



CANOPY GROWTH Q1 2022 EARNINGS PRESENTATION

August 6, 2021



CANOPY GROWTH
UNLEASHING THE POWER OF CANNABIS



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, 2021, 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. Forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.



NON-GAAP MEASURES

Adjusted EBITDA 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 EBITDA is calculated as the reported net income (loss), adjusted to exclude income tax recovery (expense); other income (expense), net; 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. Asset impairments related to periodic changes to the Company's supply chain processes are not excluded from Adjusted EBITDA given their occurrence through the normal course of core operational activities. The Adjusted EBITDA reconciliation is presented within this presentation and within the earnings press release of Canopy dated August 6, 2021 and explained in Canopy's Quarterly Report on Form 10-Q for the period ending June 30, 2021, 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 restructuring and other charges recorded in cost of goods sold, and charges related to the flow-through of inventory step-up on business combinations. Adjusted Gross Margin Percentage is calculated as Adjusted Gross Margin divided by net revenue. The Adjusted Gross Margin and Adjusted Gross Margin Percentage reconciliation is presented within this presentation and within the earnings press release of Canopy dated August 6, 2021 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 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 of and deposits on property, plant and equipment. The Free Cash Flow reconciliation is presented within this presentation and within the earnings press release of Canopy dated August 6, 2021 and explained in Canopy's Quarterly Report on Form 10-Q for the period ending June 30, 2021, 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.



TODAY'S SPEAKERS



DAVID KLEIN
CEO



MIKE LEE
EVP & CFO



AGENDA

- Key Takeaways
- Progress Against Our Key Strategic Priorities
- Q1 2022 Financial Results Review
- Q&A



KEY TAKEAWAYS

ANOTHER QUARTER OF STRONG DOUBLE-DIGIT REVENUE GROWTH YEAR-OVER-YEAR

- Delivered **23%** growth in net revenue in Q1 2022 versus Q1 2021
- **Strong double-digit growth** in both cannabis and consumer products businesses

COMPLETED ACQUISITION OF ACE VALLEY AND SUPREME CANNABIS

- Commercial and operational integration progressing smoothly
- On track to achieve **\$30 million of cost synergies** from the Supreme acquisition

CONSUMER INSIGHTS-DRIVEN INNOVATIONS HITTING THE MARKET

- Over 50 new SKUs launched over the course of Q4 2021 and Q1 2022, with 100+ new SKUs planned for Q2 2022 and beyond
- Recent innovations include **Doja and Tweed lineage flower products, Tweed Quickies** and **Ace Valley Pinner** pre-roll multi-packs, **Tweed Iced Tea and Tweed Fizz seltzer beverages** and **Ace Valley gummies** in new flavors

REMAIN FOCUSED ON FURTHER CAPITALIZING ON THE U.S. MARKET

- Release of the draft **Cannabis Administration and Opportunities Act (CAOA)** is an important milestone
- Already built-out **multiple routes to market in federally permissible U.S. THC market**; focused on additional opportunities to increase exposure to the U.S. market in advance of permissibility

ACHIEVING PROFITABILITY AND IMPROVING FREE CASH FLOW REMAIN THE COMPANY'S TOP PRIORITY

- Achieved **\$38 million in cost savings** through Q1 2022; on track to deliver \$150-\$200 million by the end of the first half of FY 2023
- Remain focused on driving top-line growth and achieving positive Adjusted EBITDA by end of FY 2022

RECENT COMPLETED ACQUISITIONS

Supreme.

- Strengthens brand portfolio by including one of Canada's leading premium and ultra-premium brands, 7ACRES and 7 ACRES CRAFT COLLECTIVE
- Brings a premium, low-cost and scalable cultivation facility to Canopy's production capabilities
- Opportunity to achieve cost synergies estimated at approximately \$30mm within two-years of the deal close



- Range of SKUs complements Canopy Growth's existing portfolio of premium vapes, pre-roll joints, and gummies
- Canopy Growth is leveraging its best-in-class sales, marketing and distribution capabilities to scale the brand across Canada
- Expects to unlock revenue growth opportunities and cost synergies as the Ace Valley brand is extended

The Integration of Supreme and Ace Valley is Expected to Enhance Top-and-Bottom Line Performance



STRONG INNOVATION PIPELINE

Q4 21 & Q1 22

50+ SKUS Including:

**Doja Legendary
Larry Flower**

Strong consumer
feedback

Twed.28 Flower

Blue Dream and Apple Pie

#5 and #6 single strain products in Q1'22¹

Quatreau Ready-to-Drink CBD Beverages

4-Packs available in the U.S. now

**Twed. Pre-Roll Joint 12-packs,
Tweed Quickies and Ace Valley
Pinner Packs** launched in the
rapidly-growing pre-roll category

Twed. Strawberry Sativa Gummies

#2 Market share in the total
gummy category in Canada²

Tweed Iced Tea, Lemon and Raspberry Flavors

With 5mg of THC; in line with consumer purchasing trends continuing
to point to a strong demand for beverages with higher THC

Q2 22 +

100+ SKUS



Engaging New Products Focused On:

- Higher THC, Single Strain Genetics
- Unique and Consumer-Preferred Flavors
- Live Resin/Terpene Rich Vape Cartridges
- Addressing Consumer Need States
- Delivering Desired Effects and Mood

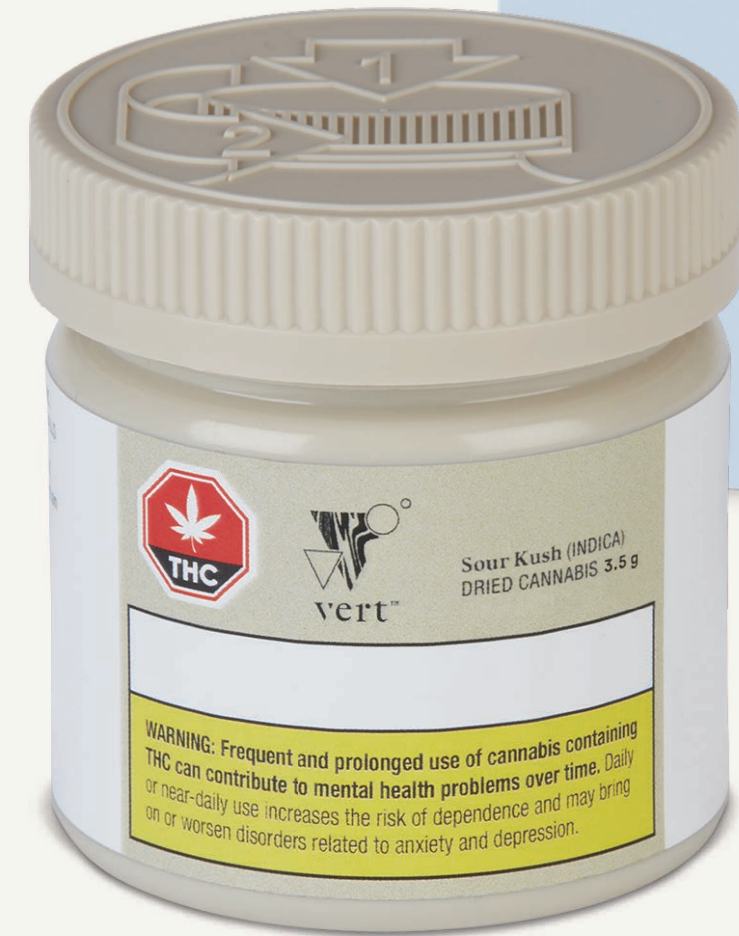
Management

1. Weighted volume share of Canadian Flower Market*

2. Weighted \$ share of Canadian Gummy Market*

*internal proprietary market share tool that utilizes point of sale data supplied by a third-party data provider, government agencies and our own retail store operations across the country. The tool captures point of sale data from an average of 30% of stores in Alberta, British Columbia, Saskatchewan, Manitoba and Newfoundland & Labrador, point of sale data from 100% of stores in New Brunswick, Nova Scotia and Prince Edward Island, as well as depletions and e-commerce sales data from the OCS.

Tweed
QUICKIES



FLOWER & PRE-ROLL JOINTS

Key Innovation Highlights

- Launching range of new genetics to capitalize on growing demand for single strain flower & PRJs
- QC-exclusive Vert Sour Kush PRJs launched ; Vert Koshur OG flower shipped
- Tweed Quickies & Ace Valley Pinners, small PRJs in multiple single strains launched
- 7Acres Papaya flower launched
- Doja national launch ongoing; ON-exclusive Doja Legendary Larry flower launched, garnering strong reviews from consumers
- Additional pipeline of new single strain genetics expected to hit market over coming months



VAPE & CONCENTRATES

Key Innovation Highlights

- Launched 0.5ml and 1ml 510 cartridges under both the Tweed and Twd. Brands; seeing solid initial demand
- Launched Tweed Citrus C-land all-in-one vape pens, with positive consumer response
- Range of vape innovations coming to market over the coming quarters including premium live-resin 510 cartridges, premium hash and multiple device line extensions/upgrades





BEVERAGES

Key Innovation Highlights

- Launching a range of high THC beverages to capitalize on growing market demand for high THC beverages
- Tweed Iced Tea, 5 mg THC, available in refreshing lemon and raspberry flavors, launched
- Capitalizing on the seltzer wave across the market, Tweed Fizz seltzers shipped; 5mg THC, offered in watermelon and mango flavors
- Launched Quatreau CBD beverage 4-packs in the U.S.
- Additional beverage offerings launching in coming months including line extensions to Canopy's popular Deep Space brand





EDIBLES

Key Innovation Highlights

- Launching a range of differentiated confectionary products
- Expanded popular Twd. gummy line; expect to ship great tasting Twd. Mixed Berry shortly
- New Ace Valley gummies in Key Lime Pie, Peaches & Honey flavors launched
- Ace Valley Dream CBN gummies, Blackberry Lemon flavor, contain the CBN minor cannabinoid which lends itself to sleep.
- Additional confectionary innovations on track to enter market over coming months including offerings with higher THC, new formats and advanced “human effects”










































Q1 2022 FINANCIAL RESULTS



TRACKING OUR KPI

 Meeting or Exceeding Target  Approaching Target  Below Target

	Q2 2021	Q3 2021	Q4 2021	Q1 2022
WIN WITH CONSUMER				
#1 or #2 Market Share in Canada				
#1 or #2 Market Share in U.S.				
#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 order 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

6. Weighted \$ share of Canadian Market; Source: Internal proprietary market share tool that utilizes point of sales data supplied by a third-party data provider, government agencies and our own retail store operations across the country. The tool captures point of sale data from an average of 30% of stores in Alberta, British Columbia, Saskatchewan, Manitoba and Newfoundland & Labrador, point of sale data from 100% of stores in New Brunswick, Nova Scotia and Prince Edward Island, as well as depletions and e-commerce sales data from the OCS.

- Maintained #1 market share in tracked Canadian recreational cannabis market amid a highly competitive landscape⁶
- On track to achieve our previously stated \$150-\$200 million cost savings target, with \$32mm of savings realized in Q1 2022
- Total SG&A expenses in Q1 2022 declined by 17% versus Q1 2021
- Capex is down 67% year-on-year



Q1 2022 KEY FINANCIAL HIGHLIGHTS

<i>(CDN in millions)</i>	Q1 2022	Q1 2021	VS. Q1 2021
Net Revenue	\$136	\$110	23%
Adjusted Gross Margin	21%	7%	14pp
Adjusted EBITDA	(\$64)	(\$92)	31%
Free Cash Flow	(\$186)	(\$180)	(3%)
Cash/Marketable Secs.	\$2,051	\$2,037	1%

- Q1 2022 Net Revenue increased by 23% year-on-year (YoY)
- Cannabis Net Revenue increased 17% YoY; Consumer Product's Net Revenue grew 39% YoY
- Adjusted EBITDA improved 31% YoY, driven by higher sales and lower operating expenses

REVENUE PERFORMANCE BY SEGMENT

<i>(in millions of Canadian dollars, unaudited)</i>	Q1 2022	Q1 2021	vs. Q1 2021
Canadian Recreational Cannabis Net Revenue Business to Business ¹ Business to Consumer	 \$42.7 \$17.3	 \$34.9 \$9.4	 22% 84%
	\$60.0	\$44.3	35%
Canadian Medical Cannabis Net Revenue²	\$13.5	\$13.9	(3%)
	\$73.5	\$58.2	26%
International and Other Revenue			
C ³	\$11.4	\$15.4	(26%)
Other	\$8.0	\$5.7	40%
	\$19.4	\$21.1	(8%)
Global Cannabis Net Revenue	\$92.9	\$79.3	17%
Other Consumer Products			
Storz & Bickel	\$24.1	\$17.1	41%
This Works	\$6.5	\$6.1	7%
BioSteel	\$6.7	\$2.4	179%
Other	\$6.0	\$5.5	9%
Other Consumer Products Revenue	\$43.3	\$31.1	39%
Net Revenue	\$136.2	\$110.4	23%

This table has been recast to align with our new segment reporting. International and other revenue includes revenue from our international medical business and hemp-derived CBD business. Other consumer products includes revenue from Storz & Bickel, This Works, BioSteel, clinics, accessories and other ancillary businesses.

1. Reflects excise taxes of \$17.8 million and other revenue adjustments of \$3.0 million for Q1 2022 (Q1 2021 - \$7.2 million and \$3.4 million, respectively).

2. Reflects excise taxes of \$1.4 million for Q1 2022 (Q1 2021 - \$1.4 million).

REVENUE PERFORMANCE BY FORM

<i>(in millions of Canadian dollars, unaudited)</i>	Q1 2022	Q1 2021	vs. Q1 2021
Canadian Recreational Cannabis			
Dry Bud ¹	\$66.0	\$40.1	65%
Oils and Softgels ¹	\$5.7	\$7.7	(26%)
Beverages, Edibles, Topicals, and Vapes	\$9.1	\$7.1	28%
Other Revenue Adjustments ²	(\$3.0)	(\$3.4)	12%
Excise Taxes	(\$17.8)	(\$7.2)	(147%)
	\$60.0	\$44.3	35%
Medical Cannabis and Other			
Dry Bud	\$9.6	\$10.8	(11%)
Oils and Softgels	\$20.5	\$25.2	(19%)
Beverages, Edibles, Topicals, and Vapes	\$4.2	\$0.4	950%
Excise Taxes	(\$1.4)	(\$1.4)	0%
	\$32.9	\$35.0	(6%)
Global Cannabis Net Revenue	\$92.9	\$79.3	17%
Other Consumer Products			
Storz & Bickel	\$24.1	\$17.1	41%
This Works	\$6.5	\$6.1	7%
BioSteel	\$6.7	\$2.4	179%
Other	\$6.0	\$5.5	9%
Other Consumer Products Revenue	\$43.3	\$31.1	39%
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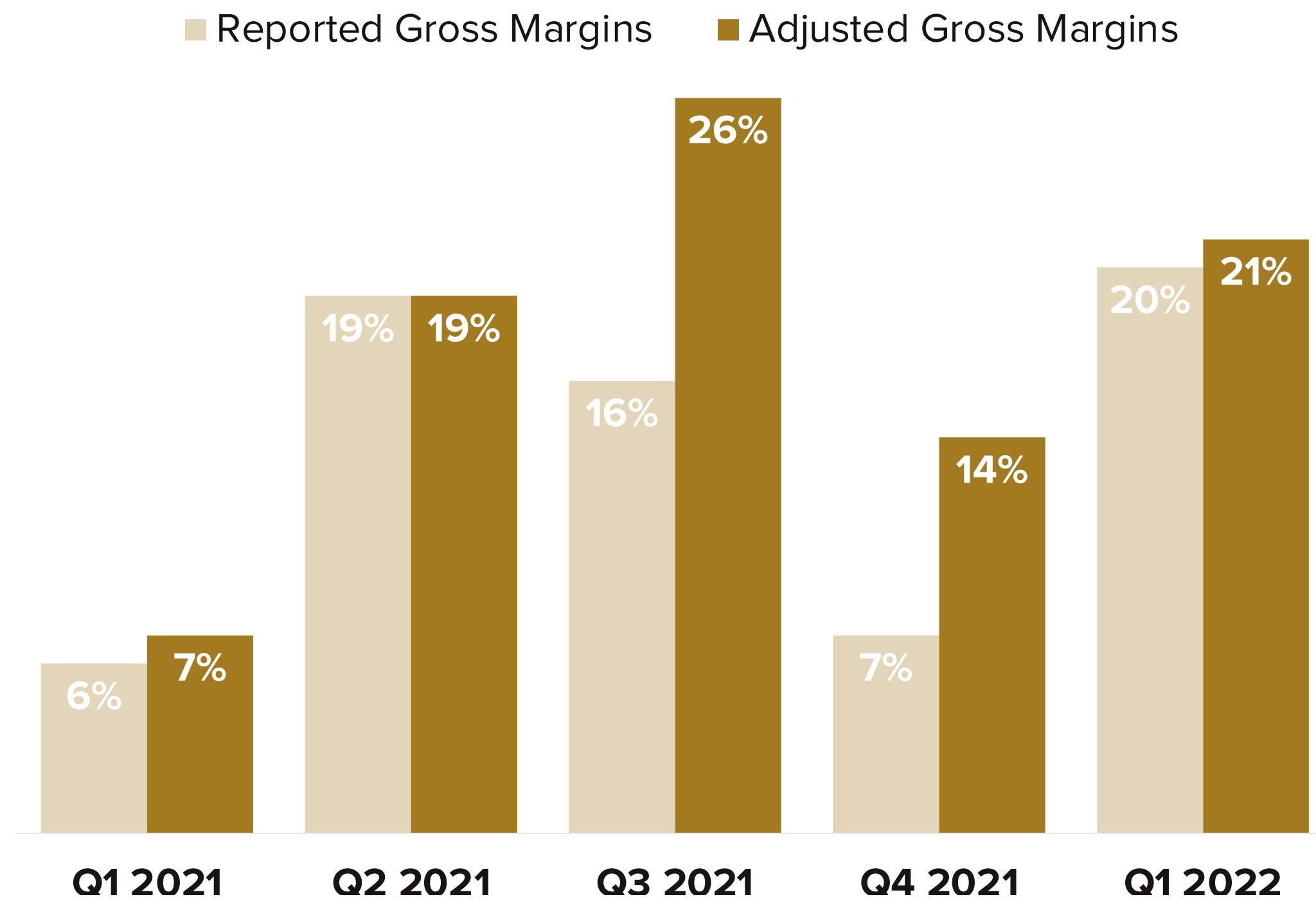
1. Excludes the impact of other revenue adjustments.

2. Other revenue adjustments represent the Company's determination of returns and pricing adjustments, and relate to the Canadian recreational business-to-business channel.



GROSS MARGIN PERFORMANCE

Quarterly Gross Margin Trend



Drivers of Q1 2022 Gross Margin Performance

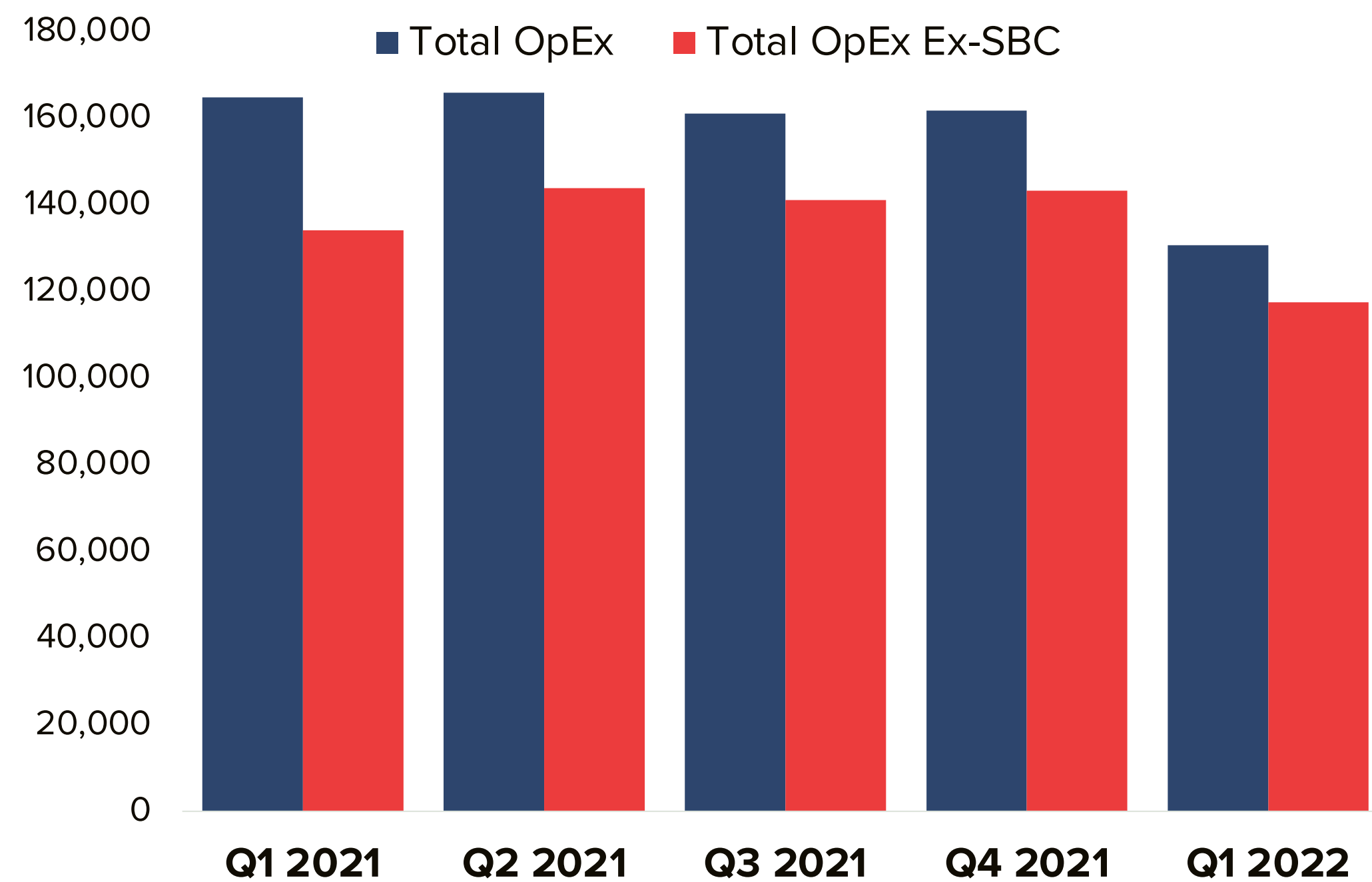
- (-) Lower production output
- (-) Unfavorable pack size and geographic mix in the Canadian recreational market
- (-) Start up costs in the U.S. including building inventory and activating new production capacity along with higher third-party shipping, distribution and warehousing costs
- (+) Payroll subsidies received from the Canadian government in Q1 2022, pursuant to a COVID-19 relief program, which added ~500bps

- Adjusted Gross Margin Percentage is a Non-GAAP measure.
- Q1 2021 Adjusted Gross Margins excludes charges related to the flow-through of inventory step-up associated with fiscal 2020 business combinations of \$1.2 million.
- Q3 2021 Adjusted Gross Margins excludes restructuring costs included in cost of goods sold of \$15.6 million.
- Q4 2021 Adjusted Gross Margins excludes restructuring and other charges recorded in cost of goods sold of \$10.3 million.
- Q1 2022 Adjusted Gross Margins excludes charges related to the flow-through of inventory step-up associated with the acquisition of Supreme Cannabis of \$1.4 million.

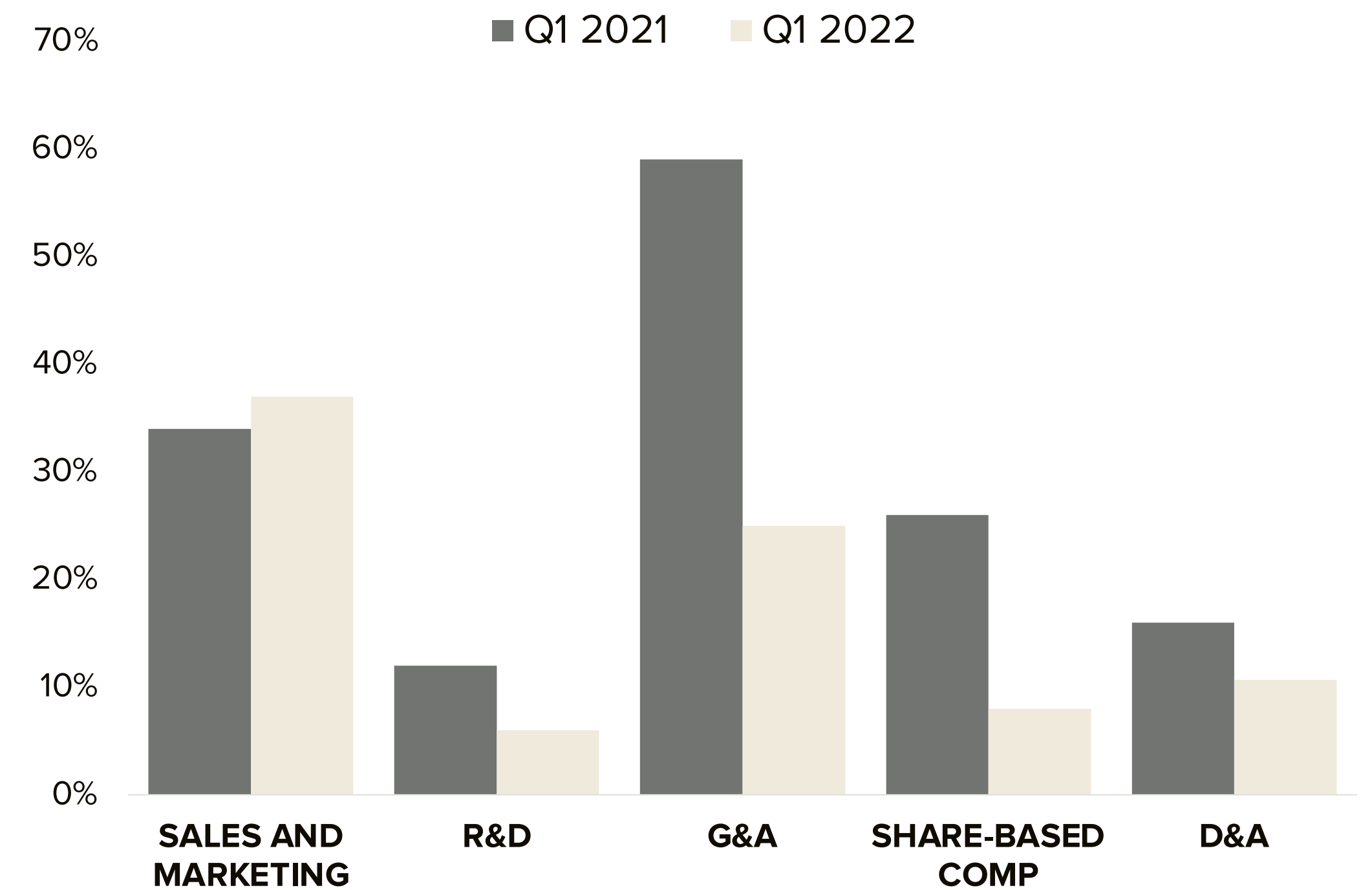


OPEX TREND

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



OpEx as a Percentage of Net Sales (Q1 2021 vs. Q1 2022)

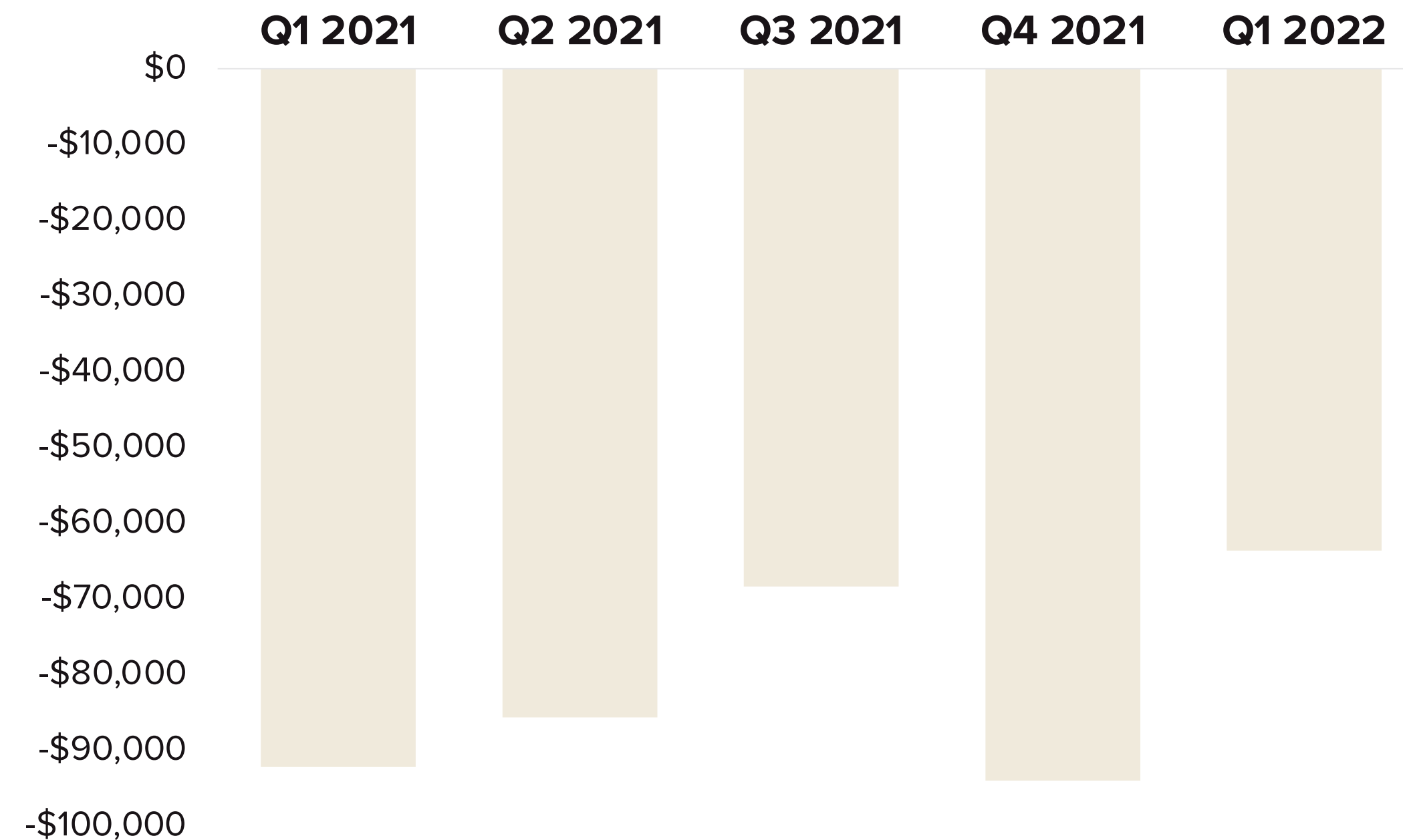


- 'OpEx' refers to Operating Expense
- 'OpEx Ex-SBC' refers to Operating Expense excluding Shared-Based Compensation
- Total OpEx excludes acquisition costs and asset impairment and restructuring costs

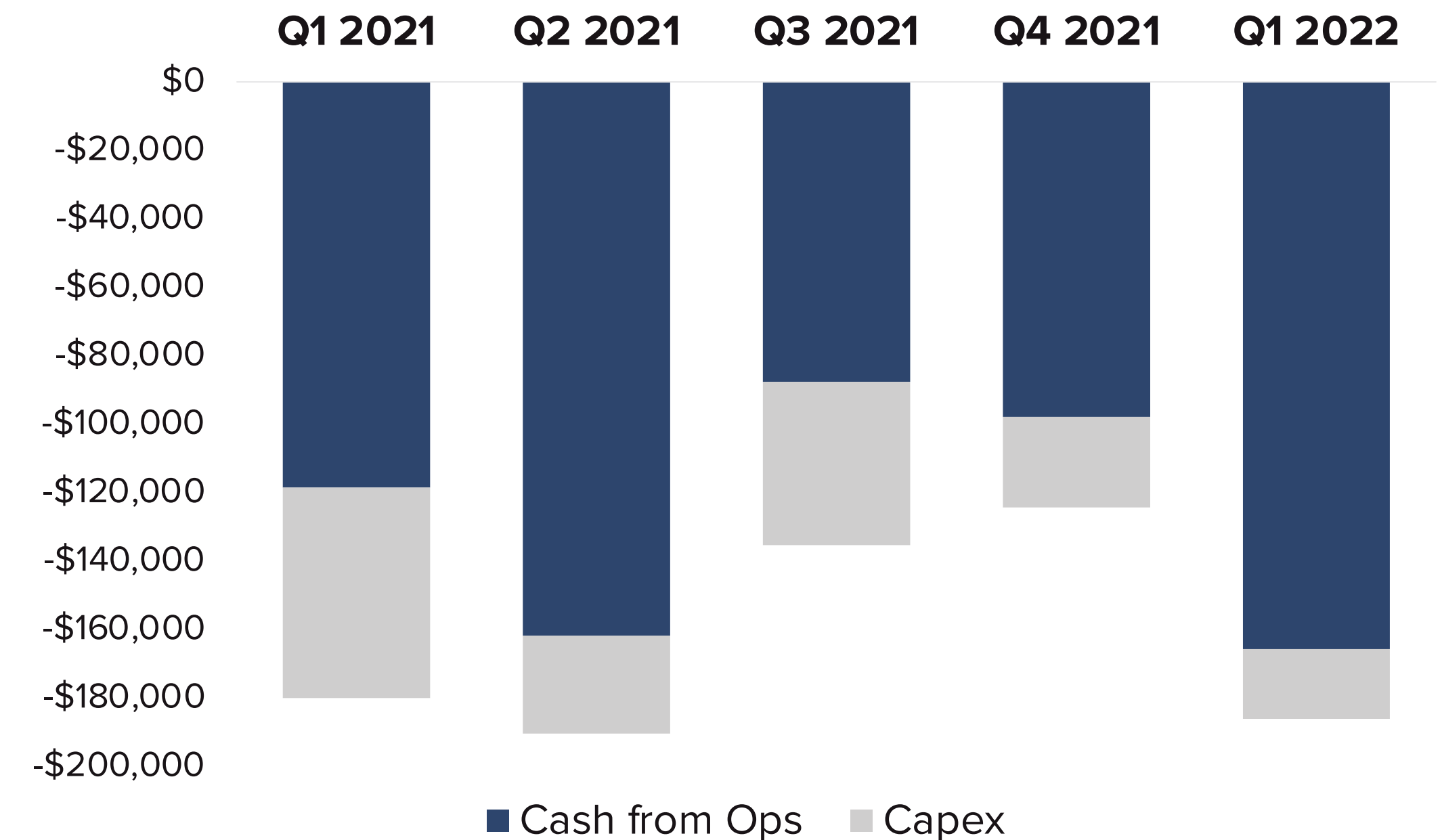


ADJUSTED EBITDA AND FREE CASH FLOW

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



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



- Adjusted EBITDA and Free Cash Flow are Non-GAAP measures
- Q1 2022 Free Cash Flow has been impacted by the timing of certain one-time payments totalling \$19 million, incremental interest payment associated with the US\$750 million debt financing that occurred in Q4 2021 as well as the impact of inventory build for BioSteel's Ready-To-Drink ("RTD") products in the U.S.



APPENDIX



ADJUSTED GROSS MARGIN (NON-GAAP) RECONCILIATION

Adjusted Gross Margin¹ Reconciliation (Non-GAAP Measure)

<i>(in thousands of Canadian dollars except where indicated; unaudited)</i>	Three months ended June 30,	
	2021	2020
Net revenue	\$136,209	\$110,416
Gross margin, as reported	27,238	6,495
Adjustments to gross margin:		
Charges related to the flow-through of inventory step-up on business combinations	1,414	1,213
Adjusted gross margin ¹	\$28,652	\$7,708
Adjusted gross margin percentage ¹	21%	7%

¹ Adjusted gross margin and adjusted gross margin percentage are non-GAAP measures. See "Non-GAAP Measures".



ADJUSTED EBITDA (NON-GAAP) RECONCILIATION

Adjusted EBITDA¹ Reconciliation (Non-GAAP Measure)

	Three months ended June 30,	
	2021	2020
<i>(in thousands of Canadian dollars, unaudited)</i>		
Net income (loss)	\$389,955	\$(128,322)
Income tax expense (recovery)	2,900	(3,038)
Other (income) expense, net	(580,666)	(48,205)
Loss on equity method investments	100	7,189
Share-based compensation ²	13,126	30,685
Acquisition-related costs	5,780	1,394
Depreciation and amortization ²	25,132	34,047
Asset impairment and restructuring costs	78,618	12,794
Charges related to the flow-through of inventory step-up on business combinations	1,414	1,213
Adjusted EBITDA ¹	<u><u>\$(63,641)</u></u>	<u><u>\$(92,243)</u></u>

¹Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Measures".

²From Consolidated Statements of Cash Flows.



FREE CASH FLOW (NON-GAAP) RECONCILIATION

Free Cash Flow Reconciliation¹

	Three months ended June 30,	
	2021	2020
<i>(in thousands of Canadian dollars, unaudited)</i>		
Net cash used in operating activities	\$(165,780)	\$(118,546)
Purchases of and deposits on property, plant and equipment	(20,279)	(61,547)
Free cash flow ¹	\$(186,059)	\$(180,093)

¹Free cash flow is a non-GAAP measure. See "Non-GAAP Measures".



THANK YOU