

CANOPY GROWTH VIRTUAL INVESTOR MEETING

June 22nd, 2020



DISCLAIMERS AND CAUTIONARY STATEMENTS

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, restructuring costs recorded in cost of goods sold, 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 explained 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, which can be accessed at www.sec.gov/edgar and www.sedar.com, respectively.

Adjusted Gross Margin (referred to as "Gross Margin" herein) 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. Adjusted Gross Margin is calculated as gross margin excluding restructuring costs recorded in cost of goods sold and charges related to the flow-through of inventory step-up associated with business combinations. The Adjusted Gross Margin reconciliation is presented within the annual earnings press release of Canopy dated May 29, 2020 available on Canopy's EDGAR and SEDAR pages which can be accessed at www.sec.gov/edgar and www.sedar.com, respectively (the "**FY20 Earnings Press Release**").

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 FY20 Earnings Press Release and explained in the Company'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, which can be accessed at www.sec.gov/edgar and www.sedar.com, respectively.



TOKYO SMOKE



AGENDA

- **Introduction and Strategy Update**
 - David Klein, CEO
- **Remarks from Canopy Growth Leadership Team**
 - Rade Kovacevic – Chief Product Officer
 - Chris Edwards – Chief Insights Officer
 - Julian Cohen – Chief Innovation Officer
 - Mike Lee – Chief Financial Officer
- **Fireside Discussion with Canopy Growth Leadership Team**
- **Q&A**

INTRODUCTION AND STRATEGY UPDATE



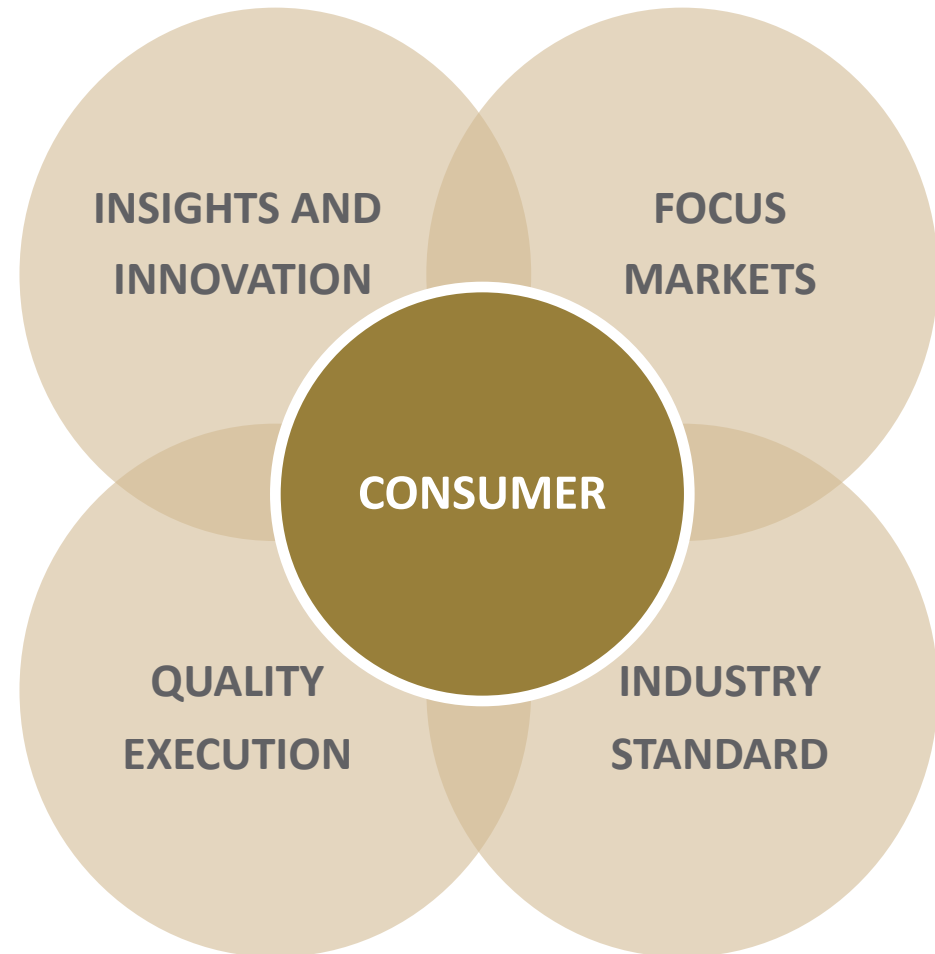
David Klein
CEO

CLEAR DESTINATION

UNLEASHING THE
FULL POTENTIAL
OF CANNABIS

SIZEABLE SHARE IN FOCUS
CATEGORIES AND MARKETS

EXECUTE PATH
TO PROFITABILITY



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

REASONS TO BELIEVE

- ✓ **Global leader in high growth industry**
- ✓ **Strong foundation**
- ✓ **Focused strategy**
- ✓ **Passionate and talented team**
- ✓ **Renewed culture aligning for profitable growth**

REMARKS BY CHIEF PRODUCT OFFICER



Rade Kovacevic
Chief Product Officer

REMARKS BY CHIEF INSIGHTS OFFICER



Chris Edwards
Chief Insights Officer

REMARKS BY CHIEF INNOVATION OFFICER



Julian Cohen
Chief Innovation Officer

REMARKS BY CHIEF FINANCIAL OFFICER



Mike Lee
EVP & CFO

FIRESIDE DISCUSSION



David Klein
CEO



Rade Kovacevic
Chief Product
Officer



Mike Lee
EVP & CFO



Chris Edwards
Chief Insights Officer



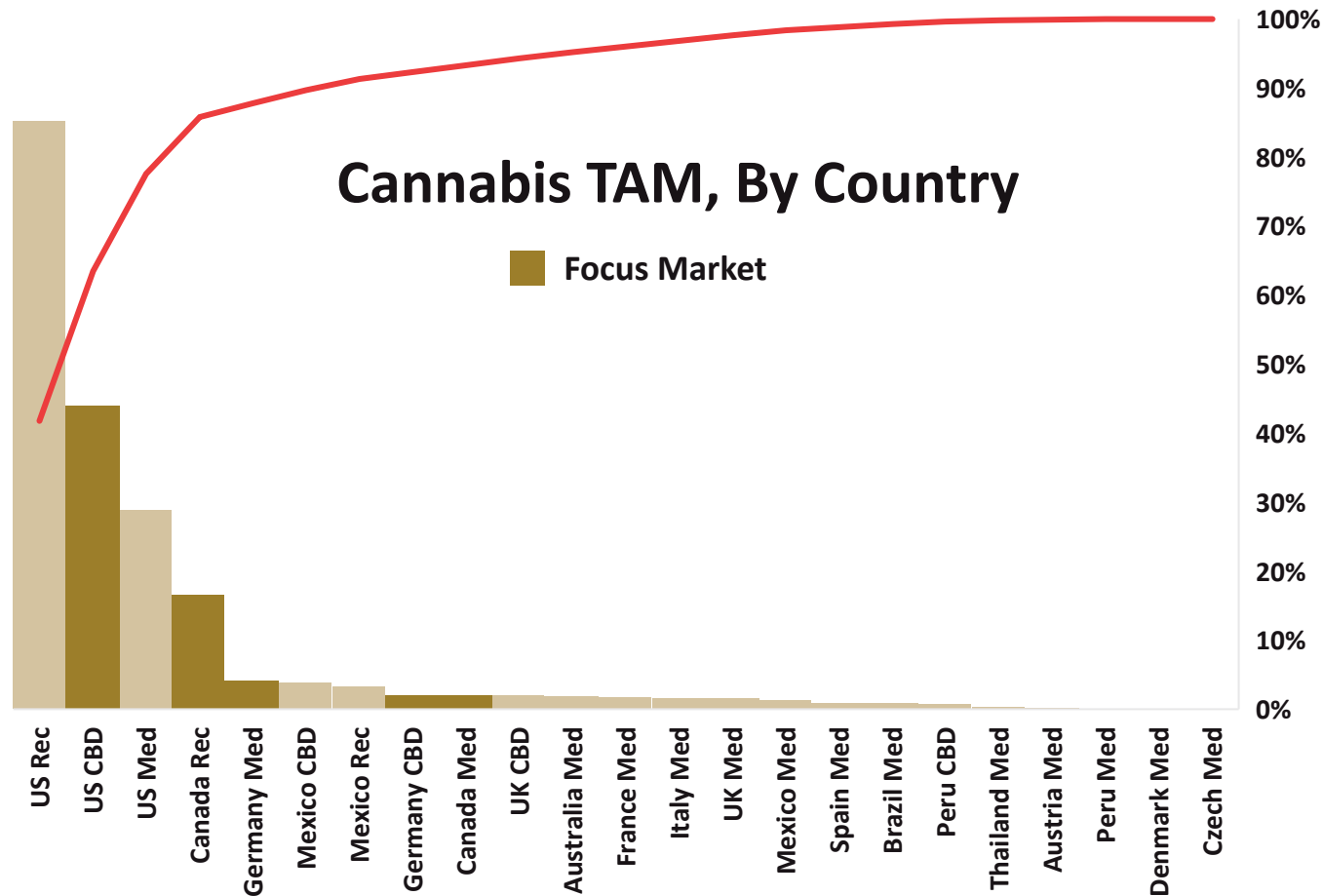
Julian Cohen
Chief Innovation Officer

TOPIC 1. TOTAL ADDRESSABLE MARKET OPPORTUNITY

What is the Total Addressable Market opportunity for Canopy over the next few years?



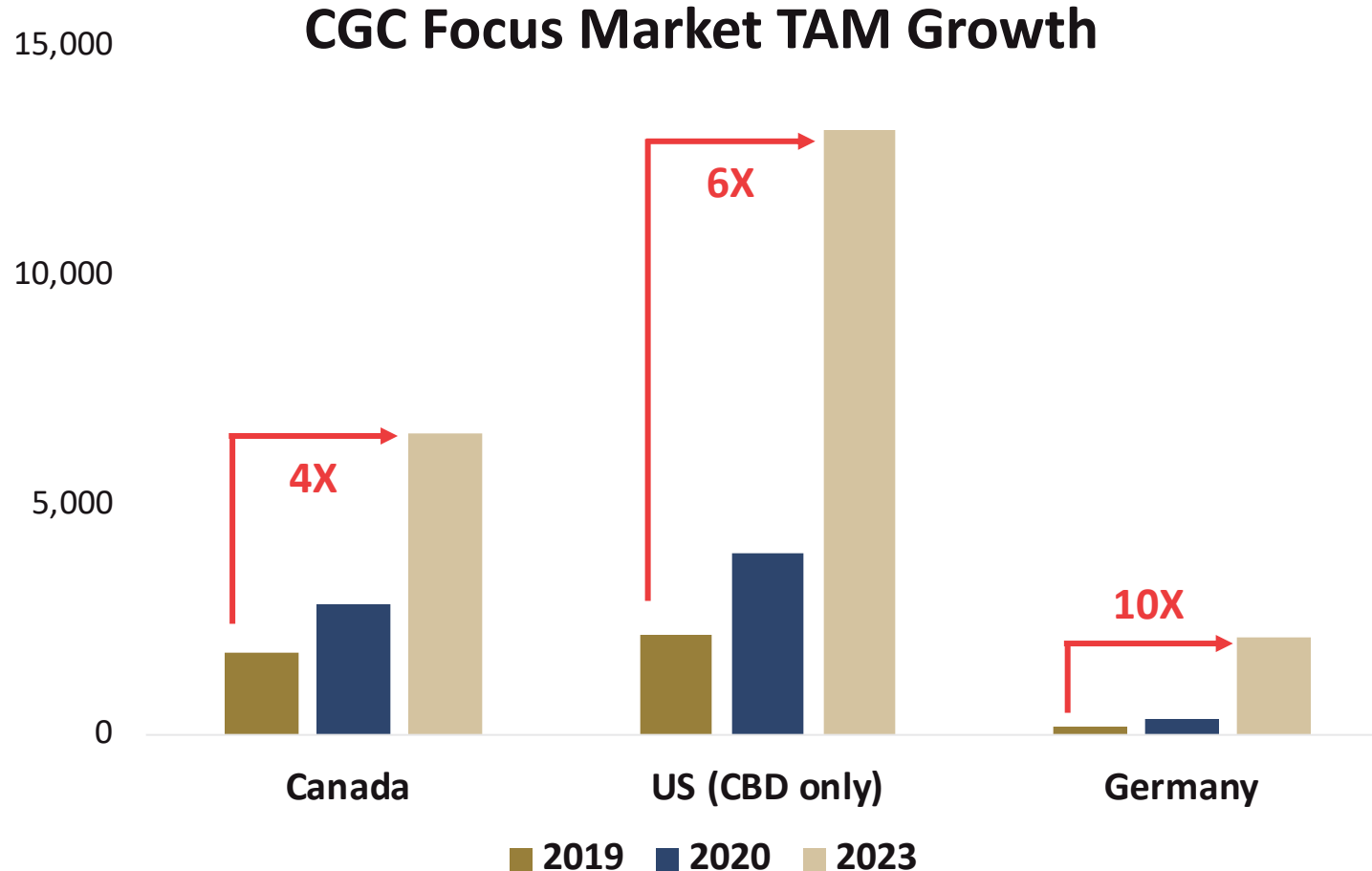
GLOBAL CANNABIS TAM OPPORTUNITY IS IMMENSE



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

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

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



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

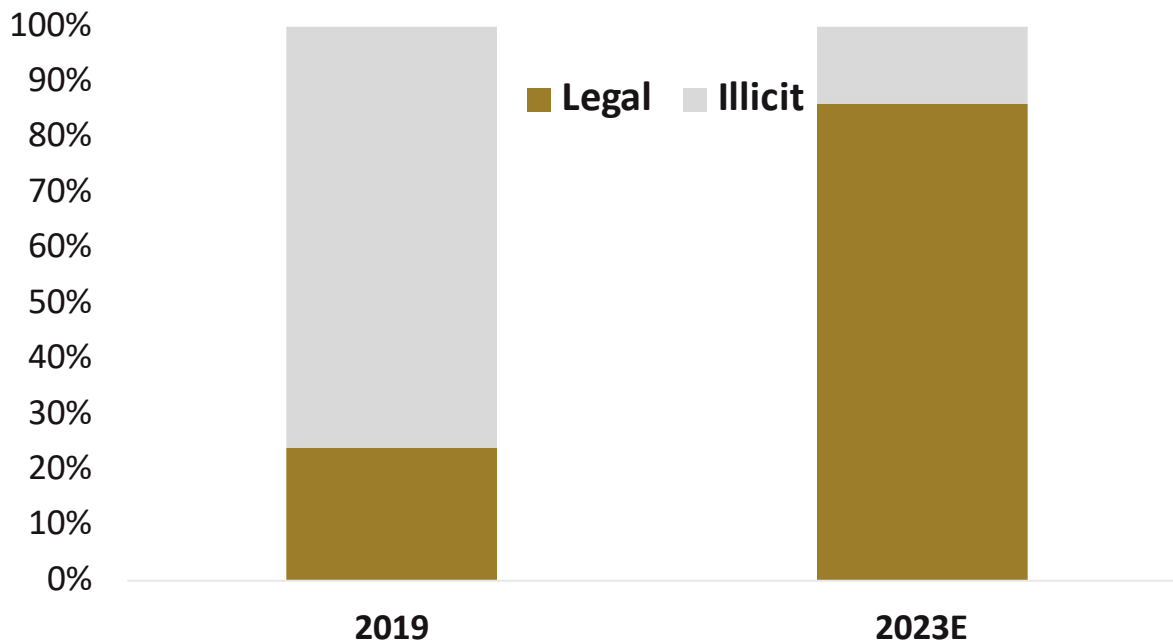
*Over \$60BN in TAM upon US
federal permissibility*

DRIVERS OF TAM GROWTH

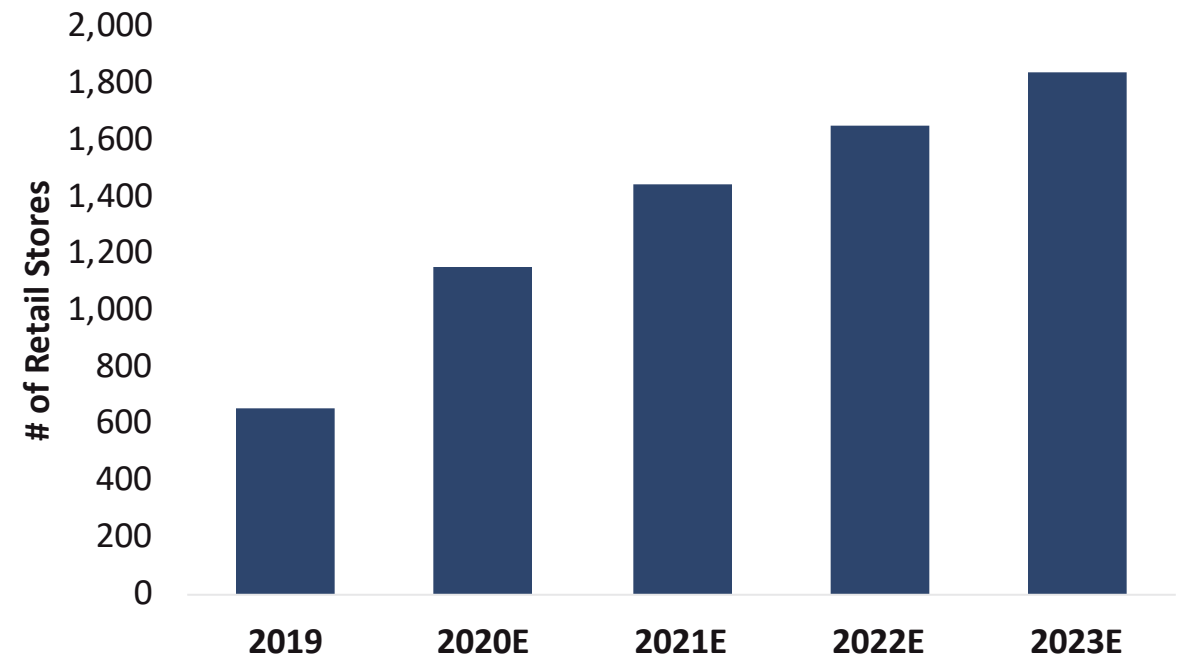
Convert to Legal from Illicit:

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



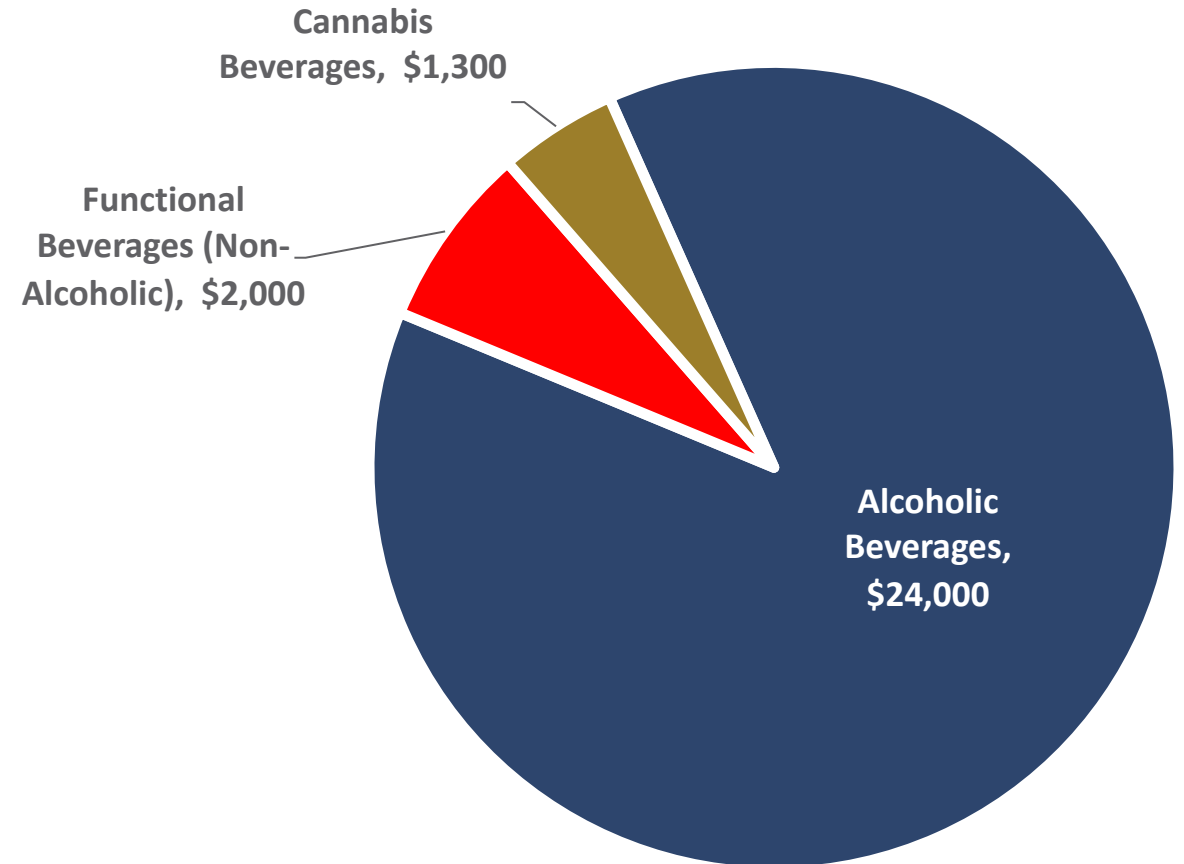
DRIVERS OF TAM GROWTH

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



TOPIC 2. MARKET SHARE ASPIRATION-CANADA

What is the outlook for the Canadian recreational business and how does Canopy intend to drive leading market position in an increasingly competitive market?

WE ARE A LEADING SHARE PLAYER IN CANADA REC

Estimated CGC Market Share Rank (Sept 2019 - April 2020)

Provinces	YTD ¹ CY20 % Total Sales	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April
ON	25%								
NS	4%								
PE	1%								



Top 3 in Market Share

Outside of Top 3 in Market Share

NEAR-TERM FOCUS TO DRIVE MARKET-SHARE GROWTH

KEY OPPORTUNITIES

A more focused portfolio of products

Improve our share in the growing value segment

Win in 2.0 products

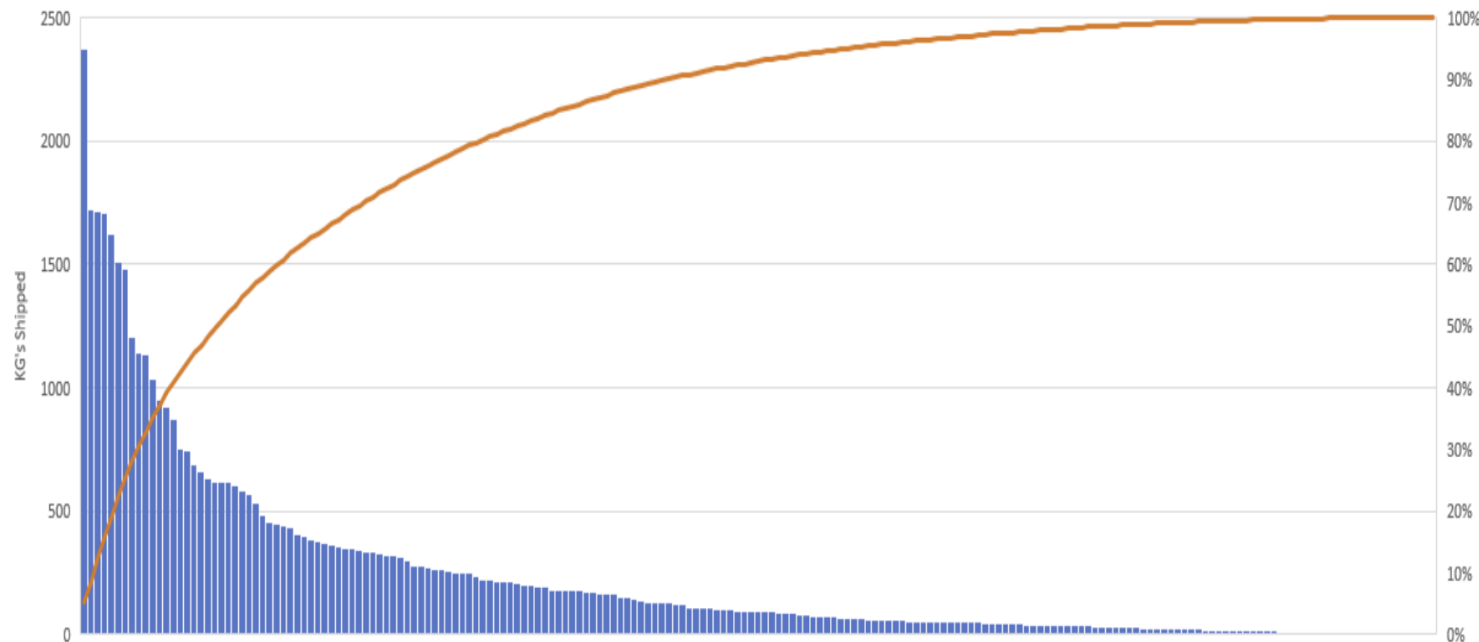
Drive quality across our product portfolio

KEY ACTION PLAN

- SKU rationalization
- Refine pricing and packaging strategy for Twd.
- Increase production capacity for edible and beverages
- Improve new product launch process
- Flower quality improvement plan

A MORE FOCUSED PRODUCT PORTFOLIO

Kg Shipped and % of total KG Shipped by SKU¹



*~30% of SKUs have accounted for
80% of Canada Recreational
shipments to date*

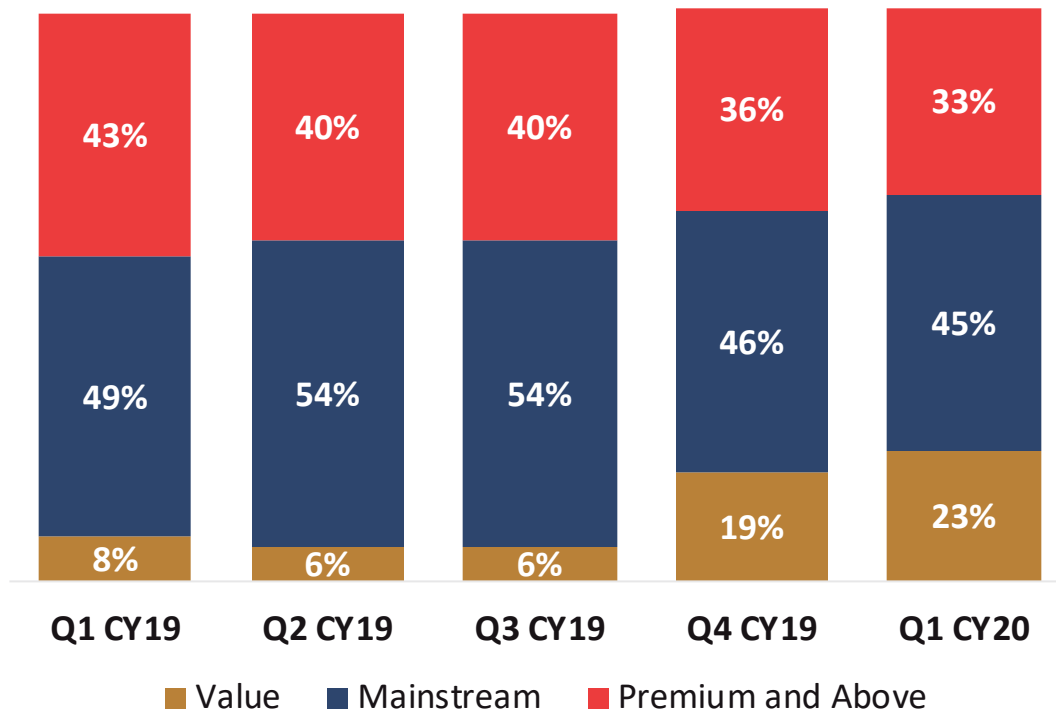
•
*Initial SKU rationalization
reduced count by 30%*

•
Further reductions likely

INTENSIFYING COMPETITION WITHIN VALUE SEGMENT

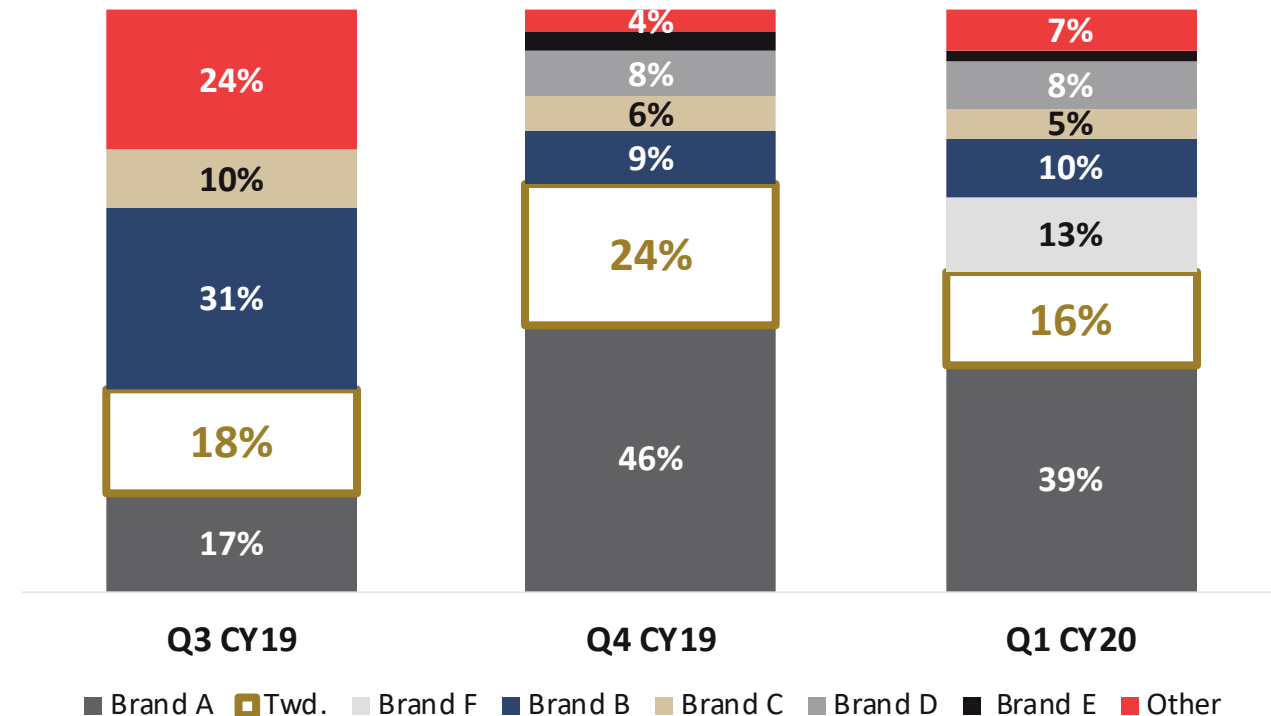
Value flower segment has grown significantly over past three quarters

Quarterly Flower Performance by Price Tier



Competition in the value flower segment since Q3 CY19 has caused significant market shifts

Quarterly Brand Market Share within Value Segment



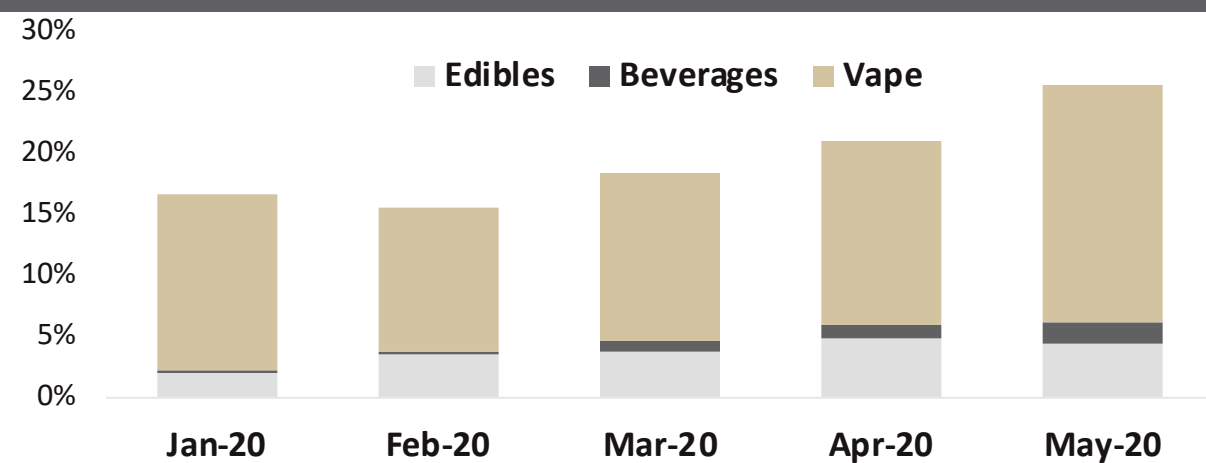
IMPROVE OUR SHARE IN THE GROWING VALUE SEGMENT

- **Short-term action plan: improve competitiveness of Twd.**
 - Market-specific pricing adjustments
 - Twd. pack sizes-increased focus on 7g, 15g, and 28g in select markets
 - Higher and tighter THC ranges
 - Nationwide rollout began late May, expect to be completed early July
 - Initial market reaction has been positive
- **Long-term response**
 - Program to develop a comprehensive value flower segment strategy underway
 - Leverage consumer insights and design-to-value

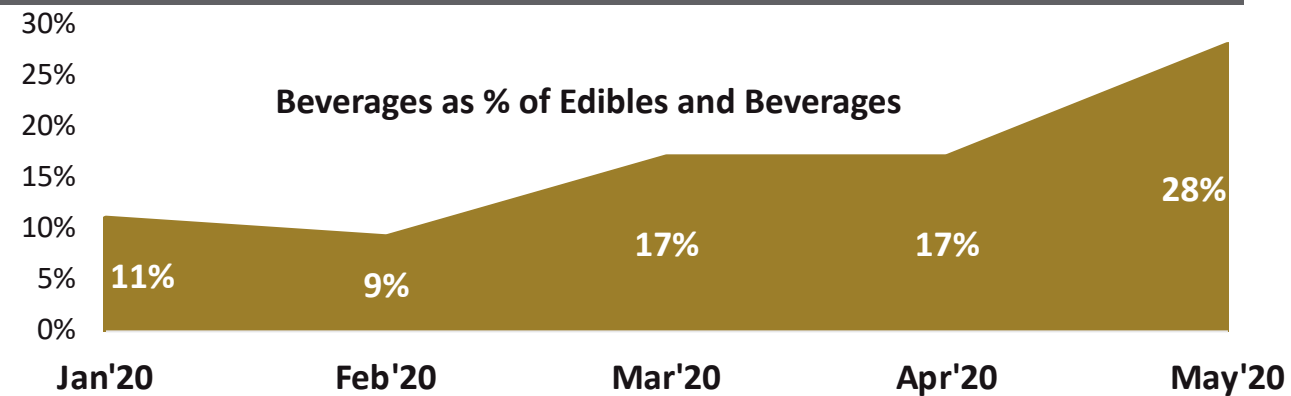


WIN IN 2.0 PRODUCT SEGMENTS

2.0 products now account for 25% of total Rec sales in Ontario



Beverages are garnering increasing share of edibles since our beverage launch



Our 2.0 product sales mix is also increasing

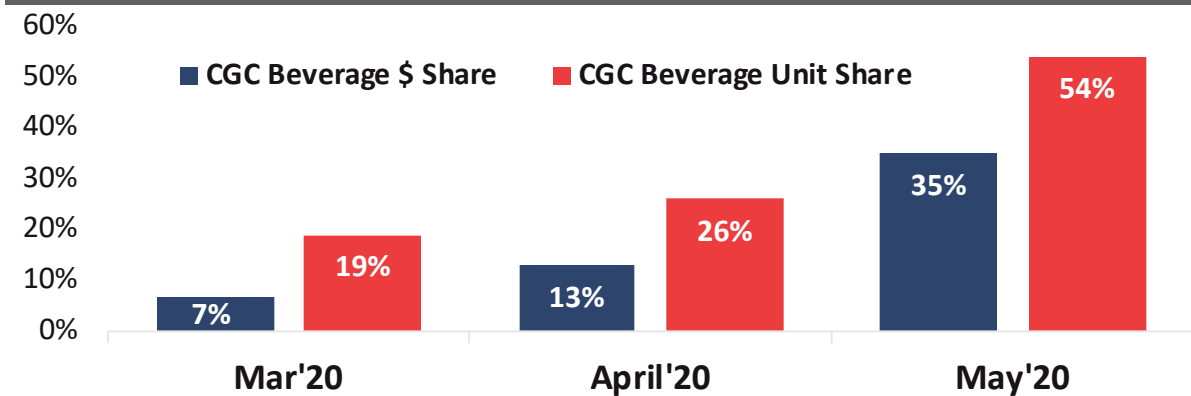
Q4 FY20

THROUGH W11 FY21

2%

12%

CGC's beverages currently dominate cannabis beverage segment in Ontario



Source: Canada Rec B2B Sales, Provincial Sales Reports sourced from ON, Period September 2019 - May 2020

WIN IN 2.0 PRODUCT SEGMENTS-BEVERAGES

Rec 2.0 Edibles-Our cannabis beverages have generated very positive response, demand exceeding supply¹



Houndstooth & Soda Consumer Survey²

- 75% of consumers had a positive perception of the taste, potency, and effect
- 73% of consumers say they would purchase the beverage in the future
- 75% of consumers would recommend the product to friends/family
- 20% of consumers who are open to repurchasing claim it would replace an alcoholic beverage

+ 530k units shipped to date

Increasing beverage production to achieve supply consistency

Doubling weekly production runs

**Doubling finished volume per run
Adding automation**

Expect to eliminate SKU stockouts in Q2 FY21



1. ON POS Data, all cannabis beverage product offerings
2. CGC's Proprietary Survey

WIN IN 2.0 PRODUCT SEGMENTS-EDIBLES

Premium chocolate production increasing to help meet demand



PRODUCTION
DOUBLED
SINCE
LAUNCH

Expanding portfolio to address other high demand product categories

BY END
OF FY21



WIN IN 2.0 PRODUCT SEGMENTS-VAPES

Rec 2.0 rollout gaining momentum - vapes



Tokyo Smoke Luma - UL 8139 certified vape system with rechargeable batteries feature precise ceramic heating technology and feature Intent-colored mouthpieces. Pause and Go cartridges in market now.



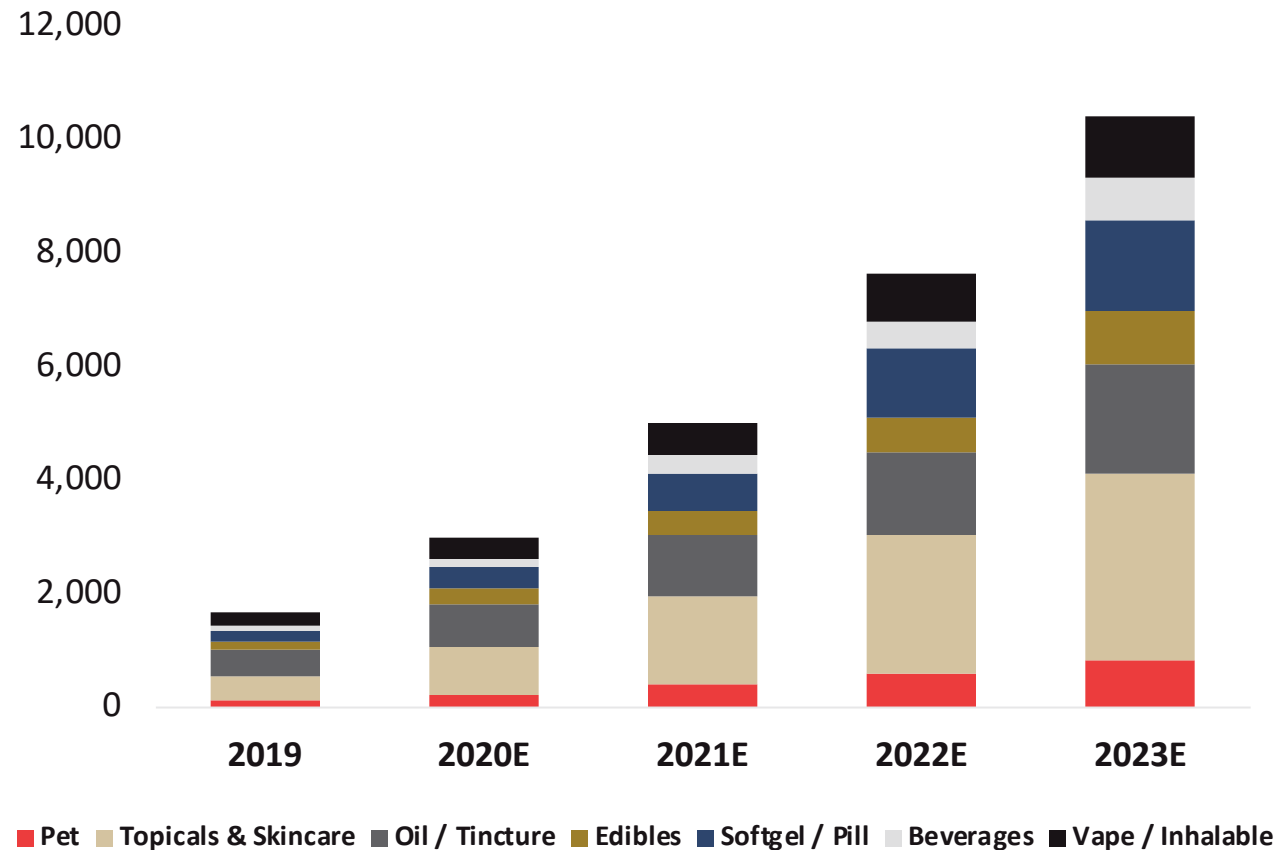
JUJU Power™ 510 Rechargeable Battery Vape Pen w/ buttonless activation, UL 8139 certified 510 Cartridges. Tweed Houndstooth, Tweed Bakerstreet and Tweed Indica cartridges in market now

TOPIC 2. MARKET SHARE ASPIRATION-US

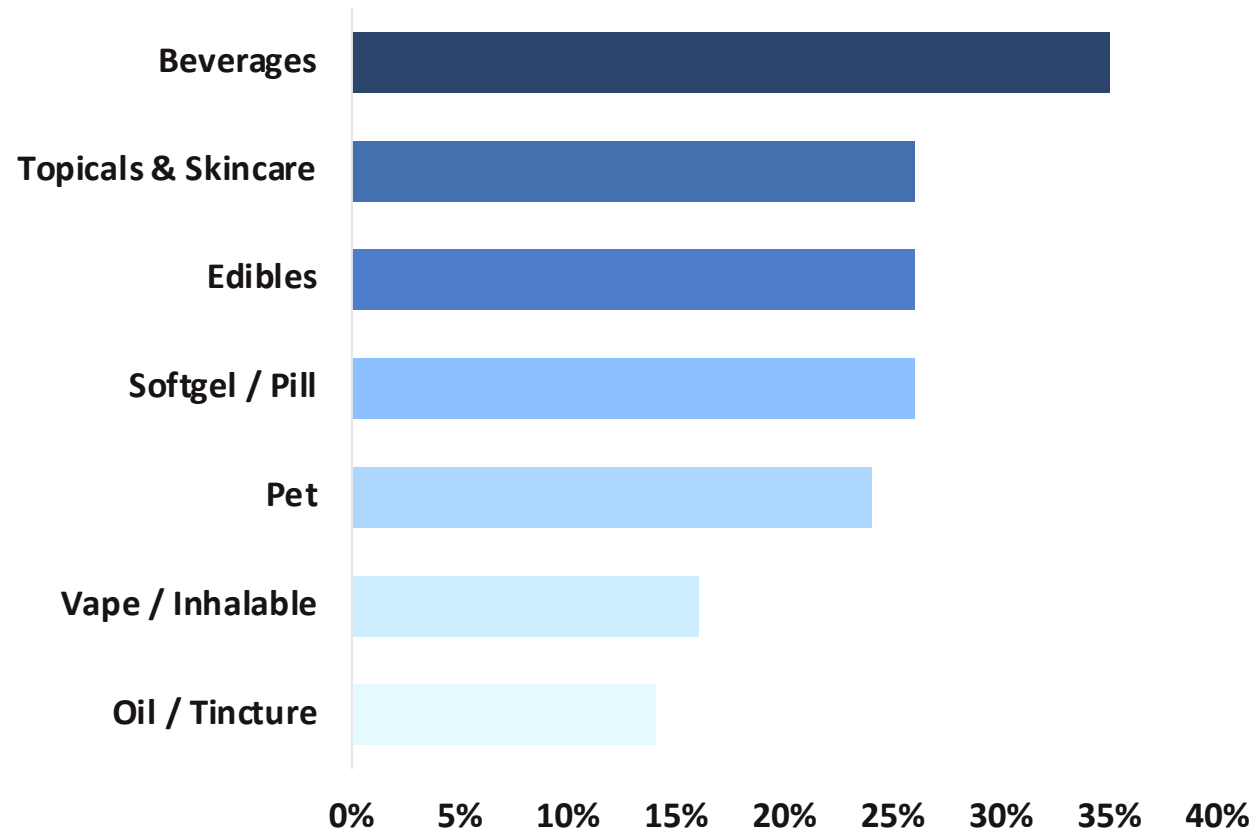
What is the outlook for the US CBD market and how does Canopy intend to become a market share leader in the US CBD market?

US CBD MARKET IS GROWING QUICKLY

US CBD Retail Sales by Products



CBD Product CAGR (2020-2025)

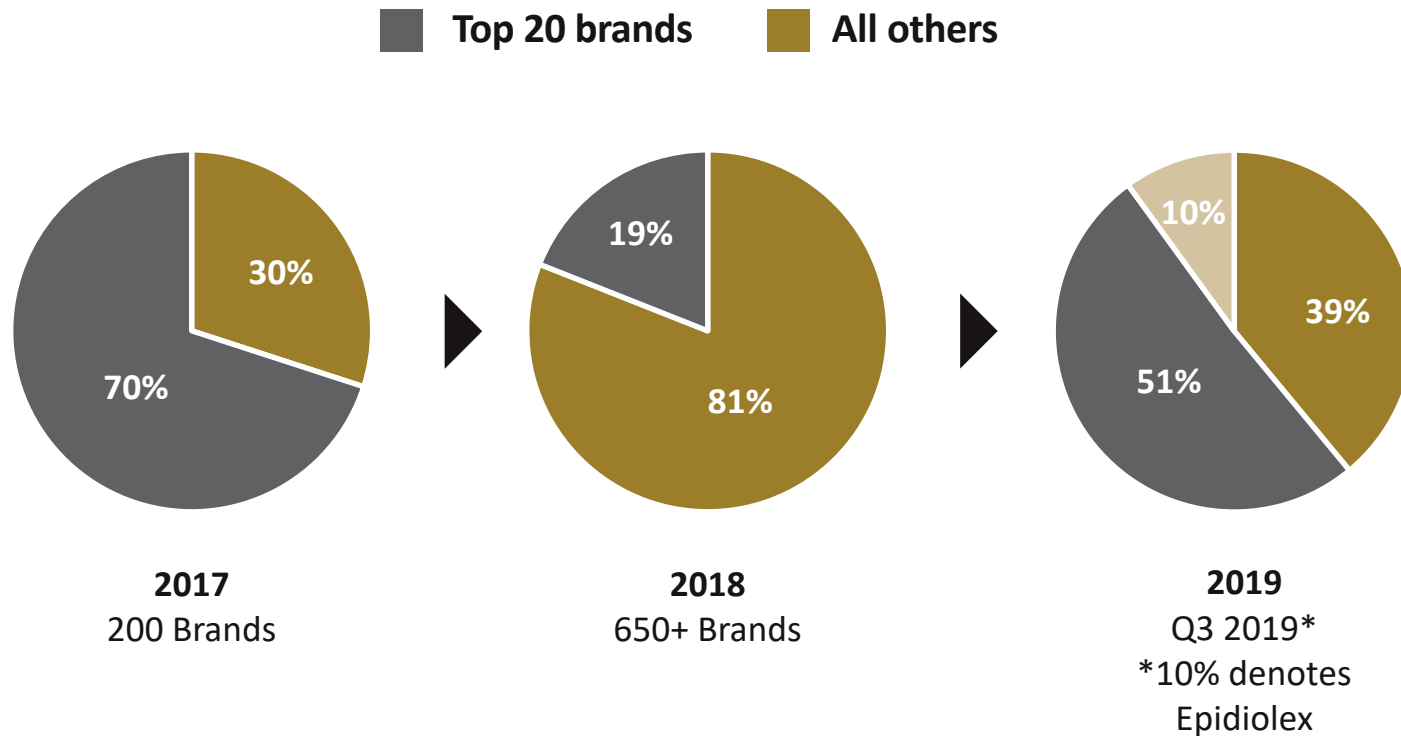


Source: CGC Internal Estimates, in USD



US CBD MARKET IS HIGHLY FRAGMENTED

There is a need for a stable category leader as the category returns to a fragmented state



Total hemp-derived CBD isolate market:

- 0.3% of companies were in the top tier (with sales of \$40+ million)
- 2.5% of companies were in the mid-high tier (with sales of \$10-40 million)
- 2.9% of companies were in the mid tier (with sales of \$1-10 million)
- 94.3% of companies were in the low tier (with sales of <\$1 million)

There is a need for a larger, more stable manufacturer to take a leadership role in the category.

OUR DIFFERENTIATED APPROACH

- **Lead with science = quality and efficacy second to none**
- **Deliver consistent experience that consumers seek and demand**
- **Portfolio of product pillars to target a range of consumer need states for cannabinoid**
- **Be the voice for our industry on Capitol Hill**
- **Strong collaboration with the FDA**



OUR US CBD ROADMAP

FY21...

Already in the US Market

First
& Free™

BIOSTEEL | 

thisworks®
24HR SKIN SOLUTIONS

Martha Stewart launch this fall!



40+ SKUs by end of CY 2020

•

Expanding distribution footprint

•

*Building a world-class sales
organization*

OUR US CBD ROADMAP

...By FY23

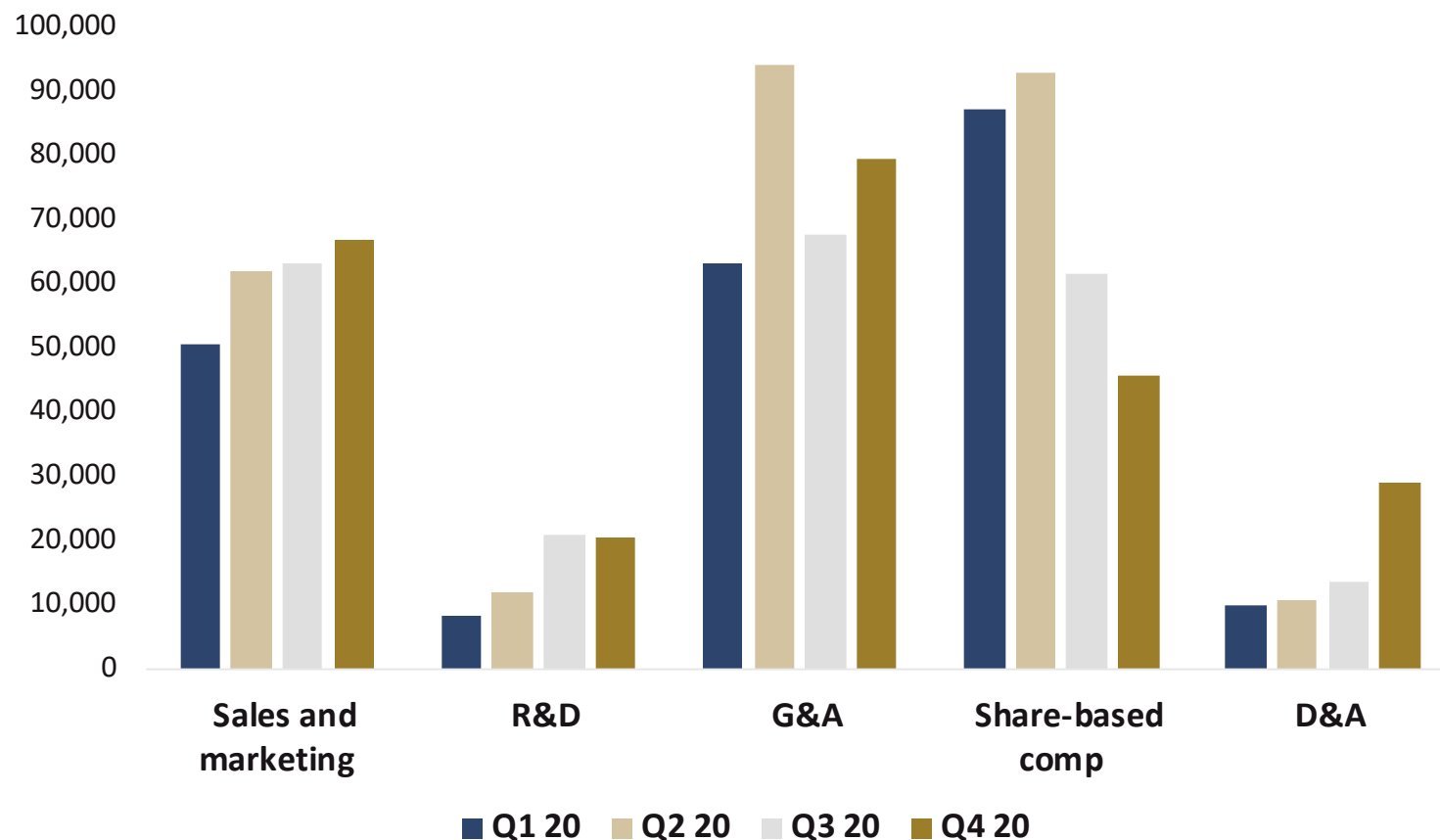
- US\$10 billion market opportunity in US CBD
- FDA clarifies CBD regulations, opening the door to broad distribution/product formats
- Become a leading CBD supplier to large-format retailers
- Build towards top-three market share in key product categories

***10% Share of
US CBD =
US\$500MM
NET REVENUE
OPPORTUNITY***

TOPIC 3. OPEX MANAGEMENT

How is Canopy balancing investing for growth while also managing costs to improve margins?

OPEX QUARTERLY TREND IN FY 2020

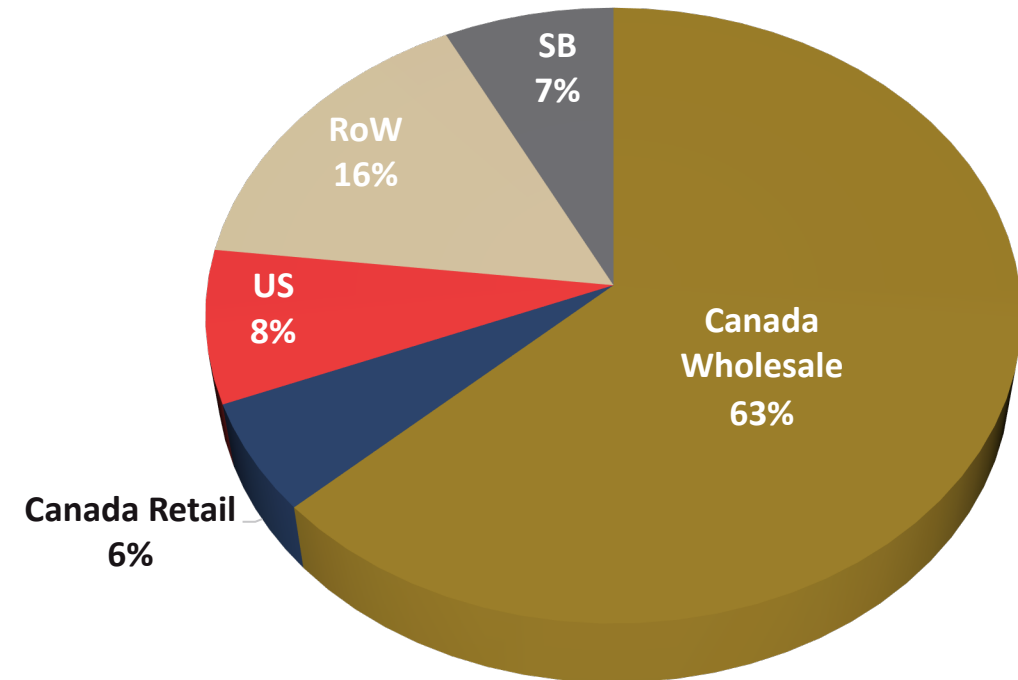


- **Sales and Marketing** increase driven by 2.0 products and CBD investment
- **G&A expenses** show more volatility
- **Share-based comp** has declined significantly
- **D&A** increase in Q4 driven mainly by a catch-up in amortization from acquisitions

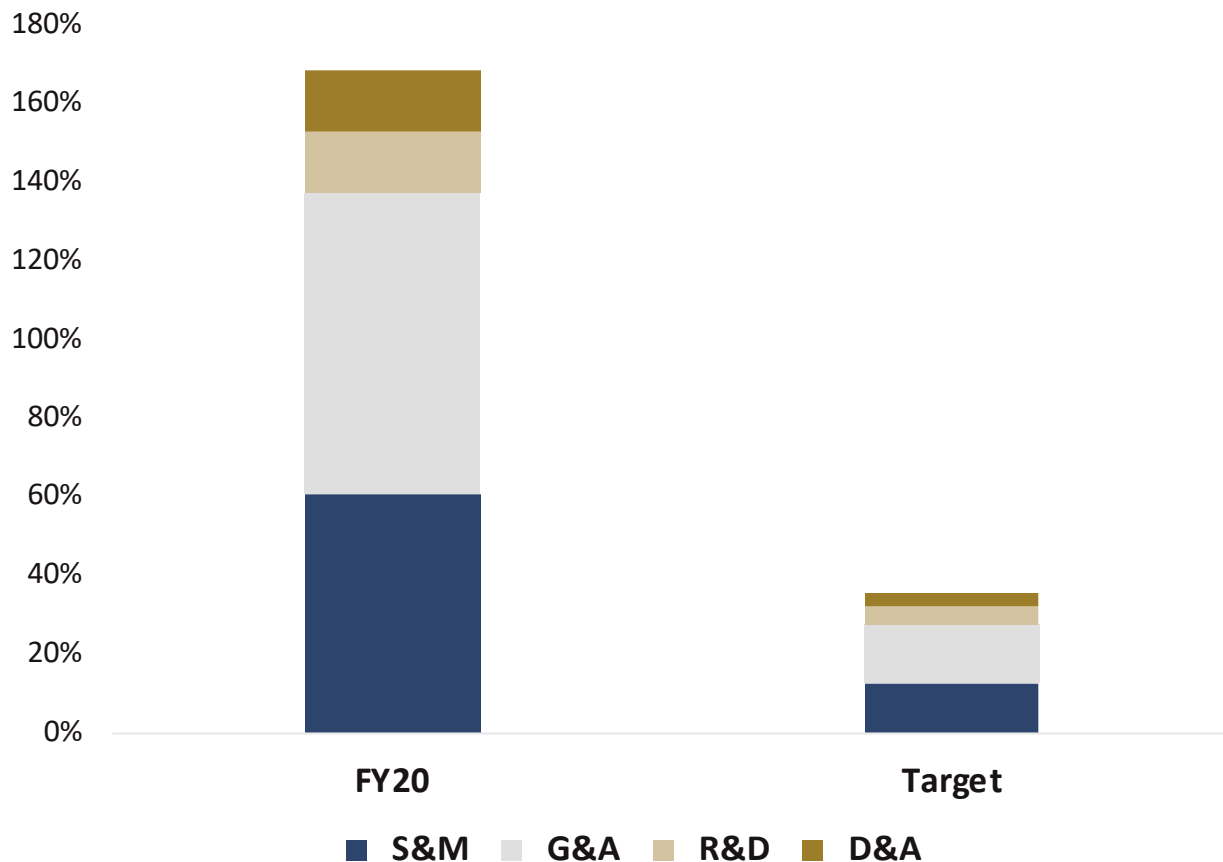
INVESTING FOR THE LONG TERM

- US CBD investment to support sizable revenue opportunity
- Canada absorbing much of the central overhead costs
- Marketing & Promotions expenses less than 40% of total Sales & Marketing expenses in FY20, expect to be a greater mix going forward

SG&A EXPENSE BREAKDOWN (FY20)



TARGETING SG&A RATIO TO APPROACH PREMIER CPG



Near-term Opportunities:

- Headcount reduction in April/May to begin to flow through SG&A starting in Q1 FY20
- 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

TOPIC 4. QUALITY FOCUS

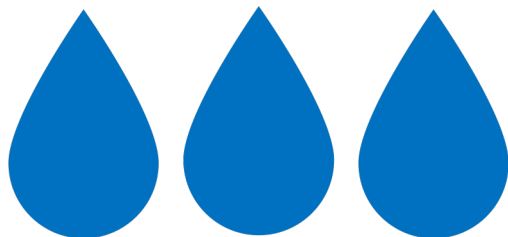
How does Canopy plan to improve quality of products and operations?

CONSUMER QUALITY FOCUSED INITIATIVES

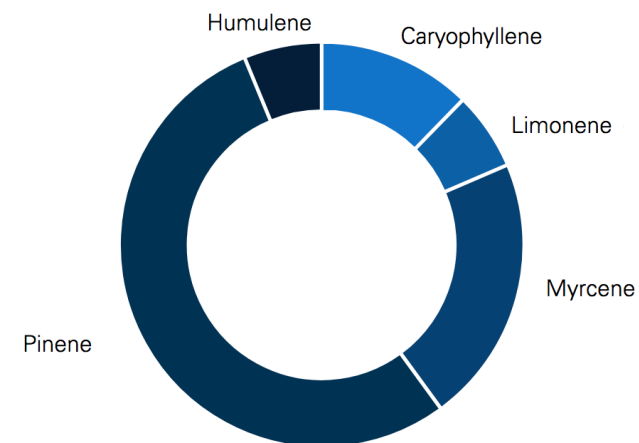
Integrated agriculture science with production operations - Best-in-class capabilities

Near-term flower quality improvement initiatives - Focus on post-harvest drying

Implemented higher moisture level
content standards



Assessing process adjustments to
better preserve terpene profile



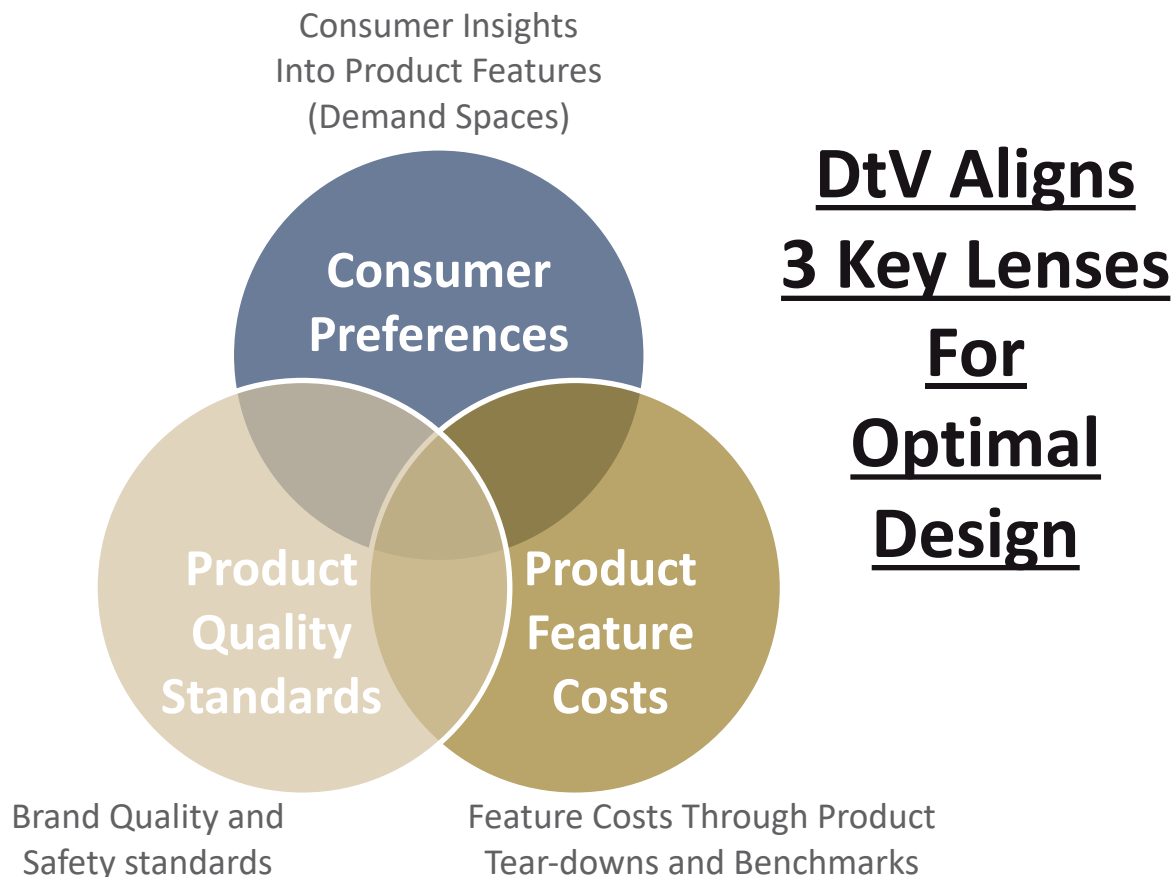
INITIATING “END-TO-END” SUPPLY CHAIN DIAGNOSTICS

- Align on the components of Canopy’s **commercial strategy** that will inform supply chain requirements to win in the future
- Identify the **primary gaps in the current supply chain** through an **end-to-end perspective**
- Estimate the **value that supply chain can unlock for Canopy**
- Define a **holistic supply chain strategy** for the next 3-5 years, while identifying near term value capture opportunities
- **Prioritize initiatives, required capabilities** to reach the supply chain vision and financial targets

*Develop roadmap to transform Canopy’s supply chain
into a competitive advantage that enable the commercial strategy*

DESIGN-TO-VALUE TO UNLOCK VALUE

Design-to-Value: Designing in quality and unlocking value in multiple ways



It unlocks value in multiple ways

- 1 **Product improvement where it counts**
Increases customer satisfaction, loyalty, advocacy and pull
- 2 **Price/brand protection**
Enables maintained pricing or potential increases if enhancements justify
- 3 **Volume growth**
Better product features → more consumers buy
- 4 **Trade partner dialogue**
Deep conversations focused on the consumer
- 5 **Guidance on future innovations**
Better aims extensions and innovations to align with consumer preferences
- 6 **Smart cost reductions**
Drives savings in features that don't affect consumer preferences or quality standards

TOPIC 5. INSIGHTS AND INNOVATION

What are the key areas of focus for insights and innovation efforts in the near-to-medium-term?

GROWTH IN BOTH THC AND CBD WILL COME THROUGH THREE UNIQUE GROUPS: CONSUMERS, INTENDERS, AND REJECTERS

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

REJECTERS



GET

THC or CBD rejecters

TO

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

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

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

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



TOKYO SMOKE



CREATING THE FUTURE AT CANOPY

INNOVATION

Agricultural Science



Formulation



Vape Technology



Human Effects



TOPIC 6. KEY METRICS

What are the key metrics to track Canopy's progress as the company rolls out its revised strategy?



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

Q&A



David Klein
CEO



Rade Kovacevic
Chief Product
Officer



Mike Lee
EVP & CFO



Chris Edwards
Chief Insights Officer



Julian Cohen
Chief Innovation Officer

THANK YOU!

