CANOPY GROWTH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN CANADIAN DOLLARS)

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Canopy Growth Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Canopy Growth Corporation and subsidiaries (the Company) as of March 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 1, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the measurement of fair value of the liability arising from the Acreage Arrangement

As discussed in Notes 24 and 29 to the consolidated financial statements, on June 27, 2019, the Company acquired both the right and obligation (the "Acreage financial instrument") to purchase 100% of the shares of Acreage Holdings, Inc (the "Acreage Arrangement"). The Company is required to exercise the Acreage financial instrument upon the occurrence or waiver of specified changes in United States ("US") federal laws relating to cannabis (the "Acreage Triggering Event"). The Acreage financial instrument is recorded at fair value through profit and loss in the consolidated financial statements. On initial recognition, the Acreage financial instrument was recorded as a financial asset at its fair value of $395,190 thousand. As of March 31, 2020, the Acreage financial instrument was recorded as a financial liability of $250,000 thousand.

We identified the assessment of the measurement of fair value of the liability arising from the Acreage Arrangement as a critical audit matter. There was a high degree of subjective auditor judgment in the evaluation of the key assumptions that were not directly observable, and in the probability of different scenarios when determining the fair value. The key assumptions included probability of each scenario, the value and number of the Company's shares to be issued, the intrinsic value of Acreage, the probability and timing of US legalization, the estimated premium on US legalization, the control premium and the synergy value to the Company.

The primary procedures we performed to address this critical audit matter included the following. We tested the internal control over the Company’s key assumptions noted above. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the Company’s key assumptions noted above by assessing each scenario and the probability of each scenario being achieved for the resultant impact at the Acreage Triggering Event date. The evaluation was achieved by:

- performing sensitivity analyses on the relevant assumptions for each scenario
- evaluating the probability of each scenario and assessing its impact on the value of the Acreage financial instrument
- evaluating the likelihood of cannabis becoming federally legal in the US by examining and monitoring the status of active bills in the US and other legislation recently passed in the US
- comparing assumptions about the market impact of US legalization to the historical market performance observed in Canada at the time of legalization
- comparing certain assumptions to evidence obtained from internal and external sources.

Assessment of the accounting for the Constellation Brands, Inc. warrants

As discussed in Notes 20 and 29 to the consolidated financial statements, on June 27, 2019, the Company entered into certain agreements with Constellation Brands, Inc. to amend previously issued Tranche A Warrants and Final Warrants. The Tranche A Warrants were amended to extend their expiry date from November 1, 2021 to November 1, 2023, and the Final Warrants were exchanged for Tranche B Warrants and Tranche C Warrants (collectively, the “Amendments”). The Tranche B and Tranche C warrants are only exercisable once the Tranche A warrants are exercised. The extension of the Tranche A Warrants’ expiry date resulted in a $1,049,152 thousand loss recorded in equity. As a result of their exchange, the Final Warrants were derecognized. The Tranche B Warrants were classified as a financial liability with an initial fair value of $1,117,640 thousand and a resulting loss was recognized in net income (loss). The Tranche C Warrants were classified as a financial liability with an initial fair value of $nil.

We identified the assessment of the accounting for the Amendments as a critical audit matter because interpretation and application of the relevant accounting literature requires significant auditor judgment. In particular, the accounting for the modification involved assessments of the different types of warrants, their particular features, and the impact of those features on the accounting for the warrants.

The primary procedures we performed to address this critical audit matter included the following. We tested the internal control over the Company’s process to account for the Amendments, including the Company’s accounting considerations of the warrants features. We assessed the accounting treatment of Amendments by:

- comparing the underlying terms of the relevant documents and agreements to the Company’s accounting memoranda
- evaluating the Company’s interpretation and application of the relevant accounting guidance, including consideration of alternative accounting treatments and evaluating the relative merits of the possible alternatives.

Assessment of the measurement of fair value of the New Warrants

As discussed in Notes 20, 24, and 29 to the consolidated financial statements, the Company entered into certain agreements with Constellation Brands, Inc. to amend previously issued warrants and replace them with Tranche A, Tranche B, and Tranche C warrants. The initial fair values of the Tranche A, Tranche B, and Tranche C warrants were $2,554,503 thousand, $1,117,640 thousand, and $nil, respectively. Subsequent changes in the fair value of the Tranche B and Tranche C warrants are recorded in net income (loss). As of March 31, 2020, the fair values of the Tranche B and Tranche C warrants were $322,491 thousand, and $nil, respectively.

We identified the assessment of the measurement of fair values of the Tranche A and Tranche B warrants (“New Warrants”) as a critical audit matter. Specifically, there was a high degree of subjectivity and judgment in evaluating the determination of the expected share price volatility inputs used in the Monte Carlo model for the New Warrants. Historical, implied, and peer group volatility levels provide a range of possible expected volatility inputs and the fair value estimates for the New Warrants are sensitive to the expected volatility inputs.

The primary procedures we performed to address this critical audit matter included the following. We tested the internal control over the Company’s process to measure the fair values of the New Warrants. This included the Company’s assessment of the observable market information used in the determination of the expected share price volatility inputs. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the expected share price volatility inputs by comparing them against a volatility range that was independently developed in consideration of historical, implied, and peer group share price volatility information.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company’s auditor since 2019.

Ottawa, Canada

June 1, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Canopy Growth Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Canopy Growth Corporation's (the Company) internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated June 1, 2020 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Cannabinoid Compound Company, TWP UK Holdings Limited, BioSteel Sports Nutrition Inc., Beckley Canopy Therapeutics Limited and Spectrum Biomedical UK Limited (collectively, the "Acquired Entities") during the year ended March 31, 2020, and management excluded the Acquired Entities from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2020. The Acquired Entities represent approximately 10% of total assets and 19% of total revenues of the consolidated financial statements of the Company as of and for the year ended March 31, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Acquired Entities.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Annual Report on Form 10-K under the section entitled "Item 9A. Controls and Procedures". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 1, 2020

CANOPY GROWTH CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian dollars, except number of shares and per share data)

	March 31, 2020	March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,303,176	$ 2,480,830
Short-term investments	673,323	2,034,133
Restricted short-term investments	21,539	21,432
Amounts receivable, net	90,155	106,974
Inventory	391,086	190,072
Prepaid expenses and other assets	85,094	85,691
Total current assets	2,564,373	4,919,132
Equity method investments	65,843	112,385
Other financial assets	249,253	363,427
Property, plant and equipment	1,524,803	1,096,340
Intangible assets	476,366	558,070
Goodwill	1,954,471	1,489,859
Other assets	22,636	25,902
Total assets	$ 6,857,745	$ 8,565,115
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 123,393	$ 188,920
Other accrued expenses and liabilities	64,994	37,613
Current portion of long-term debt	16,393	103,716
Other liabilities	215,809	81,414
Total current liabilities	420,589	411,663
Long-term debt	449,022	842,259
Deferred income tax liabilities	47,113	105,081
Liability arising from Acreage Arrangement	250,000	-
Warrant derivative liability	322,491	-
Other liabilities	190,660	134,004
Total liabilities	1,679,875	1,493,007
Commitments and contingencies (Note 32)		
Redeemable noncontrolling interest	69,750	6,400
Canopy Growth Corporation shareholders' equity:		
Common shares - $nil par value; Authorized - unlimited number of shares; Issued - 350,112,927 shares and 337,510,408 shares, respectively	6,373,544	6,029,222
Additional paid-in capital	2,615,155	1,592,024
Accumulated other comprehensive income (loss)	220,899	(5,905)
Deficit	(4,323,236)	(835,118)
Total Canopy Growth Corporation shareholders' equity	4,886,362	6,780,223
Noncontrolling interests	221,758	285,485
Total shareholders' equity	5,108,120	7,065,708
Total liabilities and shareholders' equity	$ 6,857,745	$ 8,565,115

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

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands of Canadian dollars, except number of shares and per share data)

	Years ended March 31,		
	2020	**2019**	**2018**
Revenue	$ 439,626	$ 253,431	$ 77,948
Excise taxes	40,854	27,090	-
Net revenue	398,772	226,341	77,948
Cost of goods sold	430,456	198,096	44,959
Gross margin	(31,684)	28,245	32,989
Operating expenses			
Selling, general and administrative expenses	693,737	392,250	103,480
Share-based compensation	320,276	273,447	49,106
Asset impairment and restructuring costs	623,266	-	-
Total operating expenses	1,637,279	665,697	152,586
Operating loss	(1,668,963)	(637,452)	(119,597)
Loss from equity method investments	(64,420)	(10,752)	(1,473)
Other income (expense), net	224,329	(59,709)	69,614
Loss before income taxes	(1,509,054)	(707,913)	(51,456)
Income tax recovery (expense)	121,614	(4,112)	392
Net loss	(1,387,440)	(712,025)	(51,064)
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interest	(66,114)	24,256	16,219
Net loss attributable to Canopy Growth Corporation	$ (1,321,326)	$ (736,281)	$ (67,283)
Basic and diluted loss per share	$ (3.80)	$ (2.76)	$ (0.38)
Basic and diluted weighted average common shares outstanding	348,038,163	266,997,406	177,301,767
Comprehensive loss:			
Net loss	$ (1,387,440)	$ (712,025)	$ (51,064)
Other comprehensive income (loss), net of income tax effect			
Fair value changes of own credit risk of financial liabilities	141,306	(47,130)	-
Foreign currency translation	85,498	40,617	410
Fair value changes on available for sale assets	-	-	22,933
Total other comprehensive income (loss), net of income tax effect	226,804	(6,513)	23,343
Comprehensive loss	(1,160,636)	(718,538)	(27,721)
Comprehensive (loss) income attributable to noncontrolling interests and redeemable noncontrolling interest	(66,114)	24,220	20,252
Comprehensive loss attributable to Canopy Growth Corporation	$ (1,094,522)	$ (742,758)	$ (47,973)

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

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars)

		Additional paid-in capital				Accumulated other comprehensive income (loss)			
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit	Noncontrolling interests	Total
Balance at March 31, 2017	$ 621,541	$ 23,415	$ -	$ -	$ 305	$ 16,098	$ (65,621)	$ 425	$ 596,163
Equity financings and private placements, net of costs	390,752	-	70,265	-	-	-	-	-	461,017
Other issuances of common shares and warrants	46,069	(4,886)	1,303	-	-	-	-	-	42,486
Exercise of warrants	1,883	-	(1,113)	-	-	-	-	-	770
Exercise of Omnibus Plan stock options	19,197	(8,144)	-	-	-	-	-	-	11,053
Share-based compensation	-	47,597	-	-	-	-	-	-	47,597
Changes in redeemable noncontrolling interest	-	-	-	-	(65,050)	-	-	(1,100)	(66,150)
Ownership changes relating to noncontrolling interests	-	-	-	(1,019)	-	-	-	66,155	65,136
Comprehensive income (loss)	-	-	-	-	-	19,310	(67,283)	20,252	(27,721)
Balance at March 31, 2018	$ 1,079,442	$ 57,982	$ 70,455	$ (1,019)	$ (64,745)	$ 35,408	$ (132,904)	$ 85,732	$ 1,130,351

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars)

		Additional paid-in capital				Accumulated other comprehensive income (loss)			
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit	Noncontrolling interests	Total
Balance at March 31, 2018	$ 1,079,442	$ 57,982	$ 70,455	$ (1,019)	$ (64,745)	$ 35,408	$ (132,904)	$ 85,732	$ 1,130,351
Cumulative effect from adoption of ASU 2016-1	-	-	-	-	-	(34,800)	34,800	-	-
Equity financings and private placements, net of costs	3,558,640	-	1,501,760	-	-	-	-	-	5,060,400
Other issuances of common shares and warrants	1,264,273	202,635	-	(427,843)	-	-	-	331	1,039,396
Exercise of warrants	31,691	-	(12,901)	-	-	-	-	-	18,790
Exercise of Omnibus Plan stock options	92,985	(44,826)	-	-	-	-	-	-	48,159
Share-based compensation	-	266,639	-	-	-	-	-	-	266,639
Issuance of replacement equity instruments	-	22,685	30,611	-	-	-	-	-	53,296
Issuance and vesting of restricted share units	2,191	57	-	-	-	-	-	-	2,248
Changes in redeemable noncontrolling interest	-	-	-	-	(14,965)	-	-	(2,885)	(17,850)
Ownership changes relating to noncontrolling interests	-	-	-	(72,101)	77,600	-	(733)	178,087	182,853
Comprehensive (loss) income	-	-	-	-	-	(6,513)	(736,281)	24,220	(718,574)
Balance at March 31, 2019	$ 6,029,222	$ 505,172	$ 1,589,925	$ (500,963)	$ (2,110)	$ (5,905)	$ (835,118)	$ 285,485	$ 7,065,708

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars)

		Additional paid-in capital				Accumulated other comprehensive income (loss)			
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit	Noncontrolling interests	Total
Balance at March 31, 2019	$ 6,029,222	$ 505,172	$ 1,589,925	$ (500,963)	$ (2,110)	$ (5,905)	$ (835,118)	$ 285,485	$ 7,065,708
Other issuances of common shares and warrants	271,966	(272,234)	359	-	-	-	-	-	91
Exercise of warrants	932	-	(486)	-	-	-	-	-	446
Exercise of Omnibus Plan stock options	69,951	(28,538)	-	-	-	-	-	-	41,413
Share-based compensation	-	312,929	-	-	-	-	-	-	312,929
Issuance of replacement equity instruments	-	1,885	-	-	-	-	-	-	1,885
Issuance and vesting of restricted share units	1,473	(1,473)	-	-	-	-	-	-	-
Acreage warrant modification	-	-	1,049,153	-	-	-	(2,166,792)	-	(1,117,639)
Changes in redeemable noncontrolling interest	-	-	-	-	(38,024)	-	-	(6,489)	(44,513)
Ownership changes relating to noncontrolling interests	-	-	-	(440)	-	-	-	8,876	8,436
Comprehensive income (loss)	-	-	-	-	-	226,804	(1,321,326)	(66,114)	(1,160,636)
Balance at March 31, 2020	$ 6,373,544	$ 517,741	$ 2,638,951	$ (501,403)	$ (40,134)	$ 220,899	$ (4,323,236)	$ 221,758	$ 5,108,120

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

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

	Years ended March 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net loss	$ (1,387,440)	$ (712,025)	$ (51,064)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment	73,716	30,062	8,725
Amortization of intangible assets	51,297	16,856	11,761
Share of loss on equity method investments	64,420	10,752	1,473
Share-based compensation	320,276	278,228	51,177
Asset impairment and restructuring costs	623,266	-	-
Income tax (recovery) expense	(121,614)	4,112	(392)
Non-cash foreign currency	(2,012)	(18,776)	(201)
Interest paid	(25,472)	(14,521)	-
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	20,979	(67,688)	(15,738)
Prepaid expenses and other assets	(26,917)	(87,476)	(15,770)
Inventory	(177,091)	(144,917)	(21,811)
Accounts payable and accrued liabilities	(20,750)	69,540	27,130
Other, including non-cash fair value adjustments	(165,293)	100,822	(76,796)
Net cash used in operating activities	(772,635)	(535,031)	(81,506)
Cash flows from investing activities:			
Purchases of and deposits on property, plant and equipment	(704,944)	(644,456)	(175,962)
Purchases of intangible assets	(16,957)	(74,359)	(2,132)
Redemption (purchases) of short-term investments	1,427,482	(2,029,812)	(118)
Proceeds on assets classified as held for sale	-	-	7,000
Investments in equity method investments	(5,135)	(36,896)	(26,179)
Investments in other financial assets	(129,590)	(91,337)	(22,439)
Investment in Acreage Arrangement	(395,190)	-	-
Change in acquisition related liabilities	(24,482)	-	-
Net cash outflow on acquisition of noncontrolling interests	-	(6,712)	-
Net cash outflow on acquisition of subsidiaries	(498,838)	(344,413)	(3,753)
Net cash used in investing activities	(347,654)	(3,227,985)	(223,583)
Cash flows from financing activities:			
Proceeds from issuance of common shares and warrants	-	5,072,500	470,670
Payment of share issue costs	-	(21,646)	(10,008)
Proceeds from issuance of shares by Canopy Rivers	1,172	154,976	54,876
Proceeds from exercise of stock options	41,413	48,159	11,053
Proceeds from exercise of warrants	446	18,790	770
Issuance of long-term debt	14,761	600,000	-
Payment of debt issue costs	-	(16,380)	-
Repayment of long-term debt	(114,953)	(4,680)	(1,512)
Net cash (used in) provided by financing activities	(57,161)	5,851,719	525,849
Effect of exchange rate changes on cash and cash equivalents	(204)	69,567	-
Net (decrease) increase in cash and cash equivalents	(1,177,654)	2,158,270	220,760
Cash and cash equivalents, beginning of year	2,480,830	322,560	101,800
Cash and cash equivalents, end of year	$ 1,303,176	$ 2,480,830	$ 322,560
Supplemental disclosure of cash flow information			
Cash paid during the year:			
Income taxes	$ 5,460	$ 502	$ -
Noncash investing and financing activities			
Additions to property, plant and equipment	$ 44,573	$ 96,875	$ 49,627

The accompanying notes are an integral part of these 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. References in these consolidated financial statements to "Canopy Growth" or "the Company" refer to Canopy Growth Corporation and its 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 that 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.

In the year ended March 31, 2020, the Company commenced an organizational and strategic review of its business which resulted in a restructuring of the Company's global operations, including the closure of certain of the Company's production facilities, and other organizational changes. Please refer to Note 5 for further details regarding these restructuring actions.

2. BASIS OF PRESENTATION

The consolidated financial statements have been presented in Canadian dollars and are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Canopy Growth has determined that the Canadian dollar is the most relevant and appropriate reporting currency as, despite continuing shifts in the relative size of our operations across multiple geographies, the majority of our operations are conducted in Canadian dollars and our financial results are prepared and reviewed internally by management in Canadian dollars. Our consolidated financial statements, and the financial information contained herein, are reported in thousands of Canadian dollars, except share and per share amounts or as otherwise stated.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all entities in which the Company either has a controlling voting interest or is the primary beneficiary of a variable interest entity. All intercompany accounts and transactions have been eliminated on consolidation.

Variable interest entities

A variable interest entity ("VIE") is an entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to control the entity's activities or do not substantially participate in the gains and losses of the entity. Upon inception of a contractual agreement, and thereafter, if a reconsideration event occurs, the Company performs an assessment to determine whether the arrangement contains a variable interest in an entity and whether that entity is a VIE. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Under Accounting Standards Codification ("ASC") 810 – *Consolidations*, where the Company concludes that it is the primary beneficiary of a VIE, the Company consolidates the accounts of that VIE.

Equity method investments

Investments accounted for using the equity method include those investments where the Company (i) can exercise significant influence over the other entity and (ii) holds common stock and/or in-substance common stock of the other entity. Under the equity method, investments are carried at cost, and subsequently adjusted for the Company's share of net income (loss), comprehensive income (loss) and distributions received from the investee. If the current fair value of an investment falls below its carrying amount, this may indicate that an impairment loss should be recorded. Any impairment losses recognized are not reversed in subsequent periods.

Use of estimates

The preparation of these consolidated financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

In preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency are recognized at exchange rates in effect on the date of the transactions. At each reporting date monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates applicable at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized through net income (loss).

For the purposes of presenting consolidated financial statements the assets and liabilities of foreign operations, are translated into Canadian dollars at the exchange rates applicable at the balance sheet date. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive income (loss).

Cash equivalents and short-term investments

Cash equivalents consist of highly liquid investments with original maturities of three months or less. Investments with maturities greater than 90 days but less than one year at the date of purchase are included in short-term investments.

The Company's investments in debt securities, which consist of U.S. government securities, have been classified and accounted for using the fair value option. Unrealized gains and losses on debt securities are recognized in net income (loss). All other short-term investments are recorded at fair value with gains or losses recognized in net income (loss).

Inventory

Inventory consists of raw materials, supplies and consumables used in the inventory process, merchandise for sale, finished goods and work-in-process such as pre-harvested cannabis plants, by-products to be extracted, oils, gel capsules and edible products. Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost method. Costs are capitalized to inventory, until substantially ready for sale. Costs include direct and indirect labor, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, production related depreciation and other overhead costs. The Company records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of the specific identification method. The Company classifies cannabis inventory as a current asset, although part of such inventory, because of the duration of the cultivation, drying, and conversion process, ordinarily would not be utilized within one year.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items or components of property, plant and equipment. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized in net income (loss).

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

	Years
Buildings and greenhouses	20 - 50
Land improvements	10 - 20
Leasehold improvements	3 - 25
Production and warehouse equipment	3 - 30
Computer equipment	3 - 10
Office and lab equipment	3 - 10

Estimates of useful life and residual value, and the method of depreciation, are reviewed only when events or changes in circumstances indicate that the current estimates or depreciation method are no longer appropriate. Any changes are accounted for on a prospective basis as a change in estimate.

Intangible assets

Finite life intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

	Years
Health Canada licenses	Useful life of facility or lease term
Licensed brands	2 - 8
Distribution channel	5 - 11
Intellectual property	10 - 15
Software and domain names	3 - 5

The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill and indefinite life intangible assets

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. The Company has determined that the goodwill associated with all acquisitions belongs to the one reporting unit within the Cannabis, Hemp and Other Consumer Products operating and reportable segment, as this is the reporting unit that holds the acquired entities. The Company reviews the goodwill and indefinite life intangible assets annually for impairment in the fourth quarter, or sooner, if events or circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company early adopted Accounting Standards Update ("ASU") 2017-04 - *Intangibles: Goodwill and Other (Topic 350)* which eliminates the two-step goodwill impairment process and, consistent with this guidance, the Company tests goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill.

Indefinite life intangible assets are comprised of certain acquired brand names and licenses to grow, which are carried at cost less accumulated impairment losses. The Company reviews the classification each reporting period to decide whether the assessment made about the useful life as indefinite or finite is still appropriate. Any change is accounted for on a prospective basis as a change in estimate.

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property, plant and equipment and finite life intangible assets whenever events or changes in circumstances indicate a potential impairment exists. The Company groups assets at the lowest level for which cash flows are separately identifiable, referred to as an asset group. When indicators of potential impairment are present the Company prepares a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flow is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value, if any.

Restricted short-term investments

The Company considers short-term investments to be restricted when withdrawal or general use is legally restricted. The Company records restricted short-term investments as current or non-current in the consolidated balance sheets based on the classification of the underlying securities.

Redeemable noncontrolling interest

Redeemable noncontrolling interest is presented as mezzanine equity. The balance of the redeemable noncontrolling interest is reported at the greater of the initial carrying amount adjusted for the redeemable noncontrolling interest's share of earnings or losses and other comprehensive income or loss, or its estimated redemption value. The Company adjusts the carrying amount of the redeemable interest to the redemption amount each period, assuming the interest was redeemable at the balance sheet date with changes in fair value recorded in equity.

Revenue recognition

The Company's cannabis revenue is comprised of sales of (i) recreational cannabis products in Canada, either to government agencies or third-party retailers under a "business-to-business" wholesale model, or directly to consumers through the Company's network of retail stores and e-commerce platforms; and (ii) medical cannabis products in Canada and certain European countries. The Company's other revenue is comprised of sales of delivery devices, beauty, wellness and sleep products, sports nutrition beverages, merchandise, and revenue from other strategic sources.

The Company's revenue-generating activities have a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company's obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the customer contract. In accordance with contracts with certain of the Company's Canadian provincial customers, the Company fulfills its obligations only when the customer transfers control of the product to the end consumer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for the sale of the Company's product. Certain of the Company's customer contracts, most notably those with the Canadian provincial and territorial agencies, may provide the customer with a right of return. In certain circumstances the Company may also provide a retrospective price adjustment to a customer. These items give rise to variable consideration, which is recognized as a reduction of the transaction price based upon the expected amounts of the product returns and price adjustments at the time revenue for the corresponding product sale is recognized. The determination of the reduction of the transaction price for variable consideration requires that the Company make certain estimates and assumptions that affect the timing and amounts of revenue recognized. The Company estimates this variable consideration by taking into account factors such as historical information, current trends, forecasts, provincial and territorial inventory levels, availability of actual results and expectations of demand. The Company recognizes a liability for sales refunds within other current liabilities, and an asset for the value of inventory which is expected to be returned is recognized within prepaid expenses and other assets on the consolidated balance sheets.

Sales of products are for cash or otherwise agreed-upon credit terms. The Company's payment terms vary by location and customer; however, the time period between when revenue is recognized and when payment is due is not significant. The Company estimates and reserves for its bad debt exposure based on its experience with past due accounts and collectability, write-off history, the aging of accounts receivable and an analysis of customer data.

Cost of goods sold

The types of costs included in cost of goods sold are raw materials, packaging materials, manufacturing costs, plant facilities administrative support and overheads, and freight and warehouse costs, including distribution costs.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled $78,474, $56,659 and $1,038 in fiscal 2020, 2019, and 2018, respectively.

Research and development

Research and development costs are expensed as incurred. Research and development expenses totaled $61,812, $15,238, and $2,053 in fiscal 2020, 2019, and 2018, respectively.

Asset impairment and restructuring costs

Asset impairment and restructuring costs consist of property, plant and equipment and intangible asset impairment charges, asset abandonment costs, inventory write-downs, contractual and other settlement costs, and employee-related and other restructuring costs recognized in connection with the restructuring of the Company's global operations in the year ended March 31, 2020. When a long-lived asset is abandoned its carrying amount is adjusted to its salvage value, if any. In determining the salvage value of our long-lived assets, management considers information from manufacturers, historical data, and industry standards. In certain cases, management may obtain third party appraisals to estimate salvage value.

Share-based compensation

The Company accounts for share-based compensation using the fair value method. With the exception of a limited number of share-based awards subject to market-based performance conditions that are valued using the Monte Carlo simulation model, the fair value of awards granted is estimated at the date of grant using the Black-Scholes model. The share-based compensation expense is based on the fair value of share-based awards at the grant date and the expense is recognized over the related service period following a graded vesting expense schedule. Forfeitures are estimated at the time of grant and revised in subsequent periods if there is a difference in actual forfeitures and the estimate. Effective April 1, 2018, the Company early-adopted ASU 2018-07 – *Compensation - Stock Compensation (Topic 718)*, which among other items, aligns the accounting for non-employee awards with that of employee awards.

For awards with service and/or non-market based performance conditions, the amount of compensation expense recognized is based on the number of awards expected to vest, reflecting estimated expected forfeitures, and is adjusted to reflect those awards that do ultimately vest. For awards with performance conditions, the Company recognizes the compensation expense if and when the Company concludes that it is probable that the performance condition will be achieved. The Company reassesses the probability of achieving the performance condition at each reporting date. Restricted stock units ("RSUs") that are settled in cash or common stock at the election of the employee are remeasured to fair value at the end of each reporting period until settlement. This fair value is based on the closing price of the Company's common shares on the last business day before each period end.

Income taxes

Income taxes are comprised of current and deferred taxes. These taxes are accounted for using the liability method. Current tax is recognized in connection with income for tax purposes, unrealized tax benefits and the recovery of tax paid in a prior period and measured using the enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose. Deferred tax is recognized on the difference between the carrying amount of an asset or a liability, as reflected in the financial statements, and the corresponding tax base, used in the computation of income for tax purposes ("temporary difference") and measured using the enacted tax rates and laws as at the balance sheet date that are expected to apply to the income that the Company expects to arise for tax purposes in the period during which the difference is expected to reverse. Management assesses the likelihood that a deferred tax asset will be realized and a valuation allowance is provided to the extent that it is more likely than not that all or a portion of a deferred tax asset will not be realized. The determination of both current and deferred taxes reflects the Company's interpretation of the relevant tax rules and judgement.

An unrealized tax benefit may arise in connection with a period that has not yet been reviewed by the relevant tax authority. A change in the recognition or measurement of an unrealized tax benefit is reflected in the period during which the change occurs.

Income taxes are recognized in the consolidated statement of operations, except when they relate to an item that is recognized in other comprehensive income (loss) or directly in equity, in which case, the taxes are also recognized in other comprehensive income (loss) or directly in equity respectively. Where income taxes arise from the initial accounting for a business combination, these are included in the accounting for the business combination.

Interest and penalties in respect of income taxes are not recognized in the consolidated statement of operations as a component of income taxes but as a component of interest expense.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted earnings (loss) per share is computed by dividing earnings (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common shares of the Company during the reporting periods. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of warrants, vested share options, RSUs and the incremental shares issuable upon conversion of the convertible senior notes. As at March 31, 2020, 2019, and 2018, all instruments were anti-dilutive.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company calculates the estimated fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available, the Company uses standard pricing models.

COVID-19 estimation uncertainty

In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially impact the Company's operations during the year ended March 31, 2020. The production and sale of cannabis have been recognized as essential services in Canada and across Europe. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

4. NEW ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance on the recognition and measurement of leases, ASC 842 - *Leases*. Under this guidance, a lessee recognizes assets and liabilities on its balance sheet for most leases. Lease expense continues to be consistent with previous guidance. Additionally, this guidance requires enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leasing arrangements.

The Company adopted the guidance on April 1, 2019, using the modified retrospective approach and, accordingly, prior period balances and disclosures have not been restated. The Company elected the package of transition practical expedients for expired or existing contracts, which retains prior conclusions reached on lease identification, classification, and initial direct costs incurred.

The adoption of this guidance resulted in the recognition of operating lease right-of-use assets of $99,880, net of lease provisions of $10,703 and $110,583 of lease liabilities, with a $nil impact on deficit. The transition to ASC 842 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 of April 1, 2019 of 4.5%. Further information is disclosed in Note 30.

Revenues

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which provides a single comprehensive model for accounting for revenue from contracts with customers and supersedes nearly all previously existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Canopy Growth adopted the new standard as of April 1, 2018. There was no impact of adopting ASU 2014-09 on the consolidated financial statements.

Financial Instruments

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides new guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. Canopy Growth adopted the standard on April 1, 2018. Under the new standard, changes in the fair value of equity investments with readily determinable fair values are recorded in other (income) expense, net within the consolidated statement of operations. Previously, such fair value changes were recorded in other comprehensive income (loss). The impact of this transition is a cumulative-effect adjustment to deficit of $34,800.

Canopy Growth has elected to continue to measure its equity investments without readily determinable fair values at fair value. Changes in the measurement of these investments will continue to be recorded in other (income) expense, net within the consolidated statement of operations.

Income taxes

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), which requires the recognition of the income tax effects of intercompany sales and transfers of assets, other than inventory, in the period in which the transfer occurs. Canopy Growth adopted the standard on April 1, 2018, using a modified retrospective approach. There was minimal impact of adopting ASU 2016-16 on the consolidated financial statements.

Accounting Guidance not yet adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. Adoption of ASU 2016-13 will require financial institutions and other organizations to use forward-looking information to better formulate their credit loss estimates. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2016-13 effective April 1, 2020.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)* ("ASU 2018-13"). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2018-13 effective April 1, 2020.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which among other things, eliminates certain exceptions in the current rules regarding the approach for intraperiod tax allocations and the methodology for calculating income taxes in an interim period, and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2019-12 effective April 1, 2020.

5. ASSET IMPAIRMENT AND RESTRUCTURING COSTS

Restructuring and other charges

In the three months ended March 31, 2020, the Company commenced an organizational and strategic review of its business which resulted in the following restructuring actions designed to improve organizational focus, streamline operations and align the Company's production capability with projected demand: (i) the closure of certain of the Company's greenhouses as they are no longer essential to our Canadian cannabis cultivation footprint; (ii) exiting non-strategic geographies, including South Africa and Lesotho and the Company's hemp farming operations in New York, and shifting the Company's strategy in Colombia; and (iii) rationalizing certain marketing and research and development activities. The Company recorded a write-down of inventory in the amount of $55,890 related to these restructuring actions, as well as additional amounts totaling $76,199 deemed excess based on current and projected market demand.

As a result of these actions the Company recognized aggregate pre-tax charges of $742,929 in the year ended March 31, 2020 and approximately 600 full-time positions were eliminated.

Other impairments

In the year ended March 31, 2020, the Company recognized contractual and other settlement obligations and brand and license impairment charges totaling $60,020, which were identified during its annual impairment testing process. These charges are reflected in asset impairment and restructuring costs. Additionally, the Company recognized impairment charges relating to certain of its equity method investments totaling $40,326. These charges are recorded in other income (expense), net within the consolidated statements of operations. These other impairment charges are in addition to the restructuring and impairment costs described above and associated with the Company's restructuring actions.

A summary of the pre-tax charges totaling $843,275 recognized in connection with the Company's restructuring actions and other impairments is as follows:

	Year ended March 31, 2020		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Inventory write-downs	$ 132,089	$ -	$ 132,089
Costs recorded in operating expenses:			
Impairment and abandonment of property, plant and equipment	334,964	-	334,964
Impairment and abandonment of intangible assets	192,987	54,020	247,007
Contractual and other settlement obligations	18,712	6,000	24,712
Employee-related and other restructuring costs	16,583	-	16,583
Asset impairment and restructuring costs	563,246	60,020	623,266
Acceleration of share-based compensation expense related to acquisition milestones	32,694	-	32,694
Share-based compensation expense	32,694	-	32,694
Costs recorded in other income (expense), net:			
Impairment of equity method investments	14,900	40,326	55,226
Total restructuring, asset impairments and related costs	$ 742,929	$ 100,346	$ 843,275

Costs recorded in cost of goods sold

In the year ended March 31, 2020, the Company recognized charges of $132,089 relating to restructuring charges and inventory write-downs, as described above.

Costs recorded in operating expenses

The Company recognized asset impairment and restructuring costs of $563,246 in the year ended March 31, 2020 as a result of the restructuring actions described above.

As a result of the restructuring actions described above the Company impaired and abandoned certain production facilities, operating licenses and other intangible assets. A loss totaling $527,951 was recognized in the year ended March 31, 2020 representing the difference between the net book value of the long-lived assets and their estimated salvage value or fair value. Of this loss, $334,964 related to property, plant and equipment and $192,987 related to brand, intellectual property and license intangible assets, were recognized in the year ended March 31, 2020. The losses relating to property, plant and equipment were primarily attributable to buildings and greenhouses, and production and warehouse equipment.

In the year ended March 31, 2020, the Company recognized contractual and other settlement obligations of $18,712 and, employee-related and other restructuring costs of $16,583.

In the year ended March 31, 2020, as a result of the restructuring of our operations in Colombia and Lesotho, the Company accelerated share-based compensation expense relating to the unvested milestones associated with the acquisitions of Spectrum Cannabis Colombia S.A.S. ("Spectrum Colombia"), Canindica Capital Ltd. ("Canindica"), and DaddyCann Lesotho PTY Limited ("DCL") in the year ended March 31, 2019. Accordingly, the Company recognized share-based compensation expense of $32,694 in the year ended March 31, 2020.

6. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	March 31, 2020	March 31, 2019
Cash	$ 679,581	$ 1,703,550
Cash equivalents	623,595	777,280
	$ 1,303,176	$ 2,480,830

7. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	March 31, 2020	March 31, 2019
Term deposits	$ 374,000	$ 1,600
U.S. government securities	184,923	1,663,245
Canadian government securities	41,164	369,288
Canadian commercial paper and other	60,260	-
U.S. commercial paper and other	12,976	-
	$ 673,323	$ 2,034,133

The amortized cost of short-term investments at March 31, 2020 is $673,022 (March 31, 2019 – $2,032,770).

8. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	March 31, 2020	March 31, 2019
Accounts receivable, net	$ 51,166	$ 61,830
Indirect taxes receivable	22,982	27,805
Interest receivable	10,303	7,193
Other receivables	5,704	10,146
	$ 90,155	$ 106,974

Included in the accounts receivable, net balance at March 31, 2020 is an allowance for doubtful accounts of $655 (March 31, 2019 – $635).

9. INVENTORY

The components of inventory are as follows:

	March 31, 2020	March 31, 2019
Raw materials	$ 36,835	$ 845
Work in progress	255,934	109,672
Finished goods	59,645	30,054
Supplies and consumables	38,672	49,501
	$ 391,086	$ 190,072

In the year ended March 31, 2020, the Company recorded write-downs related to inventory of $169,338, including charges of $132,089 associated with the strategic review, as described in Note 5.

10. PREPAID EXPENSES AND OTHER ASSETS

The components of prepaid and other assets are as follows:

	March 31, 2020	March 31, 2019
Prepaid expenses	$ 41,423	$ 25,939
Deposits	7,773	29,138
Prepaid inventory	21,217	21,267
Other assets	14,681	9,347
	$ 85,094	$ 85,691

11. EQUITY METHOD INVESTMENTS

The following tables present changes in the Company's investments in associates that are accounted for using the equity method in the years ended March 31, 2020 and 2019:

Entity	Instrument	Ownership percentage	Balance at March 31, 2019	Additions	Share of net loss	Impairment losses	Derecognition of investment	Balance at March 31, 2020
PharmHouse	Shares	49%	$ 39,278	$ -	$ (2,253)	$ -	$ -	$ 37,025
Agripharm[1]	Shares	40%	36,127	-	(1,963)	(29,164)	-	5,000
More Life	Shares	40%	-	25,200	-	(14,900)	-	10,300
CanapaR	Shares	49%	18,062	-	(1,386)	(8,176)	-	8,500
BCT	Shares	47%	11,653	-	(385)	-	(11,268)	-
Other	Shares	18%-27%	7,265	5,135	(3,207)	(2,986)	(1,189)	5,018
			$ 112,385	$ 30,335	$ (9,194)	$ (55,226)	$ (12,457)	$ 65,843

[1]Refer to Note 28 (c), disposal of a consoldiated entity.

Entity	Instrument	Ownership percentage	Balance at March 31, 2018	Additions	Share of net loss	Derecognition of investment	Balance at March 31, 2019
PharmHouse	Shares	49%	$ -	$ 40,231	$ (953)	$ -	$ 39,278
Agripharm	Shares	40%	38,479	-	(2,352)	-	36,127
BCT	Shares	42%	-	12,549	(896)	-	11,653
TerrAscend	Shares	-	16,912	-	(2,217)	(14,695)	-
CanapaR	Shares	49%	-	18,150	(88)	-	18,062
Other	Shares	18%-40%	7,715	3,796	(4,246)	-	7,265
			$ 63,106	$ 74,726	$ (10,752)	$ (14,695)	$ 112,385

Where the Company does not have the same reporting date as its investees, the Company will account for its investment one quarter in arrears. Accordingly, certain of the figures in the above tables, including the Company's share of the investee's net income (loss), are based on the investees' results for the years ended December 31, 2019 and December 31, 2018 (with respect to March 31, 2020 and March 31, 2019 balances) with adjustments for any signficant transactions.

PharmHouse

On May 7, 2018 the Company and an unrelated partner entered into an agreement to form a new company, 10730076 Canada Inc. ("PharmHouse"), with the intent of it becoming a licensed producer of cannabis in Ontario. In exchange for equity financing of $9,800 and the issuance of Canopy Rivers warrants to the joint venture partner, the Company received a 49% interest in PharmHouse and a global non-competition agreement from the 51% partner.

The warrants are exercisable for a period of two years following the date that PharmHouse receives a license to sell cannabis at an exercise price which is the lesser of $2.00 per share and the price of a defined liquidity event. The fair value of the warrants at inception was estimated to be $29,232, and they were initially accounted for as a derivative liability as the exercise price was not fixed. On September 17, 2018, Canopy Rivers closed a private placement of subscription receipts in connection with its planned public listing at $3.50 per subscription receipt and, as a result, the exercise price of the warrants was fixed at $2.00 per share and the warrant liability was reclassified to equity. The Company recognized a gain of $720 in other income (expense), net from the warrant liability re-measurement and reclassified $28,512 to noncontrolling interests.

PharmHouse was determined to be a VIE. Since decisions are shared amongst Canopy Growth and its partner, Canopy Growth was not determined to be the primary beneficiary of the VIE and was not required to consolidate PharmHouse. PharmHouse is accounted for using the equity method.

On November 21, 2018, the Company entered into a shareholder loan agreement with PharmHouse pursuant to which the Company advanced $40,000 of secured debt financing with a three-year term and an annual interest rate of 12%, calculated monthly and payable quarterly after the first full quarter after receipt of the sales license at PharmHouse's initial production and processing facility. The secured debt financing has been recorded in other financial assets (see Note 12) and measured at amortized cost.

PharmHouse completed an additional financing in January 2019 whereby the Company invested a further $1,199.

CHI and BCT

As described in Note 28, the Company acquired a controlling interest in Canopy Health Innovations Inc. ("CHI") on August 3, 2018, resulting in the consolidation of CHI and its equity method investment, Beckley Canopy Therapeutics Limited ("BCT"). BCT is a cannabis research and development organization in the United Kingdom which had been formed through a collaboration agreement between CHI and Beckley Research and Innovations Limited and which gave the parties joint control over the arrangement and a 50% equity interest. As at the date of the CHI acquisition, in accordance with ASC 805 - *Business Combinations* ("ASC 805"), the Company calculated the fair value of the equity investment in BCT to be $8,563.

On September 28, 2018, BCT completed a private placement financing where the Company, indirectly through CHI, acquired additional common shares for $3,986. The Company's participating share was diluted from 50% to 42.2%. The previously mentioned collaboration agreement remains in effect and management has concluded that CHI has maintained joint control over BCT.

On October 11, 2019, the Company acquired all of its unowned interests in BCT and Spectrum Biomedical UK. See Note 28(a)(iv).

CanapaR

On July 24, 2018, the Company acquired a 35% ownership interest in CanapaR Corp. ("CanapaR") for cash consideration of $750. This ownership interest and other rights give the Company significant influence over the investee and the investment is being accounted for using the equity method. As part of the investment, the Company also received a call option to purchase 100% of CanapaR SrL, a Sicily-based company formed for the purposes of organic hemp cultivation and extraction in Italy. The call option is accounted for at fair value with changes recorded in other income (expense), net.

In December 2018 and February 2019, the Company invested a further $17,400 in CanapaR. These follow-on investments increased the Company's ownership interest to 49.2%.

In the year ended March 31, 2020, the Company recognized an impairment loss of $8,176 related to its investment in CanapaR. The fair value was determined using a cost approach by estimating the recoverable amounts of its assets and deducting the value of its liabilities.

More Life

On November 7, 2019 the Company 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 sold 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 ("More Life Facility") in exchange for a 40% interest in More Life. Certain entities that are controlled by Drake hold a 60% ownership interest in More Life.

As consideration for the 60% interest in More Life, certain entities that are controlled by Drake 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. On the transaction date Canopy Growth recorded an intangible asset equal to the present value of the agreed minimum royalty payments. As part of the Company's restructuring of its global operations in the year ended March 31, 2020 (see Note 5), the Company recognized an impairment charge related to the remaining intangible assets in the amount of $32,717.

Following this transaction, the Company no longer controls 1955625 Ontario Inc. and the Company derecognized the assets and liabilities of 1955625 Ontario Inc. from its consolidated financial statements at their carrying amounts. Management has concluded that the subsidiary does not meet the definition of an operation and no goodwill was allocated. The derecognized assets and liabilities on November 7, 2019, were as follows:

Current assets	$ 100
Intangible assets	2,810
Net assets disposed	$ 2,910
Fair value of retained interest	25,200
Gain on disposal of consolidated entity	$ 22,290

The gain calculated on the derecognition of 1955625 Ontario Inc.'s assets and liabilities is the difference between the carrying amounts of the derecognized assets and liabilities of 1955625 Ontario Inc. and the fair value of the consideration received, being the fair value of the Company's interest in More Life. The fair value of this interest on the transaction date was estimated to be $25,200 which was determined using a discounted cash flow approach. The most significant inputs to the fair value measurement are the discount rate and expectations about future royalties.

Through its ownership and other rights, the Company was determined to have significant influence over More Life and accounts for its interest in More Life using the equity method of accounting. The investment was initially recognized at its fair value and adjusted thereafter to recognize the Company's share of net income (loss) and other comprehensive income (loss). To the extent that there are differences between the fair value of the assets and liabilities of More Life and the book value of these assets and liabilities that would impact earnings the Company will account for these differences in its equity earnings in the investee. The fair value of the Company's interest in More Life was estimated to be $10,300 at March 31, 2020 using the same valuation techniques and inputs as described above. As a result, the Company recognized an impairment on its equity method investment in the amount of $14,900 in the year ended March 31, 2020 as part of the restructuring of its global operations. See Note 5 for further information.

Canopy Growth and certain entities controlled by Drake have entered into an operating agreement which governs the operations of the More Life Facility. Under this agreement 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 in exchange for the payment of an additional amount to More Life on the sales of cannabis produced at the More Life Facility. The term of the operating agreement is five years plus two subsequent five year renewals at Canopy Growth's option, provided that the Canopy Growth sub-license term is also extended for such periods. Since Canopy Growth controls the facility and the inventory grown at that facility the property, plant and equipment at the facility and the related inventory are being recorded as assets of Canopy Growth.

The following tables present current and non-current assets, current and non-current liabilities as well as revenues and net loss of the Company's equity method investments as at and for the years ended December 31, 2019 and 2018, respectively:

Entity	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net loss
PharmHouse	$ 5,584	$ 163,888	$ 65,765	$ 87,659	$ 219	$ (4,665)
Agripharm	9,565	68,608	25,776	-	5,093	(8,668)
CanapaR	15,232	10,277	1,722	-	425	(2,624)
Other	10,980	22,338	3,187	10,600	7,022	(10,322)
	$ 41,361	$ 265,111	$ 96,450	$ 98,259	$ 12,759	$ (26,279)

Entity	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net loss
PharmHouse	$ 8,807	$ 53,762	$ 4,514	$ 40,000	$ -	$ (1,944)
Agripharm	5,900	91,767	13,167	7,163	2,149	(5,901)
BCT	11,958	502	455	-	-	(2,101)
Other	26,538	12,900	662	6,106	1,125	(5,081)
	$ 53,203	$ 158,931	$ 18,798	$ 53,269	$ 3,274	$ (15,027)

12. OTHER FINANCIAL ASSETS

The following tables outline changes in other financial assets. Additional details on how the fair value of significant investments are calculated are included in Note 24.

Entity	Instrument	Balance at March 31, 2019	Additions	FVTPL	Exercise of options / disposal of shares	Balance at March 31, 2020
TerrAscend	Exchangeable shares	$ 160,000	$ -	$ (113,000)	$ -	$ 47,000
TerrAscend	Warrants	-	28,016	(3,012)	-	25,004
TerrAscend Canada	Term loan / debenture	-	65,653	(11,833)		53,820
PharmHouse	Loan receivable	40,000	-	-	-	40,000
Agripharm[1]	Royalty interest	10,254	8,000	(5,654)	-	12,600
ZeaKal	Shares	-	13,487	699	-	14,186
Greenhouse	Convertible debenture	5,944	3,000	1,573	-	10,517
SLANG	Warrants	44,000	-	(40,500)	-	3,500
Other - classified as fair value through net income (loss)	Various	91,816	6,909	(69,255)	(10,475)	18,995
Other - elected as fair value through net income (loss)	Various	9,564	3,127	(2,983)	(225)	9,483
Other - classified as held for investment	Loan receivable	1,849	12,400	-	(101)	14,148
		$ 363,427	$ 140,592	$ (243,965)	$ (10,801)	$ 249,253

[1]Refer to Note 28 (c), disposal of a consoldiated entity.

Entity	Instrument	Balance at March 31, 2018	Additions	FVTPL	Exercise of options / disposal of shares	Balance at March 31, 2019
TerrAscend	Warrants	$ 75,154	$ -	$ 36,473	$ (111,627)	$ -
TerrAscend	Exchangeable shares	-	135,000	25,000	-	160,000
SLANG	Warrants	-	-	44,000	-	44,000
PharmHouse	Loan receivable	-	40,000	-	-	40,000
HydRx Farms	Shares	12,401	-	-	5,210	17,611
HydRx Farms	Warrants	5,210	-	-	(5,210)	-
Agripharm	Repayable debenture	2,326	9,000	(1,072)	-	10,254
James E. Wagner Cultivation	Shares	10,591	2,124	(326)	-	12,389
AusCann Group Holdings	Shares	39,086	3,975	(30,988)	-	12,073
CanapaR	Options	-	-	7,500	-	7,500
Greenhouse	Convertible debenture	-	5,911	33	-	5,944
Radicle Medical Marijuana	Repayable debenture	3,075	2,000	(11)	-	5,064
Good Leaf	Shares	-	4,566	45	-	4,611
Other - classified as fair value through net income (loss)	Various	15,620	19,939	2,073	-	37,632
Other - elected as fair value through net income (loss)	Various	-	3,834	666	-	4,500
Other - classified as held for investment	Loan receivable	-	1,849	-	-	1,849
		$ 163,463	$ 228,198	$ 83,393	$ (111,627)	$ 363,427

TerrAscend

TerrAscend Corp. ("TerrAscend") is a publicly traded licensed producer. On December 8, 2017, the Company subscribed for TerrAscend units which included one common share and one warrant. The Company allocated the purchase price to the shares and warrants based on their relative fair values, in the amount of $13,460 and $7,540 respectively. On November 27, 2017, the Company acquired additional TerrAscend shares and following these transactions, the Company owned 24% of the issued and outstanding shares of TerrAscend and the Company concluded it had significant influence over TerrAscend and accounted for its investment using the equity method.

On November 30, 2018, TerrAscend completed the restructuring of its share capital by way of a plan of arrangement ("Arrangement"), pursuant to which the Company exercised its warrants for no cash consideration. After giving effect to the exercise of the warrants the Company held common shares of TerrAscend which were exchanged pursuant to the Arrangement for new, conditionally exchangeable shares in the capital of TerrAscend (the "Exchangeable Shares"). The Exchangeable Shares would only become convertible into common shares following changes in U.S. federal laws regarding the cultivation, distribution or possession of cannabis, the compliance of TerrAscend with such laws and the approval of the various securities exchanges upon which the issuer's securities are listed (the "TerrAscend Triggering Event"). The Exchangeable Shares are not transferrable or monetizable until exchanged into common shares. In the interim, the Company will not be entitled to voting rights, dividends or other rights upon dissolution of TerrAscend. As a result, the Company no longer has significant influence over TerrAscend and ceased using the equity method.

On November 30, 2018 the Company derecognized its investment in the common shares which were being accounted for using the equity method and recognized the Exchangeable Shares. The Company recognized a net gain of $8,678 in other (expense) income, net on the derecognition of the equity investment. The Company accounts for its investment in the Exchangeable Shares at fair value with any changes recorded in other income (expense).

Upon initial recognition, the fair value of the Company's investment in the Exchangeable Shares was estimated to be $135,000. At March 31, 2020 the fair value of the Company's investment in the Exchangeable Shares was estimated to be $47,000 with a loss of $113,000 recorded in other income (expense), net in the year ended March 31, 2020 (March 31, 2019 – fair value of $160,000, with a gain of $25,000 recorded in other income (expense), net in the year ended March 31, 2019). See Note 24 for additional details on how the fair value of the Company's investment is calculated on a recurring basis.

TerrAscend Canada

On October 2, 2019, Canopy Rivers completed a $13,243 (US$10,000) investment in TerrAscend Canada Inc ("TerrAscend Canada"), a wholly-owned subsidiary of TerrAscend, which included a term loan with a fair value of $10,853 and TerrAscend warrants with a fair value of $2,390 As of March 31, 2020, the fair value of the term loan was $9,520, and the fair value of the warrants was $804.

On March 11, 2020, Canopy Growth completed an $80,526 investment in TerrAscend Canada. The investment includes a secured debenture ("debenture") for $80,526, that matures the earliest of (i) March 10, 2030 and (ii) the later of March 10, 2025 and the date that is 24 months following the date that is the TerrAscend Triggering Event. The debenture bears interest at a rate of 6.1% and is payable annually.

As additional consideration, TerrAscend issued 17,808,975 common share purchase warrants (collectively, the "Warrants"). The Warrants consist of two tranches. The first tranche Warrants total 15,656,242 and are exercisable at a price of $5.41 per common share. They are exercisable upon the occurrence or waiver of TerrAscend the Triggering Event until the earliest of (i) March 10, 2030 and (ii) the later of (A) March 10, 2025 and (B) the date that is 24 months following the occurrence of the TerrAscend Triggering Event.

The second tranche Warrants total of 2,152,733 and are exercisable at a price of $3.74 per common share. They are exercisable upon the occurrence or waiver of the TerrAscend Triggering Event until the earliest of (i) March 10, 2031 and (ii) the later of (A) March 10, 2026 and (B) the date that is 36 months following the occurrence of the TerrAscend Triggering Event.

Canopy Growth has the right to set-off the applicable exercise price payable for the exercise of the Warrants against any amounts owing by TerrAscend, or any amounts owing under the Loan by TerrAscend Canada.

At issuance, the term loan had a fair value of $54,800 and the Warrants had a fair value of $25,626 with $100 of related transaction costs expensed. As of March 31, 2020, the fair value of the debenture was $44,300 and the Warrants had a fair value of $24,000. See Note 24 for additional details on how the fair value of the Company's investment is calculated on a recurring basis.

ZeaKal

On 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. See Note 24 for additional details on how the fair value of the Company's investment is calculated on a recurring basis.

Greenhouse

On January 14, 2019, Canopy Rivers invested $6,000 in 10831425 Canada Ltd. ("Greenhouse"), an organic, plant-based beverage producer and distributor, pursuant to a senior secured convertible debenture agreement ("Greenhouse Secured Debenture"). As part of the investment, the Company also committed to invest an additional $3,000 in Greenhouse pursuant to an unsecured convertible debenture agreement (the "Greenhouse Unsecured Debenture") and received preferred share purchase warrants and a control warrant. The Company is required to exercise $3,000 in preferred share purchase warrants upon achievement of future revenue targets. On May 1, 2019, the Company advanced $3,000 to Greenhouse pursuant to the Greenhouse Unsecured Debenture. The Greenhouse Secured Debenture, Greenhouse Unsecured Debenture, and warrants are currently exercisable and, if exercised, would together represent approximately 26% of the equity of Greenhouse on a fully diluted basis. In connection with its original investment in Greenhouse, the Company also owns an additional warrant that, if exercised, would increase its ownership interest in Greenhouse to 51%. See Note 24 for additional details on how the fair value of the Company's investment is calculated on a recurring basis.

SLANG

SLANG Worldwide Inc. ("SLANG") is a cannabis-focused branded consumer products company which is listed on the Canadian Securities Exchange. The Company holds share purchase warrants which allow it to acquire shares of SLANG on the occurrence of the triggering event, as defined below, provided the Company enters into a collaboration agreement with SLANG at the time of exercise. The number and exercise price of the share purchase warrants is dependent on the financings completed by SLANG up until the point of exercise. The triggering event is the date the growth, cultivation, production, sale, use and consumption of cannabis and cannabis-related products are permitted in the U.S. for any and all purposes under all applicable federal laws. The warrants expire the earlier of two years following the triggering event and December 15, 2032.

As at March 31, 2020, the share purchase warrants would provide the Company with the right to acquire:

- 31,619,975 shares for an aggregate exercise price of one dollar
- 11,602,370 shares at an exercise price of $1.50 per share
- 5,801,184 shares at an exercise price of $2.25 per share

As at March 31, 2020, management has estimated the fair value of the warrant at to be $3,500, and a loss of $40,500 was recorded in other income (expense), net in the year ended March 31, 2020 (March 31, 2019 - fair value of $44,000, and a gain of $4,000 was recorded in other income (expense), net in the year ended March 31, 2019). See Note 24 for additional details on how the fair value of the Company's investment is calculated on a recurring basis.

13. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment are as follows:

	March 31, 2020	March 31, 2019
Buildings and greenhouses	$ 876,732	$ 361,958
Production and warehouse equipment	300,666	175,325
Leasehold improvements	75,964	32,264
Land	65,003	37,681
Office and lab equipment	29,978	23,495
Computer equipment	30,744	19,228
Right-of-use-assets		
Buildings and greenhouses	169,754	-
Production and warehouse equipment	927	-
Assets in process	365,644	491,722
	1,915,412	1,141,673
Less: Accumulated depreciation	(390,609)	(45,333)
	$ 1,524,803	$ 1,096,340

Depreciation expense included in cost of goods sold for the year ended March 31, 2020 is $52,249 (2019 – $25,373, 2018 – $7,502). Depreciation expense included in selling, general and administrative expenses for the year ended March 31, 2020 is $21,467 (2019 – $4,689, 2018 – $1,223).

See Note 5 for information on the impairment and abandonment of property, plant and equipment that resulted in a charge in the amount of $334,964 that the Company recognized as part of the restructuring of its global operations in the year ended March 31, 2020.

14. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	March 31, 2020		March 31, 2019	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Licensed brands	$ 66,227	$ 53,797	$ 57,802	$ 57,678
Distribution channel	74,768	47,117	42,400	25,297
Health Canada and operating licenses	63,631	57,250	104,608	99,587
Intellectual property	240,386	215,044	153,797	149,360
Software and domain names	16,056	10,013	9,701	6,819
Amortizable intangibles in process	9,590	9,590	4,122	4,046
Total	470,658	392,811	372,430	342,787
Indefinite lived intangible assets				
Operating licenses		$ 7,000		$ 151,509
Acquired brands		76,555		63,774
Total intangible assets		$ 476,366		$ 558,070

Amortization expense included in cost of goods sold for the year ended March 31, 2020 is $1,030 (2019 – $35, 2018 – $95). Amortization expense included in selling, general and administrative expenses for the year ended March 31, 2020 is $50,267 (2019 – $16,821, 2018 – $11,666).

Estimated amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

2021	$	51,542
2022	$	44,709
2023	$	43,964
2024	$	43,701
2025	$	43,083
Thereafter	$	165,812

See Note 5 for information on the impairment and abandonment of intangible assets that resulted from the restructuring of the Company's global operations in the amount of $192,987 and impairment charges of $54,020 in the year ended March 31, 2020.

DCL

On May 30, 2018, the Company purchased 100% of the issued and outstanding shares of DCL. Based in the Kingdom of Lesotho, DCL holds a license to cultivate, manufacture, supply, hold, import, export and transport cannabis and its resin.

On closing, 666,362 common shares were issued to former shareholders of DCL at a price of $37.07 for consideration of $24,702. An additional 79,892 common shares were to be issued on the achievement of a licensing milestone. These shares were accounted for as equity classified contingent consideration. Management assessed the probability and timing of achievement and then discounted to present value using a put option pricing model in order to derive a fair value of the contingent consideration of $2,100. There was also the effective settlement of a note receivable of $500, which was advanced in cash by the Company prior to closing, for total consideration of $27,302.

An additional 253,586 common shares were to be issued to the former shareholders of DCL contingent on the achievement of certain operational milestones. These were accounted for as share-based compensation expense, and the fair value of the May 30, 2018 grant of $9,400 was being amortized over the expected vesting period.

The transaction was determined to be an asset acquisition under ASC 805 as DCL did not meet the definition of a business. A relative fair value approach was taken for allocating the consideration to the acquired assets and liabilities. This resulted in a value of $30,421 allocated to the operating license and a related $3,042 deferred income tax liability. The remaining assets and liabilities were not significant. The operating license is not being amortized as the Company concluded that it had an indefinite useful life.

As part of the Company's restructuring of its global operations (see Note 5), the Company exited its operations in South Africa and Lesotho by transferring ownership of all of its African operations to a local business, with the transaction closing subsequent to March 31, 2020. Accordingly, the remaining intangible asset associated with the operating license acquired from DCL was impaired as at March 31, 2020 and the resulting charge is included in the restructuring-related impairment charge noted above. Additionally, the Company accelerated the share-based compensation expense relating to the unvested milestones described above, and recognized share-based compensation of $215 in the year ended March 31, 2020.

Spectrum Colombia

On July 5, 2018, the Company acquired Spectrum Colombia, which previously operated as Colombia Cannabis S.A.S. The consideration for the transaction was 1,193,237 common shares with a fair value of $46,119 based on the Company's share price on the closing date.

On July 5, 2018, in conjunction with the acquisition of Spectrum Colombia the Company acquired all the outstanding shares of Canindica in exchange for 595,184 common shares. Canindica was controlled by the principal of a company that provided services to the Company in connection with its Latin American and Caribbean businesses in the years ended March 31, 2020 and March 31, 2019. Canindica does not meet the definition of a business and the fair value of the consideration paid of $23,004 has been recorded as share-based compensation expense.

Upon the achievement of future cultivation and sales milestones, the Company was to issue up to 2,098,304 additional common shares of the Company to the former shareholders of Spectrum Colombia and shares to a value of $42,623 to the former shareholders of Canindica. The milestone shares were being provided in exchange for services and were being accounted for as share-based compensation expense. Management has estimated the grant date fair value of all these milestone shares to be $106,377 which was expensed rateably over the estimated vesting periods.

The acquisition of Spectrum Colombia was determined to be an asset acquisition under ASC 805 as it did not meet the definition of a business. A relative fair value approach was taken for allocating the consideration to the acquired assets and liabilities. This resulted in a value of $71,519 allocated to the operating license and a related $21,456 deferred income tax liability. The remaining assets and liabilities were not significant.

The operating license was not amortized as the Company concluded that it had an indefinite useful life.

As part of the Company's restructuring of its global operations (see Note 5), the Company ceased operations at the cultivation facility in Colombia. Accordingly, the operating license acquired from Spectrum Colombia was abandoned as at March 31, 2020 and the difference between the carrying value and expected salvage value is included in restructuring charges. Additionally, the Company accelerated the share-based compensation expense relating to certain of the unvested milestones associated with the acquisitions of Spectrum Colombia and Canindica, and recognized share-based compensation of $32,479 in the year ended March 31, 2020.

Cafina

On March 25, 2019, the Company acquired Cáñamo y Fibras Naturales, S.L. ("Cafina"), a Spanish-based licensed cannabis producer for consideration of $43,940 of which $36,074 in cash was advanced on closing, The acquisition date fair value of the remaining consideration was estimated to be $7,866 and was to be released to the former shareholders on the second and fourth anniversary of the acquisition, subject to certain representations and warranties.

The acquisition of Cafina was determined to be an asset acquisition under ASC 805 as it did not meet the definition of a business. A relative fair value approach was taken for allocating the consideration to the acquired assets and liabilities. This resulted in a value of $58,467 allocated to the operating license and a related $14,617 deferred income tax liability. The remaining assets and liabilities were not significant. The operating license was not amortized as the Company concluded that it had an indefinite useful life.

As part of the Company's restructuring of its global operations (see Note 5), the Company abandoned the operating license acquired from Cafina and the difference between the carrying value and expected salvage value is included in restructuring charges.

15. GOODWILL

The changes in the carrying amount of goodwill are as follows:

Balance, March 31, 2018	$ 277,445
Purchase accounting allocations	1,215,750
Foreign currency translation adjustments	(3,336)
Balance, March 31, 2019	1,489,859
Purchase accounting allocations	443,724
Finalization of S&B purchase price allocation	(24,990)
Foreign currency translation adjustments	45,878
Balance, March 31, 2020	$ 1,954,471

16. OTHER ACCRUED EXPENSES AND LIABILITIES

The components of other accrued expenses and liabilities are as follows:

	March 31, 2020	March 31, 2019
Property, plant and equipment	$ 1,173	$ 8,013
Professional fees	7,677	2,059
Employee compensation	33,415	20,577
Other	22,729	6,964
	$ 64,994	$ 37,613

17. DEBT

The components of debt are as follows:

	Maturity Date	March 31, 2020	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		(27,120)	183,120
Credit risk fair value adjustment		(128,130)	47,130
		450,204	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%		4,678	-
Other revolving debt facility, loan, and financings		10,533	15,271
		465,415	945,975
Less: current portion		(16,393)	(103,716)
Long-term portion		$ 449,022	$ 842,259

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 bear interest at a rate of 4.25% per annum, payable semi-annually on January 15th and July 15th of each year commencing from January 15, 2019. The notes will mature on July 15, 2023. 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. The notes are effectively junior to any secured indebtedness and the notes are structurally subordinated to all indebtedness and other liabilities of the Company's subsidiaries.

Holders of the notes may convert the notes at their option at any time from January 15, 2023 to the maturity date. The notes will be convertible, at the holder's option, at a conversion rate of 20.7577 common shares for every $1 principal amount of notes (equal to an initial conversion price of approximately $48.18 per common share), subject to adjustments in certain events. In addition, the holder has the right to exercise the conversion option 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"). A Fundamental Change occurred upon completion of the investment by Constellation Brands, Inc. ("CBI") in November 2018, and no note holders surrendered any portion of their notes as at the repurchase date of December 5, 2018.

The Company may, upon conversion by the holder, elect to settle in either cash, common shares, or a combination of cash and common shares, subject to certain circumstances. Under the terms of the indenture if a Fundamental Change occurs and a holder elects to convert its notes from and including on the date of the fundamental change up to, and including, the business day immediately prior to the fundamental change repurchase date, the Company may be required to increase the conversion rate for the notes so surrendered for conversion by a number of additional common shares.

The Company cannot redeem the notes prior to July 20, 2021, except in the event of certain changes in Canadian tax law. On or after July 20, 2021, the Company could redeem for cash, subject to certain conditions, any or all of the notes, at its option, if the last reported sales price of the Company's common shares for at least 20 trading days during any 30 consecutive trading day period ending within 5 trading days immediately preceding the date on which the Company provides notice of redemption exceeds 130% of the conversion price on each applicable trading day. 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 notes in either case shall be at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

For accounting purposes, the equity conversion feature did not meet the equity classification guidance, therefore the Company elected the fair value option under ASC 825 - *Fair Value Measurements*. The notes were initially recognized at fair value on the balance sheet. All subsequent changes in fair value, excluding the impact of the change in fair value related to Company's own credit risk are recorded in other income (expenses), net. The changes in fair value related to the Company's own credit risk is recorded through other comprehensive income (loss). Transaction costs directly attributable to the issuance of the notes were immediately expensed in the consolidated statements of operations in the amount of $16,380.

The overall change in fair value of the notes during the years ended March 31, 2020 and March 31, 2019 was a decrease of $385,500 and an increase of $235,704, respectively, which included contractual interest of $25,500 and $19,975, respectively. Refer to Note 24 for additional details on how the fair value of the notes is calculated.

Alberta Treasury Board financing

On March 31, 2019 the Company acquired the limited partnership units of the limited partnerships that held the Delta and Aldergrove, British Columbia facilities and assumed the Alberta Treasury Board ("ATB") financing liability. The facility bears interest at prime plus 1.0% and matures on October 31, 2021. Quarterly principal payments are $2,500. The ATB term loan is secured by a financial charge over real property held by the Company in Delta and Aldergrove. On June 14, 2019, the Company repaid and terminated its ATB term loan facility. A payment of $95,180 was made to settle the loan balance.

Transferred receivables

The carrying amount of the transferred receivables include receivables which are subject to a factoring arrangement. Under this agreement, C3 has transferred the relevant receivables to PB Factoring GmbH in exchange for cash. The transferred receivables to PB Factoring GmbH are $4,851 and the associated secured borrowing is $4,678.

Other revolving debt facility, loans, and financings

On August 13, 2019 the Company, through its wholly owned subsidiary, Tweed Farms Inc., entered into a $40,000 revolving debt facility with Farm Credit Canada ("FCC"). The new facility replaces the previous loans with FCC and is secured by the Company's property in Niagara-on-the-Lake. The extinguishment of $4,912 in previous FCC debt resulted in no gain or loss.

The current outstanding balance of the FCC debt facility is $5,268 with an interest rate of 3.45%, or FCC prime rate plus 1.0%, and matures on September 3, 2024.

The revolving debt facility with FCC 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.

Debt payments

As of March 31, 2020, the required principal repayments under long-term debt obligations for each of the five succeeding fiscal years and thereafter are as follows:

2021	$ 11,062
2022	978
2023	975
2024	600,975
2025	975
Thereafter	246
	$ 615,211

18. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at March 31, 2020			As at March 31, 2019		
	Current	Long-term	Total	Current	Long-term	Total
Acquisition consideration related liabilities	$ 104,028	$ 9,791	$ 113,819	$ 22,176	$ 87,747	$ 109,923
Lease liabilities	40,356	120,047	160,403	-	-	-
Minimum royalty obligations	9,368	50,445	59,813	3,445	24,392	27,837
Due to former partners of Storz & Bickel	-	-	-	21,447	-	21,447
Refund liability	17,586	-	17,586	-	-	-
Settlement liability	33,162	7,932	41,094	11,980	16,631	28,611
Other	11,309	2,445	13,754	22,366	5,234	27,600
	$ 215,809	$ 190,660	$ 406,469	$ 81,414	$ 134,004	$ 215,418

19. REDEEMABLE NONCONTROLLING INTEREST

The net change in the redeemable noncontrolling interests is as follows:

	BC Tweed	Vert Mirabel	BioSteel	Total
As at March 31, 2017	$ -	$ -	$ -	$ -
Initial recognition of noncontrolling interest	36,400	3,750	-	40,150
Loss attributable to noncontrolling interest	(5,000)	(470)	-	(5,470)
Adjustments to redemption amount	24,900	1,570	-	26,470
As at March 31, 2018	56,300	4,850	-	61,150
Income attributable to noncontrolling interest	-	2,885	-	2,885
Adjustments to redemption amount	16,300	(1,335)	-	14,965
Purchase of redeemable noncontrolling interest	(72,600)	-	-	(72,600)
As at March 31, 2019	-	6,400	-	6,400
Initial recognition of noncontrolling interest	-	-	18,733	18,733
Income (loss) attributable to noncontrolling interest	-	8,220	(1,731)	6,489
Adjustments to redemption amount	-	5,630	32,498	38,128
As at March 31, 2020	$ -	$ 20,250	$ 49,500	$ 69,750

20. SHARE CAPITAL

CANOPY GROWTH

Authorized

An unlimited number of common shares.

(i) Equity financings

There were no equity financings during the year ended March 31, 2020.

On November 1, 2018, the Company issued 104,500,000 common shares from treasury and two tranches of warrants to CBI in exchange for proceeds of $5,072,500. The first tranche warrants ("New Warrants") will allow CBI 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") allows the purchase of 51.3 million additional shares at a price equal to the 5-day volume weighted average price immediately prior to exercise. These warrants can only be exercised after the New Warrants have been exercised. The New Warrants vested immediately upon closing of the share purchase agreement and the Final Warrants become exercisable once the New Warrants have been exercised. Both the New and Final Warrants expire on November 1, 2021.

The proceeds of the common share issuance were allocated to the common shares and New Warrants based on their relative fair values in the amount of $3,567,149 and $1,505,351, respectively. The fair value of the common shares was determined using the closing price on October 31, 2018, and the fair value of the warrants was determined using a Black-Scholes model. Share issuance costs of $8,509 were allocated to the common shares and $3,591 to the warrants. Since the Final Warrants will be issued for a price that is equal to the 5-day volume weighted average price immediately prior to exercise, they fail the 'fixed for fixed' criterion and will be classified as a derivative liability. Management has estimated that the value of this liability is nominal, and no value was allocated to the Final Warrants. The New Warrants and Final Warrants were subsequently modified on June 27, 2019, refer to Note 29 for additional details.

During the year ended March 31, 2018, the Company completed the following equity financings net of share issue costs of $9,400.

	Number of shares	Share capital
Bought deal - July 21, 2017	3,105,590	$ 24,922
Greenstar investment - November 2, 2017	18,876,901	173,765
Private placement - February 7, 2018	5,800,000	192,065
Total equity financing share issuances	27,782,491	$ 390,752

On November 2, 2017, Greenstar Canada Investment Limited Partnership ("Greenstar"), which is an affiliate of CBI acquired 18,876,901 common shares from treasury and 18,876,901 warrants in exchange for $244,990. The common shares had a hold period of four months and one day from the closing date. The warrants, each exercisable at $12.9783 per warrant for a common share, expire May 2, 2020 and are exercisable in two equal tranches, with the first exercisable tranche date being August 1, 2018, and the second exercisable tranche date being February 1, 2019, provided at the time of exercising the warrants, the Company still owns the 18,876,901 common shares. The proceeds of the common share issuance were allocated to the common shares and warrants based on their relative fair values in the amount of $174,472 and $70,518, respectively. The fair value of the common shares was determined using the closing price on the day the share subscription closed, and the fair value of the warrants was determined using a Black-Scholes model. Share issuance costs of $707 were allocated to the common shares and $253 to the warrants. On May 1, 2020, the 18,876,901 warrants were exercised by Greenstar; see Note 34.

(ii) Other issuances of common shares

During the year ended March 31, 2020, the Company issued the following shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of shares	Share capital	Share based reserve
Acquisition of BC Tweed NCI release from escrow	6,940,531	$ 223,036	$ (223,036)
Completion of acquisition milestones	1,121,605	29,561	(29,687)
Other issuances	597,936	19,369	(19,511)
Total	8,660,072	$ 271,966	$ (272,234)

During the year ended March 31, 2019, the Company issued the following shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of shares	Share capital	Share based reserve
Hiku	7,943,123	$ 543,616	$ -
BC Tweed NCI	6,353,438	244,100	223,036
ebbu	5,275,005	233,802	29,880
CHI	3,076,941	97,832	-
Spectrum Colombia	1,193,237	46,018	-
Completion of acquisition milestones	2,455,446	45,277	(45,310)
DCL	666,362	24,644	1,956
Other issuances	897,079	28,984	(6,927)
Total	27,860,631	$ 1,264,273	$ 202,635

During the year ended March 31, 2018, the Company issued the following shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of shares	Share capital	Share based reserve
rTrees	3,494,505	$ 28,026	$ 1,079
Completion of acquisition milestones	398,651	4,278	(4,278)
Other issuances	1,337,829	13,765	(1,687)
Total	5,230,985	$ 46,069	$ (4,886)

(iii) Warrants

	Number of whole warrants		Average exercise price		Warrant value
Balance outstanding at March 31, 2017	-	$	-	$	-
Greenstar equity investment - net of warrant issue cost of $253	18,876,901		12.98		70,265
rTrees acquisition	242,408		3.83		1,303
Exercise of warrants	(207,297)		3.72		(1,113)
Balance outstanding at March 31, 2018	18,912,012	$	12.96	$	70,455
Issuance of warrants	88,472,861		50.40		1,501,760
Replacement warrants granted through Hiku acquisition	920,452		41.28		30,611
Exercise of warrants	(457,002)		41.12		(12,901)
Expiry of warrants	(1)		3.80		-
Balance outstanding at March 31, 2019	107,848,322	$	43.80	$	1,589,925
Tranche A warrant modification	-		-		1,049,153
Issuance of Tranche B warrants	38,454,444		76.68		-
Other issuance of warrants	9,200		32.83		359
Exercise of warrants	(12,523)		35.55		(486)
Balance outstanding at March 31, 2020 [1]	146,299,443	$	52.44	$	2,638,951

[1] This balance excludes the Tranche C Warrants, which represent a derivative liability and have nominal value, see note 29.

CANOPY RIVERS

Authorized capital

Canopy Rivers Corporation ("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.

Prior to the completion of the Qualifying Transaction described below, Canopy Rivers had two classes of common shares: "Class A Shares" and "Class B Shares". Pursuant to the terms of the Qualifying Transaction, Class A shareholders received one Multiple Voting Share for each Class A Share held, and Class B shareholders received one Subordinated Voting Share for each Class B Share held upon completion of the Qualifying Transaction. Accordingly, the terms "Class A Shares" and "Multiple Voting Shares" may be used interchangeably, and the terms "Class B Shares" and "Subordinated Voting Shares" may be used interchangeably.

Issued and outstanding

As at March 31, 2020, Canopy Rivers had 36,468,318 Multiple Voting Shares (March 31, 2019 – 36,468,318) and 152,837,131 Subordinated Voting Shares (March 31, 2019 – 150,592,136) issued and outstanding. As at March 31, 2020, 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 27.3% ownership interest in Canopy Rivers and 84.4% 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.

Financings

Year ended March 31, 2020

There were no financings during the year ended March 31, 2020, other than the release of shares related to share purchase financing as noted above.

Year ended March 31, 2019

On April 6, 2018, Canopy Rivers completed a non-brokered private placement of 454,545 Class B Shares for aggregate gross proceeds of $500 and share issuance costs of $nil.

On July 6, 2018, Canopy Rivers completed a private placement offering, pursuant to which Canopy Rivers issued an aggregate of 29,774,857 subscription receipts at a price of $3.50 per subscription receipt for gross proceeds of $104,212, including $15,050 invested by the Company. Canopy Rivers issued 28,792,000 subscription receipts pursuant to a brokered offering and 982,857 subscription receipts on a non-brokered basis. Funds from the private placement were placed in escrow pending the completion of the reverse takeover

(“RTO”) with AIM2 Ventures Inc. (“AIM2”), defined as the Qualifying Transaction. Share issue costs of $3,371 were incurred as part of this private placement offering, which have been deducted from the carrying value of the noncontrolling interest.

On September 17, 2018 Canopy Rivers completed the RTO, the funds were released from escrow and Canopy Rivers began trading on the TSX Venture Exchange.

Since AIM2 does not have the inputs and processes capable of producing outputs that are necessary to meet the definition of a business as defined by ASC 805, the RTO has been accounted for under ASC 718 - *Stock-based compensation*. Accordingly, the RTO has been accounted for at the fair value of the equity instruments granted by the shareholders of Canopy Rivers to the shareholders and option holders of AIM2. Consideration paid by the acquirer of $1,353 is measured at the fair value of the equity issued to the shareholders of AIM2 (361,377 shares at $3.50 per share, 36,137 options with a fair value of $89 calculated using a Black-Scholes option pricing model and 18,821 broker warrants measured using the Black-Scholes option pricing model), with the excess amount above the fair value of the net assets acquired, treated as a reduction to equity.

The assets acquired and liabilities assumed at their fair value on the acquisition date are as follows.

	Amount
Consideration	$ 1,353
Cash acquired	584
Difference to deficit	769

On February 27, 2019, Canopy Rivers completed a brokered equity financing pursuant to which a syndicate of underwriters purchased 13,225,000 Subordinated Voting Shares of Canopy Rivers on a bought deal basis at a price of $4.80 per Subordinated Voting Share (the “Issue Price”) for gross proceeds of approximately $63,479 (the “Bought Deal”). Concurrent with the Bought Deal, the Company purchased 6,250,000 Subordinated Voting Shares on a private placement basis, at a price per Subordinated Voting Share equal to the Issue Price for additional gross proceeds of approximately $30,000. Share issuance costs of $2,979 were paid in connection with the offering.

Associated with the July 2018 and February 2019 financings, an amount of $5,246 has been recorded as an increase in equity attributable to the parent which represents the change in the carrying amount of the noncontrolling interest as a result of the difference between the consideration paid and the net assets acquired and the dilution of Canopy Growth’s ownership interest.

Year ended March 31, 2018

Associated with the fiscal 2018 financings, an amount of $(55) has been recorded as a decrease in equity attributable to the parent which represents the dilution of Canopy Growth’s ownership interest.

Initial financing

On May 12, 2017, the Company advanced $20,000 in the form of a convertible debenture to Canopy Rivers. Other investors advanced $953 of seed capital to purchase 19,066,668 Class B Shares. Of this amount, $503 representing 10,066,668 Class B Shares was paid for through share purchase loans, whereby funds were advanced to Canopy Rivers by the Company on behalf of certain employees and another individual. The Class B Shares acquired by each Canopy Growth employee and other individual through these share purchase loans have been placed in trust and vest in three equal tranches over three years if: (i) each person, individually, remains an employee or consultant of Canopy Growth; and (ii) the individual loans are repaid. In certain cases, there are also additional performance targets. If the loan is not repaid, the shares will be cancelled by the Company and the proceeds received by Canopy Rivers from the initial sale of the Class B Shares would be returned to Canopy Growth. Accordingly, the 10,066,668 Class B Shares acquired by way of the share purchase loans 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 years ended March 31, 2020, and March 31, 2019, share purchase loans in the amount of $50 and $311, respectively, relating to the Shares held in trust by Canopy Growth on behalf of certain employees were repaid. This resulted in the release from escrow of 999,998 and 6,227,776 Subordinated Voting Shares, respectively. As at March 31, 2020, share purchase loans relating to 2,805,560 of the original seed capital options have been repaid, resulting in the release from escrow of the same number of Subordinated Voting Shares (March 31, 2019 –3,838,892). Please refer to Note 21 for additional details on the seed capital options.

21. SHARE-BASED COMPENSATION

CANOPY GROWTH CORPORATION SHARE-BASED COMPENSATION PLAN

Canopy Growth's eligible employees participate in a share-based compensation plan as noted below.

On September 15, 2017, shareholders approved an Omnibus Incentive Plan (as amended and restated, the “Omnibus Plan”) pursuant to which the Company can issue share-based long-term incentives. All directors, officers, employees and independent contractors of the Company are eligible to receive awards of common share purchase options (“Options”), restricted share units

(“RSUs”), deferred share units, stock appreciation rights (“Stock Appreciation Rights”), performance awards (“Performance Awards”) or other stock based awards (collectively, the “Awards”) under the Omnibus Plan. In addition, shareholders also approved the 2017 Employee Stock Purchase Plan of the Company (the “Purchase Plan”). Under the 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.

Under the Omnibus Plan, the maximum number of shares issuable from treasury pursuant to 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 Awards is 52,516,939 at March 31, 2020 (50,626,561 at March 31, 2019). As of March 31, 2020, the only Awards issued have been options and RSUs under the Omnibus Plan.

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, with expiry dates set at six years from issuance. The Board of Directors has the discretion to amend general vesting provisions and the term of any award, subject to limits contained in the Omnibus Plan.

The following is a summary of the changes in the Company’s Omnibus Plan employee options during the years ended March 31, 2018, 2019 and 2020:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2017	10,044,112	$ 3.97
Options granted	12,832,237	16.50
Replacement options issued as a result of the rTrees acquisition	224,433	3.18
Options exercised	(3,912,946)	2.82
Options forfeited/cancelled	(1,942,001)	9.32
Balance outstanding at March 31, 2018	17,245,835	$ 12.95
Options granted	22,145,198	51.49
Replacement options issued as a result of the CHI acquisition	568,005	14.98
Replacement options issued as a result of the Hiku acquisition	291,629	10.64
Options exercised	(5,318,923)	11.48
Options forfeited/cancelled	(2,099,849)	55.37
Balance outstanding at March 31, 2019	32,831,895	$ 34.10
Options granted	9,454,714	33.87
Options exercised	(3,900,032)	10.63
Options forfeited/cancelled	(5,878,182)	44.95
Balance outstanding at March 31, 2020	32,508,395	$ 34.89

The following is a summary of the outstanding stock options as at March 31, 2020:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at March 31, 2020	Weighted Average Remaining Contractual Life (years)	Exercisable at March 31, 2020	Weighted Average Remaining Contractual Life (years)
$0.06 - $24.62	6,358,041	3.46	3,145,532	2.73
$24.63 - $35.00	6,385,373	4.90	1,676,188	3.90
$35.01 - $36.80	6,509,072	4.57	2,764,327	4.36
$36.81 - $42.84	5,906,787	4.48	1,936,652	4.25
$42.85 - $67.64	7,349,122	4.92	1,530,205	4.66
	32,508,395	4.48	11,052,904	3.85

At March 31, 2020, the weighted average exercise price of options outstanding and options exercisable was $34.89 and $31.84, respectively (March 31, 2019 - $34.10 and $13.99, respectively).

The Company recorded $244,594 in share-based compensation expense related to options issued to employees for the year ended March 31, 2020 (for the year ended March 31, 2019 - $141,451, for the year ended March 31, 2018 - $21,278) and $3,856 in share-based compensation expense related to options issued to contractors (for the year ended March 31, 2019 - $10,362, for the year ended March 31, 2018 - $4,774). The compensation expense for the year ended March 31, 2020 includes an amount related to 2,160,068 options being provided in exchange for services which are subject to performance conditions (for the year ended March 31, 2019 - 595,000, for the year ended March 31, 2018 – 420,000).

During the year ended March 31, 2019, the Company issued replacement options to employees in relation to the acquisitions of CHI and Hiku Brands Company Ltd. ("Hiku") (Note 28) and recorded share-based compensation expense of $10,917, related to these replacement options, of which $7,503 relates to an immediate share-based compensation expense recorded at the CHI acquisition date to reflect the accelerated vesting of certain CHI replacement options.

With the exception of 571,689 options which are subject to market-based performance conditions and valued using the Monte Carlo simulation model, the Company uses the Black-Scholes option pricing model to establish the fair value of options granted during the years ended March 31, 2020, 2019 and 2018 on their measurement date by applying the following assumptions:

	March 31, 2020	March 31, 2019	March 31, 2018
Risk-free interest rate	1.38%	2.00%	1.54%
Expected life of options (years)	3 - 5	2 - 5	3 - 5
Expected annualized volatility	73%	75%	64%
Expected forfeiture rate	12%	12%	11%
Expected dividend yield	nil	nil	nil
Black-Scholes value of each option	$19.83	$24.98	$8.88

Volatility was estimated by using the historical volatility of the Company and other companies that the Company considers comparable that have trading and volatility history prior to the Company 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.

During the year ended March 31, 2020, 3,900,032 Omnibus Plan options were exercised ranging in price from $0.06 to $40.68 for gross proceeds of $41,413 (for the year ended March 31, 2019 - 5,318,923 Omnibus Plan options were exercised ranging in price from $0.56 to $40.68 for gross proceeds of $48,159, for the year ended March 31, 2018 – 3,912,946 Omnibus Plan options were exercised ranging in prices from $0.43 to $11.71 for gross proceeds of $11,053).

During the year ended March 31, 2020, the Company issued 875,673 RSUs to consultants and directors of the Company of which 850,517 vest over 3 years, and 25,156 vest over 1 year. For the year ended March 31, 2020, the Company recorded $2,308 in share-based compensation expense related to these RSUs (for the year ended March 31, 2019 - $3,709, for the year ended March 31, 2018 - $nil).

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

	Years ended		
	March 31 2020	March 31 2019	March 31 2018
Canindica	$ 15,308	$ 42,499	$ -
Spectrum Colombia	34,861	28,893	-
Spectrum Denmark	550	9,895	7,206
Other	11,453	18,877	12,269
	$ 62,172	$ 100,164	$ 19,475

During the year ended March 31, 2020, 1,121,605 shares (during the year ended March 31, 2019 - 2,455,446, during the year ended March 31, 2018 – 398,651) were released on completion of acquisition milestones. At March 31, 2020, there were up to 4,867,371 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 March 31, 2020. The number of shares excludes shares that were to be issued on July 4, 2023 to the previous shareholders of Spectrum Colombia and Canindica based on the fair market value of the Company's Latin American business on that date. See Note 14 for further information.

In the year ended March 31, 2020, as a result of the restructuring of our operations in Colombia and Lesotho, the Company accelerated share-based compensation expense relating to the unvested milestones associated with the acquisitions of Spectrum Colombia, Canindica, and DCL in the year ended March 31, 2019. Accordingly, the Company recognized share-based compensation expense of $32,694 in the year ended March 31, 2020. See Note 5 for further information.

During the year ended March 31, 2020, the Company recorded share-based payments of $nil (during the year ended March 31, 2019 - $4,781, during the year ended March 31, 2018 - $2,071) related to shares issued for payment of royalties and sales and marketing services.

BioSteel share-based payments

On October 1, 2019, the Company purchased 72% of the outstanding shares of BioSteel Sports Nutrition Inc. ("BioSteel") (see Note 28(a)(iii)). BioSteel has a stock option plan (the "Plan") under which non-transferable options to purchase common shares of BioSteel may be granted to directors, officers, employees, or independent contractors of the BioSteel. As at March 31, 2020, the Company had 1,008,000 options outstanding which vest in equal tranches over a 5-year period. In determining the amount of share-based compensation related to these options, BioSteel used the Black-Scholes option pricing model to establish the fair value of options on their measurement date. The Company recorded $489 of share-based compensation expense related to the BioSteel options during the year ended March 31, 2020 with a corresponding increase in noncontrolling interest.

CANOPY RIVERS SHARE-BASED COMPENSATION PLAN

Seed Capital Options

On May 12, 2017, seed capital options were issued. These seed capital options consisted of 10,066,668 Class B shares that were issued by way of share purchase loans. Since they were issued through loans, they are not considered issued for accounting purposes until the loan is repaid. The seed capital options were measured at fair value on May 12, 2017, using a Black-Scholes option pricing model and will be expensed over their vesting period. Where there are performance conditions in addition to service requirements Canopy Rivers has estimated the number of shares it expects to vest and is amortizing the expense over the expected vesting period.

	Seed capital options issued	Seed capital loan balance
Balance outstanding at March 31, 2017	-	$ -
Options granted	10,066,668	503
Balance outstanding at March 31, 2018	10,066,668	503
Options exercised	(6,227,776)	(311)
Balance outstanding at March 31, 2019	3,838,892	192
Options exercised	(999,998)	(50)
Options forfeited	(33,334)	(2)
Balance outstanding at March 31, 2020	2,805,560	$ 140

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.

The following is a summary of the changes in Canopy Rivers' stock options, excluding the seed capital options presented separately, during the years ended March 31, 2018, 2019 and 2020:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2017	-	$ -
Options granted	5,915,000	0.68
Balance outstanding at March 31, 2018	5,915,000	$ 0.68
Options granted	6,762,137	3.32
Options exercised	(154,882)	0.78
Balance outstanding at March 31, 2019	12,522,255	$ 1.98
Options granted	2,068,000	3.38
Options exercised	(1,244,997)	0.90
Options forfeited	(166,667)	0.60
Options expired	(112,587)	3.33
Balance outstanding at March 31, 2020	13,066,004	$ 2.31

In determining the amount of share-based compensation related to options issued during the year, Canopy Rivers used the Black-Scholes option pricing model to establish the fair value of options granted during the years ended March 31, 2020, 2019 and 2018 on their measurement date by applying the following assumptions:

	March 31, 2020	March 31, 2019	March 31, 2018
Risk-free interest rate	1.40%	1.70%	1.00%
Expected life of options (years)	3 - 4	0.4 - 4	1 - 3
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	nil	nil	nil
Expected dividend yield	nil	nil	nil
Black-Scholes value of each option	$1.69	$1.80	$0.55 -$1.05

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 year ended March 31, 2020, the Company recorded $6,567 (year ended March 31, 2019 - $6,844, year ended March 31, 2018 - $3,579) in share-based compensation expense related to these options and the seed capital options with a corresponding increase to noncontrolling interests.

In the year ended March 31, 2020, Canopy Rivers granted $590 worth of RSUs which vest over a one year period. For the year ended March 31, 2020, the Company recorded $290 of share-based compensation expense related to these RSUs.

22. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income includes the following components:

	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Fair value of other financial assets	Accumulated other comprehensive income (loss)
As at March 31, 2017	$ 198	$ -	$ 15,900	$ 16,098
Other comprehensive income	410	-	26,272	26,682
Income tax expense	-	-	(3,339)	(3,339)
Noncontrolling interest	-	-	(4,033)	(4,033)
As at March 31, 2018	608	-	34,800	35,408
Cumulative effect from adoption of ASU2016-1	-	-	(34,800)	(34,800)
Other comprehensive income (loss)	40,617	(47,130)	-	(6,513)
As at March 31, 2019	41,225	(47,130)	-	(5,905)
Other comprehensive income	85,498	175,260	-	260,758
Income tax expense	-	(33,954)	-	(33,954)
As at March 31, 2020	$ 126,723	$ 94,176	$ -	$ 220,899

23. NONCONTROLLING INTERESTS

The net change in the noncontrolling interests is as follows:

	Canopy Rivers	Vert Mirabel	BioSteel	Other non-material interests	Total
As at March 31, 2017	$ -	$ (305)	$ -	$ 730	$ 425
Comprehensive income (loss)	21,488	(721)	-	(515)	20,252
Share-based compensation	3,579	-	-	-	3,579
Net income attributable to redeemable noncontrolling interest	-	470	-	-	470
Redeemable noncontrolling interest redemption amount adjustment	-	(1,570)	-	-	(1,570)
Acquisition and ownership changes	55,777	2,876	-	3,923	62,576
As at March 31, 2018	80,844	750	-	4,138	85,732
Comprehensive income (loss)	20,325	4,550	-	(655)	24,220
Share-based compensation	6,844	-	-	-	6,844
Net loss attributable to redeemable noncontrolling interest	-	(2,885)	-	-	(2,885)
Ownership changes	143,487	7	-	(432)	143,062
Warrants	28,512	-	-	-	28,512
As at March 31, 2019	280,012	2,422	-	3,051	285,485
Comprehensive (loss) income	(77,313)	12,930	(1,731)	-	(66,114)
Net (loss) income attributable to redeemable noncontrolling interest	-	(8,220)	1,731	-	(6,489)
Share-based compensation	6,857	-	489	-	7,346
Ownership changes	1,530	-	-	-	1,530
As at March 31, 2020	$ 211,086	$ 7,132	$ 489	$ 3,051	$ 221,758

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are made using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value:

- Level 1 - defined as observable inputs such as quoted prices in active markets;
- Level 2 - defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 - defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value measurement is categorized in its entirety by reference to its lowest level of significant input.

The Company records cash, accounts receivable, interest receivable and, accounts payable, and other accrued expenses and liabilities at cost. The carrying values of these instruments approximate their fair value due to their short-term maturities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Assets and liabilities recognized or disclosed at fair value on a nonrecurring basis may include items such as property, plant and equipment, goodwill and other intangible assets, equity and other investments and other assets. We determine the fair value of these items using Level 3 inputs, as described in the related sections below.

The following table represents our financial assets and liabilities measured at estimated fair value on a recurring basis:

	Fair value measurement using			
	Quoted prices prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
March 31, 2020				
Assets:				
Short-term investments	$ 673,323	$ -	$ -	$ 673,323
Restricted short-term investments	21,539	-	-	21,539
Other financial assets	2,596	36	192,473	195,105
Liabilities:				
Convertible senior notes	-	465,415	-	465,415
Liability arising from Acreage Arrangement	-	-	250,000	250,000
Warrant derivative liability	-	-	322,491	322,491
March 31, 2019				
Assets:				
Short-term investments	$ 2,034,133	$ -	$ -	$ 2,034,133
Restricted short-term investments	21,432	-	-	21,432
Other financial assets	39,239	2,698	279,641	321,578
Liabilities:				
Convertible senior notes	-	945,975	-	945,975

See Note 5 for further details regarding the impairment of long-lived assets as a result of the Company's restructuring of its global operations and its annual impairment testing for the year ended March 31, 2020.

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

Financial asset / financial liability	Valuation techniques	Key inputs
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 financial instrument	Probability weighted expected return model	Probability of each scenario	Change in probability of occurrence in each scenario will result in a change in fair value
		Value and number of Canopy shares issued	Increase or decrease in value and number of Canopy shares will result in a decrease or increase in fair value
		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 Growth	Increase or decrease in estimated synergy value to Canopy Growth 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
TerrAscend warrants	Monte Carlo simulation 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
TerrAscend Canada term loan	Discounted cash flow	Probability and timing of US legalization	Increase or decrease in probability of US legalization 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
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
Warrant derivative liability	Monte Carlo simulation model	Volatility of Canopy Growth share price	Increase or decrease in volatility will result in an increase or decrease in fair value
		Expected life	Increase or decrease in expected life will result in an increase or decrease in fair value
BioSteel redeemable noncontrolling interest	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
Vert Mirabel redeemable noncontrolling interest	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

25. REVENUE

Revenue is dissaggregated as follows:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Recreational cannabis revenue			
Business to business	$ 157,254	$ 117,388	$ -
Business to consumer	52,044	23,144	-
Medical cannabis revenue			
Canadian	56,852	68,759	70,617
International	67,975	10,091	3,732
Other revenue	105,501	34,049	3,599
Gross revenue	439,626	253,431	77,948
Excise taxes	40,854	27,090	-
Net revenue	$ 398,772	$ 226,341	$ 77,948

The Company recognizes variable consideration related to estimated future product returns and price adjustments as a reduction of the transaction price at the time revenue for the corresponding product sale is recognized. Net revenue reflects actual returns and variable consideration related to estimated returns and price adjustments in the amount of $51,500 for the year ended March 31, 2020 (years ended March 31, 2019 and March 31, 2018 – $nil). As of March 31, 2020, the liability for estimated returns and price adjustments was $17,586 (2019 – $nil).

26. OTHER INCOME (EXPENSE), NET

Other income (expense), net is dissaggregated as follows:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Fair value changes on other financial assets	$ (243,965)	$ 83,393	$ 90,573
Fair value changes on liability arising from Acreage Arrangement	(645,190)	-	-
Fair value changes on convertible senior notes	184,740	(203,095)	-
Fair value change on warrant derivative liability	795,149	-	-
Fair value changes on acquisition related contingent consideration	12,293	(1,016)	-
Interest income	66,327	49,312	1,350
Interest expense	(6,716)	(2,035)	(784)
Foreign currency loss	(1,245)	(5,572)	(2,440)
Gain on acquisition/disposal of consolidated entity	61,775	62,682	8,820
Debt issuance costs	-	(16,380)	-
Settlement loss	-	(28,611)	-
Impairment of product rights	-	-	(28,000)
Other income (expense), net	1,161	1,613	95
	$ 224,329	$ (59,709)	$ 69,614

27. INCOME TAXES

Net loss before income taxes was generated as follows:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Domestic - Canada	$ (1,167,000)	$ (670,508)	$ (51,456)
Foreign - outside of Canada	(342,054)	(37,405)	-
	$ (1,509,054)	$ (707,913)	$ (51,456)

The income tax recovery (expense) consists of the following:

	Years ended March 31, 2020	Years ended March 31, 2019	Years ended March 31, 2018
Current			
Domestic - Canada	$ (12,342)	$ (1,428)	$ -
Foreign - outside of Canada	(4,356)	(960)	-
	$ (16,698)	$ (2,388)	$ -
Deferred			
Domestic - Canada	$ 78,624	$ (2,464)	$ 392
Foreign - outside of Canada	59,688	740	-
	138,312	(1,724)	392
Income tax recovery (expense)	$ 121,614	$ (4,112)	$ 392

As more fully described in Note 3, income taxes that are required to be reflected in equity, instead of in the consolidated statements of operations, are included in the consolidated statements of shareholders' equity.

Current and deferred income tax referred to above is recognized based on the Company's best estimate of the tax rates expected to apply to the income, loss or temporary difference. The Company is subject to income tax in numerous jurisdictions with varying tax rates. During the current year ended, there were no material changes to the enacted statutory tax rates in the jurisdictions where the majority of the Company's income for tax purposes was earned or where its material temporary differences or losses are expected to be realized or settled, however the impact of commercial decisions and market forces result in changes to the distribution of income for tax purposes amongst taxing jurisdictions that may result in a change of the effective tax rate applicable to such income, loss or temporary difference.

A reconciliation of the amount of income taxes reflected above compared to the expected income taxes calculated at the combined Canadian federal and provincial enacted statutory tax rate of 26.5% for each of the three years ended March 31, 2020, 2019 and 2018 is as follows:

	Years ended March 31, 2020	Years ended March 31, 2019	Years ended March 31, 2018
Net loss before income taxes	$ (1,509,054)	$ (707,913)	$ (51,456)
Expected tax rate	26.5%	26.5%	26.5%
Expected income tax recovery (expense)	399,899	187,597	13,636
Non-deductible and non-taxable items	22,947	(34,999)	(6,297)
Non-deductible fair value changes on Acreage Arrangement	(170,975)	-	-
Non-taxable fair value changes on warrant derivative liability	210,715	-	-
Non-deductible share-based compensation	(84,873)	(72,463)	(13,013)
Change in valuation allowance	(215,975)	(78,425)	(3,234)
Effect of tax rates outside of Canada	(3,248)	(4,060)	-
Non-taxable portion of capital gains and losses	(34,961)	-	9,421
Other	(1,915)	(1,762)	(121)
Income tax recovery (expense)	$ 121,614	$ (4,112)	$ 392

Current income taxes payable in the amount of $14,690 (2019 - $927) is included in accounts payable.

As at March 31, 2020, the Company has no uncertain tax positions that requires recording of an income tax provision.

Significant components of deferred income tax assets (liabilities) consist of the following:

	Years ended	
	March 31, 2020	March 31, 2019
Deferred income tax assets		
Property, plant and equipment	$ 47,497	$ 262
Intangible assets	29,848	-
Inventory reserves and write-downs	27,815	-
Other reserves and accruals	6,556	13,543
Losses carried forward	300,332	108,991
Equity method investments and other financial assets	17,309	684
Deferred financing costs	8,049	12,101
Other	8,765	1,400
Gross deferred income tax assets	446,171	136,981
Valuation allowances	(318,883)	(102,908)
Total deferred income tax assets, net	$ 127,288	$ 34,073
Deferred income tax liabilities		
Property, plant and equipment	$ (38,556)	$ (10,602)
Intangible assets	(82,953)	(100,547)
Convertible senior notes	(41,141)	-
Equity method investments and other financial assets	(53)	(24,469)
Other	(7,753)	(3,536)
Total deferred income tax liabilities	(170,456)	(139,154)
Net deferred income tax assets (liabilities)*	$ (43,168)	$ (105,081)

* A balance of deferred tax asset in the amount of $3,945 is included in other assets and $(47,113) is included in deferred income tax liabilities.

In evaluating whether it is more likely than not that all or a portion of a deferred income tax asset will be realized consideration is given to the estimated reversal of deferred income tax liabilities and future taxable income. The Company has recognized valuation allowances for operating losses carried forward, capital losses carried forward and other deferred income tax assets when it is believed that it is more likely than not that these items will not be realized.

As at March 31, 2020 the Company has the following losses carried forward available to reduce future years' taxable income, which losses expire as follows:

Expiring within 5 years	$ -
Expiring between 5 and 10 years	40
Expiring between 10 and 15 years	16,097
Expiring between 15 and 20 years	936,706
Indefinite	183,014
	$ 1,135,857
Total in Canada	$ 952,844
Total in United States	55,171
Total in Europe	67,319
Total in other jurisdictions	60,523
	$ 1,135,857

As at March 31, 2020, the Company had temporary differences associated with investments in foreign subsidiaries for which no deferred income tax liabilities have been recognized, as the Company is able to control the timing of the reversal of these temporary differences and undistributed earnings are considered permanently invested. Determination of the amount of the unrecognized deferred income tax liability is not practicable due to the inherent complexity of the multi-jurisdictional operations of the Company.

28. ACQUISITIONS

(a) Acquisitions completed in the year ended March 31, 2020

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2020:

	C^3 (i)	This Works (ii)	BioSteel (iii)	BCT (iv)	Spectrum UK (iv)	S&B 28(b)(v)	Total
Cash and cash equivalents	$ 2,818	$ 1,619	$ 225	$ 7,886	$ -	$ -	$ 12,548
Other current assets	15,140	8,239	12,972	2,296	67	-	38,714
Property, plant and equipment	8,345	478	391	5	895	-	10,114
Intangible assets							
Brands	10,613	22,114	3,600	-	-	-	36,327
Distribution channel	4,058	12,988	14,700	-	-		31,746
Operating licenses	-	-	-	-	1,158		1,158
Intellectual property	36,520	16,848	20,900	5,267	-	24,990	104,525
Software and domain names	8	176	541	-	-	-	725
Goodwill	287,010	22,214	35,939	85,700	12,861	(24,990)	418,734
Accounts payable and other accrued expenses and liabilities	(3,652)	(4,100)	(3,852)	(2,176)	(922)	-	(14,702)
Debt and other liabilities	(3,942)	-	(3,659)	-	-		(7,601)
Deferred income tax liabilities	(11,219)	(7,911)	(3,817)	(838)	(36)	-	(23,821)
Net assets	$ 345,699	$ 72,665	$ 77,940	$ 98,140	$ 14,023	$ -	$ 608,467
Noncontrolling interests	-	-	(18,733)	-	-	-	(18,733)
Net assets acquired	$ 345,699	$ 72,665	$ 59,207	$ 98,140	$ 14,023	$ -	$ 589,734
Consideration paid in cash	$ 345,699	$ 72,665	$ 47,924	$ 45,098	$ -	$ -	$ 511,386
Fair value of previously held equity interest	-	-	-	37,919	14,023	-	51,942
Replacement options	-	-	-	1,885	-	-	1,885
Other consideration	-	-	11,283	13,238	-	-	24,521
Total consideration	$ 345,699	$ 72,665	$ 59,207	$ 98,140	$ 14,023	$ -	$ 589,734
Consideration paid in cash	$ 345,699	$ 72,665	$ 47,924	$ 45,098	$ -	$ -	$ 511,386
Less: Cash and cash equivalents acquired	(2,818)	(1,619)	(225)	(7,886)	-	-	(12,548)
Net cash outflow	$ 342,881	$ 71,046	$ 47,699	$ 37,212	$ -	$ -	$ 498,838

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. Except for the goodwill arising in respect of the S&B acquisition, none of the goodwill arising on these acquisitions is expected to be deductible in the computation of income 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 $345,699. 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 $7,804. This amount will be expensed ratably over the contract term.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact		Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets				
Distribution channel	$	4,058	10	Income approach
Intellectual property		36,520	10	Relief-from-royalty
Licensed brands		10,613	2	Relief-from-royalty
Other adjustments				
Inventory step-up		1,814		
Deferred income tax liabilities		(11,219)		
Net impact to goodwill	**$**	**(41,786)**		

(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 $72,665 (GBP 43,296). Based in London, United Kingdom, This Works is a natural skincare and sleep solutions company.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact		Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets				
Acquired brands	$	19,130	Indefinite	Relief-from-royalty
Distribution channel		12,988	10	Income approach using a multi-period excess earnings method
Intellectual property		16,848	10	Replacement cost
Licensed brands		2,984	5	Income approach using a multi-period excess earnings method
Other adjustments				
Inventory step-up		1,755		
Deferred income tax liabilities		(7,911)		
Net Impact to Goodwill	**$**	**(45,794)**		

(iii) BioSteel

On October 1, 2019, the Company purchased 72% of the outstanding shares of BioSteel, a North America-based producer of sports nutrition products. Initial cash consideration was $50,707 subject to certain adjustments and holdbacks such that $47,924 was advanced on closing. The purchase price was to be further adjusted based on a multiple of BioSteel's calendar 2019 net revenue. Management has concluded that this purchase price adjustment is nominal.

Through its voting rights, the Company controls BioSteel and therefore, the acquisition was accounted for as a business combination. The noncontrolling interests of $18,733 recognized at acquisition date were recorded at their share of fair value.

Prior to September 30, 2019, the Company had advanced a total of $8,500 to BioSteel under a secured loan agreement. The acquisition resulted in an effective settlement of the loan payable of $8,500 which has been recorded as other consideration. Immediately following the October 1 acquisition, the Company subscribed for additional shares of BioSteel for consideration of $14,000 which was funded through a cash advance of $10,000 and the conversion of $4,000 of the loan payable. 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 the

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 the 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. The call and put options represent redeemable noncontrolling interest ("BioSteel Redeemable NCI") and is recorded at fair value on initial recognition. The fair value of the BioSteel Redeemable NCI was estimated using an income approach to be $25,000 and $49,500 on the acquisition date and March 31, 2020, respectively. See Note 24 for additional details on how the fair value is calculated.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact		Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets				
Acquired brands	$	3,600	Indefinite	Relief-from-royalty
Distribution channel		14,700	11	Income approach using a multi-period excess earnings method
Intellectual property		20,900	11	Relief-from-royalty, net of product migration
Other adjustments				
Inventory step-up		2,710		
Deferred income tax liabilities		(3,817)		
Net impact to goodwill	**$**	**(38,093)**		

(iv) BCT and Spectrum UK

BCT is a cannabis research and development organization in the United Kingdom which was formed in fiscal 2018 through a collaboration agreement between CHI and Beckley Research and Innovations Limited. In the fourth quarter of fiscal 2019, the Company and BCT had formed another joint venture – Spectrum Biomedical UK ("Spectrum UK"). The purpose of Spectrum UK was to become the exclusive distributor of cannabis-based medicinal products made by the Company. Since their inception the Company had been accounting for its 42% interest in BCT and its 67% interest in Spectrum UK using the equity method. Though BCT and Spectrum UK are VIE's, due to the fact that both entities are jointly controlled, Canopy Growth is not the primary beneficiary of either entity and therefore is not required to consolidate either entity.

On October 11, 2019, the Company acquired all its unowned interest in BCT to increase its total ownership of BCT's issued and outstanding shares to 100%. Following this transaction, the Company will control both BCT and Spectrum UK, and both BCT and Spectrum UK will be accounted for as wholly owned subsidiaries.

Cash consideration for this transaction was $58,336 of which $45,098 was advanced on closing, and $14,427 will be paid on October 1, 2020 and 2021 and has a fair value of $13,238.

Consideration also included 155,565 replacement options. The fair value of the replacement options was determined using a Black-Scholes model and $1,885 of the total fair value has been included as consideration paid to acquire BCT as it related to pre-combination vesting service and $1,987 of the fair value will be recognized as share-based compensation expense rateably over the post-combination vesting period.

The acquisition of the unowned interests is accounted for as business combinations achieved in stages under ASC 805. The Company remeasured its 42% interest in BCT and its 67% interest in Spectrum UK to fair value and recognized a total gain of $39,485 which reflects the difference between the carrying value of $12,457 and the implied fair value $51,942. The fair value was estimated to be the transaction price less an estimated control premium of 5%.

The consideration paid for BCT included $250 cash and 16,430 replacement options that were issued to a member of key management of the Company that was a shareholder and option holder in BCT.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact		Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets				
Intellectual property	$	5,267	1	Replacement cost
Operating license		1,158	1	Replacement cost
Other adjustments				
Deferred income tax liabilities		(874)		
Net impact to goodwill	**$**	**(5,551)**		

(b) Acquisitions completed in the year ended March 31, 2019

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2019:

	CHI (i)	Hiku (ii)	ebbu (iii)	POS (iv)	S&B (v)	Other	Total
Cash and cash equivalents	$ 8,369	$ 4,089	$ -	$ 2,908	$ 1,056	$ (37)	$ 16,385
Other current assets	177	6,327	138	12,992	8,363	83	28,080
Property, plant and equipment	121	15,846	1,821	9,541	23,609	-	50,938
Investments	8,563	1,204	-	-	-	-	9,767
Intangible assets							
Brands	-	17,000	-	-	38,463	-	55,463
Distribution channel	-	-	-	-	3,143	-	3,143
Operating licenses	-	37,300	-	-	-	-	37,300
Intellectual property	20,000	-	51,600	23,300	58,816	-	153,716
Software and domain names	-	103	-	328	276	-	707
Goodwill	137,445	539,331	327,013	93,248	117,175	1,538	1,215,750
Accounts payable and other accrued expenses and liabilities	(954)	(3,691)	-	(4,172)	(4,490)	(16)	(13,323)
Debt and other liabilities	-	(1,954)	(665)	(3,145)	(28,247)	-	(34,011)
Deferred income tax liabilities	(4,806)	(14,598)	(13,731)	(6,042)	(23)	-	(39,200)
Net assets	168,915	600,957	366,176	128,958	218,141	1,568	1,484,715
Noncontrolling interests	-	-	-	-	-	-	-
Net assets acquired	$ 168,915	$ 600,957	$ 366,176	$ 128,958	$ 218,141	$ 1,568	$ 1,484,715
Consideration paid in cash	$ -	$ 11,994	$ 16,060	$ 128,958	$ 203,786	$ -	$ 360,798
Consideration paid in shares	98,034	543,866	234,052	-	-	1,568	877,520
Gain on fair value of previously held equity interest	62,682	-	-	-	-	-	62,682
Replacement options	8,199	13,537	-	-	-	-	21,736
Replacement warrants	-	30,611	-	-	-	-	30,611
Other consideration	-	949	-	-	-	-	949
Contingent consideration	-	-	116,064	-	14,355	-	130,419
Total consideration	$ 168,915	$ 600,957	$ 366,176	$ 128,958	$ 218,141	$ 1,568	$ 1,484,715
Consideration paid in cash	$ -	$ 11,994	$ 16,060	$ 128,958	$ 203,786	$ -	$ 360,798
Less: Cash and cash equivalents acquired	(8,369)	(4,089)	-	(2,908)	(1,056)	37	(16,385)
Net cash outflow	$ (8,369)	$ 7,905	$ 16,060	$ 126,050	$ 202,730	$ 37	$ 344,413

(i) CHI

CHI is a cannabis research innovator. On August 3, 2018, the Company acquired all its unowned interest in CHI to increase its total ownership to 100% of CHI's issued and outstanding shares. Immediately preceding the acquisition, CHI amalgamated with its wholly owned subsidiary, Canopy Animal Health ("CAH"), creating one amalgamated corporation which continued as CHI. In addition, the vesting of certain CHI and CAH options was accelerated and certain options were exercised. Following this transaction, the Company will control CHI and CHI will be accounted for as a wholly owned subsidiary. CHI shares and options were exchanged at a ratio of 0.379014 CHI shares to one Canopy Growth share or replacement option, resulting in 2,591,369 common shares, 568,005 replacement options and 485,572 common shares of which 217,859 are subject to certain trading restrictions ("Compensation Shares") being issued. This consideration included 278,230 shares and 154,208 replacement options that were issued to key management personnel of the Company that were shareholders and option holders in CHI.

The fair value of the shares issued totaled $98,034 which is comprised of $87,717 calculated as the 2,591,369 common shares issued at the Company's share price on the date of the transaction and $10,317 which reflects the fair value of the Compensation Shares issued, calculated using a Black-Scholes model.

The fair value of the replacement options was determined using a Black-Scholes model and the total fair value has been allocated to the consideration paid for CHI only to the extent that it related to pre-combination services. As a result, $8,199 of the total fair value has been included as consideration paid to acquire CHI as it related to pre-combination vesting service and $11,714 of the fair value will be recognized as share-based compensation expense rateably over the post-combination vesting period (see Note 21 for details on the share-based compensation expense).

Prior to this acquisition, the Company's 43% participating share was accounted for using the equity method. The acquisition of the 57% interest is accounted for as a business combination achieved in stages under ASC 805. The Company remeasured its 43% interest to fair value and recognized a gain of $62,682 which reflects the difference between the carrying value of $nil and the implied fair value $62,682. The fair value was estimated to be the transaction price less an estimated control premium of 5%.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired intellectual property ("IP") intangible asset with a fair value of $20,000 and a deferred income tax liability of $4,806. The fair value of the IP was estimated using a cost-based approach, where a rate of return has been applied to the amount that CHI had invested in research and development up to the date of acquisition. The IP will be amortized over the estimated useful life of 15 years.

(ii) Hiku

On September 5, 2018, the Company purchased 100% of the issued and outstanding shares of Hiku Brands Company Ltd. ("Hiku"). Hiku is federally licensed to cultivate and sell cannabis through its wholly owned subsidiary DOJA Cannabis Ltd. Hiku also operates a network of retail stores selling coffee, clothing and curated accessories, across British Columbia, Alberta and Ontario. Hiku shares, options and warrants were exchanged at a ratio of 0.046 Hiku shares to one Canopy Growth share, replacement option, or warrant.

On the acquisition date Hiku had convertible debentures outstanding with a principal amount of $618 which were convertible into 498,387 Hiku common shares. As a result of the acquisition the conversion feature was adjusted in accordance with the above exchange ratio. The fair value of these debentures on September 5, 2018 was estimated to be $1,570 which was allocated $949 to the conversion feature and $621 to the debt component. On November 5, 2018 in accordance with the terms of the debenture the Company completed the forced conversion of the debenture in exchange for 22,866 shares.

Prior to closing the Company advanced cash of $10,000 to Hiku pursuant to a promissory note. The funds were used to pay the termination fee owed by Hiku in connection with a previously announced transaction.

On closing the Company issued 7,943,123 common shares with a fair value of $543,866, based on the Company's share price on the date of the transaction, cash consideration of $11,994, 920,452 replacement warrants and 291,629 replacement options. The fair value of the replacement warrants was estimated to be $30,611 using a Black-Scholes model. The replacement options' fair value totaled $17,693, calculated using a Black-Scholes model, of which $13,537 was included as consideration paid as it related to pre-combination services and the residual $4,156 fair value will be recognized as share-based compensation expense rateably over the post-combination vesting period. Other consideration also included $949 related to the convertible debenture and the effective settlement of the promissory note of $10,000.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired brand and operating license intangible assets with a fair value of $17,000 and $37,300, respectively, and a deferred income tax liability of $14,598. The fair value of the brand was estimated using a cost-based approach, where a rate of return has been applied to the amount that Hiku had invested in developing their Tokyo Smoke brand up to the date of acquisition. The fair value of the operating license was estimated using a market approach where recent transactions to purchase the same type of license were analyzed and applied to the licenses held by Hiku at the date of acquisition. Both the brand and operating licenses will not be amortized as the Company has concluded that both intangible assets have an indefinite useful life.

(iii) ebbu

On November 23, 2018 the Company acquired substantially all the assets and intellectual property of ebbu Inc. ("ebbu"), a Colorado-based hemp research operation in exchange for $25,000 cash and 6,221,210 common shares of which $7,462 cash and 899,424 shares were held back for a period of 12 to 18 months in respect of certain representations and warranties of the seller. Up to a further $100,000 will be paid subject to the achievement of certain scientific related milestones within a period of two years of closing. The Company will have the option of satisfying these milestone payments in cash, shares or a combination of cash and shares, subject to the restriction that each payment must be comprised of at least 10% cash but the cash portion cannot exceed 19.9% of the payment. If such payments are satisfied in shares, the number of shares will be calculated based on the volume weighted average price of the shares on the TSX for the 20 trading days immediately prior to the date of achievement of the milestone.

The assets transferred constitute a business and the transaction will be accounted for as a business combination. The consideration for this transaction is estimated to be $366,176. This includes cash and shares transferred on closing with a value of $16,060 and $234,052 respectively and contingent consideration of $116,064. The contingent consideration includes $29,880 which is classified as equity and $86,184 which is classified as a liability. Management has estimated the fair value of the contingent consideration by assessing the probability of releasing the holdback amounts and probability and timing of achieving the milestones. The fair value of the equity classified contingent consideration is determined using a put option pricing model. The fair value of the liability classified contingent consideration is determined by discounting the expected cash outflows to present value. The fair value of acquisition consideration related liabilities at March 31, 2020 is $79,936 (March 31, 2019 is $87,584).

Management has determined that a portion of the consideration transferred is being provided in exchange for services and will be accounted for as compensation expense. The grant date fair value of this compensation has been estimated to be $8,416 which will be expensed rateably over the estimated vesting periods.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired intellectual property ("IP") intangible asset with a fair value of $51,600 and a deferred income tax liability of $13,731. The fair value of the IP was estimated using a market-based approach, where a valuation multiple was derived from a review of comparable companies' investment in IP. This multiple was then applied to ebbu's investment in research and development up to the date of the acquisition. The IP will be amortized over the estimated useful life of 15 years.

(iv) POS

On November 23, 2018 the Company entered into a debenture financing arrangement with POS Holdings Inc. ("POS"), concurrent with the grant of an option to acquire 100% of the outstanding shares of POS. POS is a bio-processing facility located in Saskatchewan, Canada. POS was determined to be a VIE with Canopy Growth as the primary beneficiary and was therefore consolidated effective November 23, 2018.

On July 1, 2018, the Company had entered into an agreement whereby the Company was granted an option to acquire all the assets of POS in exchange for $6,000. The amount advanced for this option was to be applied against the purchase price of the assets of POS when the option was exercised and had been recorded as a deposit. In addition, the Company had entered into an agreement for processing services to be conducted by POS on behalf of the Company and had made advances of $13,864 under this agreement. Since processing under this agreement had not yet commenced, all the amounts advanced prior to November 23, 2018 had been recorded as a prepaid expense. The deposit and prepaid amounts form part of the consideration transferred. On November 23, 2018, the Company advanced $109,094 pursuant to a convertible debenture for total cash consideration of $128,958 to date.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired IP intangible asset with a fair value of $23,300 and a deferred income tax liability of $6,042. The fair value of the IP was estimated using an income approach which involved estimating future net cash flows and applying an appropriate discount rate to those future cash flows. The IP will be amortized over the estimated useful life of 15 years.

(v) S&B

On December 6, 2018 the Company acquired Storz & Bickel GmbH & Co., KG ("S&B"), related entities, and IP for $203,786 cash. Based in Tuttlingen, Germany S&B are designers and manufacturers of medically approved vaporizers.

Up to an additional €10,000 will be paid to the former shareholders subject to the achievement of certain market launch milestones. This represents liability classified contingent consideration. Management has estimated the fair value of this consideration to be $14,355 by assessing the probability and timing of achievement of the milestones and discounting the expected cash outflows to present value. Other liabilities assumed include an amount of $21,447 owing to the former shareholders of S&B.

During the year ended March 31, 2020, the Company completed its final assessment of the fair value of the assets acquired and liabilities assumed of Storz & Bickel. The measurement period adjustments resulted in an increase to the fair value of intangible assets of $24,990 and a corresponding decrease to goodwill (see Note 28(a)). On finalization of the purchase price allocation, a charge to amortization expense of $2,030 was recorded in the statement of consolidated operations to reflect the increased fair value of the amortizable intangible assets acquired.

Acquisition of noncontrolling shareholder's interest in BC Tweed

On October 10, 2017, the Company entered into a definitive joint venture agreement with a large-scale greenhouse operator (the "Partner") to form a new company, BC Tweed Joint Venture Inc. ("BC Tweed") ("Original Transaction"). BC Tweed was 66.67% owned by the Company and 33.33% owned by the Partner. As part of the Original Transaction, BC Tweed agreed to lease from the Partner a 1.3 million square feet greenhouse facility located on a 55-acre parcel of land in British Columbia ("Aldergrove Lease"). In December 2017, BC Tweed agreed to lease and develop a second greenhouse of 1.7 million square feet ("Delta Lease") from the Partner. The greenhouse operation transferred by the Partner met the definition of a business and was accounted for as a business combination. The Company concluded that, based on the shareholders' agreement and the contractual terms of the offtake agreement, the significant relevant activities are unilaterally controlled by the Company and BC Tweed was consolidated in these financial statements.

The Partner had the option to sell its interest in BC Tweed, in whole or in part, to the Company. This put option was exercisable only on specific dates following the license date – the 4th anniversary of the sales license date, then at the 6th, 8th, 10th and 12th anniversaries. The put option represents redeemable noncontrolling interest ("BC Tweed Redeemable NCI"). On October 10, 2017 the fair value of the BC Tweed Redeemable NCI was estimated to be $36,400 using a discounted cash flow approach by estimating the expected future cash flows and applying a discount rate to arrive at the present value of the put option's strike price. On March 31, 2018 the BC Tweed Redeemable NCI was estimated to be $56,300 and the increase of $19,900 was recorded in additional paid in capital.

As part of the Original Transaction, BC Tweed entered into call/put option agreements with the Partner to acquire all the limited partnership units of the limited partnerships which hold the greenhouses and related property. BC Tweed has the right to exercise the call options for a term of seven years from the respective license dates of the facilities. Since these options represent options to acquire the limited partnership units, the options were accounted for as derivative financial instruments which were recognized initially and subsequently at fair value through profit or loss. Management had estimated that the fair value of these options is $nil as the exercise price of the options approximates the fair value of the limited partnership units.

On July 5, 2018, the Company acquired the noncontrolling shareholder's (the "Partner's") 33% interest in BC Tweed (the "Subsequent Transaction") for total consideration of $495,386. Consideration included $1,000 in cash and 13,293,969 shares of the Company of which 5,091,523 shares were released on closing and the remaining 8,202,446 shares were placed in escrow. The shares placed in escrow will be released over a period of up to three years, with the exact timing of release dependent on the occurrence of specified events. As of March 31, 2019, 1,261,915 of the escrowed shares have been released.

The 5,091,523 shares issued on close were recorded at an issue price of $39.70 per share for consideration of $202,133. The fair value of the shares held in escrow was estimated to be $265,253 using a put option pricing model discounted to reflect management's best estimate of the expected dates of release. On closing of the Subsequent Transaction, the call option held by BC Tweed on the limited partnership units of the limited partnerships which hold the greenhouses and related property was amended to effectively increase the call option price by $27,000. Management has determined that this increase in the call option price represents additional consideration for the Partner's interest. On closing of the Subsequent Transaction the excess of the consideration paid for the Partner's 33% interest over the fair value of the BC Tweed Redeemable NCI on the transaction date of $72,600 was recognized as a $422,786 charge to Equity.

Under the Original Transaction, upon various milestones being achieved, the Company had agreed to issue 310,316 common shares over two tranches and a further $2,750 of common shares of the Company in two additional tranches to the Partner. These payments were accounted for as share-based compensation expense and the grant date fair value of $6,731 was being amortized over the estimated vesting period. On closing of the Subsequent Transaction, the Company amended the terms of this share-based compensation arrangement to accelerate the vesting of 155,158 shares, and to cancel the remaining tranches of the compensation arrangement. As a result, the unamortized balance of the grant date fair value of the share-based compensation of $954 was expensed in the year ended March 31, 2019.

On October 24, 2018 the Company amended the terms of the lease agreements for Aldergrove Lease and Delta Lease and the amended leases were classified as finance leases. The Company recognized the assets under finance lease and finance lease liability of $73,000. On March 31, 2019 the Company exercised the call options and acquired the limited partnership units of the limited partnerships that held greenhouse facilities under lease which resulted in the Company derecognizing the asset under finance lease, the finance lease liability and the contingent consideration and recognizing the greenhouse facilities and the ATB financing with a principal amount of $95,000.

(c) Acquisitions completed in the year ended March 31, 2018

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2018:

	Tweed Grasslands (i)	Tweed JA (ii)	Odense (iii)	Other	Total
Cash and cash equivalents	$ 59	$ 125	$ -	$ 7	$ 191
Other current assets	22	3,669	173	121	3,985
Property, plant and equipment	1,446	182	3,990	468	6,086
Goodwill	29,736	3,745	-	1,562	35,043
Accounts payable and other accrued expenses and liabilities	(336)	(29)	-	(143)	(508)
Debt and other liabilities	-	-	(297)	-	(297)
Net assets	30,927	7,692	3,866	2,015	44,500
Noncontrolling interests	-	(3,923)	-	(964)	(4,887)
Net assets acquired	$ 30,927	$ 3,769	$ 3,866	$ 1,051	$ 39,613
Consideration paid in cash	$ 450	$ 100	$ 3,228	$ 166	$ 3,944
Consideration paid in shares	6,381	-	-	1,849	8,230
Future cash consideration	-	3,669	-	-	3,669
Replacement options	1,079	-	-	-	1,079
Replacement warrants	1,303	-	-	-	1,303
Contingent consideration	21,714	-	-	-	21,714
Total consideration	$ 30,927	$ 3,769	$ 3,228	$ 2,015	$ 39,939
Consideration paid in cash	$ 450	$ 100	$ 3,228	$ 166	$ 3,944
Less: Cash and cash equivalents acquired	(59)	(125)	-	(7)	(191)
Net cash outflow	$ 391	$ (25)	$ 3,228	$ 159	$ 3,753

(i) Tweed Grasslands (formerly rTrees)

On May 1, 2017, the Company purchased 100% of the issued and outstanding shares of rTrees Producers Inc. ("rTrees"), a late-stage ACMPR applicant based in Yorkton, Saskatchewan. On June 30, 2017, rTrees changed its name to Tweed Grasslands Cannabis Inc. ("Tweed Grasslands").

The consideration for the transaction included 3,494,505 common shares issued to former shareholders of rTrees, of which 2,795,604 common shares were to be held in escrow and will either be released to the former shareholders of rTrees upon the satisfaction of certain specific license achievement, or released to the Company for cancellation. The 698,901 shares released on closing were recorded at $9.13 per share for consideration of $6,381.

The shares being held in escrow were recorded as equity based contingent consideration. The achievement of milestones was assessed probabilities by management which were then discounted to present value in order to derive a fair value of the contingent consideration. In aggregate, the amount of contingent consideration is up to $25,524 with a fair value of $21,714 at the acquisition date. All milestones were achieved in the year ended March 31, 2018 and the shares were released from escrow.

Other consideration included $1,079 of replacement options and $1,303 of replacement warrants. There was also an effective settlement of a note receivable of $450 for total consideration of $30,927.

(ii) Tweed JA

On September 6, 2017, the Company subscribed for 49% of the issued and outstanding shares of Grow House JA Limited (now operating as Tweed JA), for $3,769 payable in cash. Tweed JA is a Jamaican company that received a provisional license to cultivate and sell medical cannabis. As of March 31, 2018, $2,000 of the subscription price had been advanced and the balance of the subscription price was advanced in fiscal year 2019.

Through the shareholder agreement, the Company has rights that allow it to direct the relevant activities of Tweed JA such that the Company has control, and Tweed JA is consolidated in these financial statements. The noncontrolling interest recognized at the acquisition date was recorded at fair value.

(iii) Spectrum Denmark and acquisition of Odense operation

On September 20, 2017, the Company formed Spectrum Cannabis Denmark Aps ("Spectrum Denmark") for the purpose of producing, cultivating and distributing medical cannabis products in Denmark. Spectrum Denmark will also seek to establish operations in other jurisdictions in Europe where federally lawful and regulated. At inception, the Company owned 62% of the issued shares of Spectrum Denmark and Danish Cannabis ApS ("Danish Cannabis"), an unrelated party, owned the remaining 38% of shares.

Upon achievement of defined milestones, Danish Cannabis has a right to exchange its shares in Spectrum Denmark for a maximum of 1,906,214 common shares of the Company. On issuance, the shares are subject to either a three- or six-month restriction on trading. If after 4 years, the defined milestones are not met then the Company will be entitled to purchase any remaining interest of Danish Cannabis in Spectrum Denmark for up to $6,000. The shares are being provided in exchange for the services that the principals of Danish Cannabis are providing to Spectrum Denmark and are being accounted for as share-based compensation expense. The fair value on the September 30, 2017 grant date of $18,805 was estimated by discounting the quoted price of the shares to reflect the restriction on trading using a put option pricing model. The Company is amortizing the expense over the estimated vesting period.

On December 5, 2017, Spectrum Denmark purchased a 430,000 square foot operating greenhouse facility in Odense, Denmark ("Odense") from a liquidator for cash consideration of $3,228. This transaction was accounted for as a business combination and generated a bargain purchase gain of $638 which is included in other income (expense), net. The Company completed its final assessment of the accounting for the acquisition of Odense in the year ended March 31, 2018.

Formation of Vert Mirabel

On December 18, 2017, the Company, Canopy Rivers and Les Serres Stephane Bertrand Inc. ("Bertrand") formed a new company, Les Serres Vert Cannabis Inc. ("Vert Mirabel"). Bertrand was a large-scale greenhouse operator in Mirabel, Quebec. The Company owns 40.7%, Canopy Rivers 26% and Bertrand owns 33.3% of the common shares of Vert Mirabel. Vert Mirabel will lease from Bertrand its 700,000-square foot greenhouse which will be retrofitted for cannabis production. Vert Mirabel has an option to acquire the property for a term of ten years from the date Vert Mirabel receives its sales and cultivation license under ACMPR. The purchase price for acquiring the property is $20 million (this price will increase by 3% per year from the License Date with a minimum purchase price of $23 million if exercised within five years of signing this agreement). Through its direct and indirect voting rights, the Company controls Vert Mirabel and Vert Mirabel is consolidated in these financial statements.

The Company has the option to purchase from Bertrand its interest in Vert Mirabel and Bertrand has the option to sell its interest in Vert Mirabel to the Company in exchange for shares in the Company equal to the fair value of their interest in Vert Mirabel on the date of exercise. The call and put options are exercisable only on specific dates – the 5th and 10th anniversary of receiving the sales license, the 5th anniversary of the date the property is acquired and such earlier date, as the parties may mutually agree. The call and put options represent redeemable noncontrolling interest ("Vert Mirabel Redeemable NCI") and is recorded at fair value on initial recognition. On the acquisition date the fair value of the Vert Mirabel Redeemable NCI was estimated to be $3,750 using a discounted cash flow approach by estimating the expected future cash flows and applying a discount rate to arrive at the present value of the put option's strike price. On March 31, 2020, the Vert Mirabel Redeemable NCI was estimated to be $20,250 (March 31, 2019 - $6,400). For further information on valuation techniques and significant unobservable inputs used to estimate the fair value refer to Note 24.

The Company has agreed to purchase from Vert Mirabel 100% of the cannabis produced under an offtake agreement. The offtake agreement terminates upon acquisition of the property by Vert Mirabel. Upon termination of the offtake agreement, Vert Mirabel will agree to provide the Company with a right of first offer to the cannabis produced by Vert Mirabel.

The Company will issue to Bertrand $2,750 of common stock in four equal tranches upon achievement of various milestones. These payments will be accounted for as share-based compensation expense. The fair value on the grant date of December 18, 2018, of $2,599 was estimated by discounting the value of the shares. The Company is amortizing the expense over the estimated vesting period.

Disposal of consolidated entity

Prior to December 1, 2017, Agripharm was a wholly owned subsidiary of the Company. Agripharm holds the lease and a Health Canada license for a facility at Creemore, Ontario. On December 1, 2017, the Company's interest in Agripharm was diluted from 100% to 40% under an arrangement whereby Green House Holdings North America Inc. and National Concessions Group Inc. granted exclusive royalty-free licenses in Canada to certain proprietary technology, trademarks, genetics, know-how and other intellectual property to Agripharm in exchange for shares of Agripharm. At the same time, Agripharm entered into an agreement to sublicense these licenses to the Company, as permitted under the arrangement.

Current assets	$	2,043
Property, plant and equipment		6,962
Intangible assets		26,282
Goodwill		2,259
Accounts payable, accrued and other liabilities		(2,267)
Deferred income tax liabilities		(5,699)
Net assets disposed	$	29,580
Fair value of retained interest		38,400
Gain on disposal of consolidated entity	$	8,820

Following this transaction, the Company no longer controls Agripharm and the Company derecognized the assets and liabilities of Agripharm from these consolidated financial statements at their carrying amounts. Goodwill of $2,259 was allocated to Agripharm on the basis of the relative values of Agripharm on the date control was lost and the Company as a whole.

The gain calculated on the derecognition of Agripharm's assets and liabilities is the difference between the carrying amounts of the derecognized assets and liabilities of Agripharm and the fair value of consideration received, being the fair value of the Company's retained interest in Agripharm. The fair value of this interest on the transaction date was estimated to be $38,400 which was determined using a discounted cash flow approach. The most significant inputs to the fair value measurement are the discount rate, expectations about future prices and capacity of the facility.

Agripharm was determined to be a VIE but Canopy Growth was not determined to be the primary beneficiary as it is not the primary decision maker. Through its 40% ownership interest, the Company has significant influence over Agripharm and will account for its retained interest in Agripharm using the equity method of accounting. Transaction costs of $311 have been included in the carrying value of the investment. The fair value of the Company's interest in Agripharm was estimated to be $5,000 at March 31, 2020 using the same valuation techniques and inputs as described above. As a result the Company recognized an impairment charge related to its equity method investment in the amount of $29,164 in the year ended March 31, 2020.

Canopy Rivers has advanced $20,000 to Agripharm under a royalty agreement which is classified and measured at fair value. See Note 24 for additional details on how the fair value of the Company's investment is calculated on a recurring basis.

29. ACREAGE ARRANGEMENT AND AMENDMENTS TO CBI INVESTOR RIGHTS AGREEMENT AND WARRANTS

Acreage Arrangement

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, Acreage shareholders 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 both the right and the obligation (the "Acreage financial instrument") to acquire 100% of the shares of Acreage, at such time as the occurrence or waiver of changes in U.S. 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.

On initial recognition, the Acreage financial instrument represented a financial asset and was recorded at its fair value of $395,190 with subsequent changes in fair value recognized in net income (loss). As of March 31, 2020, the Acreage financial instrument represents a financial liability of $250,000, as the estimated fair value of the Acreage business is less than the estimated fair value of the consideration to be provided upon required exercise of the Acreage financial instrument. The fair value determination includes a high degree of subjectivity and judgement, which results in significant estimation uncertainty. See Note 24 for additional details on how the fair value of the Acreage financial instrument is calculated on a recurring basis. From a measurement perspective, Canopy Growth has elected the fair value option under ASC 825.

Amendment to the CBI 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 CBI 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 CBI 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 relative fair value of $1,505,351 and the Final Warrants as equity instruments with a nominal value.

On June 27, 2019 CBI 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 CBI to acquire 38.5 million shares of Canopy Growth for a fixed price of $76.68 per share.
  - Tranche C Warrants allow CBI 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 CBI 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 CBI exercises all of the Tranche A Warrants.

The modifications to the Tranche A Warrants resulted in them meeting the definition of a derivative instrument under ASC 815 -- *Derivatives and Hedging*. They continue to be classified in equity as the number of shares and exercise price were both fixed at inception. 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 $2,554,503 using a Monte Carlo model and assuming a volatility of 66.7%. The Company recorded a deemed dividend of $1,049,152 in shareholders' deficit related to the difference between the original and modified Tranche A warrants.

The Tranche B Warrants failed the fixed-for-fixed criterion and, as a result, the Tranche B Warrants were classified as derivative instruments measured at fair value in accordance with ASC 815. On June 27, 2019 the fair value of the Tranche B Warrants was estimated to be $1,117,640 using a Monte Carlo model and assuming a volatility of 66.7%. The value of the Tranche B warrants was recorded directly in shareholders' deficit as a deemed dividend. Any subsequent changes in fair value will be recorded in net income (loss). As at March 31, 2020, the fair value of the warrant derivative liability is $322,491, and a gain of $795,149 has been recorded during the year ended March 31, 2020 in other income (expense), net. The fair value determination includes a high degree of subjectivity and judgement, which results in significant estimation uncertainty. See Note 24 for additional details on how the fair value of the warrant derivative liability is calculated on a recurring basis.

The Tranche C Warrants are also 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. The fair values of the Final Warrants and Tranche C Warrants both approximate $nil therefore there was no impact to equity. Any subsequent changes in fair value will be recorded in net income (loss).

The share repurchase credit feature is a derivative liability as Canopy Growth has an obligation to repurchase a variable number of its common shares in order to settle the liability in the future within the share repurchase period or has the option to settle the liability in cash. The fair value of this liability is nominal. The initial value of the derivative liability is a deemed dividend recorded directly in shareholders' deficit. Any subsequent changes in fair value will be recorded in net income (loss).

30. LEASES

The Company primarily leases office and production facilities, warehouses, production equipment and vehicles. The Company assesses service arrangements to determine if an asset is explicitly or implicitly specified in the agreement and if we have the right to control the use of the identified asset.

The right-of-use asset is initially measured at cost, which is primarily comprised of the initial amount of the lease liability, plus initial direct costs and lease payments at or before the lease commencement date, less any lease incentives received, and is amortized on a straight-line basis over the remaining lease term. All right-of-use assets are reviewed periodically for impairment. The lease liability is initially measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. We elected to recognize expenses for leases with a term of 12 months or less on a straight-line basis over the lease term and not to recognize these short-term leases on the balance sheet. Leases have varying terms with remaining lease terms of up to approximately 30 years. Certain of our lease arrangements provide us with the option to extend or to terminate the lease early.

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.

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.

Balance sheet location

A summary of lease right-of-use assets and liabilities are as follows:

Assets

Property, plant and equipment		
Operating lease	$	73,435
Finance lease		85,784
	$	159,219

Liabilities

Current:		
Operating lease	$	15,050
Finance lease		25,306
Non-current:		
Operating lease		68,409
Finance lease		51,638
	$	160,403

Lease expense

The components of total lease expense are as follows:

Operating lease expense	$	10,340
Finance lease expense:		
Amortization of right-of-use assets		1,494
Interest on lease liabilities		1,163
	$	12,997

Lease maturities

As of March 31, 2020, the minimum payments due for lease liabilities for each of the five succeeding fiscal years and thereafter are as follows:

	Operating Leases		Finance Leases	
2021	$	15,811	$	27,681
2022		14,394		5,298
2023		13,266		5,301
2024		11,326		5,313
2025		9,989		5,313
Thereafter		32,319		39,488
Total lease payments	$	97,105	$	88,394
Less: Interest		13,646		11,450
Total lease liabilities	$	83,459	$	76,944

As of March 31, 2020, we have additional operating leases that have not yet commenced with immaterial aggregated minimum payments on an undiscounted basis.

As of March 31, 2020, future lease expense for operating leases is expected to be as follows:

2021	$	12,828
2022		10,929
2023		9,788
2024		8,212
2025		7,061
Thereafter		24,617
	$	73,435

Supplemental information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	$	18,715
Operating cash flows from finance leases		1,163
Financing cash flows from finance leases		1,425

Right-of-use assets obtained in exchange for new lease liabilities:

Operating leases	$	20,734
Finance leases		58,443

Weighted average remaining lease term (in years):

Operating leases	7
Finance leases	4

Weighted average discount rate:

Operating leases	4.50%
Finance leases	4.50%

31. RELATED PARTY

Year ended March 31, 2020

In connection with entry into the Acreage agreement, we entered into several agreements with CBI and its affiliates, including the Second Amended and Restated Investor Rights Agreement, the Consent Agreement and amendments to the Tranche B Warrants. See Note 29 for further information.

Year ended March 31, 2019

On November 16, 2018, the Company acquired two previously leased facilities from a company controlled by a former director of the Company for cash proceeds of $31,281, including $1,454 to repay the loan to the director's company. The director resigned from the Company's Board on November 1, 2018 following the previously discussed investment by CBI. The basis for the consideration paid was supported by independent appraisals of the properties. The Toronto facility leases had original expiration dates on October 15, 2018 and August 31, 2024 and the Edmonton facility lease was to expire on July 31, 2037. One of the Toronto facilities and the Edmonton facility were purchased on November 16, 2018. Included in the expenses for the year ended March 31, 2019 for rent and operating costs was $1,259 (for the year ended March 31, 2018 - $2,686).

The Company has entered into cannabis offtake agreements with certain of its equity method investees (Note 11) and entities in which it holds equity or other financial instruments (Note 12). These agreements are in the normal course of operations and will be measured at the exchange amounts agreed to by the parties.

32. COMMITMENTS

The Company has entered into agreements in which it has committed to purchase a minimum amount of inventory, pay a minimum amount of royalty expenses, incur expenditures for property, plant and equipment and procure various other goods or services. The following summarizes the Company's annual minimum commitments associated with its contractual agreements as of March 31, 2020. This amount excludes the Company's debt and lease related commitments which are disclosed elsewhere in Notes 17 and 30, respectively in these consolidated financial statements.

2021	$	226,683
2022		100,237
2023		61,054
2024		20,188
2025		21,850
Thereafter		55,550
	$	485,562

33. SEGMENTED INFORMATION

Reportable segments

The Company operates in two segments: 1) Cannabis, Hemp and Other Consumer Products, which encompasses the production, distribution and sale of a diverse range of cannabis, hemp-based, and other consumer products in Canada and internationally pursuant to applicable international and domestic legislation, regulations and permits; and 2) Canopy Rivers, a publicly-traded company in Canada, through which Canopy Growth provides growth capital and strategic support in the global cannabis sector, where federally lawful. Financial information for Canopy Rivers is included in the table below, and in Note 23.

	March 31, 2020	March 31, 2019
Ownership interest	27%	28%
Cash and cash equivalents	$ 46,724	$ 104,145
Prepaid expenses and other current assets	11,598	15,490
Investments in associates	50,543	64,606
Other financial assets	146,812	181,572
Other long-term assets	22,058	17,696
Deferred income tax liabilities	-	(6,641)
Other liabilities	(2,771)	(3,458)
Noncontrolling interests	(211,086)	(280,012)
Equity attributable to Canopy Growth	$ 63,878	$ 93,398

Entity-wide disclosures

All property, plant and equipment are located in Canada, except for $499,059 which is located outside of Canada as at March 31, 2020 (March 31, 2019 - $350,125).

All revenues were principally generated in Canada during the year ended March 31, 2020, except for $142,606 related to exported medical cannabis and cannabis related merchandise generated outside of Canada (years ended March 31, 2019 and 2018, $27,865 and $3,746, respectively).

For the year ended March 31, 2020, one customer represented more than 10% of the Company's net revenue (years ended March 31, 2019 and 2018, two and none, respectively).

34. SUBSEQUENT EVENTS

Exercise of warrants

On May 1, 2020, an indirect, wholly-owned subsidiary of CBI exercised an aggregate of 18,876,901 warrants to purchase common shares of Canopy Growth. The warrants, which were originally issued on November 2, 2017, were exercised at an average price of $12.9783 per common share for an aggregate of approximately $245 million. Upon issuance, the common shares represented approximately 5.1% of the issued and outstanding common shares of Canopy Growth. As a result of the acquisition of new common shares, CBI now indirectly holds, in the aggregate, 142,253,802 common shares, 139,745,453 warrants to purchase common shares and $200 million principal amount of convertible senior notes. Collectively, the common shares increase CBI's ownership of Canopy Growth to 38.6% of the issued and outstanding common shares. Assuming full exercise of all remaining warrants and full conversion of the notes (but for these purposes excluding any effect from a Canopy Growth exercise of its right to acquire Acreage Holdings, Inc. pursuant to its option under the plan of arrangement previously announced on June 27, 2019) CBI would own approximately 55.8% of the issued and outstanding common shares of Canopy Growth.

35. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

A summary of selected quarterly financial information is as follows:

	QUARTER ENDED				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	Full year
Net revenue	$ 90,482	$ 76,613	$ 123,764	$ 107,913	$ 398,772
Gross margin	$ 18,290	$ 3,643	$ 38,208	$ (91,825)	$ (31,684)
Net (loss) income	$ (194,051)	$ 242,650	$ (109,634)	$ (1,326,405)	$ (1,387,440)
Net (loss) income attributable to Canopy Growth Corporation	$ (185,869)	$ 258,918	$ (91,354)	$ (1,303,021)	$ (1,321,326)
Net (loss) income per common share attributable to Canopy Growth Corporation:					
Basic (loss) earnings per share	$ (0.54)	$ 0.75	$ (0.26)	$ (3.72)	$ (3.80)
Diluted (loss) earnings per share	$ (0.54)	$ 0.25	$ (0.26)	$ (3.72)	$ (3.80)

	QUARTER ENDED				
	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	Full year
Net revenue	$ 25,916	$ 23,327	$ 83,048	$ 94,050	$ 226,341
Gross margin	$ 7,464	$ (19,336)	$ 19,072	$ 21,045	$ 28,245
Net (loss) income	$ (93,299)	$ (310,428)	$ 39,194	$ (347,492)	$ (712,025)
Net (loss) income attributable to Canopy Growth Corporation	$ (89,671)	$ (317,830)	$ 50,736	$ (379,516)	$ (736,281)
Net (loss) income per common share attributable to Canopy Growth Corporation:					
Basic (loss) earnings per share	$ (0.45)	$ (1.43)	$ 0.17	$ (1.10)	$ (2.76)
Diluted (loss) earnings per share	$ (0.45)	$ (1.43)	$ (0.44)	$ (1.10)	$ (2.76)