,766,148**

[1] This balance excludes the Tranche C Warrants, which represent a derivative liability and have nominal value, see note 25.

(b) Omnibus Incentive Plan ("Omnibus Plan")

Under the Omnibus Plan, the maximum number of shares issuable from treasury pursuant to stock-based awards shall not exceed 15% of the total outstanding shares from time to time less the number of shares issuable pursuant to all other security-based compensation arrangements of the Company. The maximum number of common shares reserved for stock-based awards is 52,249,177 at September 30, 2019. As of September 30, 2019, the only stock-based awards issued have been common share purchase options and restricted share units ("RSUs") under the Omnibus Plan.

Under the 2017 Employee Stock Purchase Plan, the aggregate number of common shares that may be issued is 400,000, and the maximum number of common shares which may be issued in any one fiscal year shall not exceed 200,000.

(Expressed in CDN $000's except share amounts)

The Omnibus Plan is administered by the Board of Directors of the Company who establishes exercise prices, at not less than the market price at the date of grant, and expiry dates. Options under the Omnibus Plan generally remain exercisable in increments with 1/3 being exercisable on each of the first, second and third anniversaries from the date of grant, and have expiry dates set at six years from issuance.

The following is a summary of the changes in the Company's Omnibus Plan employee options during the six months ended September 30, 2019:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2019	32,831,895	$ 34.10
Options granted	5,327,689	41.74
Options exercised	(3,290,212)	10.95
Options forfeited/cancelled	(1,956,398)	45.84
Balance outstanding at September 30, 2019	**32,912,974**	**$ 36.95**

The following is a summary of the outstanding stock options as at September 30, 2019:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at September 30, 2019	Weighted Average Remaining Contractual Life (years)	Exercisable at September 30, 2019	Weighted Average Remaining Contractual Life (years)
$1.32 - $27.94	6,155,483	3.56	2,888,874	3.30
$27.95 - $35.00	3,666,663	4.78	609,686	4.41
$35.01 - $38.88	7,815,201	5.29	500,000	5.23
$38.89 - $42.84	6,267,481	4.89	1,439,214	4.56
$42.85 - $67.64	9,008,146	5.42	853,363	4.99
	32,912,974	4.87	6,291,137	4.08

At September 30, 2019, the weighted average exercise price of options outstanding and options exercisable was $36.95 and $27.81, respectively (at March 31, 2019 - $34.10 and $13.99, respectively).

For the three and six months ended September 30, 2019 the Company recorded $79,163 and $149,979 in share-based compensation expense related to options issued to employees (for the three and six months ended September 30, 2018 - $31,312, and $44,859) and $1,062 and $3,339, respectively, in share-based compensation expense related to options issued to contractors (for the three and six months ended September 30, 2018 - $5,609, and $7,704). The compensation expense for the six months ended September 30, 2019 includes an amount related to 445,000 options being provided in exchange for services which are subject to performance conditions (for the six months ended September 30, 2018 - 422,974).

(Expressed in CDN $000's except share amounts)

In determining the amount of share-based compensation related to options issued during the period, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the three months ended September 30, 2019 and 2018 on their measurement date by applying the following assumptions:

	September 30, 2019	September 30, 2018
Risk-free interest rate	**1.44%**	2.18%
Expected life of options (years)	**3 - 5**	2 - 5
Expected annualized volatility	**72%**	76%
Expected forfeiture rate	**11%**	11%
Expected dividend yield	**nil**	nil
Black-Scholes value of each option	**$ 22.57**	$ 29.13

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

During the six months ended September 30, 2019, 3,290,212 Omnibus Plan options were exercised ranging in price from $0.22 to $40.68 for gross proceeds of $36,023 (for the six months ended September 30, 2018 – 3,844,191 Omnibus Plan options were exercised ranging in price from $1.32 to $27.99 for gross proceeds of $24,893).

During the three and six months ended September 30, 2019, the Company issued nil RSUs. As at September 30, 2019, the Company had 141,630 RSUs issued and outstanding, of which 17,820 were exercisable. For the three and six months ended September 30, 2019, the Company recorded $1,287 and $2,681 respectively, in share-based compensation expense related to these RSUs (for the three and six months ended September 30, 2018 – $428 and $2,675).

(c) Share-based compensation expense related to acquisition and asset purchase milestones

Share-based compensation expense related to acquisition milestones is comprised of:

	Three months ended		**Six months ended**	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Colombia	**$ 4,141**	$ 9,417	**$ 6,400**	$ 9,417
Canindica	**2,286**	29,358	**6,296**	29,358
Other	**2,687**	11,955	**6,699**	19,050
	$ 9,114	$ 50,730	**$ 19,395**	$ 57,825

During the three and six months ended September 30, 2019, 84,530 and 566,851 shares, respectively (three and six months ended September 30, 2018 – 1,637,074 and 1,908,532 respectively) were released on completion of acquisition milestones. At September 30, 2019, there were up to 5,206,438 shares to be issued on the completion of acquisition and asset purchase milestones. In certain cases, the number of shares to be issued is based on the volume weighted average share price at the time the milestones are met. The number of shares has been estimated assuming the milestones were met at September 30, 2019. The number of shares excludes shares to be issued on July 4, 2023 to the previous shareholders of Spectrum Cannabis Colombia S.A.S. ("Spectrum Colombia") and Canindica Capital Ltd. ("Canindica") based on the fair market value of the Company's Latin American business on that date.

(d) Other share-based payments

During the three and six months ended September 30, 2019, the Company recorded share-based payments of $nil (three and six months ended September 30, 2018 – $3,801 and $4,585 respectively), related to shares issued for payment of royalties and sales and marketing services.

17. SHARE CAPITAL – CANOPY RIVERS

(a) Authorized

Canopy Rivers is authorized to issue an unlimited number of common shares. There are two classes of common shares: Multiple Voting Shares and Subordinated Voting Shares. Each Multiple Voting Share is entitled to receive 20 votes, while each Subordinated Voting Share is entitled to receive one vote at all meetings of the shareholders. There is no priority or distinction between the two classes of shares in respect of their entitlement to the payment of dividends or participation on liquidation, dissolution or winding-up of the Company.

(b) Issued and outstanding

As at September 30, 2019, Canopy Rivers had 36,468,318 Multiple Voting Shares (March 31, 2019 – 36,468,318) and 151,731,576 Subordinated Voting Shares (March 31, 2019 – 150,592,136) issued and outstanding. As at September 30, 2019, the Company held 36,468,318 Multiple Voting Shares (March 31, 2019 – 36,468,318) and 15,223,938 Subordinated Voting shares (March 31, 2019 – 15,223,938) which represented a 27.5% ownership interest in Canopy Rivers and 84.5% of the voting rights (March 31, 2019 – 27.6% and 84.6% respectively). The voting rights allow the Company to direct the relevant activities of Canopy Rivers such that the Company has control over Canopy Rivers and Canopy Rivers is consolidated in these financial statements.

(c) Initial financing and seed capital options

The 10,066,668 Subordinated Voting Shares acquired by way of share purchase loans, whereby funds were advanced to Canopy Rivers by the Company on behalf of certain employees of the Company and another individual, were initially accounted for as seed capital options and are not considered issued for accounting purposes until the loans are repaid on an individual employee/consultant basis. During the three and six months ended September 30, 2019, share purchase loans in the amount of $29 and $48 respectively (three and six months ended September 30, 2018 – $nil and $288 respectively) relating to Canopy Rivers shares held in trust by the Company on behalf of certain Canopy Growth employees were repaid, resulting in the release from escrow of Subordinated Voting Shares of 583,333 and 961,108 respectively (three and six months ended September 30, 2018 – nil and 5,750,000 respectively). As at September 30, 2019, there were 2,877,784 seed capital options outstanding (March 31, 2019 – 3,838,892).

(d) Financings during the six months ended September 30, 2019

There were no financings during the six months ended September 30, 2019.

(e) Stock option plan

Canopy Rivers has a stock option plan (the "Plan") under which non-transferable options to purchase Subordinated Voting Shares of the Company may be granted to directors, officers, employees, or independent contractors of the Company. Pursuant to the Plan, the maximum number of Subordinated Voting Shares issuable from treasury pursuant to outstanding options shall not exceed 10% of the issued and outstanding Subordinated Voting Shares. The Plan is administered by the Board who establishes exercise prices, at not less than the market price at the date of the grant, and expiry dates. Options under the Plan generally remain exercisable in increments, with one-third being exercisable on each of the first, second, and third anniversaries from the date of grant, and have expiry dates five years from the date of grant. The Board has the discretion to amend general vesting provisions and the term of any option grant, subject to limits contained in the Plan. The seed capital options are not within the scope of the Plan.

(Expressed in CDN $000's except share amounts)

The following is a summary of the changes in Canopy Rivers' stock options, excluding the seed capital options presented separately, during the six months ended September 30, 2019:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2019	12,522,255	$ 1.98
Options granted	1,703,000	3.76
Options exercised	(178,332)	0.60
Balance outstanding at September 30, 2019	**14,046,923**	**$ 2.21**

In determining the amount of share-based compensation related to options issued during the period, Canopy Rivers used the Black-Scholes option pricing model to establish the fair value of options granted during the three months ended September 30, 2019 and 2018 on their measurement date by applying the following assumptions:

	September 30, 2019	September 30, 2018
Risk-free interest rate	**1.41%**	2.02%
Expected life of options (years)	**3 - 4**	3 - 5
Expected annualized volatility	**70%**	70%
Expected forfeiture rate	**nil**	nil
Expected dividend yield	**nil**	nil
Black-Scholes value of each option	**$ 1.23**	$ 1.53

Volatility was estimated using companies that Canopy Rivers considers comparable that have trading and volatility history prior to Canopy Rivers becoming public. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

For the three and six months ended September 30, 2019, the Company recorded $2,255 and $4,849 respectively, (three and six months ended September 30, 2019 - $7,676 and $12,859) in share-based compensation expense related to these options and the seed capital options with a corresponding increase to non-controlling interests.

18. NON-CONTROLLING INTERESTS

The following table presents the summarized financial information about the Company's subsidiaries that have non-controlling interests. This information represents amounts before intercompany eliminations.

As at September 30, 2019	**Canopy Rivers**	**Vert Mirabel**
Ownership interest	27.5%	47.8%
Cash and cash equivalents	$ 82,779	$ -
Prepaid expenses and other current assets	5,399	50,747
Investments in associates	66,052	-
Other financial assets	167,505	-
Goodwill	-	5,625
Other long-term assets	20,108	58,707
Deferred tax liability	(2,303)	(2,480)
Other liabilities	(2,807)	(88,692)
Non-controlling interests	(257,087)	(12,475)
Equity attributable to Canopy Growth	$ 79,646	$ 11,432

(Expressed in CDN $000's except share amounts)

The net change in the non-controlling interests is as follows:

	Canopy Rivers	Vert Mirabel	Other non-material interests	Total
As at March 31, 2019	$ 281,962	$ 6,711	$ 1,142	$ 289,815
Net (loss) income	(4,313)	5,764	-	1,451
Other comprehensive loss	(25,901)	-	-	(25,901)
Share-based compensation	4,849	-	-	4,849
Ownership changes	490	-	-	490
As at September 30, 2019	**$ 257,087**	**$ 12,475**	**$ 1,142**	**$ 270,704**

19. REVENUE

Revenues are disaggregated as follows:

	Three months ended		Six months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Recreational revenue				
Business to business	**$ 16,677**	$ -	**$ 67,102**	$ -
Business to consumer	**13,100**	-	**23,738**	-
Medical revenue				
Canadian	**14,149**	19,903	**27,200**	41,267
International	**18,090**	2,222	**28,586**	5,592
Other revenue	**23,605**	1,202	**42,386**	2,384
Gross revenue	**85,621**	23,327	**189,012**	49,243
Excise taxes	**9,008**	-	**21,917**	-
Net revenue	**$ 76,613**	$ 23,327	**$ 167,095**	$ 49,243

The Company records an allowance for estimated returns and price adjustments to ensure that recognized revenue reflects the consideration that the Company expects to receive. The allowance is based on historical experience and Management's expectation of future returns and price adjustments. Net revenue reflects actual returns and the allowance for estimated returns and price adjustments in the amounts of $32,727 and $40,727 for the three and six months ended September 30, 2019, respectively (three and six months ended September 30, 2018 – $nil). As of September 30, 2019, the liability for estimated returns and price adjustments was $37,790 (March 31, 2019 – $nil).

20. EXPENSES BY NATURE

Operating expenses are presented on the face of the consolidated statements of operations using a classification based on the functions "Inventory production costs expensed to cost of sales," "Sales and marketing," "Research and development," and "General and administration." The Company also presents other material operating expenses separately as they are deemed to be items of dissimilar function.

Operating expenses for the three and six months ended September 30, 2019 include employee compensation and benefits of $68,302 and $126,989 (three and six months ended September 30, 2018 – $36,796, and $59,448), share-based compensation of $92,881 and $180,243 (three and six months ended September 30, 2018 – $97,056 and $128,007), and depreciation and amortization of $27,873 and $51,264 (three and six months ended September 30, 2018 – $9,294 and $15,587).

(Expressed in CDN $000's except share amounts)

21. OTHER INCOME (EXPENSE), NET

		Three months ended		Six months ended	
	Notes	**September 30, 2019**	September 30, 2018	**September 30, 2019**	September 30, 2018
Fair value changes on financial assets classified as FVTPL	10	**$ (259,983)**	$ 48,200	**$ (270,382)**	$ 28,853
Fair value changes on financial liabilities designated as FVTPL	14	**164,394**	(223,374)	**195,840**	(226,194)
Interest income		**16,463**	2,546	**39,181**	3,553
Interest expense[1]		**(2,449)**	(192)	**(4,616)**	(349)
Foreign currency loss		**(5,553)**	(704)	**(8,409)**	(2,957)
Accretion of share repurchase credit	25	**(13,107)**	-	**(13,535)**	-
Share of loss on equity investments	9	**(2,171)**	(4,363)	**(4,004)**	(6,932)
Fair value changes on Put liability		**(800)**	(850)	**(2,900)**	(18,950)
Gain on acquisition of consolidated entity		**-**	62,682	**-**	62,682
Convertible debt issuance costs		**-**	(335)	**-**	(16,380)
Other income (expense), net		**(6,077)**	688	**(7,837)**	(2,023)
Total other income (expense), net		**$ (109,283)**	$ (115,702)	**$ (76,662)**	$ (178,697)

[1] *Included in interest expense for the three and six months ended September 30, 2019 is $1,290 and $2,569 respectively, for interest related to lease liabilities.*

22. INCOME TAXES

There have been no material changes to income tax matters in connection with normal course operations during the six months ended September 30, 2019.

The Company is subject to income tax in numerous jurisdictions with varying tax rates. During the six months ended September 30, 2019 there were no material changes to the statutory tax rates in the taxing jurisdictions where the majority of the Company's income for tax purposes was earned, or where its temporary differences or losses are expected to be realized or settled.

The Company continues to believe the amount of unrealized tax benefits appropriately reflects the uncertainty of items that are or may in the future be under discussion, audit, dispute or appeal with a tax authority or which otherwise result in uncertainty in the determination of income for tax purposes. If appropriate, an unrealized tax benefit will be realized in the reporting period in which the Company determines that realization is not in doubt. Where the final determined outcome is different from the Company's estimate, such difference will impact the Company's income taxes in the reporting period during which such determination is made.

(Expressed in CDN $000's except share amounts)

23. SUPPLEMENTARY CASH FLOW INFORMATION

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

	Six months ended	
	September 30, 2019	September 30, 2018
Amounts receivable	**$ 11,390**	$ (21,242)
Prepaid expenses and other assets	**(50,224)**	(6,811)
Biological assets and inventory	**(128,888)**	(61,050)
Accounts payable and accrued liabilities	**10,584**	1,150
Other liabilities	**30,587**	(902)
Total	**$ (126,551)**	$ (88,855)

Non-cash transactions

Excluded from the condensed interim consolidated statements of cash flows for the six months ended September 30, 2019 was a total of $128,440 in accounts payable and accrued liabilities related to property, plant and equipment purchases. Included in the condensed interim consolidated statements of cash flows for the six months ended September 30, 2019 is a total of $96,875 in accounts payable and accrued liabilities related to property, plant and equipment purchases.

Excluded from the condensed interim consolidated statements of cash flows for the six months ended September 30, 2018 was a total of $111,386 in accounts payable and accrued liabilities as follows: $110,608 of property, plant and equipment purchases and $778 of share issue costs. Included in the condensed interim consolidated statements of cash flows for the six months ended September 30, 2018 is a total of $49,679 in accounts payable and accrued liabilities as follows: $49,627 of property, plant and equipment purchases and $52 of share issue costs.

(Expressed in CDN $000's except share amounts)

24. ACQUISITIONS

Acquisitions completed in the six months ended September 30, 2019

The following table summarizes the consolidated statements of financial position impact on the acquisition date of the Company's business combinations that occurred in the six months ended September 30, 2019

	C[3] (i)	This Works (ii)	Other	Total
Cash and cash equivalents	$ 2,818	$ 1,619	$ 31	**$ 4,468**
Other current assets	13,326	6,484	223	**20,033**
Property, plant and equipment	8,345	478	796	**9,619**
Intangible assets				
Brands	10,229	2,319	-	**12,548**
Operating licenses	-	-	5,158	**5,158**
Intellectual property	-	164	-	**164**
Software and domain names	8	176	-	**184**
Goodwill	322,334	66,252	-	**388,586**
Accounts payable and accrued liabilities	(4,454)	(5,691)	(120)	**(10,265)**
Debt and other liabilities	(3,942)	-	-	**(3,942)**
Net assets acquired	$ 348,664	$ 71,801	$ 6,088	**$ 426,553**
Consideration paid in cash	$ 348,664	$ 71,801	$ 5,955	**$ 426,420**
Other consideration	-	-	133	**133**
Total consideration	$ 348,664	$ 71,801	$ 6,088	**$ 426,553**
Consideration paid in cash	$ 348,664	$ 71,801	$ 5,955	**$ 426,420**
Less: Cash and cash equivalents acquired	(2,818)	(1,619)	(31)	**(4,468)**
Net cash outflow	$ 345,846	$ 70,182	$ 5,924	**$ 421,952**

The table above summarizes the fair value of the consideration given and the fair values assigned to the assets acquired and liabilities assumed for each acquisition. Goodwill arose in these acquisitions because the cost of acquisition included a control premium. In addition, the consideration paid for the combination reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

(i) C^3

On April 30, 2019, the Company acquired 100% of the shares of C^3 Cannabinoid Compound Company ("C^3") for total cash consideration of $348,664. C^3 is a European based biopharmaceutical company that develops, manufactures and commercializes natural and synthetic cannabinoid based active ingredients. In connection with the acquisition, the Company entered into a five year cooperation agreement with the former majority shareholder of C^3, for which the Company paid $8,694 which will be expensed ratably over the contract term.

Due to the timing of this acquisition, the purchase price allocation for the C^3 acquisition is provisional. The fair value assigned to the consideration paid, intangible assets and net assets acquired is based on management's best estimate using the information currently available and may be revised by the Company as additional information is received.

(ii) This Works

On May 21, 2019, the Company acquired 100% of the shares of TWP UK Holdings Limited ("This Works") and its subsidiary companies, This Works Products Limited, TWP USA Inc. and TWP IP Limited for total cash consideration of $71,801 (GBP 42,144). Based in London, United Kingdom, This Works is a natural skincare and sleep solutions company.

Due to the timing of this acquisition, the purchase price allocation for the This Works acquisition is provisional. The fair value assigned to the consideration paid, intangible assets and net assets acquired is based on management's best estimate using the information currently available and may be revised by the Company as additional information is received.

25. ACREAGE TRANSACTIONS

(a) Acreage Call Option

On June 27, 2019 (the "Effective date") Canopy Growth and Acreage Holdings, Inc. ("Acreage") completed a Plan of Arrangement (the "Arrangement"). Pursuant to the terms of the Arrangement, shareholders of Acreage Shares and holders of certain securities convertible into Acreage shares as of June 26, 2019, received an immediate aggregate total payment of US$300 million ($395,190) in exchange for granting Canopy Growth an option (the "Call Option") to acquire 100% of the shares of Acreage, with a requirement to do so at such time as the occurrence or waiver of changes in United States federal law to permit the general cultivation, distribution, and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States (the "Acreage Triggering Event"). If the Acreage Triggering Event is not satisfied or waived by December 27, 2026, the Arrangement will terminate.

Following the occurrence, or waiver by Canopy Growth, of the Acreage Triggering Event and the satisfaction or waiver of certain customary closing conditions to the completion of the acquisition, Canopy Growth will issue to the shareholders of Acreage 0.5818 of a common share of Canopy Growth (the "Acreage exchange ratio") for each issued and outstanding subordinate voting share of Acreage held (following the automatic conversion of other classes of Acreage shares into subordinate voting shares in accordance with the Arrangement). In the event Acreage issues more than 188,235,587 subordinate voting shares on a fully diluted basis, and Canopy Growth has not provided written approval for the issuance of such additional securities, the Acreage exchange ratio shall be the fraction, calculated to six decimal places, determined by the formula of A x B/C where:

- "A" equals 0.5818,
- "B" equals 188,235,587, and
- "C" equals the aggregate number of subordinate voting shares of Acreage on a fully diluted basis at the time of acquisition.

On the Effective date Canopy Growth also granted Acreage a non-exclusive, non-transferable, royalty-free license and right to use the intellectual property, systems and trademarks in the United States for a period of 90 months. Management has estimated the fair value of this license to be nominal.

The Call Option is a derivative financial instrument. On initial recognition, the Call Option was recorded at its fair value of $395,190 and is included in Other financial assets (see Note 10). In the three months ended September 30, 2019, fair value changes of ($235,190) were recognized in Other income (expense) net (see Note 21).

(b) Amendment to the Constellation Investor Rights Agreement and warrants

On November 1, 2018 Canopy Growth issued 104,500,000 common shares from treasury and two tranches of warrants to a subsidiary of Constellation Brands, Inc. ("Constellation") in exchange for proceeds of $5,072,500 and entered into an Amended and Restated Investor Rights Agreement. The first tranche warrants ("Tranche A Warrants") allowed Constellation to acquire 88.5 million additional shares of Canopy Growth for a fixed price of $50.40 per share. The second tranche warrants ("Final Warrants") allowed for the purchase of 51.3 million additional shares at a price equal to the 5-day volume-weighted average price immediately prior to exercise. The Final Warrants could only be exercised if the Tranche A Warrants had been exercised in full. Both the Tranche A Warrants and the Final Warrants expire on November 1, 2021. Canopy Growth accounted for the Tranche A Warrants as equity instruments with a value of $1,505,351 and the Final Warrants as derivative liabilities with a nominal value.

On June 27, 2019 Constellation and Canopy Growth entered into the Second Amended and Restated Investor Rights Agreement and Consent Agreement. In contemplation of these agreements, Canopy Growth also amended the terms of the Tranche A Warrants and Final Warrants as follows:

- Extended the term of the Tranche A Warrants to November 1, 2023 and the term of the Final Warrants to November 1, 2026.
- The Final Warrants were also replaced by two tranches of warrants (the "Tranche B Warrants" and "Tranche C Warrants") with different terms:
    - Tranche B Warrants allow Constellation to acquire 38.5 million shares of Canopy Growth at a fixed price of $76.68 per share.
    - Tranche C Warrants allow Constellation to acquire 12.8 million shares of Canopy Growth at a price equal to the 5-day volume-weighted average price immediately prior to exercise.
- In connection with the Tranche B Warrants and the Tranche C Warrants, Canopy Growth will provide Constellation with a share repurchase credit of up to $1.583 billion on the aggregate exercise price of the Tranche B Warrants and Tranche C Warrants in the event that Canopy Growth does not repurchase the lesser of (i) 27,378,866 common shares, and (ii) common shares with a value of $1.583 billion, during the period commencing on June 27, 2019 and ending on the date that is 24 months after the date that Constellation exercises all of the Tranche A Warrants.

The modifications to the Tranche A Warrants did not change their classification and they continue to be recorded at their initial carrying value, as equity instruments, under IAS 32, *Financial Instruments: Presentation* ("IAS 32"). The extension of the term of the Tranche A Warrants resulted in additional value being attributed to those warrants. On June 27, 2019 the fair value of the Tranche A Warrants was estimated to be $2,585,961 using a Black Scholes model and assuming a volatility of 67.69%.

The Tranche B Warrants meet the fixed-for-fixed criterion and, as a result, the Tranche B Warrants are classified as equity instruments in accordance with IAS 32. Since the amendment results in Canopy Growth issuing equity instruments to Constellation to extinguish derivative liabilities, under IFRIC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*, the fair value of an equity instrument is measured and compared to the carrying value of the liability that is extinguished with the difference recognized in net income (loss). On June 27, 2019 the fair value of the Tranche B Warrants was estimated to be $1,176,350 using a Black Scholes model and assuming a volatility of 65.18%, and the Company recorded a loss on extinguishment of the derivative liabilities of $1,176,350 in the consolidated statements of operations.

The Tranche C Warrants are accounted for as derivative liabilities. Therefore, 12.8 million of the Final Warrants were derecognized and 12.8 million Tranche C Warrants were recognized as new derivative liabilities. There is no impact to net income (loss) as the fair values of the Final Warrants and Tranche C Warrants are both $nil.

(Expressed in CDN $000's except share amounts)

The share repurchase credit feature is a separate financial liability under IAS 32 and was measured on initial recognition at its fair value of $1,274,544. Management has estimated the fair value by discounting the expected cash outflows using a discount rate of 4.08%. As Constellation is the holder of Canopy Growth common shares and the share repurchase credit feature is not a derivative instrument, the effect of the transaction has been recognized directly in Shareholders' equity. Subsequently, the financial liability is being measured at amortized cost, which was $1,288,079 at September 30, 2019. If the Company revises its estimates of the timing of payments it shall adjust the carrying amount of the financial liability to reflect actual and revised estimated contractual cashflows with the corresponding adjustment being recognized in net income (loss).

26. SEGMENTED INFORMATION

(a) Reportable segments

The Company operates in two segments. 1) Cannabis operations, which encompasses the production, distribution and sale of both medical and recreational cannabis and 2) Canopy Rivers, through which the Company provides growth capital and strategic support in the global cannabis sector, where federally lawful. Financial information for Canopy Rivers is included in Note 17 and 18.

(b) Entity-wide disclosures

All property, plant and equipment and intangible assets are located in Canada, except for $449,802 which is located outside of Canada at September 30, 2019 (March 31, 2019 - $350,125).

All revenues were generated in Canada during the three and six months ended September 30, 2019, except for $34,866 and $57,407 respectively, related to medical cannabis and cannabis related devices and merchandise generated outside of Canada (three and six months ended September 30, 2018 – $2,235 and $5,610, respectively).

For the three months ended September 30, 2019, no customer represented more than 10% of the Company's revenue (three months ended September 30, 2018 – none).

For the six months ended September 30, 2019, one customer represented more than 10% of the Company's revenue (six months ended September 30, 2018 – none).

27. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

(a) Fair value of financial instrument assets and liabilities that are measured at fair value on a recurring basis

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of significant level 2 financial instruments:

Financial asset / financial liability	Valuation techniques	Key inputs
AusCann Group Holdings options	Black-Scholes option pricing model	Quoted prices in active market
Convertible senior note	Convertible note pricing model	Quoted prices in over-the-counter broker market

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of significant level 3 financial instruments:

Financial asset / financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Acreage Call Option	Discounted cash flow	Intrinsic value of Acreage	Increase or decrease in intrinsic value will result in an increase or decrease in fair value
		Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
		Estimated premium on US legalization	Increase or decrease in estimated premium on US legalization will result in an increase or decrease in fair value
		Control premium	Increase or decrease in estimated control premium will result in an increase or decrease in fair value
		Synergy value to Canopy	Increase or decrease in estimated synergy value to Canopy will result in an increase or decrease in fair value
TerrAscend exchangeable shares	Put option pricing model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
HydRx Farms shares	Market approach	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
ZeaKal shares	Market approach	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
Greenhouse convertible debenture	FinCAD model	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
Good Leaf shares	Market approach	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
Agripharm royalty interest and repayable debenture	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
		Future royalties	Increase in future royalties to be paid will result in an increase in fair value
SLANG Worldwide warrant	Black-Scholes option pricing model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
Vert Mirabel put liability	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
		Future wholesale price and production levels	Increase in future wholesale price and production levels will result in an increase in fair value

During the six months ended September 30, 2019 and September 30, 2018, there were no transfers of amounts between levels.

(b) Fair value of financial instrument assets and liabilities that are not measured at fair value but fair value disclosures are required

The carrying values of cash and cash equivalents, marketable securities, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

28. SUBSEQUENT EVENTS

(a) Acquisition of BioSteel

On October 1, 2019, the Company completed an all-cash transaction to purchase a controlling interest in BioSteel Sports Nutrition Inc. ("BioSteel"), a North America-based producer of sports nutrition products. Initial cash consideration was $50,535 subject to certain adjustments and holdbacks. The purchase price will be subject to a further adjustment based on a multiple of Biosteel's 2019 net revenue. Immediately following the closing the Company subscribed for additional shares of BioSteel for consideration of $14,000. After completing this investment the Company's ownership interest in BioSteel is 76.7%.

The shares not purchased by the Company will be retained by certain current shareholders and management for a period of up to 5 years (the "Rollover Shareholders"). On the third anniversary of the closing Canopy Growth will have a right to purchase, and Rollover Shareholders will have a right to sell one half of the remaining interest held by the Rollover Shareholders to Canopy Growth at a specified valuation based on a multiple of Biosteel's net revenue. On the fifth anniversary of the closing Canopy Growth will have a right to purchase, and Rollover Shareholders will have a right to sell the balance of the remaining interest held by the Rollover Shareholders to Canopy Growth at a valuation to be mutually agreed upon by the parties.

(b) Acquisition of Beckley Canopy Therapeutics

On October 11, 2019, the Company closed the previously announced acquisition of all of the unowned shares in Beckley Canopy Therapeutics ("BCT"), a global cannabinoid-based medical researcher for cash consideration of $58,000 of which $44,000 was advanced on closing. Through this acquisition the Company will also acquire BCT's 33% equity interest in Spectrum Biomedical UK ('Spectrum UK"), which was formed as a joint venture between the Company and BCT and is to be the exclusive UK distributor of cannabis-based medicinal products made by Canopy Growth.

(c) Sale of interest in AusCann

On October 15, 2019 the Company sold its shares in AusCann Group Holdings ("AusCann") for gross proceeds of $5,616.

(d) More Life Growth Company

On November 7, 2019, Canopy announced that it had entered into agreements with certain entities that are controlled by Aubrey "Drake" Graham to launch the More Life Growth Company ("More Life").

Under the agreements Canopy Growth will sell 100% of the shares of 1955625 Ontario Inc., a wholly owned subsidiary of Canopy Growth that holds the Health Canada license for a facility located in Scarborough, Ontario to More Life in exchange for a 40% interest in More Life. Drake will hold a 60% ownership interest. As consideration for Drake's interest, Drake has granted More Life the right to exclusively exploit certain intellectual property and brands in association with the growth, manufacture, production, marketing and sale of cannabis and cannabis-related products, accessories, merchandise and paraphernalia in Canada and internationally. The maintenance of the non-Canada rights after 18 months is contingent upon certain performance criteria of More Life. More Life has sublicensed such rights in Canada to Canopy Growth in exchange for royalty payments.

Canopy Growth and Drake have entered into a shareholders agreement, investor rights agreements, and various other ancillary agreements to govern the operations of More Life. Canopy Growth will continue to provide all of the day-to-day operations and maintenance of the More Life Facility and will retain all of the rights to distribute the product that is cultivated at the More Life Facility.