

CANOPY GROWTH CORPORATION

Barclays Global Consumer Staples Conference

September 9th, 2020



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This presentation contains “forward-looking statements” and “forward-looking information” within the meaning of applicable U.S. and Canadian securities laws (collectively, “**forward-looking statements**”), which involve certain known and unknown risks and uncertainties. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and the performance of our investments. These forward-looking statements are generally identified by their use of such terms and phrases as “intend,” “goal,” “strategy,” “estimate,” “expect,” “project,” “projections,” “forecasts,” “plans,” “seeks,” “anticipates,” “potential,” “proposed,” “will,” “should,” “could,” “would,” “may,” “likely,” “designed to,” “foreseeable future,” “believe,” “scheduled” and other similar expressions. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, financial results, results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. A discussion of some of the material factors applicable to Canopy Growth Corporation (“**Canopy**”) can be found under the section entitled “Risk Factors” in Canopy’s Annual Report on Form 10-K for the year ended March 31, 2020, filed with the Securities and Exchange Commission and with applicable Canadian securities regulators, as such factors may be further updated from time to time in its periodic filings with the Securities and Exchange Commission and with applicable Canadian securities regulators, which can be accessed at www.sec.gov/edgar and www.sedar.com, respectively. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Any forward-looking statement included in this presentation is made as of the date of this presentation and, except as required by law, Canopy disclaims any obligation to update or revise any forward-looking statement. Readers are cautioned not to put undue reliance on any forward-looking statement. Forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.



NON-GAAP MEASURES

Adjusted EBITDA is a non-U.S. GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Adjusted EBITDA is calculated as the reported net loss, adjusted to exclude income tax recovery (expense), other income (expense), net, and loss on equity method investments, share-based compensation expense, depreciation and amortization expense, asset impairment and restructuring costs, and charges related to the flow-through of inventory step-up on business combinations, and further adjusted to remove acquisition-related costs. The Adjusted EBITDA reconciliation is presented within the earnings press release of Canopy dated August 10, 2020 and explained in Canopy's Quarterly Report on Form 10-Q for the three months ended June 30, 2020, filed with the Securities and Exchange Commission and with applicable Canadian securities regulators, which can be accessed at www.sec.gov/edgar and www.sedar.com, respectively.

Adjusted Gross Margin and Adjusted Gross Margin Percentage are non-GAAP measures used by management that are not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Adjusted Gross Margin is calculated as gross margin excluding charges related to the flow-through of inventory step-up associated with business combinations. Adjusted Gross Margin Percentage is calculated as Adjusted Gross Margin divided by Net Revenue. The Adjusted Gross Margin reconciliation is presented within the earnings press release of Canopy dated August 10, 2020 available on Canopy's EDGAR and SEDAR pages which can be accessed at www.sec.gov/edgar and www.sedar.com, respectively.

Free Cash Flow or FCF is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. This measure is calculated as net cash provided by (used in) operating activities less purchases and deposits of property, plant and equipment. The Free Cash Flow reconciliation is presented within the earnings press release of Canopy dated August 10, 2020 and explained in the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2020, filed with the Securities and Exchange Commission and with applicable Canadian securities regulators, which can be accessed at www.sec.gov/edgar and www.sedar.com, respectively.



KEY TAKEAWAYS

- **Compelling growth opportunity**
- **Focused strategy to win in our core markets**
- **Building world-class insights and innovation capabilities**
- **Deliver best-in-class product portfolio and quality execution**
- **Achieve profitable growth and build shareholder value**

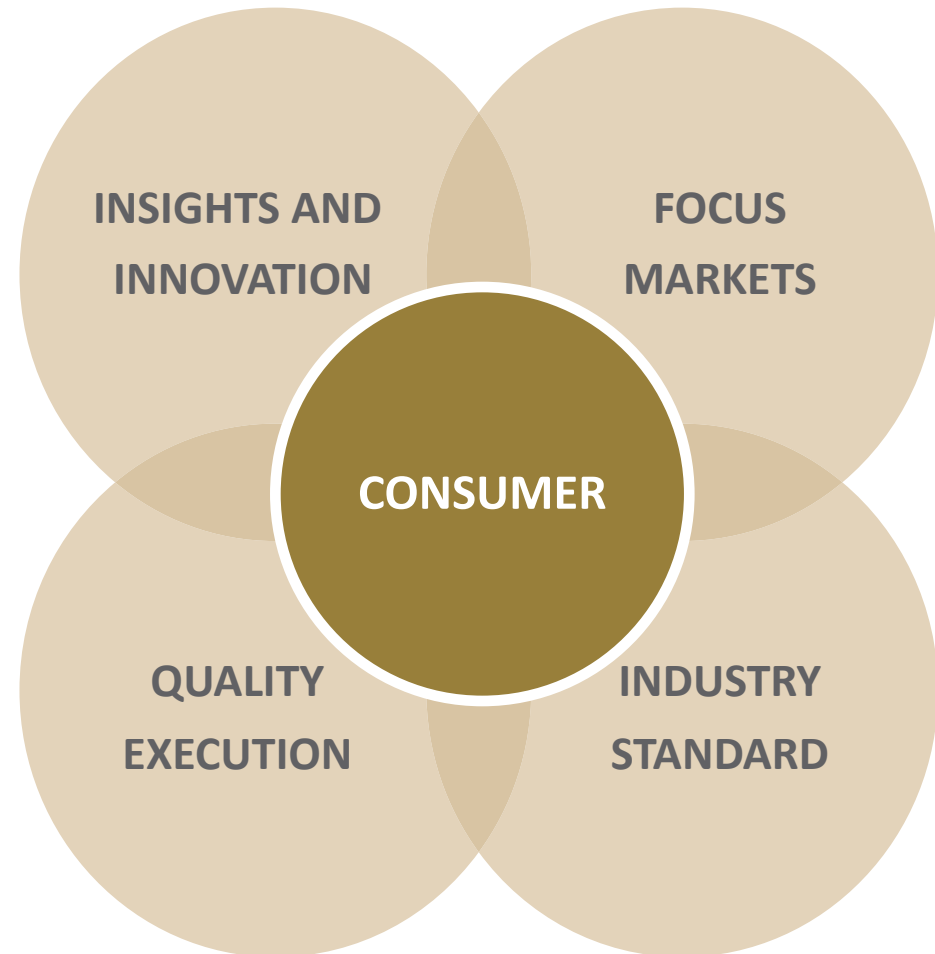


CLEAR DESTINATION

UNLEASHING THE
FULL POTENTIAL
OF CANNABIS

SIZEABLE SHARE IN FOCUS
CATEGORIES AND MARKETS

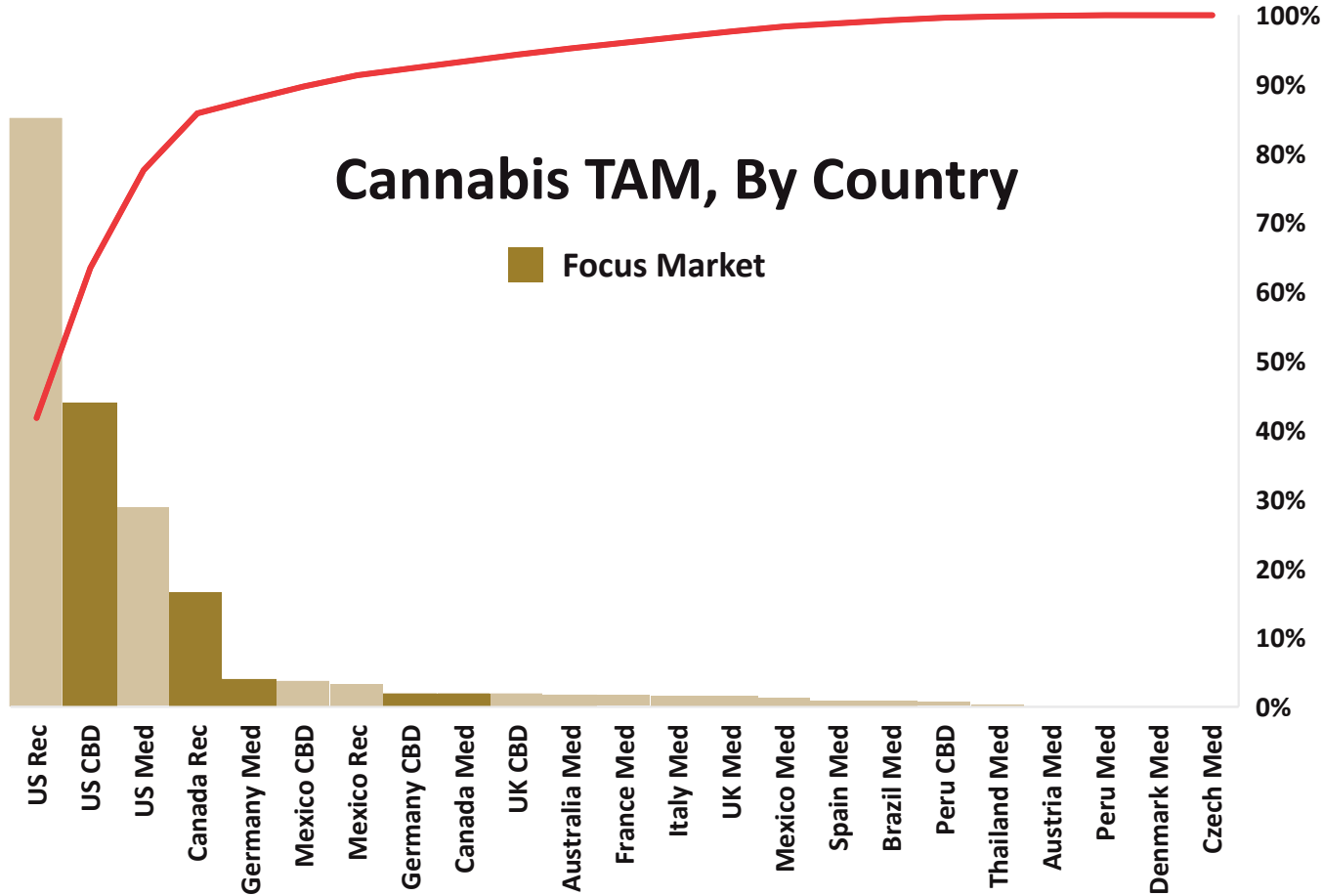
EXECUTE PATH
TO PROFITABILITY



COMPELLING GROWTH OPPORTUNITY



GLOBAL CANNABIS TAM OPPORTUNITY IS IMMENSE



*Global TAM for cannabis expected to approach **\$70BN** in retail sales by CY2023*

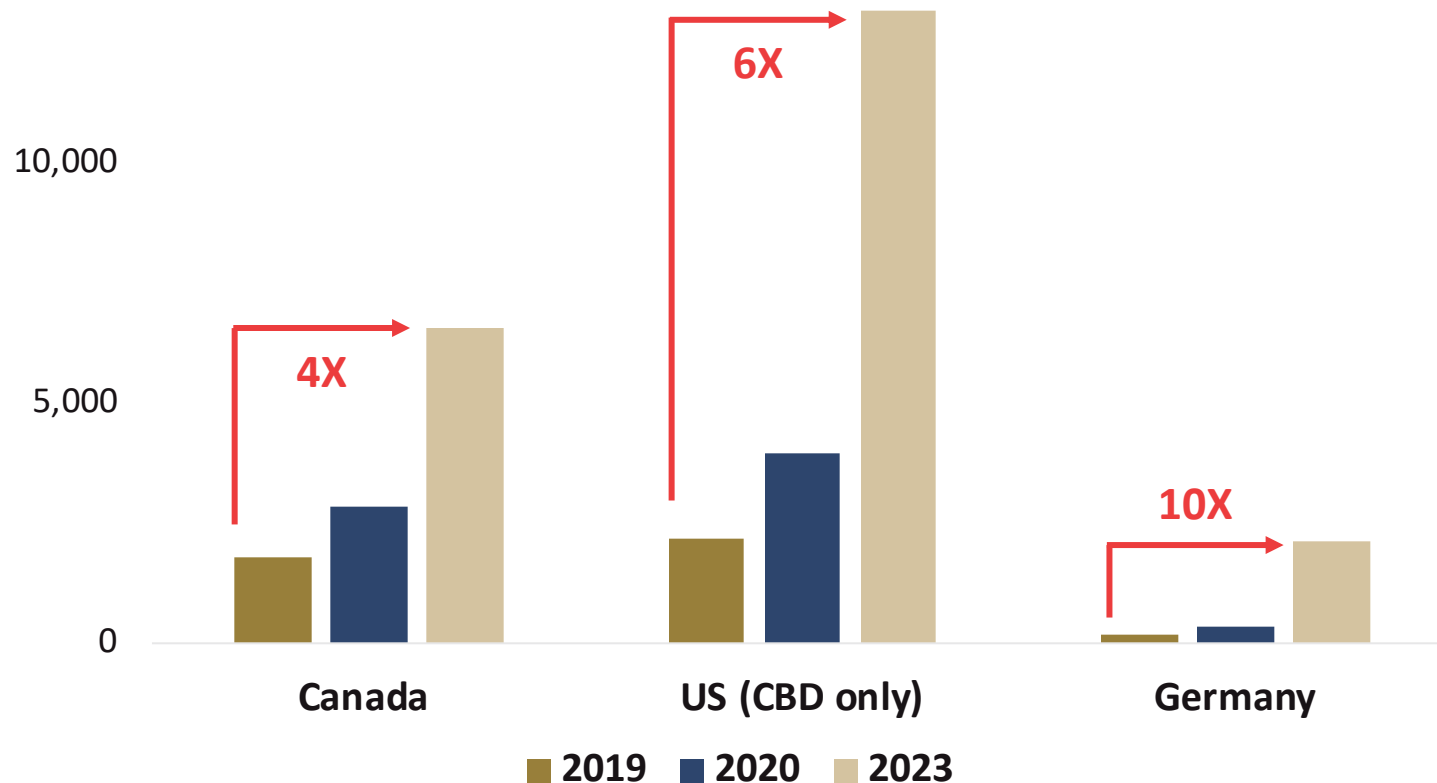
*US, Canada, and Germany to account for **~90%** of global TAM*



Source: CGC Internal Estimates, in CAD

CGC'S CORE MARKETS TO REACH \$22BN SALES BY 2023

15,000 **CGC Focus Market TAM Growth, C\$ in '000s**



*Total TAM retail sales for Canada, US CBD, and Germany: **\$22B** by 2023*

*Over **\$60BN** in TAM upon federal permissibility of THC in US*



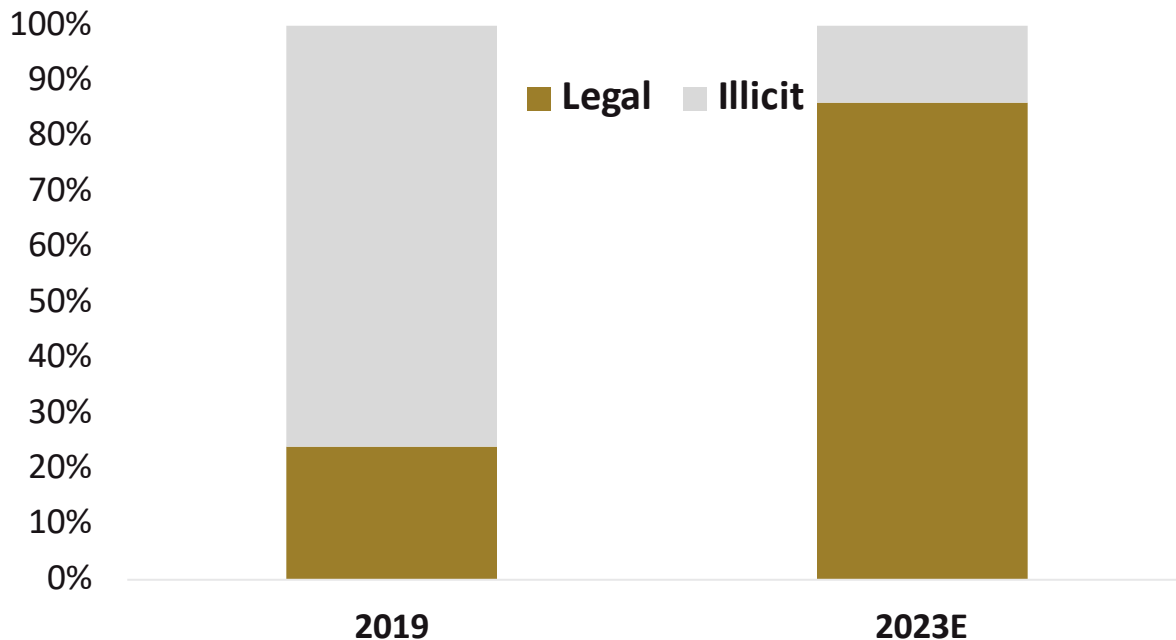
Source: CGC Internal Estimates, in CAD

CANADA—DRIVERS OF TAM GROWTH

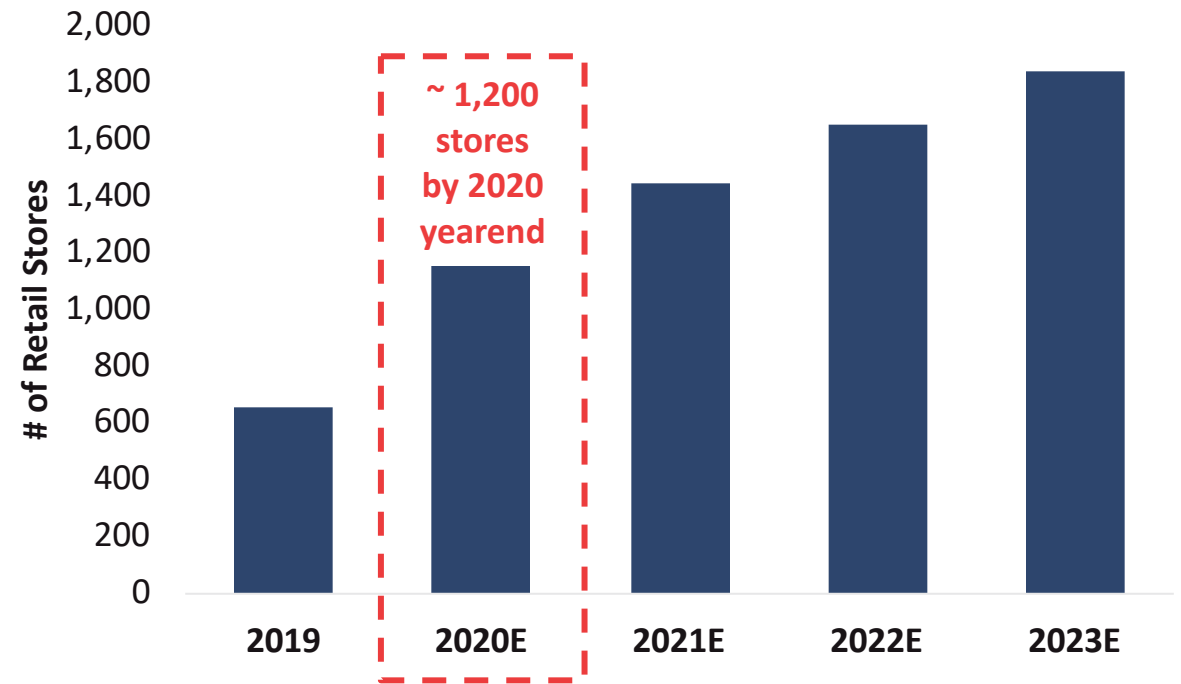
Convert Illicit to Legal:

Less than 40% of Canadian consumer say they buy cannabis in legal dispensaries

Legal market could become 85% of total Cannabis Recreational sales in Canada by 2023



Growth in store count a key driver of legal market growth



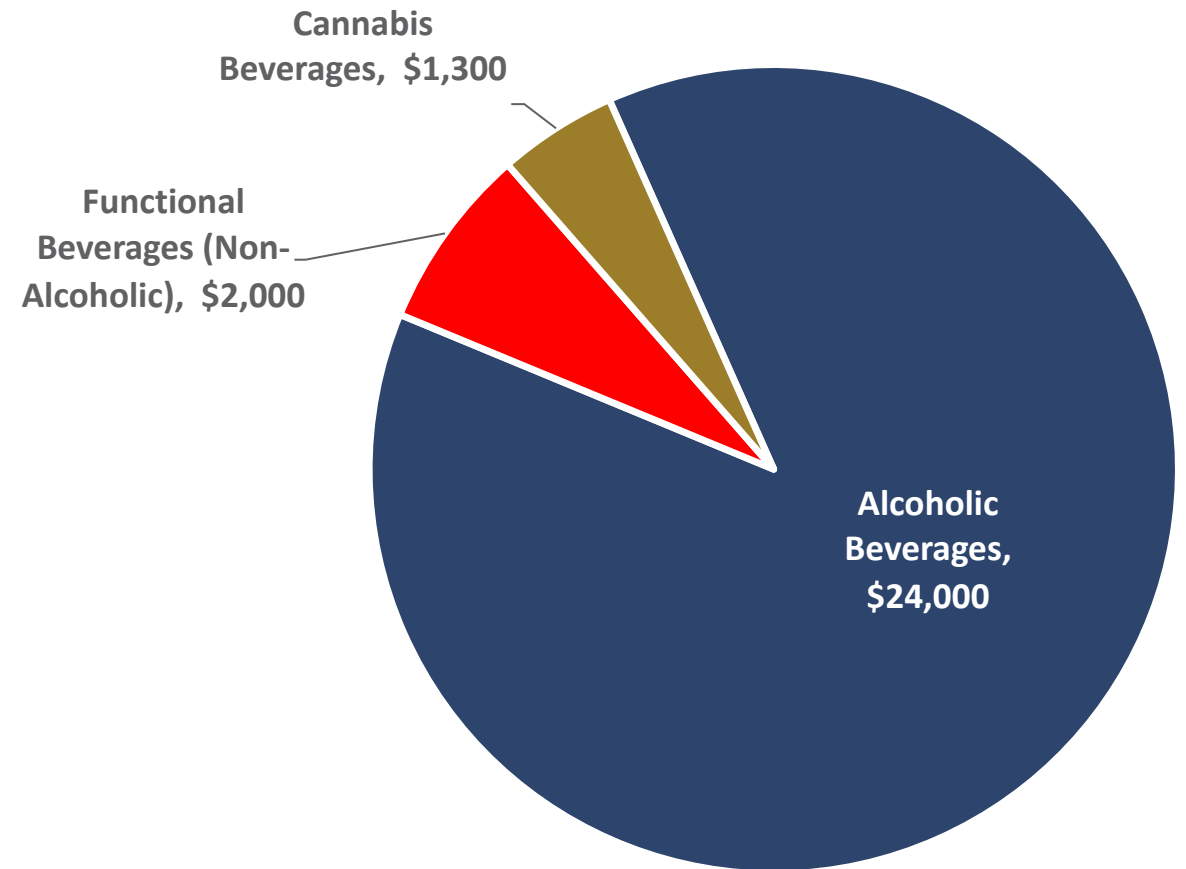
Source: A combination of CGC's Proprietary Market Tracker, and CGC Internal Estimates

CANADA—DRIVERS OF TAM GROWTH

Recruit new consumers through 2.0 products:

17% of Canadian adults say they intend to use recreational cannabis

•
5% of total alcoholic beverages and functional beverages equate to a **\$1.3bn** opportunity for cannabis-infused beverages in Canada



DRIVE MARKET SHARE GROWTH IN CANADA

KEY OPPORTUNITIES

A more focused portfolio of products

Improve our share in the growing value segment

Win in 2.0 products

Drive quality across our product portfolio

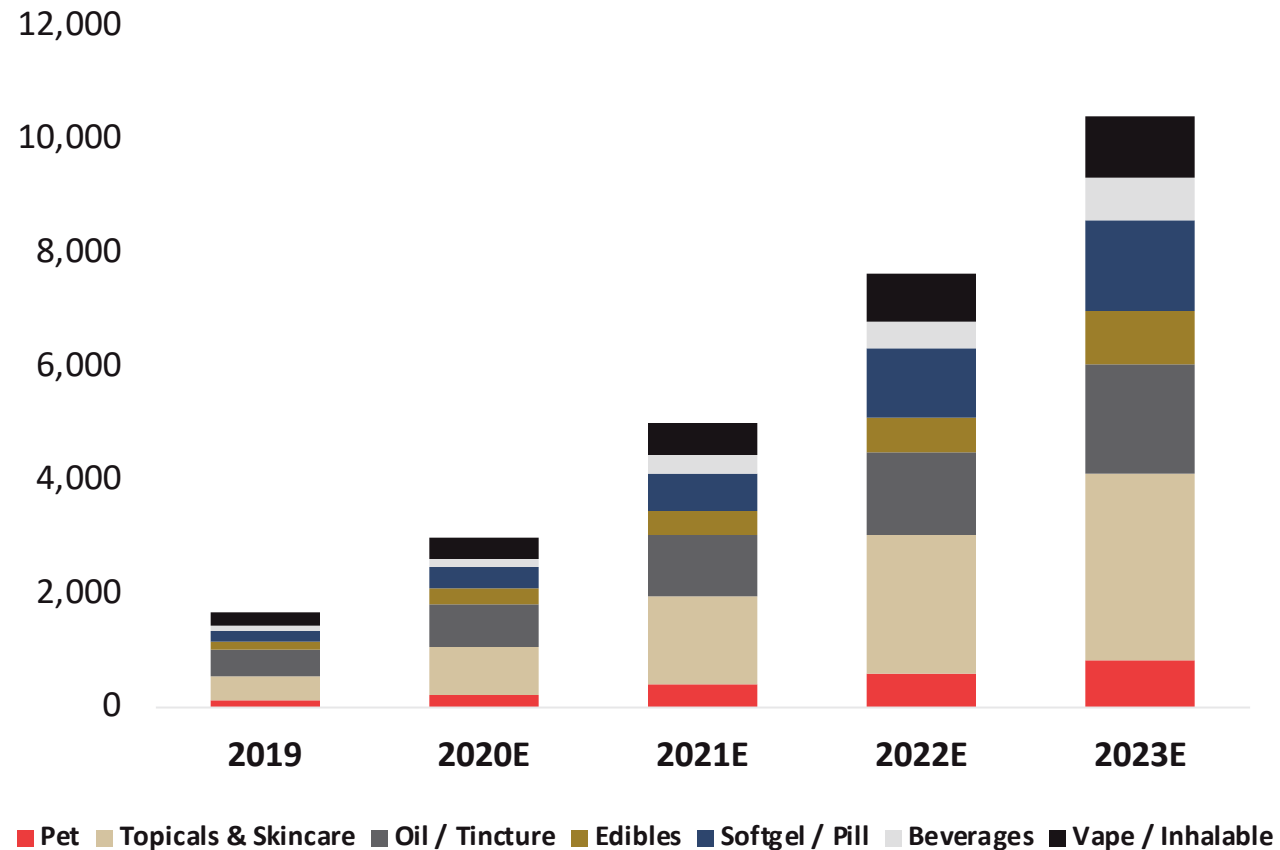
KEY ACTION PLAN

- SKU rationalization
- Refine pricing and packaging across flower, pre-roll and vapes
- Increase production capacity for beverages
- Improve new product launch process
- Consumer insights work to drive flower quality improvement plan

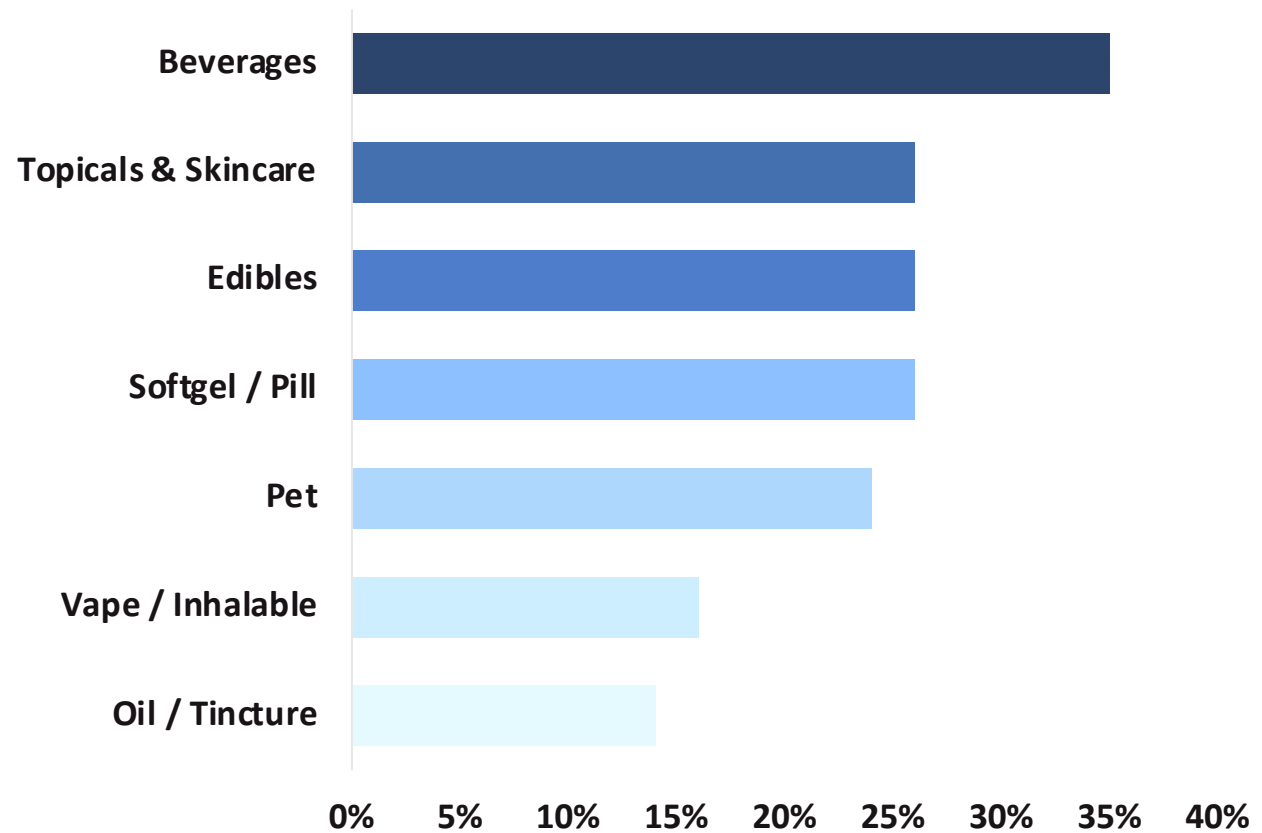


US CBD MARKET IS GROWING QUICKLY

US CBD Retail Sales by Products, USD in '000s



CBD Product CAGR (2020-2025)



Source: CGC Internal Estimates, in USD



OUR US CBD ROADMAP

ShopCanopy.com launched
as a one-stop online shop
for Canopy's US CBD
products

40+ SKUs by end of
CY 2020

Focused on expanding
distribution into
brick-and-mortar stores

SHOP CANOPY

Martha
STEWART

First
& Free

thisworks®
24HR SKIN SOLUTIONS

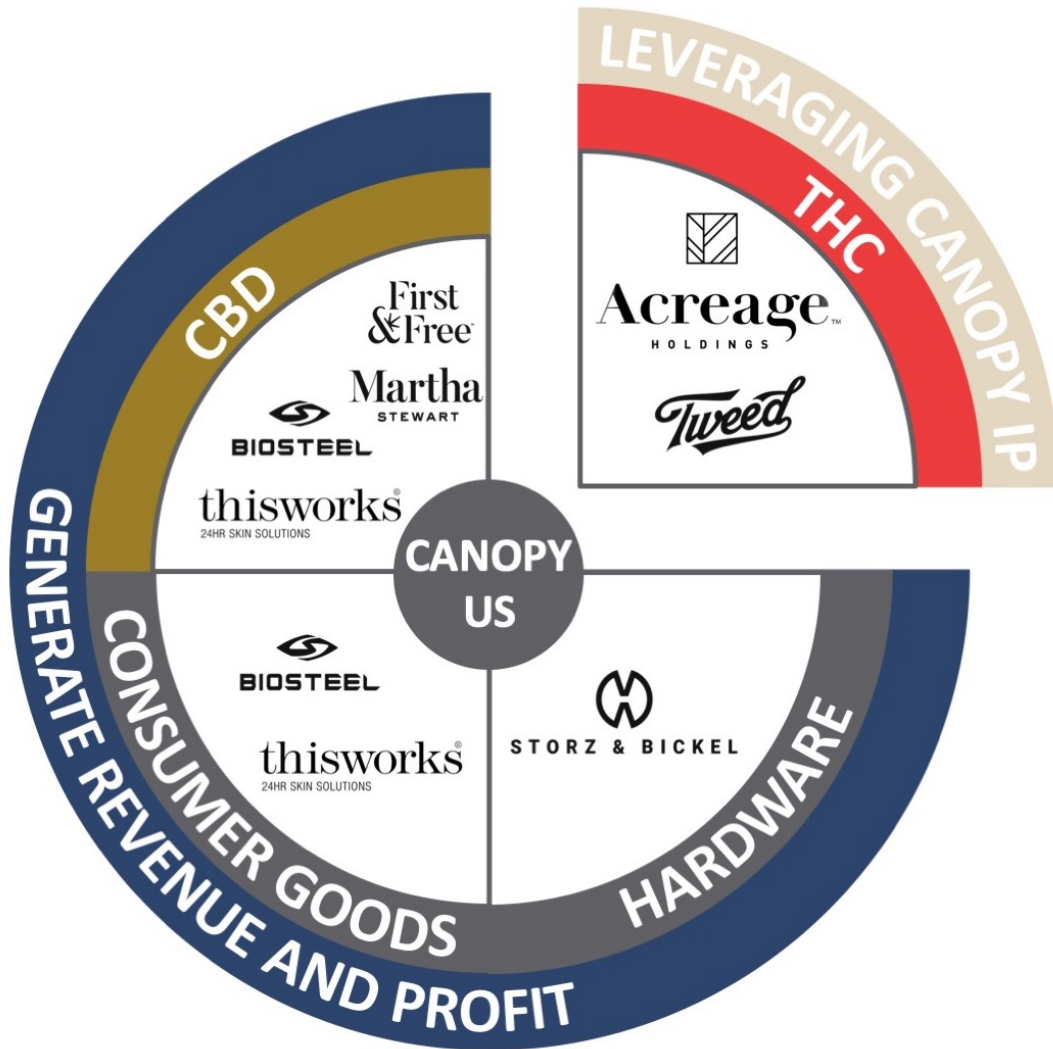

BIOSTEEL



Coming soon!



OUR US ECOSYSTEM



PATHWAY INTO THE US THC MARKET



- Plan of arrangement to acquire Acreage upon federal permissibility of cannabis in US¹
- Tweed-branded flower in select states, with additional strains and form factors to come
- Branded-CBD business to come, funded by Canopy's hemp-specific loan¹



- East-and-West-coast footprints
- Subsidiary Arise Bioscience produces and distributes hemp-derived health and wellness products, with access to more than 10,000 retail locations worldwide
- Provides optionality in event of federal permissibility of cannabis in US



1. Amended plan of Arrangement, including provision for loan to Acreage Hemp-specific company, subject to approval by Acreage shareholders

FOCUSED STRATEGY TO WIN IN OUR CORE MARKETS



FOCUSED STRATEGY

INSIGHTS AND INNOVATION

- Know everything about the consumer
- Already best-in-industry science
- Focus and re-deploy against commercial opportunities

FOCUS MARKETS

- Prioritize three core markets-Canada, US, Germany
- Asset-light models in APAC or LATAM
- Medical focus on wellness and OTC medications

CONSUMER

QUALITY EXECUTION

- Deliver the right product at the right time at the right price from the right facility
- Design-to-Value approach

INDUSTRY STANDARD

- Lead the next phase of industry evolution
- Pioneer "Growing Good"
- Deliver on the responsibility to our stakeholders



PROGRESSING ON OUR STRATEGIC PRIORITIES

CONSUMER-CENTRIC

- Value-flower share improving post nationwide price reset of Twd.
- Implementing programs to strengthen market positioning of mainstream and premium flower, and vape products
- Differentiated 2.0 products expanded in the marketplace; #1 share in beverages in Canadian Recreational
- Flower quality improvement programs underway; enhanced moisture content of flower products

WIN IN OUR CORE MARKETS

- Improving execution and nimbleness in Canada
- ShopCanopy.com launched in the US
- A robust pipeline of innovations in the US market, including preparation for the much-anticipated Martha Stewart launch
- BioSteel RTD beverages expanding distribution with key retailers
- Maintained #1 market share in Germany flower segment ; #2 market share in Canada medical

DRIVE QUALITY EXECUTION

- New organizational design and operating model driving quicker decision-making
- Supply attainment up from 56% to 87% in Q1 2021; over 90% in recent weeks
- More than doubled our beverage production in June to ensure consistent supply levels
- End-to-end review of supply chain already identifying several near-term opportunities



BUILDING WORLD-CLASS INSIGHTS AND INNOVATION CAPABILITIES



CONSUMER INSIGHTS—DRIVING GROWTH REQUIRES THAT WE UNDERSTAND THREE UNIQUE GROUPS—CONSUMERS, INTENDERS AND REJECTORS

CONSUMERS



GET

Current THC or CBD consumers

TO

Increase legal purchase frequency

INTENDERS



GET

THC or CBD intenders

TO

Make their first THC or CBD purchase in the category and over-deliver to drive repurchase

REJECTORS



GET

THC or CBD rejecters

TO

Understand and be intrigued by the benefits of cannabis without feeling fear

CONSUMER INSIGHTS—EACH GROUP PRESENTS UNIQUE BARRIERS THAT NEED TO BE ADDRESSED TO ACHIEVE GROWTH



CONSUMERS



INTENDERS



REJECTERS

LEGAL
CANNABIS

BARRIERS TO LEGAL CANNABIS

Never bought before
Price and quality perceptions
Uncertainty of purchase experience

BARRIERS

Smoking/smell
Not aware of new products
Worry of loss of control, not liking feeling
Doesn't fit into life

BARRIERS

Smoking/smell
Fear of unknown, loss of control, effects
Doesn't fit into life

CBD

BARRIERS

Efficacy
Price and quality perceptions
Lack of education

BARRIERS

No need/don't know what it is for
Price perceptions
Safety and quality fears

BARRIERS

No need
Don't know what it's for
Safety and quality fears



CONSUMER INSIGHTS— OUR TEAM IS FOCUSED ON IDENTIFYING OPPORTUNITIES AND ACTIONS FOR GROWTH BY ADDRESSING BOTH NEEDS AND BARRIERS

	CONSUMERS	INTENDERS	REJECTERS
LEGAL CANNABIS	<p>CGC OPPORTUNITY Out-deliver versus legal and illegal cannabis products</p>	<p>CGC OPPORTUNITY Develop products that address barriers or meet needs addressed by other categories</p>	<p>CGC OPPORTUNITY Deliver on existing needs being addressed by other categories</p>
	<p>HOW Identify new occasions/ways to use Deliver product quality and variety Educate through brand and retail touchpoints</p>	<p>HOW Offer innovative new products Equate to alcohol or OTC/RX products Empower legal rec store visit</p>	<p>HOW Communicate medical and safety benefits Equate to alcohol or OTC/RX products</p>
CBD	<p>CGC OPPORTUNITY Out-deliver versus other CBD brands</p>	<p>CGC OPPORTUNITY Develop products that address barriers or meet needs addressed by other categories</p>	<p>CGC OPPORTUNITY Deliver on existing needs being addressed by other categories</p>
	<p>HOW Offer higher dosages Offer variety of formats, sizes and price points Offer high quality, benefit driven products</p>	<p>HOW Normalize through partnerships Equate to relaxation, wellness, or therapeutic products Offer high quality CBD in familiar formats</p>	<p>HOW Educate on benefits of CBD Equate to relaxation, wellness, or therapeutic products Offer high quality, science-backed products</p>

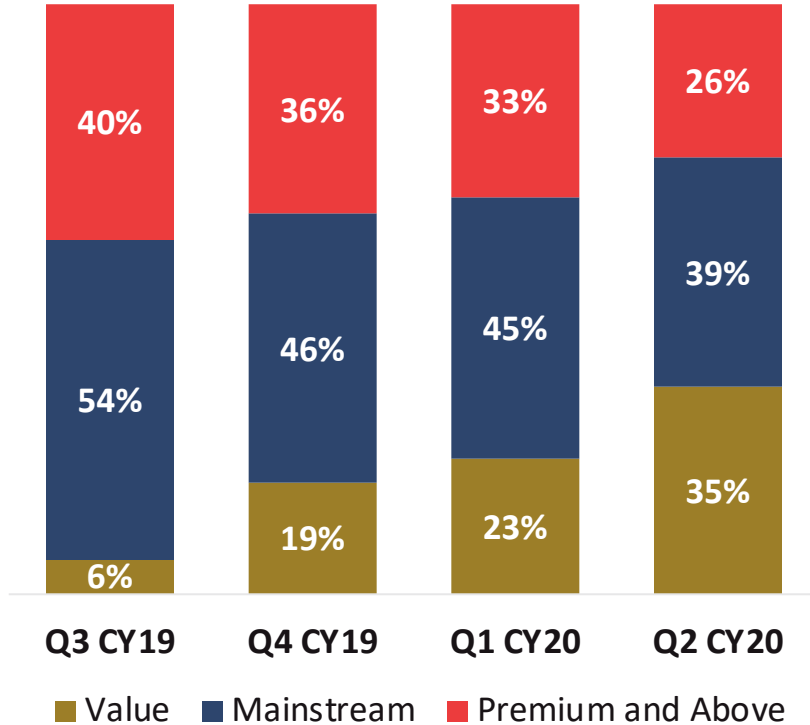


DELIVER BEST-IN-CLASS PRODUCT PORTFOLIO AND QUALITY EXECUTION



PRODUCTS—FLOWER

Quarterly Flower Performance by Price Tier



Twd. 

Repositioned offering in Value segment has increased market share by more than 14pp in Q2'21¹

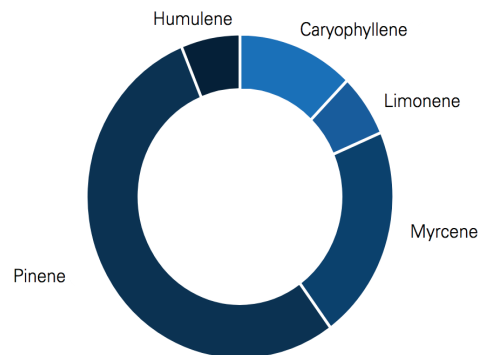
Repositioning of Mainstream and Premium flower offerings is underway



1. Dollar share of value flower, based on POS data with 45% national coverage, last 8 weeks, ending August 20, 2020

PRODUCTS—FLOWER

A comprehensive research study is underway to define flower "quality", and plans are being implemented



Plans Include:

- Improvement in moisture levels (product in market now)
- Innovation in drying and curing processes to better preserve terpene profile
- Leveraging consumer insights and design-to-value to understand brand and product propositions
- Determine the most impactful flower quality attributes that our portfolio can unlock

PRODUCTS—BEVERAGES



“Its really good. Like grapefruit bubbly. Absolutely no cannabis taste”

“This is definitely a nice alternative to alcoholic drinks, definitely a nice high”

+ 1.6m units shipped to date

Canopy has **+76%** share of the Canadian RTD cannabis beverage market, and owns the **Top 4 SKUs** in the category¹

Production has tripled since June to achieve supply consistency, and can pivot quickly to align supply to market demand

Expect select Quatreau RTDs in fall of 2020



1. Based on Unit Share in Canada, Last 4 weeks, ending August 17, 2020. POS data.

PRODUCTS—BEVERAGES

New BioSteel RTD beverages in environmentally-friendly tetrapaks

Expanding distribution with key retailers in US

Exciting new partnership with **Patrick Mahomes** recently announced!



PRODUCTS—VAPES



Tokyo Smoke Luma - UL 8139 certified vape system w/ rechargeable batteries feature precise ceramic heating technology and feature intent-colored mouthpieces. Pause, Go, and Equalize cartridges in market now.



510 Rechargeable Battery Vape Pen w/ buttonless activation, UL 8139 certified 510 cartridges. Tweed Houndstooth, Tweed Bakerstreet, Twd. Indica, and Twd. Sativa cartridges in market now.

PRODUCTS—VAPES



STORZ & BICKEL

- Storz & Bickel is a designer and manufacturer of medically approved vaporizers that are distributed in both medical and recreational channels
- S&B revenue increased by 76% YoY in Q1 FY2021, contributing to Canopy's overall sales growth
- Strength can be partly attributed to expanded distribution in the US market.

PRODUCTS—EDIBLES



PRODUCTION
DOUBLED
SINCE LAUNCH



BY END
OF FY21

PRODUCTS—TOPICALS

First & Free™

First & Free's CBD portfolio includes softgels, oil drops, and body creams



thisworks®

24HR SKIN SOLUTIONS

CBD Boosters launched online in the UK and US

TW Stress Check coming to the US in fall 2020



ACHIEVE PROFITABLE GROWTH AND BUILD SHAREHOLDER VALUE



KEY METRICS TO ASSESS OUR PROGRESS

Are we winning with the consumer?

Key Metrics:

- ✓ #1 or #2 dollar share in core markets
- ✓ Net sales growth year over year

Are we improving our execution?

Key Metrics:

- ✓ Increase customer order fill rates
- ✓ Reduce out of stock at retail

Are we progressing towards profitability?

Key Metrics:

- ✓ Gross margin improvement
- ✓ Decline in SG&A % of Sales Ratio

Are we progressing towards positive FCF?

Key Metrics:

- ✓ Working capital improvement
- ✓ Reduction in Capex



TRACKING OUR KPI



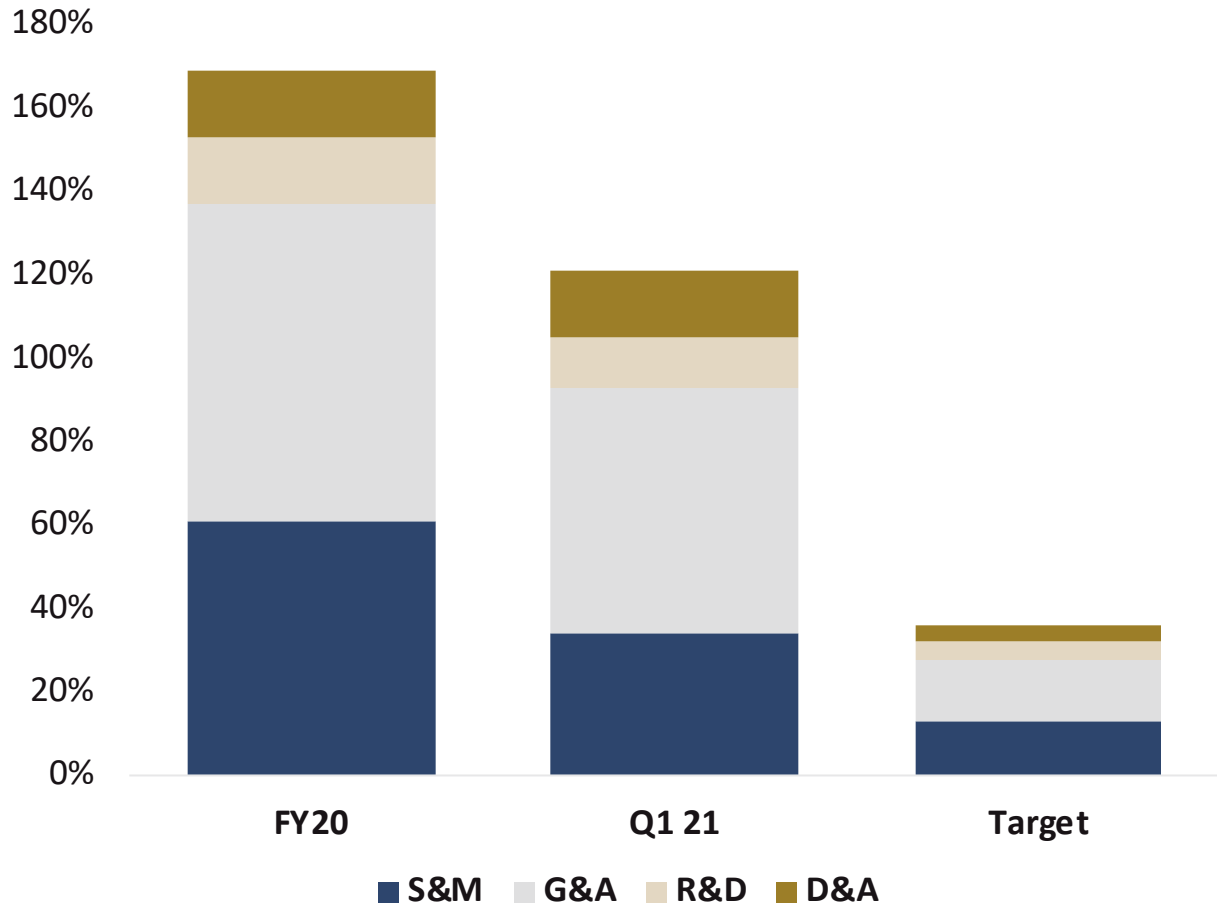
- #1 Market share in PEI and Nova Scotia/Prince Edward Islands; top 3 in most provinces in Canadian Recreational
- #1 Market share in Germany dried flower
- Supply attainment improved to 87% in Q1 2021
- Q1 2021 gross margins negatively impacted by lower production output as well as manufacturing variances and inventory adjustments
- Working capital improvement driven by reduced spending on inventory
- Capex declined versus a year ago

	Q4 2020	Q1 2021
WIN WITH CONSUMER		
#1 or #2 Market Share in Canada		
#1 or #2 Market Share in US		
#1 or #2 Market Share in Germany		
Net Sales Growth (YoY)		
QUALITY EXECUTION		
Customer Order Fill Rate ¹		
Stock Out at Retail		
ACHIEVE PROFITABILITY		
Gross Margin ²		
SG&A Ratio Trend ³		
ACHIEVE POSITIVE CASH FLOW		
Working Capital Trend ⁴		
Capex Trend ⁵		



1. Customer Order Fill Rate: Target of at least 95% in supply attainment (inventory availability per plan)
2. Gross Margin: Near-term target of 40%
3. SG&A Ratio Trend: Target declining trend in SG&A as % of sales
4. Working Capital Trend: Target a declining trend in working capital
5. Capex Trend: Target a declining trend in capex

TARGET SIZABLE REDUCTION IN SG&A RATIO OVER TIME



Near-term Opportunities:

- Headcount reduction in April/May began to flow through SG&A in Q1 FY21
- Completion of organizational changes expected to lower G&A
- R&D to be focused against high-return projects

Medium-term Target:

- Sales & Marketing: **mid-teens** as % of Sales
- G&A: **low-double-digits** as % of Sales
- R&D: **mid-single-digits** as % of Sales

Q1 21 KEY FINANCIAL HIGHLIGHTS

<i>(CDN in millions)</i>	Q1 21	Q1 20	vs. Q1 20
Net Revenue	\$110	\$90	22%
Adjusted Gross Margins	7%	20%	(13pp)
Adjusted EBITDA	(\$92)	(\$93)	1%
Free Cash Flow	(\$180)	(\$370)	51%
Cash/Marketable Secs.	\$2,037	\$3,141	(35%)

Key Takeaways

- ❖ *Net revenue increased by 22%, driven by higher medical sales, strong Storz & Bickel vaporizer sales, and acquisition benefits versus Q1 2020*
- ❖ *Adjusted gross margin of 7% was negatively impacted by lower production output as well as manufacturing variances and inventory adjustments*
- ❖ *Adjusted EBITDA loss narrowed slightly driven by lower SG&A expenses, offset by a reduction in gross margin*
- ❖ *Free Cash Flow of -\$180mm was a more than 50% improvement versus Q1 2020*



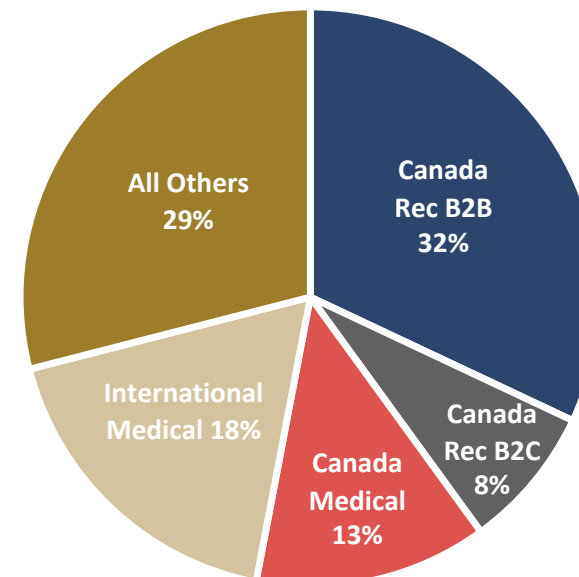
- Adjusted Gross Margins are Non-GAAP measures that exclude inventory step-up costs
- Adjusted EBITDA and FCF are Non-GAAP measures

REVENUE PERFORMANCE BY SEGMENT

- ❖ Global medical businesses grew a combined 54% year over year
- ❖ All Others sales grew 71%, driven in part by S&B sales growth of 76% versus Q1 2020 led by expanded distribution in the US market

<i>(CDN in millions)</i>	Q1 21	Q1 20	vs. Q1 20
Canadian Recreational Net Revenue:			
B2B	\$34.9	\$38.9	(10%)
B2C	\$9.3	\$10.6	(12%)
Canadian Recreational Net Revenue	\$44.2	\$49.5	(11%)
Canadian Medical Net Revenue	\$13.9	\$11.7	19%
International Medical Net Revenue	\$20.2	\$10.5	92%
All Others Net Revenue	\$32.1	\$18.8	71%
Net Revenue	\$110.4	\$90.5	22%

Q1 2021 NET REVENUE MIX

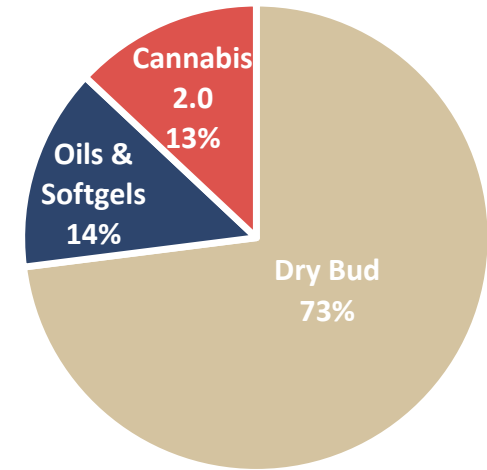


REVENUE PERFORMANCE BY FORMAT

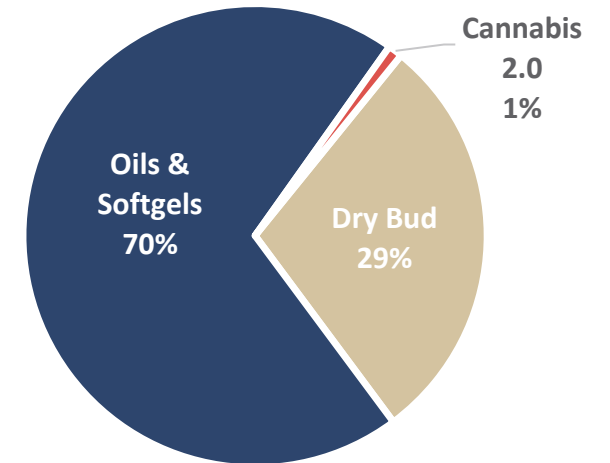
- ❖ Cannabis 2.0 products accounted for 13% of Canadian Recreational sales
- ❖ Flower and pre-roll sales declined in Q1 2021 versus Q1 2020
- ❖ In Medical, oil & softgels accounted for 70% of total revenue

(CDN in millions)	Q1 21	Q1 20	vs. Q1 20
Canadian Recreational:			
Dry Bud	\$40.1	\$60.9	(34%)
Oils & Softgels	\$7.7	\$8.2	(6%)
Cannabis 2.0 products	\$7.0	-	NM
Other Revenue Adjustments	(\$3.4)	(\$8.0)	58%
Excise Taxes	(\$7.2)	(\$11.5)	37%
Global Medical:			
Dry Bud	\$10.2	\$7.2	42%
Oils & Softgels	\$25.0	\$16.3	53%
Cannabis 2.0 products	\$0.3	-	NM
Excise Taxes	(\$1.4)	(\$1.4)	4%
All Others Net Revenue	\$32.1	\$18.8	71%
Net Revenue	\$110.4	\$90.5	22%

Canadian Recreational Sales by Format - Q1 2021

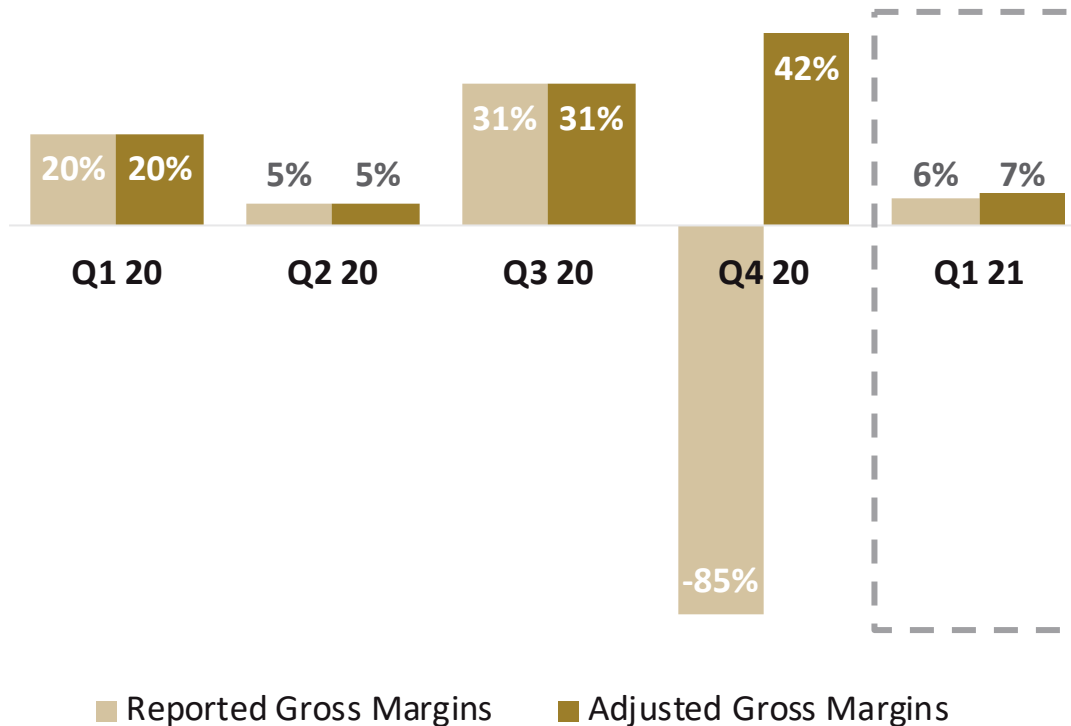


Global Medical Sales by Format - Q1 2021



GROSS MARGIN PERFORMANCE

Quarterly Gross Margin Trend



Drivers of Q1 2021 Gross Margin Performance

(-) ~\$18mm impact related to under-absorption of fixed overhead costs

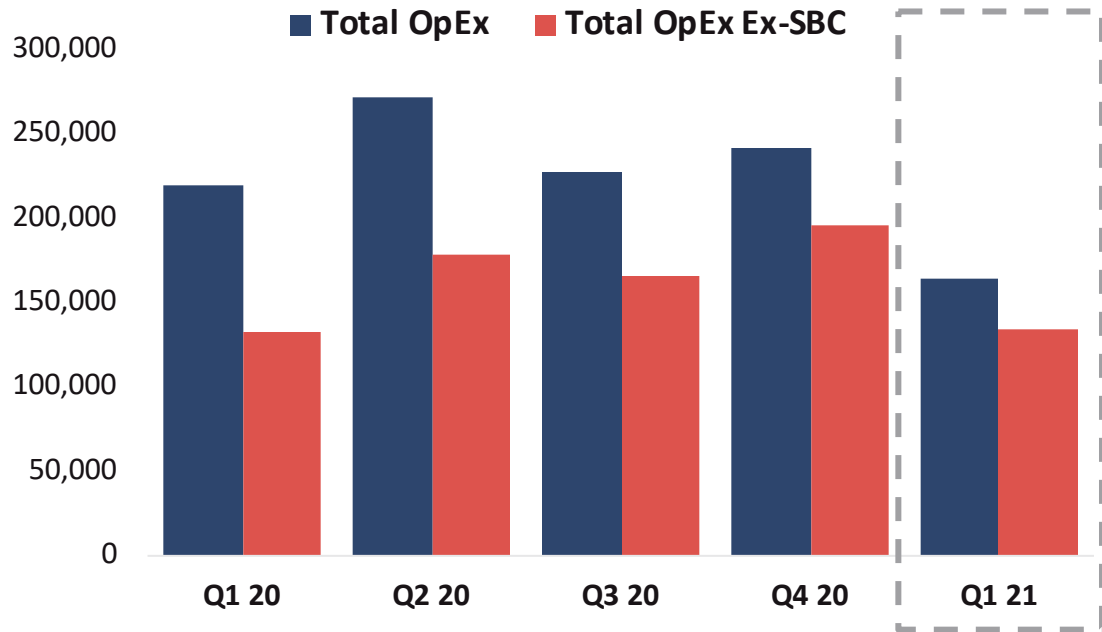
(-) ~\$11mm related to manufacturing variances including out-of-spec production that did not meet new targeted THC ranges

(-) ~\$5mm in inventory provision based on revised forecasts relative to our inventory holding policy

(+) Increased contribution from higher-margin C3, Storz & Bickel, and This Works businesses

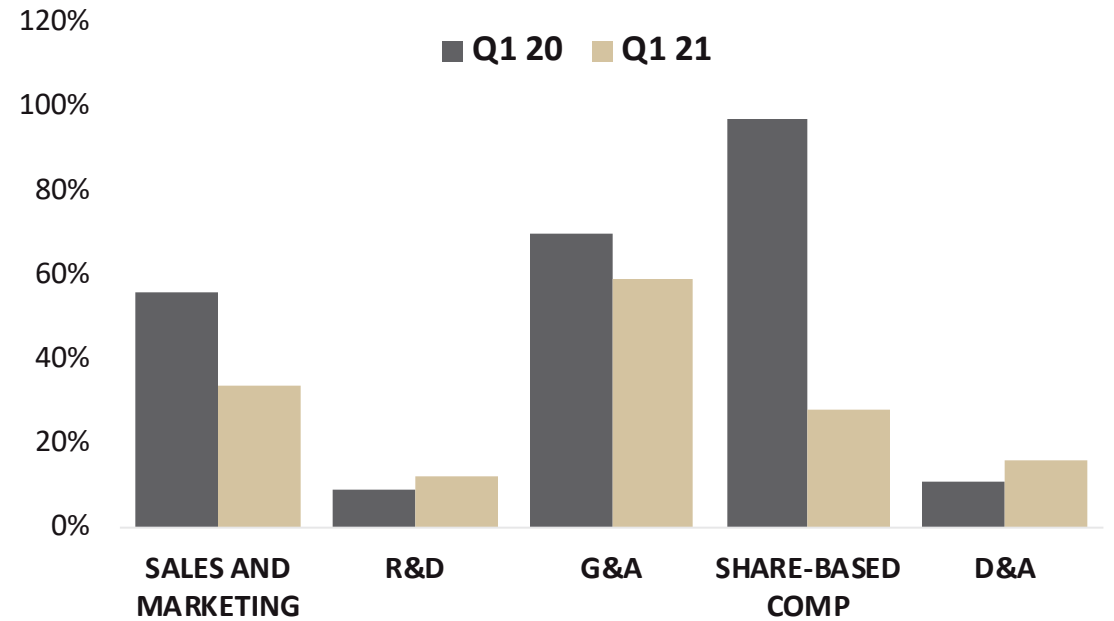
OPEX TREND

Quarterly OpEx Trend (C\$ in `000s)



- ❖ Total OpEx declined by 25% versus Q1 2020
- ❖ Headcount down more than 18% since December 2019

OpEx as a Percentage of Net Sales (Q1 2021 vs. Q1 2020)



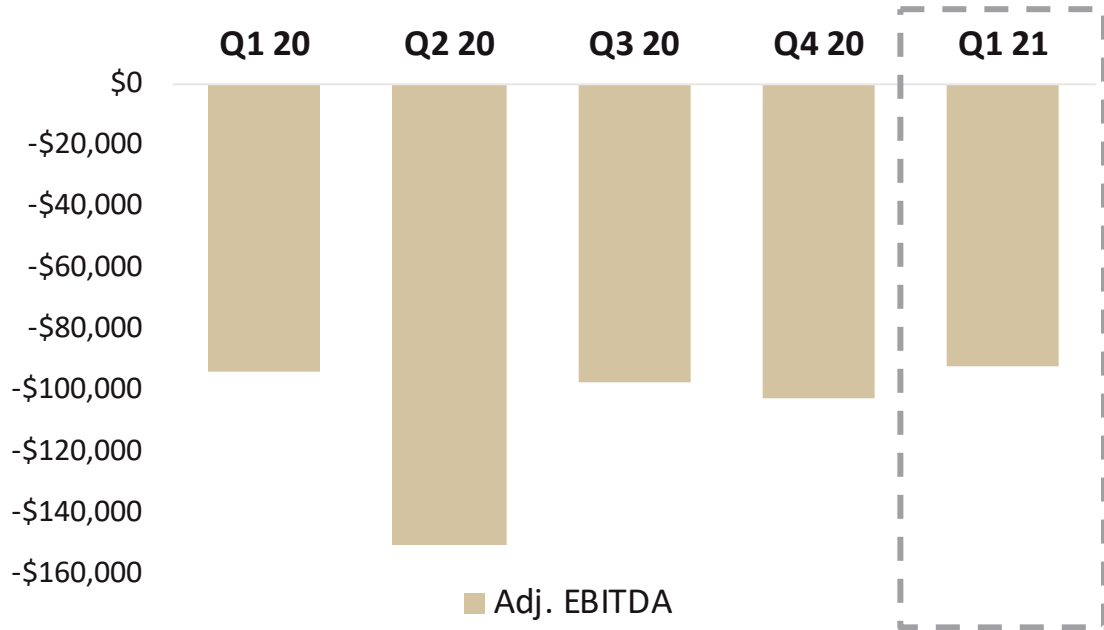
- ❖ Selling & Marketing down more than 25% versus Q1 2020
- ❖ Share-based compensation expenses down more than 60% compared to a year-ago period



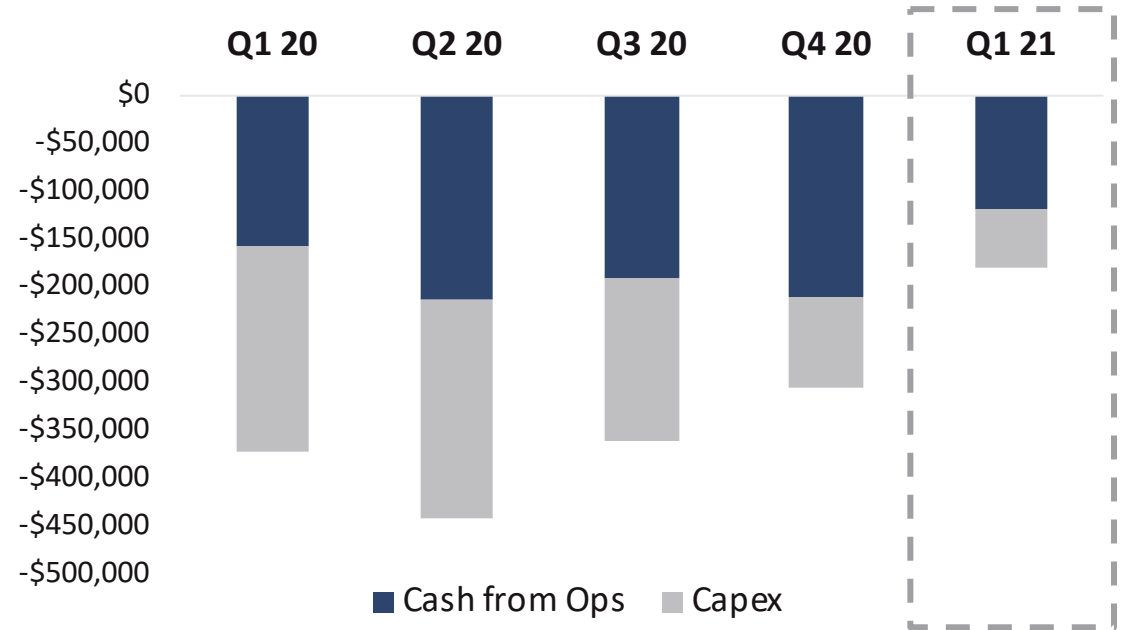
- 'OpEx' refers to Operating Expense
- 'OpEx Ex-SBC' refers to Operating Expense excluding Shared-Based Compensation
- Total OpEx excludes acquisition costs and asset impairment and restructuring costs

ADJUSTED EBITDA AND FREE CASH FLOW

Adjusted EBITDA Trend (C\$ in `000s)



Free Cash Flow Trend (C\$ in `000s)



Free Cash Flow—50% improvement over Q1 2020



Adjusted EBITDA and Free Cash Flow are Non-GAAP measures

THANK YOU

