

# **CANOPY GROWTH CORPORATION**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**  
**(IN CANADIAN DOLLARS)**

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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**CANOPY GROWTH CORPORATION  
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS**

(in thousands of Canadian dollars, except number of shares and per share data, unaudited)

	<b>June 30, 2022</b>	<b>March 31, 2022</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 769,495	\$ 776,005
Short-term investments	447,620	595,651
Restricted short-term investments	12,177	12,216
Amounts receivable, net	96,626	96,443
Inventory	205,513	204,387
Prepaid expenses and other assets	62,141	52,700
Total current assets	1,593,572	1,737,402
Other financial assets	602,229	800,328
Property, plant and equipment	926,369	942,780
Intangible assets	242,479	252,695
Goodwill	138,419	1,866,503
Other assets	14,459	15,342
Total assets	<u>\$ 3,517,527</u>	<u>\$ 5,615,050</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 64,647	\$ 64,270
Other accrued expenses and liabilities	59,913	75,278
Current portion of long-term debt	193,072	9,296
Other liabilities	86,776	64,054
Total current liabilities	404,408	212,898
Long-term debt	1,264,645	1,491,695
Deferred income tax liabilities	14,658	15,991
Liability arising from Acreage Arrangement	-	47,000
Warrant derivative liability	1,555	26,920
Other liabilities	149,341	190,049
Total liabilities	1,834,607	1,984,553
Commitments and contingencies		
Redeemable noncontrolling interest	37,150	36,200
Canopy Growth Corporation shareholders' equity:		
Common shares - \$nil par value; Authorized - unlimited number of shares; Issued - 417,217,611 shares and 394,422,604 shares, respectively	7,601,570	7,482,809
Additional paid-in capital	2,515,453	2,519,766
Accumulated other comprehensive loss	(21,554)	(42,282)
Deficit	(8,454,214)	(6,370,337)
Total Canopy Growth Corporation shareholders' equity	1,641,255	3,589,956
Noncontrolling interests	4,515	4,341
Total shareholders' equity	1,645,770	3,594,297
Total liabilities and shareholders' equity	<u>\$ 3,517,527</u>	<u>\$ 5,615,050</u>

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

**CANOPY GROWTH CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF**  
**OPERATIONS AND COMPREHENSIVE (LOSS) INCOME**

(in thousands of Canadian dollars, except number of shares and per share data, unaudited)

	<b>Three months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Revenue	\$ 122,862	\$ 155,423
Excise taxes	12,747	19,214
Net revenue	110,115	136,209
Cost of goods sold	111,507	108,971
Gross margin	(1,392)	27,238
Operating expenses		
Selling, general and administrative expenses	103,413	112,574
Share-based compensation	5,439	13,126
Asset impairment and restructuring costs	1,727,985	89,249
Total operating expenses	1,836,837	214,949
Operating loss	(1,838,229)	(187,711)
Loss from equity method investments	-	(100)
Other income (expense), net	(245,578)	580,666
(Loss) income before income taxes	(2,083,807)	392,855
Income tax expense	(3,749)	(2,900)
Net (loss) income	(2,087,556)	389,955
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(4,408)	(2,463)
Net (loss) income attributable to Canopy Growth Corporation	\$ (2,083,148)	\$ 392,418
Basic (loss) earnings per share	\$ (5.23)	\$ 1.02
Basic weighted average common shares outstanding	398,467,568	384,055,133
Diluted (loss) earnings per share	\$ (5.23)	\$ 0.84
Diluted weighted average common shares outstanding	398,467,568	404,546,243
Comprehensive (loss) income:		
Net (loss) income	\$ (2,087,556)	\$ 389,955
Other comprehensive income (loss), net of income tax effect		
Fair value changes of own credit risk of financial liabilities	27,060	660
Foreign currency translation	758	(27,938)
Total other comprehensive income (loss), net of income tax effect	27,818	(27,278)
Comprehensive (loss) income	(2,059,738)	362,677
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(4,408)	(2,463)
Comprehensive (loss) income attributable to Canopy Growth Corporation	\$ (2,055,330)	\$ 365,140

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**CANOPY GROWTH CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in thousands of Canadian dollars, unaudited)

	Common shares	Additional paid-in capital			Redeemable noncontrolling interest	Accumulated other comprehensive income (loss)	Deficit	Noncontrolling interests	Total
		Share-based reserve	Warrants	Ownership changes					
Balance at March 31, 2022	\$ 7,482,809	\$ 492,041	\$ 2,581,788	\$ (509,723)	\$ (44,340)	\$ (42,282)	\$ (6,370,337)	\$ 4,341	\$ 3,594,297
Cumulative effect from adoption of ASU 2020-06	-	4,452	-	-	-	-	(729)	-	3,723
Other issuances of common shares and warrants	59,013	-	-	-	-	-	-	-	59,013
Exercise of Omnibus Plan stock options	1,282	(1,072)	-	-	-	-	-	-	210
Share-based compensation	-	5,265	-	-	-	-	-	-	5,265
Issuance and vesting of restricted share units	7,600	(7,600)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	-	(5,358)	-	-	4,408	(950)
Ownership changes relating to noncontrolling interests	-	-	-	-	-	-	-	174	174
Settlement of convertible senior notes	50,866	-	-	-	-	(7,090)	-	-	43,776
Comprehensive income (loss)	-	-	-	-	-	27,818	(2,083,148)	(4,408)	(2,059,738)
Balance at June 30, 2022	<u>\$ 7,601,570</u>	<u>\$ 493,086</u>	<u>\$ 2,581,788</u>	<u>\$ (509,723)</u>	<u>\$ (49,698)</u>	<u>\$ (21,554)</u>	<u>\$ (8,454,214)</u>	<u>\$ 4,515</u>	<u>\$ 1,645,770</u>

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**CANOPY GROWTH CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in thousands of Canadian dollars, unaudited)

	Common shares	Additional paid-in capital				Accumulated other comprehensive income (loss)	Deficit	Noncontrolling interests	Total
		Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest				
Balance at March 31, 2021	\$ 7,168,557	\$ 480,786	\$ 2,568,438	\$ (512,340)	\$ (121,234)	\$ (34,240)	\$ (6,068,156)	\$ 4,709	\$ 3,486,520
Other issuances of common shares and warrants	285,915	(25,692)	-	-	-	-	-	-	260,223
Replacement equity instruments from the acquisition of Supreme Cannabis	-	5,566	13,350	-	-	-	-	-	18,916
Exercise of Omnibus Plan stock options	5,522	(1,930)	-	-	-	-	-	-	3,592
Share-based compensation	-	12,861	-	-	-	-	-	-	12,861
Issuance and vesting of restricted share units	3,563	(3,563)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	-	(2,463)	-	-	2,463	-
Ownership changes relating to noncontrolling interests	-	-	-	-	-	-	-	265	265
Comprehensive (loss) income	-	-	-	-	-	(27,278)	392,418	(2,463)	362,677
Balance at June 30, 2021	<u>\$ 7,463,557</u>	<u>\$ 468,028</u>	<u>\$ 2,581,788</u>	<u>\$ (512,340)</u>	<u>\$ (123,697)</u>	<u>\$ (61,518)</u>	<u>\$ (5,675,738)</u>	<u>\$ 4,974</u>	<u>\$ 4,145,054</u>

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

**CANOPY GROWTH CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands of Canadian dollars, unaudited)

	<u>Three months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (2,087,556)	\$ 389,955
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	15,129	17,116
Amortization of intangible assets	6,722	8,016
Share of loss on equity method investments	-	100
Share-based compensation	5,439	13,126
Asset impairment and restructuring costs	1,726,877	81,709
Income tax expense	3,749	2,900
Non-cash fair value adjustments and charges related to settlement of convertible senior notes	213,610	(600,922)
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Amounts receivable	(183)	(4,946)
Inventory	(1,126)	(18,158)
Prepaid expenses and other assets	(9,555)	(8,804)
Accounts payable and accrued liabilities	(15,549)	(9,644)
Other, including non-cash foreign currency	1,928	(36,228)
Net cash used in operating activities	<u>(140,515)</u>	<u>(165,780)</u>
<b>Cash flows from investing activities:</b>		
Purchases of and deposits on property, plant and equipment	(2,293)	(20,279)
Purchases of intangible assets	(606)	(833)
Redemption (purchases) of short-term investments	153,996	(346,603)
Net cash proceeds (outflows) on sale of subsidiaries	(475)	10,324
Sale of (investments in) equity method investments	-	56
Investment in other financial assets	(29,205)	-
Net cash outflow on acquisition of subsidiaries	-	(8,857)
Other investing activities	-	(8,367)
Net cash provided by (used in) investing activities	<u>121,417</u>	<u>(374,559)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	210	3,592
Repayment of long-term debt	(211)	(48,116)
Other financing activities	(1,043)	(444)
Net cash (used in) provided by financing activities	<u>(1,044)</u>	<u>(44,968)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>13,632</u>	<u>(9,506)</u>
Net decrease in cash and cash equivalents	(6,510)	(594,813)
Cash and cash equivalents, beginning of period	<u>776,005</u>	<u>1,154,653</u>
Cash and cash equivalents, end of period	<u>\$ 769,495</u>	<u>\$ 559,840</u>

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

**CANOPY GROWTH CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands of Canadian dollars, unaudited)

	Three months ended June 30,	
	2022	2021
<b>Supplemental disclosure of cash flow information</b>		
Cash received during the period:		
Income taxes	\$ 202	\$ 33
Interest	\$ 3,950	\$ 2,647
Cash paid during the period:		
Income taxes	\$ 429	\$ 330
Interest	\$ 25,747	\$ 23,666
Noncash investing and financing activities		
Additions to property, plant and equipment	\$ 933	\$ 4,776

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



**CANOPY GROWTH CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(in thousands of Canadian dollars, unaudited)

## **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 herein 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 a diverse range of cannabis and cannabinoid-based products for both adult recreational and medical purposes under a portfolio of distinct brands in Canada pursuant to the *Cannabis Act*, which came into effect on October 17, 2018 and regulates both the medical and recreational cannabis markets in Canada. The Company has also expanded to jurisdictions outside of Canada where cannabis and/or hemp is federally lawful, permissible and regulated, and the Company, through its subsidiaries, operates in the United States, Germany, and certain other global markets. Additionally, the Company produces, distributes and sells a range of other consumer products globally, including vaporizers; beauty, skincare, wellness and sleep products; and sports nutrition beverages.

## **2. BASIS OF PRESENTATION**

These condensed interim 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 condensed interim 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.

Certain information and footnote disclosures normally included in the audited annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended March 31, 2022 (the “Annual Report”) and have been prepared on a basis consistent with the accounting policies as described in the Annual Report.

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

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

### ***Principles of consolidation***

The accompanying condensed interim 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. Information on the Company’s subsidiaries with noncontrolling interests is included in Note 20.

### ***Use of estimates***

The preparation of these condensed interim 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.

### ***New accounting policies***

#### ***Recently Adopted Accounting Pronouncements***

##### ***Convertible Instruments and Contracts in an Entity’s Own Equity***

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* (“ASU 2020-06”), which simplifies the accounting for convertible instruments by removing the separation

models for convertible debt instruments and convertible preferred stock with (1) cash conversion features, and (2) beneficial conversion features. In addition, ASU 2020-06 enhances information transparency by making targeted improvements to the disclosures for convertible instruments and earnings-per-share guidance and amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions.

The Company adopted the guidance on April 1, 2022, using the modified retrospective approach with the cumulative effect recognized as an adjustment to the opening deficit balance, and, accordingly, prior period balances and disclosures have not been restated. Upon adoption of ASU 2020-06, the Supreme Debentures (as defined below) will be accounted for under the separation model for a substantial premium instead of a beneficial conversion feature resulting in an increased debt discount to be amortized over the life of the instrument. The adoption of this guidance resulted in increased additional paid-in capital by \$4,452, decreased long-term debt by \$3,723, and decreased accumulated deficit by \$729 for non-cash accretion expense prior to April 1, 2022.

### 3. ASSET IMPAIRMENT AND RESTRUCTURING COSTS

In the three months ended June 30, 2022, the Company performed a quantitative goodwill impairment assessment for the cannabis operations reporting unit in the global cannabis segment, and recognized impairment losses totaling \$1,725,368. Refer to Note 12 for further details.

Additionally, in the three months ended June 30, 2022, the Company recognized incremental costs primarily associated with the restructuring actions completed in the year ended March 31, 2022, including the closure of certain of its Canadian production facilities, and other operational changes initiated in the three months ended March 31, 2022 to (i) implement cultivation-related efficiencies and improvements in the Canadian recreational cannabis business, and (ii) implement a flexible manufacturing platform, including contract manufacturing for certain product formats.

As a result, in the three months ended June 30, 2022, the Company recognized asset impairment and restructuring costs of \$1,727,985 (three months ended June 30, 2021 – \$89,249).

### 4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	June 30, 2022	March 31, 2022
Cash	\$ 444,776	\$ 470,682
Cash equivalents	324,719	305,323
	<u>\$ 769,495</u>	<u>\$ 776,005</u>

### 5. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	June 30, 2022	March 31, 2022
Term deposits	\$ 261,293	\$ 319,092
Asset-backed securities	18,637	22,253
Government securities	12,544	21,905
Commercial paper and other	155,146	232,401
	<u>\$ 447,620</u>	<u>\$ 599,651</u>

The amortized cost of short-term investments at June 30, 2022 is \$447,689 (March 31, 2022 – \$599,862).

## 6. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	June 30, 2022	March 31, 2022
Accounts receivable, net	\$ 79,106	\$ 78,059
Indirect taxes receivable	8,403	7,524
Interest receivable	4,175	4,406
Other receivables	4,942	6,454
	<u>\$ 96,626</u>	<u>\$ 96,443</u>

Included in the accounts receivable, net balance at June 30, 2022 is an allowance for doubtful accounts of \$3,121 (March 31, 2022 – \$4,764).

## 7. INVENTORY

The components of inventory are as follows:

	June 30, 2022	March 31, 2022
Raw materials, packaging supplies and consumables	\$ 31,615	\$ 26,821
Work in progress	61,541	65,245
Finished goods	112,357	112,321
	<u>\$ 205,513</u>	<u>\$ 204,387</u>

In the three months ended June 30, 2022, the Company recorded write-downs related to inventory in cost of goods sold of \$12,181 (three months ended June 30, 2021 – \$6,014).

## 8. PREPAID EXPENSES AND OTHER ASSETS

The components of prepaid expenses and other assets are as follows:

	June 30, 2022	March 31, 2022
Prepaid expenses	\$ 32,974	\$ 23,041
Deposits	9,861	10,145
Prepaid inventory	435	449
Other assets	18,871	19,065
	<u>\$ 62,141</u>	<u>\$ 52,700</u>

## 9. OTHER FINANCIAL ASSETS

The following table outlines changes in other financial assets. Additional details on how the fair value of significant investments is calculated are included in Note 21.

Entity	Instrument	Balance at March 31, 2022	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at June 30, 2022
Acreage <sup>1</sup>	Option	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ 60,000
TerrAscend Exchangeable Shares	Exchangeable shares	229,000	-	(138,000)	-	-	91,000
TerrAscend Canada - October 2019	Term loan / debenture	10,280	-	(550)	-	-	9,730
TerrAscend Canada - March 2020	Term loan / debenture	49,890	-	(6,060)	-	-	43,830
Arise Bioscience	Term loan / debenture	13,343	-	(1,957)	393	-	11,779
TerrAscend - October 2019	Warrants	3,730	-	(3,210)	-	-	520
TerrAscend - March 2020	Warrants	60,740	-	(47,660)	-	-	13,080
TerrAscend - December 2020	Warrants	3,460	-	(2,540)	-	-	920
TerrAscend	Option	6,300	-	(3,800)	-	-	2,500
Wana	Option	372,343	-	(153,955)	10,957	-	229,345
Jetty	Options	-	90,120	-	274	-	90,394
Acreage Hempco <sup>1</sup>	Debenture	28,824	-	(2,253)	848	-	27,419
Other - at fair value through net income (loss)	Various	10,396	-	(869)	184	-	9,711
Other - classified as held for investment	Loan receivable	12,022	-	-	-	(21)	12,001
		<u>\$ 800,328</u>	<u>\$ 90,120</u>	<u>\$ (300,854)</u>	<u>\$ 12,656</u>	<u>\$ (21)</u>	<u>\$ 602,229</u>

<sup>1</sup> See Note 26 for information regarding the Acreage Arrangement and Acreage Hempco.

## Jetty

On May 17, 2022, the Company and Lemurian, Inc. (“Jetty”) entered into definitive agreements (the “Jetty Agreements”) providing the Company with the right to acquire up to 100% of the outstanding equity interests in Jetty (i) upon the occurrence 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; or (ii) an earlier date at the Company’s sole discretion (the “Jetty Triggering Event”). Jetty is a California-based producer of high-quality cannabis extracts and pioneer of clean vape technology.

The Jetty Agreements are structured as two separate option agreements whereby the Company has the right to acquire up to 100% of the equity interests in Jetty. As consideration for entering into the Jetty Agreements, the Company (i) made an upfront cash payment in the amount of \$29,226 (US\$22,911), and (ii) issued 8,426,539 common shares with a fair value on closing of \$59,123 (US\$45,928), for total consideration of \$88,349 (collectively, the “Upfront Payment”).

The first option agreement is exercisable in two tranches, with the first tranche providing the Company with the option to acquire 52.78% of Jetty’s equity interests, exercisable following the occurrence of the Jetty Triggering Event. The second tranche provides the Company with the option to acquire 25% of Jetty’s equity interests for their fair market value, subject to certain adjustments. Additionally, the Company expects to make deferred payments (the “Deferred Payments”) computed based on a pre-determined contractual formula. The second option agreement provides the Company with the option to acquire 22.22% of Jetty’s equity interests, exercisable following the occurrence of the Jetty Triggering Event.

Until such time as the Company elects to exercise its rights to acquire Jetty, the Company will have no direct or indirect economic or voting interests in Jetty, the Company will not directly or indirectly control Jetty, and the Company and Jetty will continue to operate independently of one another.

Upon initial recognition, the Company estimated the fair value of the Jetty financial instrument to be \$90,120, consisting of (i) the Upfront Payment as noted above; and (ii) the present value of the estimated Deferred Payments, totaling \$1,771 (see Note 15).

Any subsequent changes in estimated fair value will be recognized in other income (expense), net. See Note 21 for additional details on how the fair value of the Jetty financial instrument is calculated on a recurring basis.

## 10. PROPERTY, PLANT AND EQUIPMENT

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

	June 30, 2022	March 31, 2022
Buildings and greenhouses	\$ 766,853	\$ 766,931
Production and warehouse equipment	160,294	159,314
Leasehold improvements	69,400	69,304
Office and lab equipment	29,863	29,879
Computer equipment	22,319	22,293
Land	18,964	18,917
Right-of-use-assets		
Buildings and greenhouses	89,056	89,228
Production and warehouse equipment	27	55
Assets in process	19,505	19,771
	<u>1,176,281</u>	<u>1,175,692</u>
Less: Accumulated depreciation	<u>(249,912)</u>	<u>(232,912)</u>
	<u>\$ 926,369</u>	<u>\$ 942,780</u>

Depreciation expense included in cost of goods sold for the three months ended June 30, 2022 is \$11,074 (three months ended June 30, 2021 – \$10,462). Depreciation expense included in selling, general and administrative expenses for the three months ended June 30, 2022 is \$4,055 (three months ended June 30, 2021 – \$6,654).

## 11. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	June 30, 2022		March 31, 2022	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
<b>Finite lived intangible assets</b>				
Intellectual property	\$ 135,115	\$ 92,307	\$ 138,170	\$ 97,638
Distribution channel	72,066	23,508	72,642	24,834
Operating licenses	24,400	21,294	24,400	22,052
Software and domain names	33,260	15,800	29,822	14,206
Brands	5,366	3,387	5,547	3,680
Amortizable intangibles in process	2,747	2,747	5,476	5,476
Total	<u>\$ 272,954</u>	<u>\$ 159,043</u>	<u>\$ 276,057</u>	<u>\$ 167,886</u>
<b>Indefinite lived intangible assets</b>				
Acquired brands		\$ 73,436		\$ 74,809
Operating licenses		10,000		10,000
Total intangible assets		<u>\$ 242,479</u>		<u>\$ 252,695</u>

Amortization expense included in cost of goods sold for the three months ended June 30, 2022 is \$14 (three months ended June 30, 2021 – \$18). Amortization expense included in selling, general and administrative expenses for the three months ended June 30, 2022 is \$6,708 (three months ended June 30, 2021 – \$7,998).

## 12. GOODWILL

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

Balance, March 31, 2021	\$ 1,889,354
Purchase accounting allocations	105,323
Disposal of consolidated entities	(58,786)
Impairment losses	(40,748)
Foreign currency translation adjustments	(28,640)
Balance, March 31, 2022	\$ 1,866,503
Disposal of consolidated entities	(227)
Impairment losses	(1,725,368)
Foreign currency translation adjustments	(2,489)
Balance, June 30, 2022	<u>\$ 138,419</u>

As a result of the continued decline in the price of the Company's common shares in the three months ended June 30, 2022, the Company determined there to be an indicator of impairment for the cannabis operations reporting unit in the global cannabis segment. As a result, the Company performed a quantitative interim goodwill impairment assessment for the cannabis operations reporting unit as of June 30, 2022. The Company concluded that the carrying value of the cannabis operations reporting unit was higher than its estimated fair value, and a goodwill impairment loss totaling \$1,725,368 was recognized in the three months ended June 30, 2022, representing the entirety of the goodwill assigned to the cannabis operations reporting unit.

The estimated fair value of the cannabis operations reporting unit was determined using the market valuation method, which is consistent with the methodology used by the Company for its annual impairment test conducted at March 31, 2022. The most significant assumptions used in applying this method were (i) the price of the Company's common shares; and (ii) the estimated control premium associated with ownership of the Company's common shares.

For the remaining reporting units, the Company does not believe that an event occurred or circumstances changed during the three months ended June 30, 2022 that would, more likely than not, reduce the fair value of these reporting units below their carrying value. Therefore, the Company concluded that the quantitative goodwill impairment assessment was not required. The carrying value of goodwill associated with all other reporting units was \$138,419 at June 30, 2022.

The Company is required to perform its next annual goodwill impairment analysis on March 31, 2023, or earlier should there be an event that occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

### 13. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	June 30, 2022	March 31, 2022
Employee compensation	\$ 19,062	\$ 24,873
Inventory	553	10,096
Professional fees	6,074	7,640
Taxes and government fees	8,963	7,144
Other	25,261	25,525
	<u>\$ 59,913</u>	<u>\$ 75,278</u>

### 14. DEBT

The components of debt are as follows:

	Maturity Date	June 30, 2022	March 31, 2022
Convertible senior notes at 4.25% interest with semi-annual interest payments	July 15, 2023		
Principal amount		\$ 536,902	\$ 600,000
Accrued interest		10,776	5,958
Non-credit risk fair value adjustment		22,938	7,140
Credit risk fair value adjustment		(76,200)	(49,140)
		494,416	563,958
Convertible debentures	September 10, 2025	30,647	32,858
Accretion debentures	September 10, 2025	7,971	7,720
Credit facility	March 18, 2026	922,150	893,647
Other revolving debt facility, loan, and financings		2,533	2,808
		1,457,717	1,500,991
Less: current portion		(193,072)	(9,296)
Long-term portion		<u>\$ 1,264,645</u>	<u>\$ 1,491,695</u>

#### *Credit Facility*

On March 18, 2021, the Company entered into a credit agreement (the “Credit Agreement”) providing for a five-year, first lien senior secured term loan facility in an aggregate principal amount of US\$750,000 (the “Credit Facility”). The Company also has the ability to obtain up to an additional US\$500,000 of incremental senior secured debt pursuant to the Credit Agreement.

The Credit Facility has no principal payments, matures on March 18, 2026, has a coupon of LIBOR plus 8.50% and is subject to a LIBOR floor of 1.00%. In the event that LIBOR can no longer be adequately ascertained or is no longer available, an alternative rate as permitted under the Credit Agreement will be used. The Company’s obligations under the Credit Facility are guaranteed by material wholly-owned Canadian and U.S. subsidiaries of the Company. The Credit Facility is secured by substantially all of these assets, including material real property, of the borrowers and each of the guarantors. The Credit Agreement contains representations and warranties, and affirmative and negative covenants, including a financial covenant requiring minimum liquidity of US\$200,000 at the end of each fiscal quarter.

The proceeds from the Credit Facility were \$893,160, and the carrying amount is reflected net of financing costs.

#### *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. 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.

On June 29, 2022 and June 30, 2022, the Company entered into privately negotiated exchange agreements (the "Exchange Agreements") with a limited number of holders of the Notes including Greenstar Canada Investment Limited Partnership ("GCILP"), a wholly-owned subsidiary of Constellation Brands, Inc. ("CBI") (collectively, the "Noteholders"). Pursuant to the Exchange Agreements, the Company agreed to acquire and cancel approximately \$262,620 of aggregate principal amount of the Notes from the Noteholders (the "Exchange Transaction") for an aggregate purchase price (excluding \$5,383 paid to the Noteholders in cash for accrued and unpaid interest) of \$259,994 (the "Purchase Price"), which was payable in the Company's common shares.

On initial closings, 35,662,420 common shares were to be issued to the Noteholders, other than GCILP, based on a price equal to US\$3.50 per common share, which was the closing price of the common shares on the Nasdaq Global Select Market ("Nasdaq") on June 29, 2022. The Company satisfied the Purchase Price as follows:

- On June 30, 2022, 14,069,353 common shares were issued to Noteholders, representing the Company's acquisition and cancellation of an aggregate principal amount of Notes of \$63,098 which were recorded at a fair value of \$50,866.
- In July 2022, 21,593,067 common shares were issued to Noteholders, representing an aggregate principal amount of Notes of \$99,522 which were recorded at a fair value of \$80,231 at June 30, 2022.
- In addition, on the final closing on July 18, 2022 (the "Final Closing"), 11,896,536 common shares were issued to Noteholders other than GCILP, based on the volume-weighted average trading price of the common shares on the Nasdaq for the 10 consecutive trading days beginning on, and including, June 30, 2022, being US\$2.6245 (the "Averaging Price").
- In addition, on the Final Closing on July 18, 2022, 29,245,456 common shares were issued to GCILP based on a price per common share equal to the Averaging Price. Pursuant to the Exchange Transaction, the Company agreed to acquire and cancel \$100,000 in aggregate principal amount, which were recorded at a fair value of \$98,925 at June 30, 2022. Prior to the Exchange Transaction, GCILP held \$200,000 in aggregate principal amount of the Notes.

The Notes were issued pursuant to an indenture dated June 20, 2018, as supplemented on April 30, 2019 and June 29, 2022 (collectively, the "Indenture"). As a result of a supplement to the Indenture dated June 29, 2022 (the "Second Supplemental Indenture"), the Company irrevocably surrendered its right to settle the conversion of any Note with its common shares. As a result, all conversions of Notes following the execution of the Second Supplemental Indenture will be settled entirely in cash.

The Noteholders may convert the Notes at their option at any time from January 15, 2023 to the maturity date. In addition, the holder has the right to redeem the Notes from September 30, 2018 to January 15, 2023, if (i) the market price of the Company's 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 (a "Fundamental Change"). A Fundamental Change occurred upon completion of the investment by the CBI Group in the Company in November 2018, and no holders of Notes surrendered any portion of their Notes in connection therewith.

Under the terms of the Indenture, if a Fundamental Change occurs and a holder elects to redeem 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, upon conversion by the holder, will settle in cash, subject to certain circumstances.

Prior to July 20, 2021, the Company could not redeem the Notes except in the event of certain changes in Canadian tax law. On or after July 20, 2021, the Company can 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 initial 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.



The Notes were initially recognized at fair value on the balance sheet and continue to be recorded at fair value. All subsequent changes in fair value, excluding the impact of the change in fair value related to the Company's own credit risk are recorded in other income (expense), net. The changes in fair value related to the Company's own credit risk are recorded through other comprehensive income (loss). During the three months ended June 30, 2022, the Company acquired and cancelled an aggregate principal amount of Notes of \$63,098 which resulted in a release of accumulated other comprehensive income into other income (expense), net of \$7,090. Refer to Note 19.

The overall change in fair value of the Notes during the three months ended June 30, 2022, was a decrease of \$69,542 (three months ended June 30, 2021, a decrease of \$51,372), which included contractual interest of \$6,047 (three months ended June 30, 2021 – \$6,378) and principal redemption of \$63,098. Upon redemption, the principal redeemed had a fair value of \$50,866. Refer to Note 21 for additional details on how the fair value of the Notes is calculated.

In connection with the Exchange Transaction, in the three months ended June 30, 2022, the Company recognized a derivative liability of \$26,594 in connection with the incremental common shares that were potentially issuable to Noteholders, other than GCILP, as at June 30, 2022 at the Averaging Price on the Final Closing. The derivative liability was recorded through other income (expense), net in the three months ended June 30, 2022. Refer to Note 15.

### ***Supreme Cannabis Convertible Debentures and Accretion Debentures***

On October 19, 2018, The Supreme Cannabis Company, Inc. ("Supreme Cannabis") entered into an indenture with Computershare Trust Company of Canada (the "Trustee") pursuant to which Supreme Cannabis issued 6.0% senior unsecured convertible debentures (the "Supreme Debentures") for gross proceeds of \$100,000. On September 9, 2020, Supreme Cannabis and the Trustee entered into a supplemental indenture to effect certain amendments to the Supreme Debentures, which included among other things: (i) the cancellation of \$63,500 of principal amount of the Supreme Debentures; (ii) an increase in the interest rate to 8% per annum; (iii) the extension of the maturity date to September 10, 2025; and (iv) a reduction in the conversion price to \$0.285.

In addition, on September 9, 2020, Supreme Cannabis issued new senior unsecured non-convertible debentures (the "Accretion Debentures"). The principal amount began at \$nil and accretes at a rate of 11.06% per annum based on the remaining principal amount of the Supreme Debentures of \$36,500 to a maximum of \$13,500, compounding on a semi-annual basis commencing on September 9, 2020, and ending on September 9, 2023. The Accretion Debentures are payable in cash, but do not bear cash interest and are not convertible into the common shares of Supreme Cannabis (the "Supreme Shares"). The principal amount of the Accretion Debentures will amortize, or be paid, at 1.0% per month over the 24 months prior to maturity.

As a result of the completion of an arrangement, on June 22, 2021, by the Company and Supreme Cannabis, pursuant to which the Company acquired 100% of the issued and outstanding Supreme Shares (the "Supreme Arrangement"), the Supreme Debentures remain outstanding as securities of Supreme Cannabis, which, upon conversion will entitle the holder thereof to receive, in lieu of the number of Supreme Shares to which such holder was theretofore entitled, the consideration payable under the Supreme Arrangement that such holder would have been entitled to be issued and receive if, immediately prior to the effective time of the Supreme Arrangement, such holder had been the registered holder of the number of Supreme Shares to which such holder was theretofore entitled.

In connection with the Supreme Arrangement, the Company, Supreme Cannabis and the Trustee entered into a supplemental indenture whereby the Company agreed to issue common shares upon conversion of any Supreme Debenture. In addition, the Company may force conversion of the Supreme Debentures outstanding with 30 days' notice if the daily volume weighted average trading price of the Company's common shares is greater than \$38.59 for any 10 consecutive trading days. The Company, Supreme Cannabis and the Trustee entered into a further supplemental indenture whereby the Company agreed to guarantee the obligations of Supreme Cannabis pursuant to the Supreme Debentures and the Accretion Debentures.

Prior to September 9, 2023, the Supreme Debentures are not redeemable. Beginning on and after September 9, 2023, Supreme Cannabis may from time to time, upon providing 60 days prior written notice to the Trustee, redeem the Convertible Debentures outstanding, provided that the Accretion Debentures have already been redeemed in full.

## 15. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at June 30, 2022			As at March 31, 2022		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	\$ 37,895	\$ 97,934	\$ 135,829	\$ 38,035	\$ 101,125	\$ 139,160
Derivative liability related to settlement of convertible senior notes	26,594	-	26,594	-	-	-
Acquisition consideration and other investment related liabilities	871	42,086	42,957	4,020	77,834	81,854
Refund liability	2,788	-	2,788	3,437	-	3,437
Settlement liabilities and other	18,628	9,321	27,949	18,562	11,090	29,652
	<u>\$ 86,776</u>	<u>\$ 149,341</u>	<u>\$ 236,117</u>	<u>\$ 64,054</u>	<u>\$ 190,049</u>	<u>\$ 254,103</u>

On May 17, 2022, upon entering into the Jetty Agreements, the Company recognized the estimated Deferred Payments associated with the Jetty financial instrument within acquisition consideration and other investment related liabilities, in the amount of \$1,771 (see Note 9).

The estimated deferred payments associated with the Wana financial instrument within acquisition consideration and other investment related liabilities at June 30, 2022 is \$30,522 (March 31, 2022 – \$70,066).

## 16. REDEEMABLE NONCONTROLLING INTEREST

The net changes in the redeemable noncontrolling interests are as follows:

	Vert Mirabel	BioSteel	Total
As at March 31, 2022	\$ 1,000	\$ 35,200	\$ 36,200
Net income (loss) attributable to redeemable noncontrolling interest	495	(4,903)	(4,408)
Adjustments to redemption amount	(495)	5,853	5,358
As at June 30, 2022	<u>\$ 1,000</u>	<u>\$ 36,150</u>	<u>\$ 37,150</u>
	Vert Mirabel	BioSteel	Total
As at March 31, 2021	\$ 11,500	\$ 123,800	\$ 135,300
Net income (loss) attributable to redeemable noncontrolling interest	1,293	(3,756)	(2,463)
Adjustments to redemption amount	(1,293)	3,756	2,463
As at June 30, 2021	<u>\$ 11,500</u>	<u>\$ 123,800</u>	<u>\$ 135,300</u>

## 17. SHARE CAPITAL

### CANOPY GROWTH

#### Authorized

An unlimited number of common shares.

#### (i) Equity financings

There were no equity financings during the three months ended June 30, 2022 (three months ended June 30, 2021 - none).

### **(ii) Other issuances of common shares**

During the three months ended June 30, 2022, the Company issued the following common shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	<b>Number of common shares</b>	<b>Share capital</b>	<b>Share based reserve</b>
Jetty Agreements	8,426,539	\$ 59,013	\$ -
Total	<u>8,426,539</u>	<u>\$ 59,013</u>	<u>\$ -</u>

During the three months ended June 30, 2021, the Company issued the following common shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	<b>Number of common shares</b>	<b>Share capital</b>	<b>Share based reserve</b>
Acquisition of Supreme Cannabis	9,013,400	\$ 260,668	\$ -
Completion of acquisition milestones	875,401	25,247	(25,692)
Total	<u>9,888,801</u>	<u>\$ 285,915</u>	<u>\$ (25,692)</u>

### **(iii) Warrants**

	<b>Number of whole warrants</b>	<b>Average exercise price</b>	<b>Warrant value</b>
Balance outstanding at March 31, 2022 <sup>1</sup>	128,193,047	\$ 58.04	\$ 2,581,788
Expiry of warrants	-	-	-
Balance outstanding at June 30, 2022 <sup>1</sup>	<u>128,193,047</u>	<u>\$ 58.04</u>	<u>\$ 2,581,788</u>

<sup>1</sup> This balance excludes the Tranche C Warrants (as defined below), which represent a derivative liability and have nominal value. See Note 26.

	<b>Number of whole warrants</b>	<b>Average exercise price</b>	<b>Warrant value</b>
Balance outstanding at March 31, 2021 <sup>1</sup>	127,073,136	\$ 58.33	\$ 2,568,438
Supreme Cannabis warrants	1,265,742	25.61	13,350
Expiry of warrants	(145,831)	32.61	-
Balance outstanding at June 30, 2021 <sup>1</sup>	<u>128,193,047</u>	<u>\$ 58.04</u>	<u>\$ 2,581,788</u>

<sup>1</sup> This balance excludes the Tranche C Warrants (as defined below), which represent a derivative liability and have nominal value. See Note 26.

## **18. 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 21, 2020, the Company's shareholders approved amendments to the Company's Amended and Restated Omnibus Incentive Plan (as amended and restated, the "Omnibus Plan") pursuant to which the Company can issue share-based long-term incentives. The Omnibus Plan approved by the shareholders extended the maximum term of each Option (as defined below) to be granted by the Company to ten years from the date of grant rather than six years from the date of grant. On May 27, 2021, the Board of Directors of the Company approved certain amendments to the Omnibus Plan in order to reduce the maximum number of shares available for issuance under the Omnibus Plan from 15% of the issued and outstanding shares to 10% of the issued and outstanding shares from time to time less the number of shares issuable pursuant to other security-based compensation arrangements of the Company. 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"), performance share units ("PSUs"), deferred share units, stock appreciation rights, performance awards, or other shares-based awards (collectively, the "Awards") under the Omnibus Plan.

The maximum number of common shares reserved for Awards is 41,721,761 at June 30, 2022. As of June 30, 2022, the only Awards issued have been Options, RSUs and PSUs under the Omnibus Plan.

The Omnibus Plan is administered by the Corporate Governance, Compensation and Nominating Committee of the Board of Directors of the Company (the “CGC&N Committee”) which establishes exercise prices, at not less than the market price at the date of grant, and expiry dates. Awards under the Omnibus Plan generally vest in increments with 1/3 vesting on each of the first, second and third anniversaries from the date of grant, with expiry dates set at ten years from issuance, subject to the discretion of the CGC&N Committee pursuant to the Omnibus Plan to provide for an alternative expiry date or vesting period in an award agreement for the grant of Awards, subject to limits contained in the Omnibus Plan.

Under the Company’s Employee Share Purchase Plan (the “Purchase Plan”) the aggregate number of common shares that may be issued is 600,000, and the maximum number of common shares which may be issued in any one fiscal year shall not exceed 300,000. For the three months ended June 30, 2022, no common shares were issued under the Purchase Plan (three months ended June 30, 2021 – nil).

The following is a summary of the changes in the Options outstanding during the three months ended June 30, 2022:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2022	16,782,962	\$ 33.89
Options granted	3,091,018	4.84
Options exercised	(54,570)	3.81
Options forfeited	(1,354,827)	29.27
Balance outstanding at June 30, 2022	<u>18,464,583</u>	<u>\$ 29.46</u>

The following is a summary of the Options outstanding as at June 30, 2022:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at June 30, 2022	Weighted Average Remaining Contractual Life (years)	Exercisable at June 30, 2022	Weighted Average Remaining Contractual Life (years)
\$0.06 - \$24.62	6,167,572	4.85	1,226,214	1.96
\$24.63 - \$33.53	3,839,051	2.99	2,314,928	2.55
\$33.54 - \$36.80	2,787,753	1.92	2,787,753	1.92
\$36.81 - \$42.84	2,472,721	2.61	2,340,799	2.39
\$42.85 - \$67.64	3,197,486	2.63	2,942,623	2.59
	<u>18,464,583</u>	<u>3.34</u>	<u>11,612,317</u>	<u>2.32</u>

At June 30, 2022, the weighted average exercise price of Options outstanding and Options exercisable was \$29.46 and \$38.42, respectively (March 31, 2022 – \$33.89 and \$38.33, respectively).

The Company recorded \$377 in share-based compensation expense related to Options and Purchase Plan shares issued to employees and contractors for the three months ended June 30, 2022 (three months ended June 30, 2021 – \$8,044). The share-based compensation expense for the three months ended June 30, 2022 includes an amount related to 1,173,866 Options being provided in exchange for services which are subject to performance conditions (for the three months ended June 30, 2021 – 1,559,413).

During the three months ended June 30, 2021, the Company issued replacement options to employees in relation to the acquisition of Supreme Cannabis and recorded share-based compensation expense of \$823.

The Company uses the Black-Scholes option pricing model to establish the fair value of Options granted during the three months ended June 30, 2022 and 2021, on their measurement date by applying the following assumptions:

	June 30, 2022	June 30, 2021
Risk-free interest rate	3.48%	0.67%
Expected life of options (years)	3 - 5	3 - 5
Expected volatility	75%	76%
Expected forfeiture rate	19%	18%
Expected dividend yield	nil	nil
Black-Scholes value of each option	\$2.80	\$17.25

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

During the three months ended June 30, 2022, 54,570 Options were exercised ranging in price from \$2.68 to \$8.18 for gross proceeds of \$210 (for the three months ended June 30, 2021 – 205,335 Options were exercised ranging in price from \$2.68 to \$36.34 for gross proceeds of \$3,592).

For the three months ended June 30, 2022, the Company recorded \$4,888 in share-based compensation expense related to RSUs and PSUs (for the three months ended June 30, 2021 – \$2,295).

The following is a summary of the changes in the Company's RSUs and PSUs during the three months ended June 30, 2022:

	Number of RSUs and PSUs
Balance outstanding at March 31, 2022	3,477,292
RSUs and PSUs granted	2,901,562
RSUs and PSUs released	(244,545)
RSUs and PSUs cancelled and forfeited	(869,594)
Balance outstanding at June 30, 2022	<u>5,264,715</u>

During the three months ended June 30, 2022, the Company recorded \$nil in share-based compensation expense related to acquisition milestones (for the three months ended June 30, 2021 – \$1,699).

During the three months ended June 30, 2022, no common shares were released on completion of acquisition milestones (during the three months ended June 30, 2021 – 9,888,801). At June 30, 2022, there were up to 349,572 common shares to be issued on the completion of acquisition and asset purchase milestones. In certain cases, the number of common shares to be issued is based on the volume weighted average share price at the time the milestones are met. The number of common shares has been estimated assuming the milestones were met at June 30, 2022.

### ***BioSteel share-based payments***

On October 1, 2019, the Company purchased 72% of the outstanding shares of BioSteel Sports Nutrition Inc. ("BioSteel"). BioSteel has a stock option 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 June 30, 2022, BioSteel had 1,565,300 (March 31, 2022 – 1,565,300) 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 \$174 of share-based compensation expense related to the BioSteel options during the three months ended June 30, 2022 with a corresponding increase in noncontrolling interest (three months ended June 30, 2021 – \$265).

## 19. 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	Accumulated other comprehensive income (loss)
As at March 31, 2022	\$ (57,468)	\$ 15,186	\$ (42,282)
Settlement of convertible senior notes	-	(7,090)	(7,090)
Other comprehensive income	758	27,060	27,818
As at June 30, 2022	<u>\$ (56,710)</u>	<u>\$ 35,156</u>	<u>\$ (21,554)</u>
	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Accumulated other comprehensive income (loss)
As at March 31, 2021	\$ (28,246)	\$ (5,994)	\$ (34,240)
Other comprehensive (loss) income	(27,938)	660	(27,278)
As at June 30, 2021	<u>\$ (56,184)</u>	<u>\$ (5,334)</u>	<u>\$ (61,518)</u>

## 20. NONCONTROLLING INTERESTS

The net change in the noncontrolling interests is as follows:

	Vert Mirabel	BioSteel	Other	Total
As at March 31, 2022	-	2,497	1,844	4,341
Comprehensive income (loss)	495	(4,903)	-	(4,408)
Net (income) loss attributable to redeemable noncontrolling interest	(495)	4,903	-	4,408
Share-based compensation	-	174	-	174
As at June 30, 2022	<u>\$ -</u>	<u>\$ 2,671</u>	<u>\$ 1,844</u>	<u>\$ 4,515</u>

	Vert Mirabel	BioSteel	Other non-material interests	Total
As at March 31, 2021	\$ -	\$ 1,658	\$ 3,051	\$ 4,709
Comprehensive income (loss)	1,293	(3,756)	-	(2,463)
Net (income) loss attributable to redeemable noncontrolling interest	(1,293)	3,756	-	2,463
Share-based compensation	-	265	-	265
As at June 30, 2021	<u>\$ -</u>	<u>\$ 1,923</u>	<u>\$ 3,051</u>	<u>\$ 4,974</u>

## 21. 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			Total
	Quoted prices prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>June 30, 2022</b>				
Assets:				
Short-term investments	\$ 447,620	\$ -	\$ -	\$ 447,620
Restricted short-term investments	12,177	-	-	12,177
Other financial assets	277	-	589,951	590,228
Liabilities:				
Convertible senior notes	-	494,416	-	494,416
Warrant derivative liability	-	-	1,555	1,555
Other liabilities	-	-	58,887	58,887
<b>March 31, 2022</b>				
Assets:				
Short-term investments	\$ 595,651	\$ -	\$ -	\$ 595,651
Restricted short-term investments	12,216	-	-	12,216
Other financial assets	490	-	787,816	788,306
Liabilities:				
Convertible senior notes	-	563,958	-	563,958
Liability arising from Acreage Arrangement	-	-	47,000	47,000
Warrant derivative liability	-	-	26,920	26,920
Other liabilities	-	-	70,066	70,066

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 notes	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:

<b>Financial asset / financial liability</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Relationship of unobservable inputs to fair value</b>
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
		Number of common shares to be issued	Increase or decrease in value and number of common shares will result in a decrease or increase 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
		Market access premium	Increase or decrease in estimated market access premium will result in an increase or decrease in fair value
TerrAscend Exchangeable Shares, TerrAscend Option	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
Hempco Debenture	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
TerrAscend warrants - October 2019, March 2020	Black-Sholes 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 - December 2020	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
Arise Bioscience term loan, TerrAscend Canada term loan - October 2019, March 2020	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
		Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
Wana financial instrument - Call Option	Discounted cash flow	Expected future Wana cash flows	Increase or decrease in expected future Wana cash flows will result in an increase or decrease in fair value
		Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
Wana financial instrument - Deferred Payments	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
		Volatility of Wana equity	Increase or decrease in volatility will result in an increase or decrease in fair value
Jetty financial instrument - Call Option	Discounted cash flow	Expected future Jetty cash flows	Increase or decrease in expected future Jetty cash flows will result in an increase or decrease in fair value
		Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
Jetty financial instrument - Deferred Payments	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
		Volatility of Jetty equity and revenue	Increase or decrease in volatility 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
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
		Expected future BioSteel cash flows	Increase or decrease in expected future BioSteel cash flows will result in an increase or decrease 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 or decrease in future wholesale price and production levels will result in an increase or decrease in fair value

## 22. REVENUE

Revenue is disaggregated as follows:

	Three months ended	
	June 30, 2022	June 30, 2021
Canadian recreational cannabis net revenue		
Business-to-business <sup>1</sup>	\$ 26,540	\$ 42,693
Business-to-consumer	12,435	17,344
	38,975	60,037
Canadian medical cannabis net revenue <sup>2</sup>	13,440	13,492
	52,415	73,529
International and other revenue		
C <sup>3</sup>	-	11,443
Other	13,781	7,967
	13,781	19,410
Global cannabis net revenue	66,196	92,939
Other consumer products		
Storz & Bickel	15,643	24,070
This Works	5,520	6,551
BioSteel	17,888	6,661
Other	4,868	5,988
Other consumer products revenue	43,919	43,270
Net revenue	\$ 110,115	\$ 136,209

<sup>1</sup>Canadian recreational business-to-business net revenue during the three months ended June 30, 2022 reflects excise taxes of \$11,591 (three months ended June 30, 2021 – \$17,834).

<sup>2</sup>Canadian medical cannabis net revenue for the three months ended June 30, 2022 reflects excise taxes of \$1,156 (three months ended June 30, 2021 – \$1,380).

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 \$2,898 for the three months ended June 30, 2022 (three months ended June 30, 2021 – \$5,314). As of June 30, 2022, the liability for estimated returns and price adjustments was \$2,788 (March 31, 2022 – \$3,437).

### 23. OTHER INCOME (EXPENSE), NET

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

	Three months ended	
	June 30, 2022	June 30, 2021
Fair value changes on other financial assets	\$ (300,854)	\$ 84,152
Fair value changes on liability arising from Acreage Arrangement	47,000	150,000
Fair value changes on convertible senior notes	(9,612)	50,712
Fair value changes on warrant derivative liability	25,365	316,257
Fair value changes on acquisition related contingent consideration and other	40,425	(199)
Charges related to settlement of convertible senior notes	(19,168)	-
Interest income	3,950	2,647
Interest expense	(26,901)	(24,564)
Foreign currency gain (loss)	(4,935)	1,030
Gain (loss) on disposal/acquisition of consolidated entity	379	(2,339)
Other income (expense), net	(1,227)	2,970
	<u>\$ (245,578)</u>	<u>\$ 580,666</u>

### 24. INCOME TAXES

There have been no material changes to income tax matters in connection with normal course operations during the three months ended June 30, 2022.

The Company is subject to income tax in numerous jurisdictions with varying income tax rates. During the most recent period ended and the fiscal year to date, there were no material changes to the statutory income tax rates in the taxing jurisdictions where the majority of the Company's income for tax purposes was earned, or where its temporary differences or losses are expected to be realized or settled. Although statutory income tax rates remain stable, the Company's effective income tax rate may fluctuate, arising as a result of the Company's evolving footprint, discrete transactions and other factors that, to the extent material, are disclosed in these financial statements.

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

## 25. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share are calculated using the following numerators and denominators:

	Three months ended	
	June 30, 2022	June 30, 2021
<b>Basic (loss) earnings per share computation</b>		
Net (loss) income attributable to common shareholders of Canopy Growth	\$ (2,083,148)	\$ 392,418
Weighted average number of common shares outstanding	398,467,568	384,055,133
<b>Basic (loss) earnings per share</b>	<u>\$ (5.23)</u>	<u>\$ 1.02</u>
<b>Diluted (loss) earnings per share computation</b>		
Net (loss) income used in the computation of basic (loss) earnings per share	\$ (2,083,148)	\$ 392,418
Numerator adjustments for diluted (loss) earnings per share:		
Adjustment to net loss attributable to noncontrolling interests and redeemable noncontrolling interest	-	(2,463)
Removal of fair value changes on convertible senior notes	-	(50,712)
Net (loss) income used in the computation of diluted (loss) earnings per share	<u>\$ (2,083,148)</u>	<u>\$ 339,243</u>
Weighted average number of common shares outstanding used in the computation of basic (loss) earnings per share		
	398,467,568	384,055,133
Denominator adjustments for diluted (loss) earnings per share:		
Dilutive impact of assumed exercise or conversion of:		
Convertible senior notes	-	13,214,767
Redeemable noncontrolling interest	-	4,289,296
Stock options	-	1,190,278
Other securities	-	1,796,769
Weighted average number of common shares for computation of diluted (loss) earnings per share	<u>398,467,568</u>	<u>404,546,243</u>
<b>Diluted (loss) earnings per share<sup>1</sup></b>	<u>\$ (5.23)</u>	<u>\$ 0.84</u>

<sup>1</sup> In computing diluted earnings per share, incremental common shares are not considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive.

## 26. ACREAGE ARRANGEMENT AND AMENDMENTS TO CBI INVESTOR RIGHTS AGREEMENT AND WARRANTS

### Acreege Arrangement

On September 23, 2020, the Company and Acreege Holdings, Inc. (“Acreege”) entered into a second amendment (the “Acreege Amending Agreement”) to the arrangement agreement (the “Acreege Arrangement Agreement”) and plan of arrangement (the “Original Acreege Arrangement”) between the Company and Acreege dated April 18, 2019, as amended on May 15, 2019. In connection with the Acreege Amending Agreement, the Company and Acreege implemented an amended and restated plan of arrangement (the “Acreege Amended Arrangement”) on September 23, 2020. Pursuant to the terms of the Original Acreege Arrangement, shareholders of Acreege and holders of certain securities convertible into the existing Acreege subordinated voting shares as of June 26, 2019, received an immediate aggregate total payment of US\$300,000 (\$395,190) in exchange for granting Canopy Growth both the right and the obligation to acquire all of the issued and outstanding shares of Acreege following 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 “Triggering Event”) and subject to the satisfaction or waiver of the conditions set out in the Acreege Arrangement Agreement.

The Acreege Amended Arrangement provides for, among other things, the following:

- Following the occurrence or waiver (at the discretion of Canopy Growth) of the Triggering Event and subject to the satisfaction or waiver of the conditions set out in the Acreege Arrangement Agreement (as modified in connection with the Acreege Amending Agreement), Canopy Growth will acquire all of the issued and outstanding Class E subordinated voting shares (the “Fixed Shares”) based on an amended exchange ratio equal to 0.3048 of a common share to be received for each Fixed Share held. The foregoing exchange ratio for the Fixed Shares is subject to adjustment in accordance with the Acreege Amended Arrangement if, among other things, Acreege issues greater than the permitted number of Fixed Shares;

- Upon the occurrence or waiver (at the discretion of Canopy Growth) of the Triggering Event, Canopy Growth will have the right exercisable for a period of 30 days, to acquire all of the issued and outstanding Class D subordinated voting shares (the “Floating Shares”) for cash or common shares or a combination thereof, in Canopy Growth’s sole discretion at a price equal to the 30-day volume weighted average trading price of the Floating Shares on the Canadian Securities Exchange, subject to a minimum call price of US\$6.41 per Floating Share. The foregoing exchange ratio for the Floating Shares is subject to adjustment in accordance with the Acreage Amended Arrangement if Acreage issues greater than the permitted number of Floating Shares. The acquisition of the Floating Shares, if acquired, will take place concurrently with the closing of the acquisition of the Fixed Shares;
- Immediately prior to the acquisition of the Fixed Shares, each issued and outstanding Class F multiple voting share will automatically be exchanged for one Fixed Share and thereafter be acquired by Canopy Growth upon the same terms and conditions as the acquisition of the Fixed Shares;
- If the occurrence or waiver of the Triggering Event does not occur by September 23, 2030, Canopy Growth’s rights to acquire both the Fixed Shares and the Floating Shares will terminate;
- Upon implementation of the Acreage Amended Arrangement, Canopy Growth made a cash payment to the shareholders of Acreage and holders of certain convertible securities in the aggregate amount of US\$37,500 (\$49,849); and
- Acreage is only permitted to issue an aggregate of up to 32,700,000 Fixed Shares and Floating Shares.

At June 30, 2022, the right and the obligation (the “Acreage financial instrument”) to acquire the Fixed Shares represents a financial asset of \$60,000 (March 31, 2022 – \$47,000 liability), as the estimated fair value of the Acreage business is more than the estimated fair value of the consideration to be provided upon the exercise of the Acreage financial instrument. Fair value changes on the Acreage financial instrument are recognized in other income (expense), net; see Note 23. The fair value determination includes a high degree of subjectivity and judgment, which results in significant estimation uncertainty. See Note 21 for additional details on how the fair value of the Acreage financial instrument is calculated on a recurring basis. From a measurement perspective, the Company has elected the fair value option under ASC 825.

In connection with the Acreage Amended Arrangement, on September 23, 2020, an affiliate of the Company advanced US\$50,000 (\$66,995) to Universal Hemp, LLC, a wholly owned subsidiary of Acreage (“Acreage Hempco”) pursuant to a secured debenture (“Hempco Debenture”). In accordance with the terms of the Hempco Debenture, the funds advanced to Acreage Hempco cannot be used, directly or indirectly, in connection with or for any cannabis or cannabis-related operations in the United States, unless and until such operations comply with all applicable laws of the United States. The Hempco Debenture bears interest at a rate of 6.1% per annum and matures on September 23, 2030, or such earlier date in accordance with the terms of the Hempco Debenture. All interest payments made pursuant to the Hempco Debenture are payable in cash by Acreage Hempco. The Hempco Debenture is not convertible and is not guaranteed by Acreage.

The amount advanced on September 23, 2020 pursuant to the Hempco Debenture has been recorded in other financial assets (see Note 9), and the Company has elected the fair value option under ASC 825 (see Note 21). At June 30, 2022, the estimated fair value of the Hempco Debenture issued to an affiliate of the Company by Acreage Hempco was \$27,419 (March 31, 2022 – \$28,824), measured using a discounted cash flow model (see Note 21). Refer to Note 9 for details on fair value changes, foreign currency translation adjustment, and interest received. An additional US\$50,000 may be advanced pursuant to the Hempco Debenture subject to the satisfaction of certain conditions by Acreage Hempco.

### **Amendment to the CBI Investor Rights Agreement and warrants**

On April 18, 2019, certain wholly-owned subsidiaries of CBI and Canopy Growth entered into a second amended and restated investor rights agreement and a consent agreement. In connection with these agreements, on June 27, 2019, Canopy Growth (i) extended the term of the first tranche of warrants, which allow CBI to acquire 88.5 million additional shares of Canopy Growth for a fixed price of \$50.40 per share (the “Tranche A Warrants”), to November 1, 2023; and (ii) replaced the second tranche of warrants with two new tranches of warrants (the “Tranche B Warrants” and the “Tranche C Warrants”) as follows:

- the Tranche B Warrants are exercisable to acquire 38.5 million common shares at a price of C\$76.68 per common share; and
- the Tranche C Warrants are exercisable to acquire 12.8 million common shares at a price equal to the 5-day volume-weighted average price of the common shares 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 purchase for cancellation 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 April 18, 2019 and ending on the date that is 24 months after the date that CBI exercises all of the Tranche A Warrants. The share repurchase credit feature is accounted for as a derivative liability, with the fair value continuing to be \$nil at June 30, 2022.

The modifications to the Tranche A Warrants resulted in them meeting the definition of a derivative instrument under ASC 815 - *Derivatives and Hedging* (“ASC 815”). They continue to be classified in equity as the number of shares and exercise price were both fixed at inception.

The Tranche B Warrants are accounted for as derivative instruments (the “warrant derivative liability”) measured at fair value in accordance with ASC 815. At June 30, 2022, the fair value of the warrant derivative liability was \$1,555 (March 31, 2022 – \$26,920), and fair value changes are recognized in other income (expense), net; see Note 23. See Note 21 for additional details on how the fair value of the warrant derivative liability is calculated on a recurring basis.

The Tranche C Warrants are accounted for as derivative instruments, with the fair value continuing to be \$nil at June 30, 2022.

## 27. SEGMENT INFORMATION

### Reportable segments

The Company is reporting its financial results for the following two operating segments, which are also its reportable segments: (i) global cannabis, and (ii) other consumer products. These segments reflect how the Company’s operations are managed, how the Company’s Chief Executive Officer, who is the chief operating decision maker (“CODM”), allocates resources and evaluates performance, and how the Company’s internal management financial reporting is structured.

The Company’s global cannabis segment encompasses the production, distribution and sale of a diverse range of cannabis and cannabinoid-based consumer products in Canada and internationally pursuant to applicable international and domestic legislation, regulations and permits. The Company’s other consumer products segment comprises the production, distribution and sale of consumer products, including (i) Storz & Bickel vaporizers; (ii) This Works beauty, skincare, wellness and sleep products; (iii) BioSteel sports nutrition beverages, mixes, protein, gum and mints; and (iv) other revenue sources. The Company’s CODM evaluates the performance of these two segments focusing on (i) segment net revenue, and (ii) segment gross margin and gross margin percentage as the measure of segment profit or loss.

	<b>Three months ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Segmented net revenue		
Global cannabis	\$ 66,196	\$ 92,939
Other consumer products	43,919	43,270
	<u>\$ 110,115</u>	<u>\$ 136,209</u>
Segmented gross margin:		
Global cannabis	\$ (15,472)	\$ 13,369
Other consumer products	14,080	13,869
	<u>(1,392)</u>	<u>27,238</u>
Selling, general and administrative expenses	103,413	112,574
Share-based compensation	5,439	13,126
Asset impairment and restructuring costs	1,727,985	89,249
Operating loss	(1,838,229)	(187,711)
Loss from equity method investments	-	(100)
Other income (expense), net	(245,578)	580,666
(Loss) income before incomes taxes	<u>\$ (2,083,807)</u>	<u>\$ 392,855</u>

Asset information by segment is not provided to, or reviewed by, the Company’s CODM as it is not used to make strategic decisions, allocate resources, or assess performance.

## Entity-wide disclosures

Disaggregation of net revenue by geographic area:

	Three months ended	
	June 30, 2022	June 30, 2021
Canada	\$ 74,449	\$ 82,612
Germany	12,364	26,106
United States	11,613	19,867
Other	11,689	7,624
	<u>\$ 110,115</u>	<u>\$ 136,209</u>

Disaggregation of property, plant and equipment by geographic area:

	June 30, 2022	March 31, 2022
	Canada	\$ 810,895
Other	115,474	115,189
	<u>\$ 926,369</u>	<u>\$ 942,780</u>

For the three months ended June 30, 2022, no customer represented more than 10% of the Company's net revenue (three months ended June 30, 2021 – one).

## 28. SUBSEQUENT EVENTS

### Completion of Exchange Transaction

On July 18, 2022, the Company completed the Exchange Transaction whereby 62,735,059 common shares were issued in July 2022 and aggregate principal amount of Notes of \$199,522 were acquired and cancelled. In total, 76,804,412 common shares, including the 14,069,353 common shares issued on June 30, 2022, were issued and \$262,620 of aggregate principal amount of the Notes under the Exchange Transaction were acquired and cancelled. Refer to Note 14.