CANOPY GROWTH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023
(IN CANADIAN DOLLARS)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Canopy Growth Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Canopy Growth Corporation and subsidiaries (the Company) as of March 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 22, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has material debt obligations coming due in the short-term, has suffered recurring losses from operations and requires additional capital to fund its operations, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Restatement of Previously Issued Financial Statements

As discussed in Note 2 to the consolidated financial statements, the 2022 consolidated financial statements have been restated to correct misstatements.

Basis for Opinion

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

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

Critical Audit Matters

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

Fair value measurement of the Acreage financial instrument

As discussed in Notes 5, 24 and 31 to the consolidated financial statements, the Company has an obligation to acquire certain shares of Acreage Holdings, Inc., ("Acreage") in return for a specified number of the Company's common shares, and an option, exercisable at its discretion, to acquire certain other Acreage shares in return for a specified number of the Company's common shares. The obligation and the option (collectively, the "Acreage financial instrument") become effective upon the occurrence (or waiver by the Company) of specified changes in United States ("U.S.") federal laws relating to the legalization of cannabis (the "Acreage Triggering Event") or other conditions relating to the Company's Reorganization as discussed in Note 5. The Acreage financial instrument is recorded at fair value through earnings in the consolidated financial statements at each reporting period. As of March 31, 2023, the Acreage financial instrument was recorded as a financial asset of $55,382 thousand, with a fair value gain of $102,382 thousand recognized in other income (expense), net, in the year ended March 31, 2023.

We identified the assessment of the fair value measurement of the Acreage financial instrument as a critical audit matter. There was a high degree of subjective auditor judgment in the evaluation of the key assumptions that were not directly observable, when determining the fair value of the Acreage financial instrument. The key assumptions included the probability of each scenario, the intrinsic value of Acreage, the probability and timing of U.S. legalization, the estimated premium on U.S. legalization, and the control premium.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of the internal control over the Company's key assumptions noted above. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the Company's key assumptions noted above. The evaluation was achieved by:

- performing sensitivity analyses on certain assumptions for each scenario
- evaluating the probability of each scenario by analyzing the Acreage and Canopy share prices, reading analyst reports, inspecting board meeting minutes, press releases, and public filings, and assessing the financial performance of Acreage
- evaluating the intrinsic value of Acreage by considering both the Acreage share price and the enterprise values of comparable public companies
- evaluating the probability and timing of U.S. legalization by monitoring political developments and the potential for relevant legislation in the U.S.
- evaluating the estimated premium on U.S. legalization by assessing the impact of cannabis legalization in Canada on the share prices of Canadian cannabis licensed producers at the time of Canadian legalization, analyzing the differences between the Canadian and U.S. cannabis markets, and assessing the extent to which the anticipated U.S. legalization of cannabis is reflected in the Acreage share price
- evaluating the control premium by comparing it to third party evidence, including publicly available market data for comparable transactions.

Goodwill impairment assessment of the Storz & Bickel reporting unit

As discussed in Notes 3 and 15 to the consolidated financial statements, the Company reviews goodwill annually for impairment in the fourth quarter, or sooner if events or circumstances indicate that its carrying amount may not be recoverable. The Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If factors indicate this is the case, then a quantitative test is performed and an impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of the goodwill. The fair value of the S&B reporting unit was determined using the income valuation method. The goodwill balance as of March 31, 2023 was $85,563 thousand, which related entirely to the Storz & Bickel ("S&B") reporting unit. No impairment was noted for the S&B reporting unit as its estimated fair value exceeded its carrying value as of March 31, 2023.

We identified the evaluation of the recoverability of the carrying value of goodwill for the S&B reporting unit as a critical audit matter. Specifically, our evaluation of certain assumptions, including revenue growth rate projections and the discount rate, required a high degree of auditor judgment as they were based on subjective determinations of future market and economic conditions. The assumptions were challenging to audit as changes to the assumptions could have had a significant effect on the Company's assessment of the fair value of the S&B reporting unit and whether an impairment existed. Additionally, the audit effort associated with the evaluation of the discount rate required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of the internal control related to the Company's goodwill impairment process. We evaluated the reasonableness of the Company's revenue growth rate projections for the S&B reporting unit by comparing these to publicly available market data, the Company's business strategy, and historical performance. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the discount rate by comparing it against a range of discount rates that was independently developed using publicly available market data for comparable entities
- developing an estimate of the S&B reporting unit's fair value using the reporting unit's cash flow forecast and an independently developed discount rate, and comparing the results of our estimate of fair value to the Company's fair value estimate.

Consolidation of Canopy USA under the variable interest entity model

As discussed in Notes 2 and 5 to the consolidated financial statements, on October 24, 2022, Canopy Growth completed a number of strategic transactions in connection with the creation of a new U.S.-domiciled holding company, Canopy USA, LLC ("Canopy USA") (the "Reorganization"). Canopy Growth holds non-voting and non-participating shares (the "Non-Voting Shares") in the capital of Canopy USA. Following the implementation of the Reorganization, Canopy USA was determined to be a variable interest entity ("VIE") in accordance with U.S. GAAP, and Canopy Growth was determined to be the primary beneficiary of Canopy USA. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. As a result of such determination, Canopy Growth consolidated the financial results of Canopy USA.

We identified the assessment of the determination of the primary beneficiary of Canopy USA under the variable interest entity model as a critical audit matter. There was a high degree of auditor judgment in evaluating the assessment of whether the Company is the primary beneficiary of Canopy USA, whether the Company has the power to direct the activities that most significantly impact Canopy USA's economic performance, and the accounting impact of disproportionality between the Company's voting rights and economic exposure.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of the internal control relating to the Company's determination of the primary beneficiary of Canopy USA and the resulting consolidation accounting conclusion. In addition, we performed the following:

- inquired of management to obtain an understanding of the transaction, evaluate its business purpose, and assess the activities that most significantly impact the economic performance of Canopy USA
- read Canopy USA's relevant governing agreements, including the Protection Agreement
- obtained management's accounting analysis, and assessed whether it considered all the relevant provisions of the governing agreements that might impact the primary beneficiary assessment, whether the Company has the power to direct the activities that most significantly impact Canopy USA's economic performance, and whether there was disproportionality between Canopy USA's voting rights and economic exposure
- involved accounting advisory professionals with specialized skills and knowledge to assist with the assessment of the appropriateness of the Company's accounting analysis.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Ottawa, Canada
June 22, 2023

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Canopy Growth Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Canopy Growth Corporation's and subsidiaries' (the Company) internal control over financial reporting as of March 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of March 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three year period ended March 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated June 22, 2023 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the following have been identified and included in management's assessment:

- An ineffective control environment, resulting from a lack of the required number of trained operational and IT personnel with the appropriate skills and knowledge and with appropriate assigned authorities, responsibilities and accountability related to the design, implementation and operating effectiveness of internal control over financial reporting. The control environment material weakness contributed to the following material weaknesses:
    - The accounting for sales recorded by the BioSteel segment, which resulted in material misstatements relating to revenue and trade receivables, particularly with respect to the timing and amount of revenue recognition. Specifically, the Company did not design and maintain effective controls to sufficiently assess the timing, amount and appropriateness of revenue recognition. This included a lack of segregation of duties in the review of customer orders, inadequate controls over the review and approval of sales returns, and inadequate controls relating to revenue recognition policies and procedures. This also contributed to the failure to impair goodwill related to the BioSteel reporting unit on a timely basis as changes in the performance of BioSteel were not identified in a timely manner, and the failure to accurately record the redeemable noncontrolling interest.
    - IT general controls deficiencies that aggregated to a material weakness. These deficiencies specifically related to: (i) logical access management, including untimely periodic access review, access provisioning and modification, removal of user access and change management controls with respect to a payroll system implemented during the year; and (ii) untimely and inconsistent monitoring and oversight of third-party service organizations. Although the Company has identified no instances of any adverse effects due to these deficiencies, business processes that depend on the affected information systems or that depend on data from the affected information systems, could be adversely impacted.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

The Company acquired the operations of a manufacturing facility from Flow Beverage Corp. (the "Acquired Operations") during the year ended March 31, 2023, and management excluded the Acquired Operations from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2023. The Acquired Operations represent approximately 1% of total assets and approximately 1% of gross revenues of the consolidated financial statements of the Company, as of and for the year ended March 31, 2023. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Acquired Operations.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Ottawa, Canada
June 22, 2023

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

	March 31, 2023	March 31, 2022 (As Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 677,007	$ 776,005
Short-term investments	105,595	595,651
Restricted short-term investments	11,765	12,216
Amounts receivable, net	93,987	86,581
Inventory	148,901	204,539
Prepaid expenses and other assets	39,999	52,620
Total current assets	1,077,254	1,727,612
Other financial assets	568,292	800,328
Property, plant and equipment	499,466	942,780
Intangible assets	188,719	252,695
Goodwill	85,563	1,866,503
Other assets	19,804	15,342
Total assets	$ 2,439,098	$ 5,605,260
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 76,234	$ 64,270
Other accrued expenses and liabilities	75,991	75,278
Current portion of long-term debt and convertible debentures	556,890	9,296
Other liabilities	94,727	64,346
Total current liabilities	803,842	213,190
Long-term debt	749,991	1,491,695
Deferred income tax liabilities	357	15,991
Liability arising from Acreage Arrangement	-	47,000
Warrant derivative liability	-	26,920
Other liabilities	124,886	190,049
Total liabilities	1,679,076	1,984,845
Commitments and contingencies		
Redeemable noncontrolling interest	-	32,500
Canopy Growth Corporation shareholders' equity:		
Common shares - $nil par value; Authorized - unlimited number of shares; Issued - 517,305,551 shares and 394,422,604 shares, respectively	7,938,571	7,482,809
Additional paid-in capital	2,506,485	2,521,246
Accumulated other comprehensive loss	(13,860)	(42,282)
Deficit	(9,672,761)	(6,378,199)
Total Canopy Growth Corporation shareholders' equity	758,435	3,583,574
Noncontrolling interests	1,587	4,341
Total shareholders' equity	760,022	3,587,915
Total liabilities and shareholders' equity	$ 2,439,098	$ 5,605,260

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

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

	Years ended March 31, 2023	2022 (As Restated)	2021
Revenue	$ 450,901	$ 572,214	$ 607,198
Excise taxes	47,997	61,893	60,549
Net revenue	402,904	510,321	546,649
Cost of goods sold	507,044	713,457	479,689
Gross margin	(104,140)	(203,136)	66,960
Operating expenses			
Selling, general and administrative expenses	456,225	472,756	575,389
Share-based compensation	31,188	47,525	91,149
Expected credit losses on financial assets and related charges	-	-	109,480
Asset impairment and restructuring costs	2,256,742	369,339	534,398
Total operating expenses	2,744,155	889,620	1,310,416
Operating loss	(2,848,295)	(1,092,756)	(1,243,456)
Loss from equity method investments	-	(100)	(52,629)
Other income (expense), net	(466,025)	753,341	(387,876)
Loss before income taxes	(3,314,320)	(339,515)	(1,683,961)
Income tax recovery	4,774	8,948	13,141
Net loss	(3,309,546)	(330,567)	(1,670,820)
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interest	(31,388)	(20,524)	74,100
Net loss attributable to Canopy Growth Corporation	$ (3,278,158)	$ (310,043)	$ (1,744,920)
Basic and diluted loss per share	$ (7.07)	$ (0.79)	$ (4.69)
Basic and diluted weighted average common shares outstanding	463,724,414	391,324,285	371,662,296
Comprehensive income (loss):			
Net loss	$ (3,309,546)	$ (330,567)	$ (1,670,820)
Other comprehensive income (loss), net of income tax effect			
Fair value changes of own credit risk of financial liabilities	30,722	21,180	(100,170)
Foreign currency translation	27,207	(45,352)	(154,969)
Total other comprehensive income (loss), net of income tax effect	57,929	(24,172)	(255,139)
Comprehensive loss	(3,251,617)	(354,739)	(1,925,959)
Comprehensive (loss) income attributable to noncontrolling interests and redeemable noncontrolling interest	(31,388)	(20,524)	74,100
Comprehensive loss attributable to Canopy Growth Corporation	$ (3,220,229)	$ (334,215)	$ (2,000,059)

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

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

		Additional paid-in capital				Accumulated other comprehensive income (loss)			
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit	Noncontrolling interests	Total
Balance at March 31, 2022 (As Restated)	$ 7,482,809	$ 492,041	$ 2,581,788	$ (509,723)	$ (42,860)	$ (42,282)	$ (6,378,199)	$ 4,341	$ 3,587,915
Cumulative effect from adoption of ASU 2020-06	-	4,452	-	-	-	-	(729)	-	3,723
Other issuances of common shares and warrants	141,996	(1,951)	-	-	-	-	-	-	140,045
Exercise of Omnibus Plan stock options	1,597	(1,316)	-	-	-	-	-	-	281
Share-based compensation	-	25,322	-	-	-	-	-	-	25,322
Issuance and vesting of restricted share units and performance share units	20,398	(20,398)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	4,723	17,630	-	-	29,544	51,897
Ownership changes relating to noncontrolling interests, net	-	-	-	-	-	-	-	710	710
Redemption of redeemable noncontrolling interest	26,506	-	-	(16,961)	(26,262)	-	(15,675)	(1,620)	(34,012)
Settlement of unsecured senior notes	265,265	-	-	-	-	(29,507)	-	-	235,758
Comprehensive income (loss)	-	-	-	-	-	57,929	(3,278,158)	(31,388)	(3,251,617)
Balance at March 31, 2023	$ 7,938,571	$ 498,150	$ 2,581,788	$ (521,961)	$ (51,492)	$ (13,860)	$ (9,672,761)	$ 1,587	$ 760,022

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

		Additional paid-in capital							
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest	Accumulated other comprehensive income (loss)	Deficit	Noncontrolling interests	Total
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	298,145	(30,457)	-	-	-	-	-	-	267,688
Replacement equity instruments from the acquisition of Supreme Cannabis	-	5,566	13,350	-	-	-	-	-	18,916
Exercise of Omnibus Plan stock options	8,855	(3,288)	-	-	-	-	-	-	5,567
Share-based compensation	-	46,686	-	-	-	-	-	-	46,686
Issuance and vesting of restricted share units	7,252	(7,252)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	-	83,483	-	-	19,317	102,800
Ownership changes relating to noncontrolling interests	-	-	-	-	-	-	-	839	839
Redemption of redeemable noncontrolling interest	-	-	-	2,617	(5,109)	-	-	-	(2,492)
Disposal of consolidated entities	-	-	-	-	-	16,130			16,130
Comprehensive loss	-	-	-	-	-	(24,172)	(310,043)	(20,524)	(354,739)
Balance at March 31, 2022 (As Restated)	$ 7,482,809	$ 492,041	$ 2,581,788	$ (509,723)	$ (42,860)	$ (42,282)	$ (6,378,199)	$ 4,341	$ 3,587,915

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

		Additional paid-in capital				Accumulated other comprehensive income (loss)			
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit	Noncontrolling interests	Total
Balance at March 31, 2020	$ 6,373,544	$ 517,741	$ 2,638,951	$ (501,403)	$ (40,134)	$ 220,899	$ (4,323,236)	$ 221,758	$ 5,108,120
Other issuances of common shares and warrants	61,809	(33,953)	-	-	-	-	-	-	27,856
Exercise of warrants	315,699	-	(70,513)	-	-	-	-	-	245,186
Exercise of Omnibus Plan stock options	244,170	(87,273)	-	-	-	-	-	-	156,897
Share-based compensation	-	87,322	-	-	-	-	-	-	87,322
Issuance and vesting of restricted share units	3,051	(3,051)	-	-	-	-	-	-	-
Completion of plan of arrangement with RIV Capital	170,284	-	-	(10,976)	-	-	-	(313,243)	(153,935)
Changes in redeemable noncontrolling interest	-	-	-	-	(83,627)	-	-	18,077	(65,550)
Ownership changes relating to noncontrolling interests	-	-	-	39	2,527	-	-	4,017	6,583
Comprehensive (loss) income	-	-	-	-	-	(255,139)	(1,744,920)	74,100	(1,925,959)
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

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

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

	Years ended March 31,		
	2023	2022 (As Restated)	2021
Cash flows from operating activities:			
Net loss	$ (3,309,546)	$ (330,567)	$ (1,670,820)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment	56,736	76,247	70,914
Amortization of intangible assets	27,781	38,171	56,204
Share of loss on equity method investments	-	100	52,629
Share-based compensation	31,188	47,525	91,149
Asset impairment and restructuring costs	2,227,989	332,949	519,209
Expected credit losses on financial assets and related charges	-	-	109,480
Income tax recovery	(4,774)	(8,948)	(13,141)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	353,827	(866,739)	380,758
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	(9,906)	13,603	(11,994)
Inventory	55,638	173,037	23,107
Prepaid expenses and other assets	2,484	24,552	77
Accounts payable and accrued liabilities	17,629	(35,844)	16,542
Other, including non-cash foreign currency	(6,592)	(9,897)	(89,843)
Net cash used in operating activities	(557,546)	(545,811)	(465,729)
Cash flows from investing activities:			
Purchases of and deposits on property, plant and equipment	(9,217)	(36,684)	(164,502)
Purchases of intangible assets	(1,337)	(11,429)	(9,639)
Proceeds on sale of property, plant and equipment	13,609	27,279	45,921
Proceeds on sale of intangible assets	-	-	18,337
Redemption (purchases) of short-term investments	502,589	545,991	(459,834)
Cash outflow on completion of RIV Arrangement	-	-	(152,801)
Net cash proceeds on sale of subsidiaries	14,932	118,149	-
Net cash outflow on acquisition of subsidiaries	(24,223)	(14,947)	-
Sale of equity method investments	-	-	7,000
Investment in other financial assets	(67,150)	(379,414)	(44,721)
Investment in Acreage Arrangement	-	-	(49,849)
Loan advanced to Acreage Hempco	-	-	(66,995)
Other investing activities	4,176	(18,126)	(7,022)
Net cash provided by (used in) investing activities	433,379	230,819	(884,105)
Cash flows from financing activities:			
Proceeds from issuance of common shares and warrants	1,049	2,700	-
Proceeds from exercise of stock options	281	5,567	156,897
Proceeds from exercise of warrants	-	-	245,186
Issuance of long-term debt and convertible debentures	135,160	-	893,160
Repayment of long-term debt	(118,179)	(50,763)	(15,619)
Other financing activities	(38,005)	(3,037)	(14,855)
Net cash (used in) provided by financing activities	(19,694)	(45,533)	1,264,769
Effect of exchange rate changes on cash and cash equivalents	44,863	(18,123)	(63,458)
Net decrease in cash and cash equivalents	(98,998)	(378,648)	(148,523)
Cash and cash equivalents, beginning of period	776,005	1,154,653	1,303,176
Cash and cash equivalents, end of period	$ 677,007	$ 776,005	$ 1,154,653

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

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

	Years ended March 31,		
	2023	2022	2021
Supplemental disclosure of cash flow information			
Cash received during the period:			
Income taxes	$ 5,511	$ 1,299	$ 4,068
Interest	$ 28,500	$ 16,175	$ 26,279
Cash paid during the period:			
Income taxes	$ 1,184	$ 2,641	$ 22,769
Interest	$ 131,824	$ 119,249	$ 25,649
Noncash investing and financing activities			
Additions to property, plant and equipment	$ 38	$ 1,408	$ 9,962

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

1. DESCRIPTION OF BUSINESS

Canopy Growth Corporation is a publicly traded corporation, incorporated in Canada, with its head office located at 1 Hershey Drive, Smiths Falls, Ontario. References in these consolidated financial statements to "Canopy Growth" or "the Company" refer to Canopy Growth Corporation and its subsidiaries.

The principal activities of the Company are the production, distribution and sale of a diverse range of cannabis and cannabinoid-based products for both adult-use and medical purposes under a portfolio of distinct brands in Canada pursuant to the *Cannabis Act*, SC 2018, c 16 (the "*Cannabis Act*"), which came into effect on October 17, 2018 and regulates both the medical and adult-use 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

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

Going Concern

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As reflected in the consolidated financial statements, the Company has certain material debt obligations coming due in the short-term, has suffered recurring losses from operations and requires additional financing to fund its business and operations. If the Company is unable to raise additional capital, it is possible that it will be unable to meet certain of its financial obligations. For example, the Company may not be able to satisfy the minimum liquidity covenant under its credit facility during its first quarter of fiscal year 2025, which breach could trigger an acceleration of its senior secured indebtedness. As of March 31, 2023, the Company had $467,957 in required principal repayments under debt obligations to be settled in cash due within the next 12 months, and cash flow from operations was negative throughout fiscal 2023. As of March 31, 2023, the Company had cash and cash equivalents of $677,007 and short-term investments of $105,595, which are predominantly invested in liquid securities issued by the United States government.

These matters, when considered in the aggregate raise substantial doubt about the Company's ability to continue as a going concern for at least twelve months from the issuance of these consolidated financial statements.

In view of these matters, continuation as a going concern is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements and to raise additional capital, and the success of its future operations. The consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.

Management plans to fund the operations and debt obligations of the Company through existing cash positions and proceeds from the sale of certain of the Company's facilities. The Company is also currently evaluating several different strategies and intends to pursue actions that are expected to increase its liquidity position, including, but not limited to, pursuing additional actions under the Company's cost-savings plan, seeking additional financing from both the public and private markets through the issuance of equity and/or debt securities, and monetizing additional assets.

The Company's management cannot provide assurances that the Company will be successful in accomplishing any of its proposed financing plans. Management also cannot provide any assurance as to unforeseen circumstances that could occur within the next 12 months or, if the Company raises capital, thereafter, which could increase the Company's need to raise additional capital on an immediate basis, which capital may not be available to the Company.

Restatement of Previously Issued Consolidated Financial Statements

In connection with the preparation of the Company's consolidated financial statements for the year ended March 31, 2023, management of the Company identified certain trends in the booking of sales by the BioSteel Sports Nutrition Inc. ("BioSteel") business unit for further review. The Company, together with independent external counsel and forensic accountants, and under the oversight of the Audit Committee (the "Audit Committee") of the Board of Directors (the "Board") of the Company, initiated an internal review of the financial reporting matters related to BioSteel (the "BioSteel Review"). On May 4, 2023, the Company, in consultation with the Audit Committee, concluded that the Company's (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2022 (the "2022 10-K"), and (ii) unaudited consolidated financial statements for the quarterly periods ended June 30, 2022, September 30, 2022 and December 31, 2022, included in the Company's Quarterly Reports on Form 10-Q for such quarterly periods (collectively, the "Form 10-Qs" and together with the 2022 10-K, the "Prior Financial Statements"), should no longer be relied upon because of certain material misstatements contained in the Prior Financial Statements.

The BioSteel Review focused on the timing of revenue recognition in accordance with U.S. GAAP under ASC 606, *Revenue from Contracts with Customers,* and the correction of the misstatements has reduced certain revenues previously recognized and adjusted related balance sheet items in the Prior Financial Statements, including certain segment disclosures (the "Restatement Items"). A summary of the corrected misstatements is as follows:

Revenue Recognition

As a result of the BioSteel Review, misstatements in the Company's recognition of revenue pursuant to ASC 606 were identified, primarily in relation to the Company's "business-to-business" sales to customers in international markets, including wholesalers, distributors, and retailers. The Company concluded that revenue was incorrectly recognized in certain situations in which: (i) the product ordered by the customer had not been shipped, and therefore control of the product had not been transferred to the customer; (ii) the product was shipped without a legally enforceable written, oral or implied contract with the customer that specified each party's rights regarding the goods to be transferred and the payment terms; or (iii) product had been shipped, and ultimately not accepted by the customer, because the product did not have the required remaining shelf life to be sold through by the customer in a primary sales channel.

Redeemable noncontrolling interest in BioSteel

As a result of the misstatements related to BioSteel's recognition of revenue, the Company considered the impact on the redeemable noncontrolling interest in BioSteel and determined that its redemption value would decline for the year ended March 31, 2022, and for the quarterly periods ended June 30, 2022, September 30, 2022 and December 31, 2022. Additionally, the consideration the BioSteel shareholders and option holders received for the first tranche of the redeemable noncontrolling interest in the three months ended December 31, 2022 was based on a multiple of BioSteel's revenue which exceeded the contractual settlement consideration after correcting for the revenue misstatements. The excess has been recognized in the three months ended September 30, 2022 as an increase to the deficit for certain employee and non-employee shareholders, and as share-based compensation expense for certain employee and consultant option holders. No gain contingency has been recognized for the excess.

Goodwill

In considering the misstatements related to revenue recognition and the associated correction of these misstatements through the reduction of previously recognized revenue for BioSteel, the Company determined there to be an indicator of impairment for the BioSteel reporting unit as of September 30, 2022 and, as a result, the Company performed a quantitative interim goodwill impairment assessment for the BioSteel reporting unit as of September 30, 2022. The Company concluded that the carrying value of the BioSteel reporting unit was higher than its estimated fair value, and a goodwill impairment loss totaling $57,401 was recognized in the three months ended September 30, 2022, representing the entirety of the goodwill assigned to the BioSteel reporting unit. Accordingly, the Company has restated its Prior Financial Statements for the quarterly periods ended September 30, 2022 and December 31, 2022.

Impact of Restatement

The Company evaluated the materiality of these misstatements both qualitatively and quantitatively in accordance with Staff Accounting Bulletin ("SAB") No. 99, *Materiality*, and SAB No. 108, *Considering the Effects of Prior Year Misstatements in Current Year Financial Statements*, and determined the effect of correcting these misstatements was material to the Prior Financial Statements. As a result of the material misstatements, we have restated our Prior Financial Statements in accordance with Accounting Standards Codification ("ASC") 250, *Accounting Changes and Error Corrections* (the "Restated Financial Statements").

A reconciliation from the previously reported amounts in the Prior Financial Statements to the restated amounts in the Restated Financial Statements is provided for the impacted financial statement line items below for: (i) the consolidated balance sheet as of March 31, 2022; (ii) the consolidated statement of operations and comprehensive loss for the year ended March 31, 2022; (iii) the consolidated statement of shareholders' equity for the year ended March 31, 2022; and (iv) the consolidated statement of cash flows for the year ended March 31, 2022. The previously reported amounts in the Prior Financial Statements are labeled as "As Previously

Reported" in the tables below. The amounts labelled "Restatement Adjustments" represent the effects of the restatement described above.

Also see Note 36, "Restatement of Previously Issued Unaudited Interim Condensed Consolidated Financial Statements."

The following table presents the effect of the Restatement Items on the Company's consolidated balance sheet as of March 31, 2022 (in thousands, except number of shares and per share data):

	March 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Amounts receivable, net	$ 96,443	$ (9,862)	$ 86,581
Inventory	204,387	152	204,539
Prepaid expenses and other assets	52,700	(80)	52,620
Total current assets	1,737,402	(9,790)	1,727,612
Total assets	5,615,050	(9,790)	5,605,260
Other liabilities	64,054	292	64,346
Total current liabilities	212,898	292	213,190
Total liabilities	1,984,553	292	1,984,845
Redeemable noncontrolling interest	36,200	(3,700)	32,500
Additional paid-in capital	2,519,766	1,480	2,521,246
Deficit	(6,370,337)	(7,862)	(6,378,199)
Total Canopy Growth Corporation shareholders' equity	3,589,956	(6,382)	3,583,574
Total shareholders' equity	3,594,297	(6,382)	3,587,915
Total liabilities and shareholders' equity	5,615,050	(9,790)	5,605,260

The correction of the revenue misstatement described above resulted in a decrease of $9,862 in amounts receivable, net, and a corresponding increase in the deficit. Additionally, the correction of the misstatement described above resulted in a decrease in redeemable noncontrolling interest of $3,700 and an increase in additional paid-in-capital of $1,480.

The following table presents the effect of the Restatement Items on the Company's consolidated statement of operations and comprehensive loss for the year ended March 31, 2022 (in thousands, except number of shares and per share data):

	Year ended March 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Revenue	$ 582,218	$ (10,004)	$ 572,214
Net revenue	520,325	(10,004)	510,321
Cost of goods sold	713,379	78	713,457
Gross margin	(193,054)	(10,082)	(203,136)
Operating loss	(1,082,674)	(10,082)	(1,092,756)
Loss income before income taxes	(329,433)	(10,082)	(339,515)
Net loss	(320,485)	(10,082)	(330,567)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(18,304)	(2,220)	(20,524)
Net loss attributable to Canopy Growth Corporation	(302,181)	(7,862)	(310,043)
Basic and diluted loss per share	$ (0.77)	$ (0.02)	$ (0.79)
Basic and diluted weighted average common shares outstanding	391,324,285	-	391,324,285
Comprehensive loss:			
Net loss	$ (320,485)	$ (10,082)	$ (330,567)
Comprehensive loss	(344,657)	(10,082)	(354,739)
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(18,304)	(2,220)	(20,524)
Comprehensive loss attributable to Canopy Growth Corporation	(326,353)	(7,862)	(334,215)

The correction of the revenue misstatement described above resulted in a decrease of $10,004 in net revenue and an increase in the net loss attributable to noncontrolling interests and redeemable noncontrolling interest of $2,220. As a result, net loss attributable to Canopy Growth Corporation and comprehensive loss attributable to Canopy Growth Corporation were each impacted by $7,862.

The following table presents the effect of the Restatement Items on the Company's consolidated statement of shareholders' equity for the year ended March 31, 2022:

	March 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Additional paid-in-capital - Redeemable noncontrolling interest	$ (44,340)	$ 1,480	$ (42,860)
Deficit	(6,370,337)	(7,862)	(6,378,199)
Total shareholders' equity	3,594,297	(6,382)	3,587,915

The correction of the revenue misstatement described above resulted in a decrease of $1,480 in additional paid-in-capital - redeemable noncontrolling interest, and an increase of $7,862 in the deficit. In total, the impact on total shareholders' equity was a decrease of $6,382.

The following table presents the effect of the Restatement Items on the Company's consolidated statement of cash flows for the year ended March 31, 2022:

	Year ended March 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Net loss	$ (320,485)	$ (10,082)	$ (330,567)
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	3,741	9,862	13,603
Inventory	173,189	(152)	173,037
Prepaid expenses and other assets	24,472	80	24,552
Other, including non-cash foreign currency	(10,189)	292	(9,897)
Net cash used in operating activities	(545,811)	-	(545,811)

The correction of the revenue misstatement described above resulted in no net change to net cash used in operating activities.

The following table presents the effect of the Restatement Items on the Company's segmented information note for the year ended March 31, 2022:

	Year ended March 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Segmented net revenue			
Canada cannabis	$ 257,910	$ -	$ 257,910
Rest-of-world cannabis	79,306	-	79,306
Storz & Bickel	85,410	-	85,410
BioSteel	44,626	(10,004)	34,622
This Works	32,296	-	32,296
Other	20,777	-	20,777
	$ 520,325	$ (10,004)	$ 510,321
Segmented gross margin:			
Canada cannabis	$ (212,820)	$ -	$ (212,820)
Rest-of-world cannabis	(28,875)	-	(28,875)
Storz & Bickel	37,284		37,284
BioSteel	(5,640)	(10,082)	(15,722)
This Works	14,800		14,800
Other	2,197	-	2,197
	(193,054)	(10,082)	(203,136)
Operating loss	(1,082,674)	(10,082)	(1,092,756)
Loss before incomes taxes	$ (329,433)	$ (10,082)	$ (339,515)

The correction of the revenue misstatement described above resulted in a decrease of $10,004 in revenue associated with the BioSteel reportable segment.

The remainder of the notes to the Company's consolidated financial statements have been updated and restated, as applicable, to reflect the impacts of the restatement described above.

Principles of consolidation

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

Variable interest entities

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

Equity method investments

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

Use of estimates

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

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

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

Cash equivalents and short-term investments

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

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

Inventory

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

Property, plant and equipment

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

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

	Years
Buildings and greenhouses	20 - 50
Production and warehouse equipment	5 - 30
Leasehold improvements	3 - 20
Office and lab equipment	3 - 10
Computer equipment	3 - 10

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

Intangible assets

Finite lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided on a straight-line basis over the following terms:

	Years
Intellectual property	5 - 15
Distribution channel	5 - 11
Operating licenses	5 - 8
Software and domain names	3 - 5
Brands	2 - 5

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

Goodwill and indefinite lived intangible assets

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. The Company reviews goodwill and indefinite lived intangible assets annually for impairment in the fourth quarter, or sooner, if events or circumstances indicate that the carrying amount of an asset may not be recoverable. The Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If factors indicate this is the case, then a quantitative test is performed and an impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill.

Year ended March 31, 2021

Until the three months ended March 31, 2021, the Company had two operating segments, which were also its reportable segments: (i) cannabis, hemp and other consumer products; and (ii) RIV Capital Inc. (formerly Canopy Rivers Inc.) ("RIV Capital"). The goodwill associated with all acquisitions was allocated to the one reporting unit within the cannabis, hemp and other consumer products operating and reportable segment, as this reporting unit held the acquired entities. The Company changed the structure of its internal management financial reporting in the three months ended March 31, 2021 (refer to Note 35), and accordingly, identified two operating and reportable segments: (i) global cannabis; and (ii) other consumer products. The reorganization of the Company's reporting structure changed the composition of its reporting units and required that goodwill be reassigned to the reporting units using a relative fair value allocation approach. Assets and liabilities were also reassigned to the reporting units affected based on the assets that would be employed in, or the liabilities related to, the operations of each reporting unit, and the assets or liabilities that would be considered in determining the fair value of each reporting unit. After this reorganization, the Company's reporting units with goodwill in the global cannabis segment included: (i) cannabis operations, and (ii) C^3 Cannabinoid Compound Company GmbH ("C^3"); and in the other consumer products segment included: (i) Storz & Bickel GmbH ("Storz & Bickel"); (ii) This Works Products Ltd. ("This Works"); and (iii) BioSteel.

Year ended March 31, 2022

In the three months ended March 31, 2022, the Company further changed the composition of its reporting units within the global cannabis segment as a result of: (i) the completion of the Company's divestiture of its interest in C^3 (the "C^3 Divestiture") (see Note 30(b)); and (ii) a strategic shift in the Company's KeyLeaf Life Sciences ("KeyLeaf") business to focus on non-cannabis extraction activities. Accordingly, goodwill was reassigned to the KeyLeaf reporting unit from the cannabis operations reporting unit, using the relative fair value allocation approach. There were no changes to the reporting units included in the Company's other consumer products segment in the year ended March 31, 2022.

The Company performed its annual goodwill impairment test in the three months ended March 31, 2022, and recognized impairment losses in relation to its KeyLeaf and This Works reporting units. Refer to Note 15 for further details.

Year ended March 31, 2023

In the three months ended June 30, 2022, the Company recognized a goodwill impairment loss in relation to the cannabis operations reporting unit in the global cannabis segment, representing the entirety of the goodwill assigned to the cannabis operations reporting unit. In the three months ended September 30, 2022, following the completion of certain restructuring actions which were initiated in the three months ended March 31, 2022, and which were aligned with the Company's strategic review of its business, the Company changed the structure of its internal management financial reporting and began reporting its financial results for the following five reportable segments: (i) Canada cannabis; (ii) Rest-of-world cannabis; (iii) Storz & Bickel; (iv) BioSteel; (v) This Works (see Note 35). There were no changes to the composition of the Company's reporting units to which goodwill remains assigned resulting from the change in reportable segments.

The Company recognized goodwill impairment losses in the three months ended September 30, 2022 in relation to its This Works reporting unit and BioSteel reporting unit. In the three months ended March 31, 2023, the Company performed its annual goodwill impairment test and noted no additional impairments. Refer to Note 15 for further details.

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

Impairment of long-lived assets

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

Restricted short-term investments

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

Redeemable noncontrolling interest

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

Revenue recognition

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

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

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

Cost of goods sold

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

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled $134,403, $104,221 and $72,377 in the years ended March 31, 2023, 2022, and 2021, respectively.

Research and development

Research and development costs are expensed as incurred. Research and development expenses totaled $21,718, $32,344, and $57,582 in the years ended March 31, 2023, 2022, and 2021, respectively.

Asset impairment and restructuring costs

Asset impairment and restructuring costs consist of property, plant and equipment, intangible asset and goodwill impairment charges, asset abandonment costs, contractual and other settlement costs, and employee-related and other restructuring costs recognized in connection with: (i) the restructuring of the Company's global operations that commenced in the year ended March 31, 2020 and continued during the years ended March 31, 2021, March 31, 2022 and March 31, 2023; and (ii) other impairments. Refer to Note 6 for further details. When a long-lived asset is abandoned its carrying amount is adjusted to its salvage value, if any. In determining the salvage value of our long-lived assets, management considers information from manufacturers, historical data, and industry standards. In certain cases, management may obtain third party appraisals to estimate salvage value.

Share-based compensation

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

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

Income taxes

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

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

Income taxes are recognized in the consolidated statement of operations, except when they relate to a pre-tax item that is recognized in other comprehensive income (loss) or directly in equity, respectively. Income taxes recognized in other comprehensive income (loss) or equity are reclassified to the consolidated statement of operations if the corresponding pre-tax item is reclassified to the consolidated statement of operations. Where income taxes arise from the initial accounting for a business combination, these are embedded in the pre-tax accounting for the business combination.

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

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted earnings (loss) per share is computed by dividing earnings (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common shares of the Company during the reporting periods. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of warrants, vested share options, RSUs and the incremental shares issuable upon conversion of the convertible senior notes. As at March 31, 2023, March 31, 2022, and March 31, 2021, all instruments were anti-dilutive.

Fair value measurements

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

For other financial assets measured at fair value that earn interest, the Company has elected to present interest income as part of the fair value change in other income (expense), net.

4. 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 ASU 2020-06 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) are 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.

5. CANOPY USA

Reorganization - Creation of Canopy USA

On October 24, 2022, Canopy Growth completed a number of strategic transactions in connection with the creation of Canopy USA, LLC ("Canopy USA"), a new U.S.-domiciled holding company (the "Reorganization"). Following the implementation of the Reorganization, Canopy USA, as of October 24, 2022, holds certain U.S. cannabis investments previously held by Canopy Growth, which is expected to enable Canopy USA, following, among other things, the Meeting (as defined below) and the exercise of the Acreage Option (as defined below), including the issuance of the Fixed Shares (as defined below) to Canopy USA, to consummate the acquisitions of Acreage Holdings, Inc. ("Acreage"), Mountain High Products, LLC, Wana Wellness, LLC and The Cima Group, LLC (collectively, "Wana" and each, a "Wana Entity"), and Lemurian, Inc. ("Jetty"). There were no changes recorded in the estimated fair values of the U.S. cannabis investments described below upon implementation of the Reorganization, and their transfer from Canopy Growth to Canopy USA.

Following the implementation of the Reorganization, as of October 24, 2022, Canopy USA holds an ownership interest in the following assets, among others:

- **Wana** - The options to acquire 100% of the membership interests of Wana (the "Wana Options"), a leading cannabis edibles brand in North America.
- **Jetty** - The options to acquire 100% of the shares of Jetty (the "Jetty Options"), a California-based producer of high-quality cannabis extracts and pioneer of clean vape technology.

Canopy Growth currently retains the option to acquire the issued and outstanding Class E subordinate voting shares (the "Fixed Shares") of Acreage (the "Acreage Option"), representing approximately 70% of the total shares of Acreage, at a fixed share exchange ratio of 0.3048 of a common share of Canopy Growth per Fixed Share. Concurrently with the closing of the acquisition of the Fixed Shares pursuant to the exercise of the Acreage Option, the Fixed Shares will be issued to Canopy USA. In addition, Canopy USA has agreed to acquire all of the issued and outstanding Class D subordinate voting shares of Acreage (the "Floating Shares") by way of a court-approved plan of arrangement (the "Floating Share Arrangement") in exchange for 0.45 of a common share of Canopy Growth for each Floating Share held. Acreage is a leading vertically-integrated multi-state cannabis operator, with its main operations in densely populated states across the Northeast U.S. including New Jersey and New York.

In addition, as of October 24, 2022, Canopy USA held direct and indirect interests in the capital of TerrAscend Corp. ("TerrAscend"), a leading North American cannabis operator with vertically integrated operations and a presence in Pennsylvania, New Jersey, Michigan and California as well as licensed cultivation and processing operations in Maryland. Canopy USA's direct and indirect interests in TerrAscend included: (i) 38,890,570 exchangeable shares in the capital of TerrAscend (the "TerrAscend Exchangeable Shares"), an option to purchase 1,072,450 TerrAscend common shares (the "TerrAscend Common Shares") for an aggregate purchase price of $1.00 (the "TerrAscend Option") and 22,474,130 TerrAscend Common Share purchase warrants previously held by Canopy Growth (the "TerrAscend Warrants"); and (ii) the debentures and loan agreement between Canopy Growth and certain TerrAscend subsidiaries.

On December 9, 2022, Canopy USA and certain limited partnerships that are controlled by Canopy USA entered into a debt settlement agreement with TerrAscend and certain of its subsidiaries whereby all of the debt obligations, including all principal and interest, were extinguished and all of the previously issued TerrAscend Warrants controlled by Canopy USA were cancelled in exchange for the issuance of 24,601,467 TerrAscend Exchangeable Shares and 22,474,130 new TerrAscend Warrants expiring on December 31, 2032. See Note 12 for further details.

Following the implementation of the Reorganization Canopy USA was determined to be a VIE pursuant to ASC 810 - *Consolidations* and prior to the completion of the Reorganization Amendments (as defined below), Canopy Growth was determined to be the primary beneficiary of Canopy USA. As a result of such determination and in accordance with ASC 810, Canopy Growth consolidated the financial results of Canopy USA. On May 19, 2023, the Company and Canopy USA restructured the Company's interests in Canopy USA by implementing the Reorganization Amendments such that the Company does not expect to consolidate the financial results of Canopy USA within the Company's financial statements in accordance with U.S. GAAP. Refer to discussion below for further information regarding the Reorganization Amendments.

Ownership of U.S. Cannabis Investments

Following the implementation of the Reorganization, the shares and interests in Acreage, Wana, Jetty and TerrAscend are held, directly or indirectly, by Canopy USA, and Canopy Growth no longer holds a direct interest in any shares or interests in such entities, other than the Acreage Option. Canopy Growth holds non-voting and non-participating shares (the "Non-Voting Shares") in the capital of Canopy USA. The Non-Voting Shares do not carry voting rights, rights to receive dividends or other rights upon dissolution of Canopy USA. Following the Reorganization Amendments, the Non-Voting Shares are convertible into Class B shares of Canopy USA (the "Canopy USA Class B Shares"). The Company also has the right (regardless of the fact that its Non-Voting Shares are non-voting and non-participating) to appoint one member to the Canopy USA board of managers (the "Canopy USA Board").

As of March 31, 2023, a third party investor owned all of the issued and outstanding Class A shares of Canopy USA (the "Canopy USA Common Shares") and a wholly-owned subsidiary of the Company holds Non-Voting Shares in the capital of Canopy USA, representing approximately more than 99% of the issued and outstanding shares in Canopy USA on an as-converted basis.

On October 24, 2022, Canopy USA and the Company also entered into an agreement with, among others, Nancy Whiteman, the controlling shareholder of Wana, which was amended and restated on May 19, 2023, whereby subsidiaries of Canopy USA agreed to pay additional consideration in order to acquire the Wana Options and the future payments owed in connection with the exercise of the Wana Options (as described in Note 12) will be reduced to US$3.00 in exchange for the issuance of Canopy USA Common Shares and Canopy Growth common shares (the "Wana Amending Agreement"). In accordance with the terms of the Wana Amending Agreement, Canopy USA Common Shares and Canopy Growth common shares will be issued to the shareholders of Wana, each with a value equal to 7.5% of the fair market value of Wana as of the later of: (i) the date that the Wana Options are exercised; and (ii) the T1 Investment (as defined below) closing date (the "Wana Valuation Date") less any net debt of Wana as of the Wana Valuation Date plus any net cash of Wana as of Wana Valuation Date. The value of Wana and the number of Canopy USA Common Shares will be determined based on the fair market value of Wana and the Canopy USA Common Shares, respectively, as determined by an appraiser appointed by the Company and an appraiser appointed by the shareholders of Wana (and, if required, a third appraiser to be appointed by the initial two appraisers). The Canopy USA Common Shares and Canopy Growth common shares will only be issued to Ms. Whiteman, or entities controlled by Ms. Whiteman, on the later of: (i) the date of exercise of the Wana Options and (ii) the date that CBG Holdings LLC ("CBG") and Greenstar Canada Investment Limited Partnership ("Greenstar"), indirect, wholly-owned subsidiaries of Constellation Brands, Inc. ("CBI"), have converted their Canopy Growth common shares into Exchangeable Shares (as defined below). The Wana Amending Agreement may be terminated and no Canopy USA Common Shares or Canopy Growth common shares will be issued to Ms. Whiteman, or entities controlled by Ms. Whiteman in the event that CBG and Greenstar have not converted their Canopy Growth common shares into Exchangeable Shares by the later of: (i) sixty days after the Meeting; or (ii) March 31, 2023. The Canopy USA Common Shares issuable to Ms. Whiteman, or entities controlled by Ms. Whiteman, will also be subject to a repurchase right exercisable at any time after the 36 month anniversary of the closing of the transaction contemplated by the Wana Amending Agreement (the "Wana Repurchase Right") to repurchase all Canopy USA Common Shares that have been issued at a price per Canopy USA Common Share equal to the fair market value as determined by an appraiser. As part of this agreement, Canopy USA has granted Ms. Whiteman the right to appoint one member to the Canopy USA Board and a put right on the same terms and conditions as the Wana Repurchase Right.

Canopy Growth and Canopy USA have also entered into a protection agreement (the "Protection Agreement") to provide for certain covenants in order to preserve the value of the Non-Voting Shares held by Canopy Growth until such time as the Non-Voting Shares are converted in accordance with their terms, but does not provide Canopy Growth with the ability to direct the business, operations or activities of Canopy USA. The Protection Agreement was amended and restated in connection with the Reorganization Amendments (the "A&R Protection Agreement").

Upon closing of Canopy USA's acquisition of Acreage, Canopy Growth will receive additional Non-Voting Shares from Canopy USA in consideration for the issuance of common shares of the Company that shareholders of Acreage will receive in accordance with the terms of the Existing Acreage Arrangement Agreement (as defined below) and the Floating Share Arrangement Agreement.

Until such time as Canopy Growth converts the Non-Voting Shares into Canopy USA Class B Shares, Canopy Growth will have no economic or voting interest in Canopy USA, Wana, Jetty, TerrAscend, or Acreage. Canopy USA, Wana, Jetty, TerrAscend, and Acreage will continue to operate independently of Canopy Growth.

Acreage Agreements

On October 24, 2022, Canopy Growth entered into an arrangement agreement with Canopy USA and Acreage, as amended (the "Floating Share Arrangement Agreement"), pursuant to which, subject to approval of the holders of the Floating Shares and the terms and conditions of the Floating Share Arrangement Agreement, Canopy USA will acquire all of the issued and outstanding Floating Shares by way of a court-approved plan on arrangement under the *Business Corporations Act* (British Columbia) (the "Floating Share Arrangement") in exchange for 0.45 of a Company common share for each Floating Share held. In connection with the Floating Share Arrangement Agreement, Canopy Growth has irrevocably waived the Acreage Floating Option (as defined below) existing under the Existing Acreage Arrangement Agreement.

On October 24, 2022, Canopy Growth and Canopy USA entered into voting support agreements with certain of Acreage's directors, officers and consultants pursuant to which such persons have agreed, among other things, to vote their Floating Shares in favor of the Floating Share Arrangement, representing approximately 7.3% of the issued and outstanding Floating Shares.

In addition to shareholder and court approvals, the Floating Share Arrangement is subject to approval of the Amendment Proposal (as defined below) and applicable regulatory approvals including, but not limited to, Toronto Stock Exchange ("TSX") approval and the satisfaction of certain other closing conditions customary in transactions of this nature. The Floating Share Arrangement received the requisite approval from the holders of Floating Shares at the special meeting of Acreage shareholders held on March 15, 2023 and on March 20, 2023 Acreage obtained a final order from the Supreme Court of British Columbia approving the Floating Share Arrangement. On March 17, 2023, the Floating Share Arrangement Agreement was amended to extend the Exercise Outside Date (as defined in the Floating Share Arrangement Agreement) from March 31, 2023 to May 31, 2023 and on May 31, 2023 the Floating Share Arrangement Agreement was further amended to extend the Exercise Outside Date to August 31, 2023. The completion of the Floating Share Arrangement is subject to satisfaction or, if permitted, waiver of certain closing conditions, including, among others, approval of the Amendment Proposal on or prior to the Exercise Outside Date.

It is intended that Canopy Growth's existing option to acquire the Fixed Shares on the basis of 0.3048 of a Company common share per Fixed Share will be exercised after the Meeting in accordance with the terms of the arrangement agreement dated April 18, 2019, as amended on May 15, 2019, September 23, 2020 and November 17, 2020 (the "Existing Acreage Arrangement Agreement"). Canopy Growth will not hold any Fixed Shares or Floating Shares. Completion of the acquisition of the Fixed Shares following exercise of the Acreage Option is subject to the satisfaction of certain conditions set forth in the Existing Acreage Arrangement Agreement. The acquisition of the Floating Shares pursuant to the Floating Share Arrangement is anticipated to occur immediately prior to the acquisition of the Fixed Shares pursuant to the Existing Acreage Arrangement Agreement in late 2023 such that 100% of the issued and outstanding shares of Acreage will be owned by Canopy USA on closing of the acquisition of both the Fixed Shares and the Floating Shares.

In addition, the Company entered into additional agreements related to Acreage that are described in Note 12.

Special Shareholder Meeting

In connection with the Reorganization, Canopy Growth expects to hold a special meeting of shareholders (the "Meeting") at which Canopy Growth shareholders will be asked to consider and, if deemed appropriate, to pass a special resolution authorizing an amendment to its articles of incorporation, as amended (the "Amendment Proposal"), in order to: (i) create and authorize the issuance of an unlimited number of a new class of non-voting and non-participating exchangeable shares in the capital of Canopy Growth (the "Exchangeable Shares"); and (ii) restate the rights of the Company's common shares to provide for a conversion feature whereby each common share may at any time, at the option of the holder, be converted into one Exchangeable Share. The Exchangeable Shares will not carry voting rights, rights to receive dividends or other rights upon dissolution of Canopy Growth but will be convertible into common shares.

The Amendment Proposal must be approved by at least 66⅔% of the votes cast on a special resolution by Canopy Growth's shareholders present in person or represented by proxy at the Meeting.

On October 24, 2022, CBG and Greenstar entered into a voting and support agreement with Canopy Growth (the "Voting and Support Agreement"). Pursuant to the terms of the Voting and Support Agreement, CBG and Greenstar agreed, subject to the terms and conditions thereof, among other things, to vote all of the Canopy Growth common shares beneficially owned, directed or controlled, directly or indirectly, by them for the Amendment Proposal.

In the event the Amendment Proposal is approved, and subject to the conversion by CBI of their Canopy Growth common shares into Exchangeable Shares, Canopy USA is expected to exercise the Wana Options and the Jetty Options. In the event the Amendment Proposal is not approved, Canopy USA will not be permitted to exercise its rights to acquire shares of Wana or Jetty and the Floating Share Arrangement Agreement will be terminated. In such circumstances, Canopy will retain the Acreage Option under the Existing Acreage Arrangement Agreement and Canopy USA will continue to hold the Wana Options and the Jetty Options, as well as the TerrAscend Exchangeable Shares and other securities in the capital of TerrAscend. In addition, the Company is contractually required to cause Canopy USA to exercise its repurchase right to acquire the Canopy USA Common Shares held by the third party investors.

Balance Sheet Actions

On October 24, 2022, Canopy Growth entered into agreements with certain of its lenders under its term loan credit agreement dated March 18, 2021 (the "Credit Agreement") pursuant to which Canopy Growth agreed to tender US$187,500 of the principal amount outstanding thereunder at a discounted price of US$930 per US$1,000 or US$174,375 in the aggregate (the "Paydown"). The first payment of $117,528 (US$87,852) was made on November 10, 2022 to reduce the principal indebtedness by $126,324 (US$94,427). The second payment of $116,847 (US$87,213) was made on April 17, 2023 to reduce principal indebtedness by $125,606 (US$93,750). See Note 17 for further details.

Canopy Growth also agreed with its lenders to amend certain terms of the Credit Agreement (collectively, the "Credit Agreement Amendments"). The Credit Agreement Amendments include, among other things: (i) reductions to the minimum Liquidity (as defined in the Credit Agreement) covenant to US$100,000; (ii) certain changes to the application of net proceeds from asset sales; (iii) the establishment of a new committed delayed draw term credit facility in an aggregate principal amount of US$100,000; and (iv) the elimination of the additional US$500,000 incremental term loan facility.

Relationship with CBI

In connection with the Reorganization, CBI has indicated its current intention to convert all of its common shares of the Company into Exchangeable Shares, conditional upon the approval of the Amendment Proposal. However, any decision to convert will be made by CBI in its sole discretion, and CBI is not obligated to effect any such conversion.

In connection with the foregoing, on October 24, 2022, Canopy Growth entered into a consent agreement with CBG and Greenstar (the "Third Consent Agreement"), pursuant to which the parties agreed, among other things, that following the conversion by CBG and Greenstar of their respective Canopy Growth common shares into Exchangeable Shares, other than the Third Consent Agreement and the termination rights contained therein and the Canopy Notes held by Greenstar, all agreements between Canopy Growth and CBI, including the Second Amended and Restated Investor Rights Agreement, dated as of April 18, 2019, by and among certain wholly-owned subsidiaries of CBI and Canopy Growth (the "Second Amended and Restated Investor Rights Agreement"), will be terminated. Pursuant to the terms of the Third Consent Agreement, CBG and Greenstar also agreed, among other things, that at the time of the conversion by CBG and Greenstar of their Canopy Growth common shares into Exchangeable Shares, (i) CBG will surrender the warrants held by CBG to purchase 139,745,453 common shares for cancellation for no consideration; and (ii) all nominees of CBI that are currently sitting on the board of directors of Canopy Growth (the "Board") will resign from the Board. In addition, pursuant to the Third Consent Agreement and following the Reorganization Amendments, Canopy Growth is contractually required to convert its Non-Voting Shares into Canopy USA Class B Shares and cause Canopy USA to repurchase the Canopy USA Common Shares held by certain third-party investors in Canopy USA in the event CBG and Greenstar have not converted their respective common shares into Exchangeable Shares by the later of: (i) sixty days after the Meeting; or (ii) February 28, 2023 (the "Termination Date"). The Third Consent Agreement will automatically terminate on the Termination Date.

In the event that CBI does not convert its Canopy Growth common shares into Exchangeable Shares, Canopy USA will not be permitted to exercise its rights to acquire the Fixed Shares from the Company or exercise its rights under the Wana Options or Jetty Options, and the Floating Share Arrangement Agreement will be terminated. In such circumstances, Canopy Growth will retain the Acreage Option under the Existing Acreage Arrangement Agreement and Canopy USA will continue to hold the Wana Options and the Jetty Options, as well as the TerrAscend Exchangeable Shares and other securities in the capital of TerrAscend. If CBI does not convert its Canopy Growth common shares into Exchangeable Shares, the Company is also contractually required to cause Canopy USA to exercise its repurchase right to acquire the Canopy USA Common Shares held by the third party investors.

Amendments to Canopy USA Structure

The Company is committed to both optimizing the value of Canopy USA and remaining in compliance with the Nasdaq listing requirements. The Company and Canopy USA effectuated certain changes to the initial structure of the Company's interest in Canopy USA such that the Company does not expect to consolidate the financial results of Canopy USA within the Company's financial statements. These changes included, among other things, modifying the terms of the Protection Agreement between the Company, its wholly-owned subsidiary and Canopy USA as well as the terms of Canopy USA's limited liability company agreement and amending the terms of certain agreements with third-party investors in Canopy USA to eliminate any rights to guaranteed returns (collectively, the "Reorganization Amendments"). See Note 37 for further details relating to the Reorganization Amendments.

6. ASSET IMPAIRMENT AND RESTRUCTURING COSTS

<u>Year ended March 31, 2023</u>

Restructuring and other charges

In the year ended March 31, 2023, the Company recognized impairment charges associated with its announcement, in the three months ended March 31, 2023, of a series of comprehensive steps to align its Canadian cannabis operations and resources in response to unfavorable market realities. These actions include:

- Transitioning to an asset-light model by: (i) exiting cannabis flower cultivation in the Company's Smiths Falls, Ontario facility; (ii) ceasing the sourcing of cannabis flower from the Company's Mirabel, Quebec facility; and (iii) consolidating cultivation at the Company's existing facilities in Kincardine, Ontario and Kelowna, British Columbia; and
- Moving to an adaptive third-party sourcing model for all cannabis beverages, edibles, vapes, and extracts which will enable the Company to select and bring to market new product formats without the required investment in research and development and production footprint.

As a result of the aforementioned changes, the Company intends to close and sell the 1 Hershey Drive facility in Smiths Falls, Ontario, consolidate flower, pre-rolled joints, softgel, and oil manufacturing in the Company's current beverage production facility in Smiths Falls, Ontario, and reduced headcount across the business. We also intend to rationalize our cannabis extraction activities across Canada. Additionally, in March 2023, the Company completed the purchase of the remaining 45% of the common shares of Les Serres Vert Cannabis Inc. ("Vert Mirabel") for consideration consisting of cash and the Company's common shares, thereby increasing the Company's interest in the entity to 100%. In connection with that acquisition, the Company terminated its lease for the facility in Mirabel, Quebec and is ceasing the sourcing of cannabis flower from the Mirabel, Quebec facility.

The Company also recognized impairment charges associated with the divestiture of the Company's retail operations pursuant to the OEGRC Transaction and the FOUR20 Transaction (as each terms is defined below), as described in Note 30(a) below. Additionally, the Company: (i) 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, as described below in our summary of restructuring actions in the year ended March 31, 2022; and (ii) employee-related restructuring charges associated with actions completed in the three months ended December 31, 2022 and three months ended March 31, 2023 as part of the Company's ongoing program to align general and administrative costs with business objectives, and further streamline the Company's operations.

The Company recorded total inventory write-downs and associated restructuring charges of $90,485 in the year ended March 31, 2023, related primarily to: (i) the aforementioned strategic changes to our business that were initiated in the three months ended March 31, 2023, including the closure of our production facility at 1 Hershey Drive in Smiths Falls, Ontario; (ii) the strategic changes to our business initiated in fiscal 2022, including the shift to a contract manufacturing model for certain product formats and the closure of certain of our production facilities; and (ii) charges associated with certain contract manufacturing agreements held by BioSteel that are not expected to occur past the year ended March 31, 2023.

As a result of these actions, the Company recognized aggregate pre-tax charges of $547,533 in the year ended March 31, 2023, and reduced headcount by approximately 800 full-time positions.

Other impairments

The other impairment charges described below related to goodwill and intangible assets are in addition to the restructuring and impairment costs described above and which are associated with the Company's restructuring actions.

<u>Goodwill</u>

In the year ended March 31, 2023, the Company recognized goodwill impairment charges totaling $1,785,080 as follows: (i) $1,725,368 was recorded in the three months ended June 30, 2022 in relation to the Company's cannabis operations reporting unit in the Canada cannabis segment; (ii) $57,401 was recorded in the three months ended September 30, 2022 in relation to the Company's BioSteel reporting unit; and (iii) $2,311 was recorded in the three months ended September 30, 2022 in relation to the Company's This Works reporting unit. Refer to Note 15 for further details.

<u>Intangible assets</u>

In the year ended March 31, 2023, the Company recognized asset impairment losses totaling $14,614 in connection with certain acquired brand intangible assets, primarily within our Canada cannabis segment.

A summary of the pre-tax charges totaling $2,347,227 recognized in connection with the Company's restructuring actions and other impairments is as follows:

	Year ended March 31, 2023		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Inventory write-downs and other charges	$ 90,485	$ -	$ 90,485
Costs recorded in operating expenses:			
Impairment of property, plant and equipment	376,176	-	376,176
Impairment of intangible assets	27,399	14,614	42,013
Impairment of goodwill	-	1,785,080	1,785,080
Contractual and other settlement obligations	18,427	-	18,427
Employee-related and other restructuring costs	35,046	-	35,046
Asset impairment and restructuring costs	457,048	1,799,694	2,256,742
Total restructuring, asset impairments and related costs	$ 547,533	$ 1,799,694	$ 2,347,227

Costs recorded in cost of goods sold

In the year ended March 31, 2023, the Company recognized charges of $90,485 relating to inventory write-downs and associated restructuring charges, as described above.

Costs recorded in operating expenses

The Company recognized asset impairment and restructuring costs of $457,048 million in the year ended March 31, 2023 as a result of the restructuring actions described above. The Company impaired certain production facilities, right-of-use assets, and operating license and intellectual property intangible assets, and a loss totaling $403,575 was recognized in the year ended March 31, 2023, representing the difference between the net book value of the long-lived assets and their estimated salvage or fair value. Of this loss, $376,176 related to property, plant and equipment, and related primarily to buildings and greenhouses, production and warehouse equipment, and right-of-use assets, and $27,399 related to operating license and intellectual property intangible assets.

In the year ended March 31, 2023, the Company recognized contractual and other settlement obligations of $18,427, and employee-related and other restructuring costs of $35,046.

Year Ended March 31, 2022

Restructuring and other charges

In the year ended March 31, 2022, the Company recorded charges associated with operational changes resulting from its continuing strategic review of its business. The Company recorded charges in the three months ended June 30, 2021 related to a strategic review of the business conducted as a result of acquisitions completed in that period (see Note 29(b)), which resulted in the closure of the Company's Niagara-on-the-Lake, Ontario and Langley, British Columbia facilities. In the three months ended March 31, 2022, the Company recorded further charges related to further restructuring actions aligned to its strategic review of the business, which included: (i) reducing cultivation costs in the Canadian adult-use cannabis business through cultivation-related efficiencies and facility improvements; (ii) implementing a flexible manufacturing platform, including contract manufacturing for certain product formats; (iii) right-sizing indirect costs and generating efficiencies across the Company's supply chain and procurement; (iv) aligning general and administrative costs with short-term business expectations; and (v) further streamlining the organization to drive process-related efficiencies.

The Company also recorded charges associated with changes in the estimated fair value of certain of the Company's Canadian sites that were closed in December 2020, and costs associated with the closure of those sites. Refer to discussion below for restructuring actions in the year ended March 31, 2021.

The Company recorded total inventory write-downs and associated restructuring charges of $123,669 in the year ended March 31, 2022, related primarily to: (i) the aforementioned strategic changes to our business, including the shift to a contract manufacturing model for certain product formats and the closure of certain of our production facilities; and (ii) amounts deemed excess based on current and projected market demand.

As a result of these actions, the Company recognized aggregate pre-tax charges of $429,810 in the year ended March 31, 2022, and reduced headcount by approximately 250 full-time positions.

Other impairments

Goodwill

The Company performed its annual goodwill impairment test in the three months ended March 31, 2022, and recognized impairment losses totaling $40,748, of which $22,355 relates to the KeyLeaf reporting unit and $18,393 relates to the This Works reporting unit. Refer to Note 15 for further details.

Intangible assets

In the year ended March 31, 2022, the Company recognized asset impairment charges totaling $26,065 related to certain of its acquired brands and operating licenses. These impairment charges were identified by the Company during its annual impairment testing process, which was conducted in the three months ended March 31, 2022, and reflected in asset impairment and restructuring costs.

These other impairment charges related to goodwill and intangible assets are in addition to the restructuring and impairment costs described above and which are associated with the Company's restructuring actions.

A summary of the pre-tax charges totaling $496,623 recognized in connection with the Company's restructuring actions and other impairments is as follows:

	Year ended March 31, 2022		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Inventory write-downs and other charges	$ 123,669	$ -	$ 123,669
Costs recorded in operating expenses:			
Impairment and abandonment of property, plant and equipment	224,726	-	224,726
Impairment and abandonment of intangible assets	41,404	26,065	67,469
Impairment of goodwill	-	40,748	40,748
Contractual and other settlement obligations	6,610	-	6,610
Employee-related and other restructuring costs	29,786	-	29,786
Asset impairment and restructuring costs	302,526	66,813	369,339
Acceleration of share-based compensation expense related to acquisition milestones	3,615	-	3,615
Share-based compensation expense	3,615	-	3,615
Total restructuring, asset impairments and related costs	$ 429,810	$ 66,813	$ 496,623

Costs recorded in cost of goods sold

In the year ended March 31, 2022, the Company recognized charges of $123,669 relating to inventory write-downs and associated restructuring charges, as described above.

Costs recorded in operating expenses

The Company recognized asset impairment and restructuring costs of $302,526 in the year ended March 31, 2022 as a result of the restructuring actions described above. The Company impaired and abandoned certain production facilities and brand and intellectual property intangible assets, and a loss totaling $266,130 was recognized in the year ended March 31, 2022, representing the difference between the net book value of the long-lived assets and their estimated salvage value or fair value. Of this loss, $224,726 related to property, plant and equipment, and related primarily to buildings and greenhouses, and production and warehouse equipment, and $41,404 related to brand and intellectual property intangible assets.

In the year ended March 31, 2022, the Company recognized contractual and other settlement obligations of $6,610 and employee-related and other restructuring costs of $29,786.

In the year ended March 31, 2022, as a result of the restructuring actions described above, the Company accelerated share-based compensation expense relating to the unvested milestones associated with acquisitions completed in prior fiscal years. Accordingly, the Company recognized share-based compensation expense of $3,615 in the year ended March 31, 2022.

Year Ended March 31, 2021

Restructuring and other charges

In the three months ended June 30, 2020, the Company completed certain of the restructuring actions that had commenced in the year ended March 31, 2020, including completing the exit of the Company's operations in South Africa and Lesotho, and the Company recorded final adjustments related to changes in certain estimates recorded at March 31, 2020. In addition, the Company incurred additional costs related primarily to the rationalization of its marketing organization in April 2020. In the three months ended September 30, 2020, the Company recorded: (i) adjustments related to changes in the estimated fair value of certain of its Canadian production facilities from March 31, 2020, and (ii) charges related to rationalizing certain research and development activities.

In December 2020, as the partial outcome of an ongoing end-to-end strategic review of its operations, the Company announced a series of Canadian operational changes designed to streamline its operations and further improve its gross margins. The Company has ceased operations at its sites in St. John's, Newfoundland and Labrador; Fredericton, New Brunswick; Edmonton, Alberta; Bowmanville, Ontario; as well as its outdoor cannabis grow operations in Saskatchewan. As a result of these restructuring actions, the Company reduced headcount by approximately 220 full-time positions, and abandoned or impaired certain of its production facilities and intangible assets. Additionally, the Company: (i) completed the sale of its production facilities in Aldergrove and Delta, British Columbia in December 2020 and January 2021, respectively, for combined proceeds of $40,650; and (ii) recorded additional charges related to the shifting of the Company's strategy in Latin America, which the Company commenced in the three months ended March 31, 2020.

In addition to recording adjustments associated with changes in certain estimates related to the closure of its Canadian production facilities, in the three months ended March 31, 2021, the Company recognized costs associated with the closure of the production facilities, and rationalizing certain licensing arrangements. This included: (i) the impairment of the Company's equity method investment in the More Life Growth Company ("More Life") in the amount of $10,300; (ii) the difference between the termination payment made by the Company to More Life, and the remaining minimum royalty obligations owing to More Life that were derecognized (refer to Note 29(d); and (iii) charges associated with terminating a licensing agreement with a third party (which included derecognizing the remaining minimum royalty obligations owing to the third party in the amount of $18,810).

The Company recorded total inventory write-downs of $25,985 in the year ended March 31, 2021 related to the closure of certain of its Canadian and international production facilities.

As a result of these actions the Company recognized aggregate pre-tax charges of $564,049 in the year ended March 31, 2021.

Other impairments

In the year ended March 31, 2021, the Company recognized licensed brand intangible asset impairment charges totaling $6,634, which were identified during its annual impairment testing process and reflected in asset impairment and restructuring costs. These other impairment charges are in addition to the restructuring and impairment costs described above and associated with the Company's restructuring actions.

A summary of the pre-tax charges totaling $570,683 recognized in connection with the Company's restructuring actions and other impairments is as follows:

	Year ended March 31, 2021		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Inventory write-downs	$ 25,985	$ -	$ 25,985
Costs recorded in operating expenses:			
Impairment and abandonment of property, plant and equipment	426,748	-	426,748
Impairment and abandonment of intangible assets	54,511	6,634	61,145
Contractual and other settlement obligations	22,352	-	22,352
Employee-related and other restructuring costs	24,153	-	24,153
Asset impairment and restructuring costs	527,764	6,634	534,398
Costs recorded in loss from equity method investments:			
Impairment of equity method investments	10,300	-	10,300
Total restructuring, asset impairments and related costs	$ 564,049	$ 6,634	$ 570,683

Costs recorded in cost of goods sold

In the year ended March 31, 2021, the Company recognized charges of $25,985 relating to inventory write-downs associated with its restructuring activities, as described above.

Costs recorded in operating expenses

The Company recognized asset impairment and restructuring costs of $527,764 in the year ended March 31, 2021 as a result of the restructuring actions described above.

As a result of the restructuring actions described above the Company impaired and abandoned certain production facilities, and operating license intangible assets. A loss totaling $481,259 was recognized in the year ended March 31, 2021 representing the difference between the net book value of the long-lived assets and their estimated salvage value or fair value. Of this loss, $426,748 related to property, plant and equipment and $54,511 related to facility operating license intangible assets. The losses relating to property, plant and equipment were primarily attributable to buildings and greenhouses, and production and warehouse equipment.

In the year ended March 31, 2021, the Company recognized contractual and other settlement obligations of $22,352 and employee-related and other restructuring costs of $24,153, which included costs associated with the remediation of damages caused by the fire at the Delta facility in November, the closure of the Canadian facilities as described above, and the sale of the British Columbia facilities.

7. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	March 31, 2023	March 31, 2022
Cash	$ 462,460	$ 470,682
Cash equivalents	214,547	305,323
	$ 677,007	$ 776,005

8. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	March 31, 2023	March 31, 2022
Government securities	$ 60,226	$ 22,253
Term deposits	30,000	319,092
Commercial paper and other	15,369	254,306
	$ 105,595	$ 595,651

The amortized cost of short-term investments at March 31, 2023 is $107,661 (March 31, 2022 – $599,862).

9. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	March 31, 2023	March 31, 2022 (As Restated)
Accounts receivable, net	$ 66,820	$ 68,197
Indirect taxes receivable	11,544	7,524
Interest receivable	3,966	4,406
Other receivables	11,657	6,454
	$ 93,987	$ 86,581

Included in the accounts receivable, net balance at March 31, 2023 is an allowance for doubtful accounts of $9,296 (March 31, 2022 – $4,764).

10. INVENTORY

The components of inventory are as follows:

	March 31, 2023	March 31, 2022
Raw materials, packaging supplies and consumables	$ 28,982	$ 26,821
Work in progress	34,104	65,245
Finished goods	85,815	112,473
	$ 148,901	$ 204,539

In the year ended March 31, 2023, the Company recorded write-downs related to inventory in cost of goods sold of $82,756 (year ended March 31, 2022 – $237,147).

11. PREPAID EXPENSES AND OTHER ASSETS

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

	March 31, 2023	March 31, 2022
Prepaid expenses	$ 27,460	$ 22,961
Deposits	1,734	10,145
Prepaid inventory	690	449
Other assets	10,115	19,065
	$ 39,999	$ 52,620

12. OTHER FINANCIAL ASSETS

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

Entity	Instrument	Balance at March 31, 2022	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at March 31, 2023
Acreage[1]	Fixed Shares option and Floating Shares agreement	$ -	$ -	$ 55,382	$ -	$ -	$ 55,382
TerrAscend Exchangeable Shares	Exchangeable shares	229,000	51,000	(186,489)	(511)	-	93,000
TerrAscend Canada - October 2019	Term loan / debenture	10,280	-	(146)	-	(10,134)	-
TerrAscend Canada - March 2020	Term loan / debenture	49,890	-	(4,804)	-	(45,086)	-
Arise Bioscience	Term loan / debenture	13,343	-	(1,767)	1,268	(12,844)	-
TerrAscend - October 2019	Warrants	3,730	-	(3,372)	-	(358)	-
TerrAscend - March 2020	Warrants	60,740	-	(46,376)	-	(14,364)	-
TerrAscend - December 2020	Warrants	3,460	-	(2,246)	-	(1,214)	-
TerrAscend - December 2022	Warrants	-	33,000	(7,000)	-	-	26,000
TerrAscend	Option	6,300	-	(4,700)	-	-	1,600
Wana	Option	372,343	-	(154,936)	21,671	-	239,078
Jetty	Options	-	90,120	(19,915)	4,809	-	75,014
Acreage Hempco[1]	Debenture	28,824	-	2,361	2,295	(4,218)	29,262
Acreage Debt Option Premium	Option	-	38,048	(3,041)	472	-	35,479
Acreage Tax Receivable Agreement	Other	-	41,491	(38,035)	(347)	-	3,109
Other - at fair value through net income (loss)	Various	10,396	-	(9,031)	505	-	1,870
Other - classified as held for investment	Loan receivable	12,022	-	-	-	(3,524)	8,498
		$ 800,328	$ 253,659	$ (424,115)	$ 30,162	$ (91,742)	$ 568,292

[1]Refer to Note 31 for information regarding the Acreage Arrangement and Acreage Hempco.

For information regarding the Reorganization, see Note 5. Following the implementation of the Reorganization, Canopy USA, as of October 24, 2022, holds and ownership interest in certain U.S. cannabis investments previously held by the Company, including, among others, interests in the Floating Shares of Acreage, Wana, Jetty and TerrAscend.

Entity	Instrument	Balance at March 31, 2021	Additions	Fair value changes	Foreign currency translation adjustments	Interest income	Exercise of options / disposal of shares /	Balance at March 31, 2022
TerrAscend Exchangeable Shares	Exchangeable shares	$ 385,000	$ -	$ (156,000)	$ -	$ -	$ -	$ 229,000
TerrAscend Canada - October 2019	Term loan / debenture	10,240	-	835	-	(795)	-	10,280
TerrAscend Canada - March 2020	Term loan / debenture	56,330	-	(1,528)	-	(4,912)	-	49,890
Arise Bioscience	Term loan / debenture	13,077	-	308	(42)	-	-	13,343
TerrAscend - October 2019	Warrants	17,250	-	(13,520)	-	-	-	3,730
TerrAscend - March 2020	Warrants	152,910	-	(92,170)	-	-	-	60,740
TerrAscend - December 2020	Warrants	13,240	-	(9,780)	-	-	-	3,460
TerrAscend	Option	10,600	-	(4,300)	-	-	-	6,300
Wana	Option	-	442,227	(74,639)	4,755		-	372,343
Acreage Hempco[1]	Debenture	27,448	-	5,337	(94)	(3,867)	-	28,824
Other - at fair value through net income (loss)	Various	14,887	6,457	(10,652)	(204)	-	(92)	10,396
Other - classified as held for investment	Loan receivable	7,185	5,000	-	-	-	(163)	12,022
		$ 708,167	$ 453,684	$ (356,109)	$ 4,415	$ (9,574)	$ (255)	$ 800,328

[1]Refer to Note 31 for information regarding the Acreage Arrangement and Acreage Hempco.

TerrAscend Financial Instruments

TerrAscend Exchangeable Shares

TerrAscend is a publicly traded licensed producer. The TerrAscend Exchangeable Shares will only become convertible into common shares following changes in U.S. federal laws regarding the cultivation, distribution or possession of cannabis, the compliance of TerrAscend with such laws and the approval of the various securities exchanges upon which the issuer's securities are listed. The TerrAscend Exchangeable Shares are not transferrable or monetizable until exchanged into common shares. In the interim, the Company will not be entitled to voting rights, dividends or other rights upon dissolution of TerrAscend. As a result, the Company does not have significant influence over TerrAscend and accounts for the TerrAscend Exchangeable Shares as a financial asset at estimated fair value with any changes recorded in other income (expense), net. At March 31, 2023 the estimated fair value of the TerrAscend Exchangeable Shares, including the 24,601,467 TerrAscend Exchangeable Shares received as part of the TerrAscend Arrangement (as described below), was $93,000 (March 31, 2022 – $229,000).

TerrAscend Canada Term Loan, Debenture, and TerrAscend Warrants – October 2019

On October 2, 2019, RIV Capital completed a $13,243 (US$10,000) investment in TerrAscend Canada Inc. ("TerrAscend Canada"), a wholly-owned subsidiary of TerrAscend. The investment included a term loan (the "TerrAscend Canada October 2019 Term Loan") pursuant to a secured debenture and 2,559,437 TerrAscend Warrants. As part of the completion of the plan of arrangement with RIV Capital, as described in Note 30(c), Canopy Growth acquired the TerrAscend Canada October 2019 Term Loan and associated TerrAscend Warrants from RIV Capital's wholly-owned subsidiary, RIV Capital Corporation (formerly Canopy Rivers Corporation) ("RCC"). On December 9, 2022, the date on which the TerrAscend Arrangement (as described below) was completed, the estimated fair value of the TerrAscend Canada October 2019 Term Loan was $10,749 (March 31, 2022 – $10,280), and the estimated fair value of the associated TerrAscend Warrants was $380 (March 31, 2022 – $3,730).

TerrAscend Canada Term Loan, Debenture, and TerrAscend Warrants – March 2020

On March 11, 2020, Canopy Growth completed an $80,526 investment in TerrAscend Canada. The investment included a term loan pursuant (the "TerrAscend Canada March 2020 Term Loan") to a secured debenture with an estimated fair value at inception of $54,800 and 17,808,975 TerrAscend Warrants with an estimated fair value at inception of $25,626. On December 9, 2022, the date on which the TerrAscend Arrangement (as described below) was completed, the estimated fair value of the TerrAscend Canada March 2020 Term Loan was $47,820 (March 31, 2022 – $49,890) and the associated TerrAscend Warrants had an estimated fair value of $15,235 (March 31, 2022 – $60,740).

Arise Bioscience Term Loan, Debenture, and TerrAscend Warrants – December 2020

On December 10, 2020, the Company entered into a loan financing agreement with Arise Bioscience, Inc. ("Arise Bioscience"), a wholly owned subsidiary of TerrAscend, in the amount of $25,478 (US$20,000). The investment included a term loan (the "Arise Term Loan") pursuant to a secured debenture with an estimated fair value at inception of $11,758 and 2,105,718 TerrAscend Warrants with an estimated fair value at inception of $13,720. On December 9, 2022, the date on which the TerrAscend Arrangement (as described below) was completed, the estimated fair value of the Arise Term Loan was $13,622 (March 31, 2022 - $13,343 and the associated TerrAscend Warrants had an estimated fair value of $1,288 (March 31, 2022 – $3,460).

Until December 9, 2022, the date on which the TerrAscend Arrangement (as described below) was completed, the Company accounted for the TerrAscend Canada October 2019 Term Loan, the TerrAscend Canada March 2020 Term Loan, and the Arise Term Loan and associated TerrAscend Warrants as financial assets at estimated fair value, with any changes recorded in other income (expense), net.

TerrAscend Option

On January 13, 2021, the Company entered into the TerrAscend Option for aggregate consideration of US$10,529 ($13,445). The Company accounts for this instrument as a financial asset at estimated fair value, with any changes recorded in other income (expense), net. At March 31, 2023 the estimated fair value of the TerrAscend Option was $1,600 (March 31, 2022 – $6,300).

TerrAscend Arrangement

On December 9, 2022, Canopy USA and certain limited partnerships that are controlled by Canopy USA entered into a debt settlement agreement (the "TerrAscend Settlement Agreement") with TerrAscend, TerrAscend Canada and Arise Bioscience (together with TerrAscend and TerrAscend Canada, the "TerrAscend Entities") whereby $125,467 in aggregate loans, including accrued interest thereon, payable by TerrAscend Canada and Arise Bioscience pursuant to: (i) the TerrAscend Canada October 2019 Term Loan; (ii) the TerrAscend Canada March 2020 Term Loan; and (iii) the Arise Term Loan were extinguished and 22,474,130 TerrAscend Warrants, being all of the previously issued TerrAscend Warrants controlled by Canopy USA (the "Prior Warrants") were cancelled in exchange for the issuance of: (i) 24,601,467 TerrAscend Exchangeable Shares at a notional price of $5.10 per TerrAscend Exchangeable Share; and (ii) 22,474,130 new TerrAscend Warrants (the "New Warrants" and, together with the TerrAscend

Exchangeable Shares, the "New TerrAscend Securities") with a weighted average exercise price of $6.07 per TerrAscend Common Share and expiring on December 31, 2032 (collectively, the "TerrAscend Arrangement").

Following the issuance of the New TerrAscend Securities, Canopy USA beneficially owns: (i) 63,492,037 TerrAscend Exchangeable Shares; (ii) 22,474,130 New Warrants; and (iii) the TerrAscend Option. The TerrAscend Exchangeable Shares can be converted into TerrAscend Common Shares at Canopy USA's option, subject to the terms of the Protection Agreement.

On December 9, 2022, the estimated fair value of the financial instruments that were derecognized from these consolidated financial statements was $89,094, consisting of: (i) the aggregate term loans or debentures that were extinguished, including accrued interest, with an estimated fair value of $72,191; and (ii) the Prior Warrants that were cancelled, with an estimated fair value of $16,903. Changes in the estimated fair value of these financial instruments up to December 9, 2022 were recorded in other income (expense), net. On December 9, 2022, the estimated fair value of the financial instruments that were received from the TerrAscend Entities was $84,000, consisting of: (i) 24,601,467 TerrAscend Exchangeable Shares with an estimated fair value of $51,000; and (ii) the New Warrants, with an estimated fair value of $33,000. At March 31, 2023, the estimated fair value of the New Warrants was $26,000. Changes in estimated fair value of these financial instruments from initial recognition to March 31, 2023 were recorded in other income (expense), net. The loss of $5,094 resulting from the difference, on December 9, 2022, between the carrying amounts of the derecognized financial instruments and the fair value of the financial assets received, was also recorded in other income (expense), net.

The See Note 24 for additional details on how the fair value of the aforementioned TerrAscend financial instruments are calculated on a recurring basis.

See Note 5 for information regarding the Reorganization. Following the implementation of the Reorganization, as of October 24, 2022, Canopy USA holds certain U.S. cannabis investments previously held by the Company, including the aforementioned direct and indirect interests in the capital of TerrAscend.

Wana

On October 14, 2021, the Company and Wana entered into definitive agreements (the "Wana Agreements") providing the Company with the right, upon the occurrence or waiver (at the Company's discretion) 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"), to acquire 100% of the outstanding membership interests of Wana. Wana manufactures and sells gummies in the state of Colorado and licenses its intellectual property to partners, who manufacture, distribute, and sell Wana-branded gummies across the United States and Canada.

The Wana Agreements are structured as three separate option agreements whereby the Company has a call option (the "Wana Call Option") to acquire 100% of the membership interests in each Wana Entity. As consideration for entering into the Wana Agreements, the Company made an upfront cash payment (the "Wana Upfront Payment") in the aggregate amount of $368,067 (US$297,500). Upon the Company's exercise of its right to acquire Wana, the Company will make payments equal to 15% of the fair market value of Wana at the time the options are exercised (the "Call Option Payments"). As additional consideration for the right to acquire Wana, the Company expects to make additional deferred payments (the "Wana Deferred Payments") in respect of Wana as of the 2.5- and 5-year anniversary of the Wana Upfront Payment, computed based on a pre-determined contractual formula as follows:

- Deferred Payment 1: 25% of the amount computed as the estimated fair value of Wana at the 2.5-year anniversary, less: (i) the Wana Upfront Payment, (ii) Wana debt, and (iii) certain other deductions; plus Wana cash, all at the 2.5-year anniversary.
- Deferred Payment 2: 25% of the amount computed as the estimated fair value of Wana at the 5-year anniversary, less: (i) the greater of (a) the Wana Upfront Payment and (b) the estimated fair value of Wana at the 2.5-year anniversary, (ii) Wana debt, and (iii) certain other deductions, all at the 5-year anniversary; plus the difference in Wana cash between the 5-year and 2.5-year anniversaries.

Payment of the Wana Deferred Payments is not contingent upon the occurrence or waiver (at the Company's discretion) of the Triggering Event or the exercise of the Call Option. At the Company's option, the Call Option Payments and the Wana Deferred Payments may be satisfied in cash, common shares or a combination thereof at the Company's sole discretion.

Upon initial recognition, the Company estimated the fair value of the Wana financial instrument to be $442,227, consisting of: (i) the Wana Upfront Payment as noted above; and (ii) the present value of the estimated Wana Deferred Payments, totaling $74,160 (see Note 18). The Wana financial instrument, in effect, represents a call option to purchase 100% of Wana for a payment equal to 15% of Wana's fair market value at the time the option is exercised.

At March 31, 2023, the estimated fair value of the Wana financial instrument was $239,078 (March 31, 2022 - $372,343), with the change from initial recognition recorded in other income (expense), net. See Note 24 for additional details on how the fair value of the Wana financial instrument is calculated on a recurring basis.

See Note 5 for information regarding the Reorganization. Following the implementation of the Reorganization, Canopy USA, as of October 24, 2022, holds certain U.S. cannabis investments previously held by the Company, which is expected to enable Canopy USA, following, among other things, the Meeting, to consummate the acquisition of Wana.

Until such time as Canopy USA elects to exercise its right to acquire Wana and the Company converts the Non-Voting Shares into Canopy USA Class B Shares, the Company will have no economic or voting interest in Wana, the Company will not directly or indirectly control Wana, and the Company and Wana will continue to operate independently of one another.

Jetty

On May 17, 2022, the Company and 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").

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 "Jetty 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 "Jetty 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.

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

At March 31, 2023, the estimated fair value of the Jetty financial instruments was $75,014, with the change in estimated fair value from initial recognition recorded in other income (expense), net. See Note 24 for additional details on how the fair value of the Jetty financial instruments is calculated on a recurring basis.

Until such time as Canopy USA elects to exercise its rights to acquire Jetty and the Company converts the Non-Voting Shares into Canopy USA Class B Shares, 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.

See Note 5 for information regarding the Reorganization. Following the implementation of the Reorganization, Canopy USA, as of October 24, 2022, holds certain U.S. cannabis investments previously held by the Company, which is expected to enable Canopy USA, following, among other things, the Meeting, to consummate the acquisition of Jetty.

Acreage-Related Agreements

Tax Receivable Agreement

On October 24, 2022, the Company and Canopy USA entered into a third amendment to the tax receivable agreement (the "Amended TRA") with, among others, certain current or former unitholders (the "Holders") of High Street Capital Partners, LLC, a subsidiary of Acreage ("HSCP"), pursuant to HSCP's amended tax receivable agreement (the "TRA") and related tax receivable bonus plans with Acreage. Pursuant to the Amended TRA, the Company, on behalf of Canopy USA, agreed to issue common shares of the Company with a fair value of US$30,441 to certain Holders as consideration for the assignment of such Holder's rights under the TRA to Canopy USA. As a result of the Amended TRA, Canopy USA is the sole member and beneficiary under the TRA.

In connection with the foregoing, the Company: (i) issued 5,648,927 common shares with a value of $20,630 (US$15,220) to certain Holders on November 4, 2022 as the first installment under the Amended TRA; and (iii) issued 7,102,081 common shares with a value of $20,572 (US$15,220) to certain Holders on March 17, 2023 as the second installment.

The aggregate amount paid by the Company in common shares in relation to the assignment of rights in favor of Canopy USA in accordance with the Amended TRA represents a financial instrument. The Company accounts for this instrument as a financial asset at estimated fair value, with any changes recorded in other income (expense), net. At March 31, 2023, the estimated fair value of the financial instrument associated with the Acreage TRA rights was $3,109, with the change in estimated fair value from initial recognition recorded in other income (expense), net. See Note 24 for additional details on how the fair value of the Acreage TRA rights financial instrument is calculated on a recurring basis.

The Company, on behalf of Canopy USA, also agreed to issue common shares of the Company with a value of approximately US$19,559 to certain eligible participants pursuant to HSCP's existing tax receivable bonus plans to be issued immediately prior to completion of the Floating Share Arrangement. No accounting recognition was given to this payment in the year ended March 31, 2023 as such payment is contingent upon the completion of the Floating Share Arrangement or, if the Floating Share Arrangement is not completed, upon the closing of the acquisition of the Fixed Shares under the Existing Acreage Arrangement Agreement.

Acreage Debt Option Premium

On November 15, 2022, a wholly-owned subsidiary of Canopy Growth (the "Acreage Debt Optionholder") and Acreage's existing lenders (the "Lenders") entered into an option agreement, which superseded the letter agreement dated October 24, 2022 between the parties, pursuant to which the Acreage Debt Optionholder was granted the right to purchase the outstanding principal, including all accrued and unpaid interest thereon, of Acreage's debt, being an amount up to US$150,000 (the "Acreage Debt") from the Lenders in exchange for an option premium payment of $38,048 (US$28,500) (the "Option Premium"), which was deposited into an escrow account on November 17, 2022. The Acreage Debt Optionholder has the right to exercise the option at its discretion, and if the option is exercised, the Option Premium will be used to reduce the purchase price to be paid for the outstanding Acreage Debt. In the event that Acreage repays the Acreage Debt on or prior to maturity, the Option Premium will be returned to the Acreage Debt Optionholder. In the event that Acreage defaults on the Acreage Debt and the Acreage Debt Optionholder does not exercise its option to acquire the Acreage Debt, the Option Premium will be released to the Lenders.

The Option Premium represents a financial instrument. The Company accounts for this instrument as a financial asset at estimated fair value, with any changes recorded in other income (expense), net. At March 31, 2023, the estimated fair value of the financial instrument associated with the Option Premium was $35,479, with the change in estimated fair value from initial recognition recorded in other income (expense), net. See Note 24 for additional details on how the fair value of the Option Premium financial instrument is calculated on a recurring basis.

13. PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2023	March 31, 2022
Buildings and greenhouses	$ 413,832	$ 766,931
Production and warehouse equipment	101,326	159,314
Leasehold improvements	15,529	69,304
Office and lab equipment	13,857	29,879
Computer equipment	8,697	22,293
Land	16,781	18,917
Right-of-use-assets		
Buildings and greenhouses	37,533	89,228
Production and warehouse equipment	637	55
Assets in process	3,281	19,771
	611,473	1,175,692
Less: Accumulated depreciation	(112,007)	(232,912)
	$ 499,466	$ 942,780

Depreciation expense included in cost of goods sold for the year ended March 31, 2023 is $46,164 (year ended March 31, 2022 – $50,200; year ended March 31, 2021 – $51,737). Depreciation expense included in selling, general and administrative expenses for the year ended March 31, 2023 is $10,572 (year ended March 31, 2022 – $26,047; year ended March 31, 2021 – $19,177).

See Note 6 for information on the impairment and abandonment of property, plant and equipment that resulted in charges in the amount of $376,176 that the Company recognized as part of its restructuring actions in the year ended March 31, 2023 (year ended March 31, 2022 – $224,726; year ended March 31, 2021 – $426,748).

14. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	March 31, 2023		March 31, 2022	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	$ 119,283	$ 70,588	$ 138,170	$ 97,638
Distribution channel	73,024	21,258	72,642	24,834
Operating licenses	24,400	19,012	24,400	22,052
Software and domain names	35,100	14,664	29,822	14,206
Brands	16,253	13,249	5,547	3,680
Amortizable intangibles in process	508	508	5,476	5,476
Total	$ 268,568	$ 139,279	$ 276,057	$ 167,886
Indefinite lived intangible assets				
Acquired brands		$ 49,440		$ 74,809
Operating licenses		-		10,000
Total intangible assets		$ 188,719		$ 252,695

Amortization expense included in cost of goods sold for the year ended March 31, 2023 is $60 (year ended March 31, 2022 – $81; year ended March 31, 2021 – $80). Amortization expense included in selling, general and administrative expenses for the year ended March 31, 2023 is $27,721 (year ended March 31, 2022 – $38,090; year ended March 31, 2021 – $56,124).

At March 31, 2023, the Company reclassified certain acquired brands from indefinite lived intangible assets to finite lived intangible assets as additional information became available that the related brands had a limited useful life to the Company. After the reclassification, the brands are now being amortized based on the useful life policies in Note 3.

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

2024	$ 28,654
2025	$ 27,276
2026	$ 22,846
2027	$ 20,642
2028	$ 19,518
Thereafter	$ 20,343

See Note 6 for information on: (i) the impairment and abandonment of intangible assets that resulted in charges in the amount of $27,399 that the Company recognized as part of its restructuring actions in the year ended March 31, 2023 (year ended March 31, 2022 - $41,404; year ended March 31, 2021 –$54,511) and (ii) impairment charges of $14,614 in the year ended March 31, 2023 (year ended March 31, 2022 - $26,065; year ended March 31, 2021 – $6,634).

15. 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	(1,785,080)
Foreign currency translation adjustments	4,367
Balance, March 31, 2023	$ 85,563

Year ended March 31, 2022

At March 31, 2022, the Company performed its annual goodwill impairment analysis using the quantitative assessment. The Company concluded that the carrying values of its KeyLeaf and This Works reporting units were higher than their respective estimated fair values as determined using the income valuation method, and a goodwill impairment loss totaling $40,748 was recognized in the year ended March 31, 2022 (year ended March 31, 2021 - $nil). The goodwill impairment loss was comprised of: (i) $22,355 related to the KeyLeaf reporting unit, representing the entirety of the goodwill assigned to the KeyLeaf reporting unit; and (ii) $18,393 related to the This Works reporting unit. Certain negative trends, including slower growth rates, resulted in updated long-term financial forecasts indicating lower forecasted revenue and cash flow generation for the KeyLeaf and This Works reporting units. No impairment was noted for any of the Company's other reporting units, as the estimated fair value of each of the other reporting units with goodwill exceeded their carrying value.

The estimated fair value of the cannabis operations reporting unit in the global cannabis segment was determined using the market valuation method, with the most significant assumptions used in applying this method being: (i) the price of the Company's common shares; and (ii) the estimated control premium associated with ownership of the Company's common shares. The estimated fair values of all other reporting units (KeyLeaf, This Works, BioSteel and Storz & Bickel) were determined using the income valuation method, with the most significant assumptions used in applying this method being: (i) the discount rate; (ii) the expected long-term growth rate; and (iii) the annual cash flow projections. These methodologies are consistent with those used by the Company for its annual impairment test conducted at March 31, 2021, and for the quantitative interim goodwill assessment conducted by the Company for the cannabis operations reporting unit at December 31, 2021.

The carrying value at March 31, 2022 of the goodwill associated with the Company's cannabis operations reporting unit was $1,727,848. For the cannabis operations reporting unit, if all other assumptions were held constant and the estimated control premium was decreased by 500 basis points, the estimated fair value would decrease by 7% and result in an impairment charge. If all other assumptions were held constant and the share price decreased by 10%, the estimated fair value would decrease by 15% and result in an impairment charge.

The carrying value at March 31, 2022 of the goodwill associated with the Company's BioSteel reporting unit was $57,339. For the BioSteel reporting unit, if all other assumptions were held constant and the discount rate was increased by 50 basis points, the estimated fair value would decrease by 8%. If all other assumptions were held constant and the long-term growth rate was decreased by 50 basis points, the estimated fair value would decrease by 3%. If all other assumptions were held constant and the annual cash flow projections were decreased by 250 basis points, the estimated fair value would decrease by 5%.

The carrying value at March 31, 2022 of the goodwill associated with the Company's Storz & Bickel reporting unit was $79,027. For the Storz & Bickel reporting unit, if all other assumptions were held constant and the discount rate was increased by 50 basis points, the estimated fair value would decrease by 6%. If all other assumptions were held constant and the long-term growth rate was decreased by 50 basis points, the estimated fair value would decrease by 4%. If all other assumptions were held constant and the annual cash flow projections were decreased by 250 basis points, the estimated fair value would decrease by 3%.

At March 31, 2022, the fair value of the cannabis operations reporting unit to which goodwill was assigned exceeded its carrying value by approximately 5% to 10%. Accordingly, the goodwill assigned to the cannabis operations reporting unit was at risk for impairment in future periods.

The carrying value at March 31, 2022 of the goodwill associated with the Company's This Works reporting unit was $2,289.

Year ended March 31, 2023

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, which was a reportable segment in the three months ended June 30, 2022. 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.

While the Company changed its reportable segments in the three months ended September 30, 2022 (see Note 35), there were no changes to the composition of the Company's reporting units to which goodwill remained assigned at September 30, 2022. In the three months ended September 30, 2022, the Company determined there to be indicators of impairment for both its BioSteel and This Works reporting units, as slower growth rates resulted in updated long-term financial forecasts indicating lower forecasted revenue and cash flow generation. As a result, the Company performed a quantitative interim goodwill impairment test for its BioSteel and This Works reporting units as of September 30, 2022 and concluded that the carrying values of these reporting units were higher than their estimated fair values, as determined using the income valuation method. The Company recognized goodwill impairment losses totaling $59,712 in the three months ended September 30, 2022, representing: (i) the entirety of the goodwill assigned to its BioSteel reporting unit of $57,401; and (ii) the entirety of the goodwill assigned to its This Works reporting unit of $2,311.

At March 31, 2023, the Company performed its annual goodwill impairment analysis using the quantitative assessment. No impairment was noted for the Company's Storz & Bickel reporting unit, as the estimated fair value of the Storz & Bickel reporting unit exceeded its carrying value. The estimated fair value of the Storz & Bickel reporting unit was determined using the income valuation method, with the most significant assumptions used in applying this method being: (i) the discount rate; (ii) the expected long-term growth rate; (iii) revenue growth rate projections; and (iv) annual cash flow projections. This methodology is consistent with that used by the Company for its annual impairment test conducted at March 31, 2022.

The carrying value, at March 31, 2023, of the goodwill associated with the Storz & Bickel reporting unit was $85,563. For the Storz & Bickel reporting unit, if all other assumptions were held constant and the discount rate was increased by 50 basis points, the estimated fair value would decrease by 5% and result in an impairment charge. If all other assumptions were held constant and the long-term growth rate was decreased by 50 basis points, the estimated fair value would decrease by 4% and result in an impairment charge. If all other assumptions were held constant and the revenue growth rate projections were decreased by 250 basis points, the estimated fair value would decrease by 11% and result in an impairment charge. If all other assumptions were held constant and the annual cash flow projections were decreased by 250 basis points, the estimated fair value would decrease by 3%.

At March 31, 2023, the fair value of the Storz & Bickel reporting unit to which goodwill is assigned exceeded its carrying value by approximately 3%. Accordingly, the goodwill assigned to the Storz & Bickel reporting unit is at risk for impairment in future periods. The Company may be required to perform a quantitative goodwill impairment assessment in future periods for the Storz & Bickel reporting unit, to the extent the Company experiences declines in the expected long-term growth rate, revenue growth rate projections or annual cash flow projections, or if discount rates increase, or if other indicators of impairment arise.

16. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	March 31, 2023	March 31, 2022
Employee compensation	$ 30,816	$ 24,873
Inventory	323	10,096
Professional fees	6,343	7,640
Taxes and government fees	5,734	7,144
Other	32,775	25,525
	$ 75,991	$ 75,278

17. DEBT

The components of debt are as follows:

	Maturity Date	March 31, 2023	March 31, 2022
Unsecured senior notes at 4.25% interest with semi-annual interest payments	July 15, 2023		
Principal amount		$ 337,380	$ 600,000
Accrued interest		3,148	5,958
Non-credit risk fair value adjustment		26,214	7,140
Credit risk fair value adjustment		(35,492)	(49,140)
		331,250	563,958
Supreme convertible debentures	September 10, 2025	31,503	32,858
Accretion debentures	September 10, 2025	8,780	7,720
Credit facility	March 18, 2026	840,058	893,647
Equity-settled convertible debentures	February 28, 2028	93,228	-
Other revolving debt facility, loan, and financings		2,062	2,808
		1,306,881	1,500,991
Less: current portion		(556,890)	(9,296)
Long-term portion		$ 749,991	$ 1,491,695

Credit Facility

On March 18, 2021, the Company entered into 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 had the ability to obtain up to an additional US$500,000 of incremental senior secured debt pursuant to the Credit Agreement. As described in Note 5, in connection with the balance sheet actions completed as part of the creation of Canopy USA, the Company entered into agreements with certain of its lenders under the Credit Agreement to complete the Paydown, which will result in the Company tendering US$187,500 of principal amount outstanding thereunder at a discounted price of US$930 per US$1,000 or US$174,375 in the aggregate. The first payment, which was oversubscribed, in the amount of $117,528 (US$87,852) was made on November 10, 2022 to reduce the principal indebtedness by $126,324 (US$94,427). The second payment of $116,847 (US$87,213) was made on April 17, 2023 to reduce principal indebtedness by $125,606 (US$93,750). The Company also agreed to the Credit Agreement Amendments which, among other things, resulted in: (i) reductions to the minimum Liquidity (as defined in the Credit Agreement) covenant to US$100,000; (ii) certain changes to the application of net proceeds from asset sales; (iii) the establishment of a new committed delayed draw term credit facility in an aggregate principal amount of US$100,000; and (iv) the elimination of the additional US$500,000 incremental term loan facility.

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$100,000 at the end of each fiscal quarter, which is to be reduced as payments are made in accordance with the Paydown.

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

Unsecured Senior Notes

On June 20, 2018, the Company issued the Canopy Notes with an aggregate principal amount of $600,000. The Canopy 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 Canopy Notes will mature on July 15, 2023. The Canopy Notes are subordinated in right of payment to any existing and future senior indebtedness. The Canopy Notes will rank senior in right of payment to any future subordinated borrowings. The Canopy Notes are effectively junior to any secured indebtedness and the Canopy 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 Canopy Notes including Greenstar (collectively, the “Noteholders”). Pursuant to the Exchange Agreements, the Company agreed to acquire and cancel approximately $262,620 of aggregate principal amount of the Canopy 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 the initial closings, 35,662,420 common shares were to be issued to the Noteholders, other than Greenstar, 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 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 Canopy 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 Canopy Notes of $99,522, which were recorded at a fair value of $76,424 upon acquisition and cancellation.
- On the final closing on July 18, 2022 (the "Final Closing"), 11,896,536 common shares were issued to Noteholders other than Greenstar, based on the volume-weighted average trading price of the common shares on the Nasdaq Global Select Market 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 Greenstar 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 was recorded at a fair value of $98,078 upon acquisition and cancellation. Prior to the completion of the Exchange Transaction, Greenstar held $200,000 in aggregate principal amount of the Canopy Notes.

In total, 62,735,059 common shares were issued in July 2022, representing the Company's acquisition and cancellation of an aggregate principal amount of Canopy Notes of $199,522, and a total of 76,804,412 common shares were issued in June and July 2022, representing the Company's acquisition and cancellation of an aggregate principal amount of Canopy Notes of $262,620.

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

The Canopy 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 year ended March 31, 2023, the Company acquired and cancelled an aggregate principal amount of Canopy Notes of $262,620, which resulted in a release of accumulated other comprehensive income into other income (expense), net of $44,370. The related tax impact of $14,862 for the year ended March 31, 2023 associated with the aggregate principal amount acquired and cancelled was also released from accumulated other comprehensive income into deferred income tax expense. Refer to Note 22.

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 Greenstar, as at June 30, 2022 at the Averaging Price on the Final Closing. The derivative liability, and associated fair value changes in the year ended March 31, 2023, were recorded through other income (expense), net. The derivative liability with a fair value of $39,896 was derecognized upon Final Closing on July 18, 2022.

The overall change in fair value of the Canopy Notes during the years ended March 31, 2023 and March 31, 2022, was a decrease of $232,708 and a decrease of $123,456, respectively, which included contractual interest of $16,956 and $25,794, respectively, and principal redemption of $262,620 and $nil, respectively. Upon redemption, the principal redeemed during the year ended March 31, 2023 had a fair value of $225,369. Refer to Note 24 for additional details on how the fair value of the Canopy Notes is calculated.

Convertible Debentures

On February 21, 2023, the Company entered into a subscription agreement (the "Convertible Debenture Agreement") with an institutional investor (the "Institutional Investor") pursuant to which the Institutional Investor agreed to purchase up to US$150,000 aggregate principal amount of senior unsecured convertible debentures ("Convertible Debentures") in a registered direct offering. The Convertible Debentures were issued pursuant to the indenture dated February 21, 2023 (the "Indenture") between the Company and Computershare Trust Company of Canada, as trustee. Pursuant to the Convertible Debenture Agreement, an initial $135,160

(US$100,000) aggregate principal amount of the Convertible Debentures were sold to the Institutional Investor on February 21, 2023, and the remaining US$50,000 aggregate principal amount of the Convertible Debentures will be issued and paid for in the event that certain conditions outlined in the Indenture are satisfied or waived.

The Convertible Debentures bear interest at a rate of 5.0% per annum from the date of issuance, payable at the earlier of: (i) the time of conversion of the Convertible Debentures; or (ii) February 28, 2028 (the "Maturity Date"), in each case, in common shares of Canopy Growth. No cash payment or any other property of the Company will be payable by the Company to the Institutional Investor in connection with, or as a result of, the issuance, conversion or repayment of the Convertible Debentures. The Convertible Debentures are convertible into the Company's common shares at the option of the Institutional Investor at any time or times prior to the Maturity Date, at a conversion price equal to 92.5% of the volume-weighted average price of the Company's common shares during the three consecutive trading days ending on the business day immediately prior to the date of conversion. On the Maturity Date, the principal amount of the Convertible Debentures, including any accrued but unpaid interest, will also be paid in the Company's common shares.

For the year ended March 31, 2023, US$27,200 in aggregate principal amount of the Convertible Debentures were converted for 14,142,066 common shares. For additional information, refer to Note 20.

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.

Debt payments

As of March 31, 2023, the required principal repayments under long-term debt obligations, excluding equity-settled convertible debentures, for each of the five succeeding fiscal years and thereafter are as follows:

2024	$ 467,957
2025	6,865
2026	787,956
2027	-
2028	-
Thereafter	-
	$ 1,262,778

18. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at March 31, 2023			As at March 31, 2022		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	$ 28,684	$ 80,625	$ 109,309	$ 38,035	$ 101,125	$ 139,160
Acquisition consideration and other investment related liabilities	25,945	30,323	56,268	4,020	77,834	81,854
Refund liability	7,123	-	7,123	3,729	-	3,729
Settlement liabilities and other	32,975	13,938	46,913	18,562	11,090	29,652
	$ 94,727	$ 124,886	$ 219,613	$ 64,346	$ 190,049	$ 254,395

The estimated Wana Deferred Payments recognized within acquisition consideration and other investment related liabilities at March 31, 2023 is $26,370 (March 31, 2022 - $70,066) (see Note 12).

See Note 24 for additional details on how the fair value of the estimated Wana Deferred Payments is calculated on a recurring basis.

19. REDEEMABLE NONCONTROLLING INTEREST

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

	Vert Mirabel	BioSteel (As Restated)	Total
As at March 31, 2020	$ 20,250	$ 49,500	$ 69,750
Net loss attributable to redeemable noncontrolling interest	(11,906)	(6,171)	(18,077)
Adjustments to redemption amount	3,156	80,471	83,627
As at March 31, 2021	11,500	123,800	135,300
Net loss attributable to redeemable noncontrolling interest	(3,165)	(16,152)	(19,317)
Adjustments to redemption amount	(7,335)	(71,039)	(78,374)
Redemption of redeemable noncontrolling interest	-	(5,109)	(5,109)
As at March 31, 2022	1,000	31,500	32,500
Net loss attributable to redeemable noncontrolling interest	(53)	(29,491)	(29,544)
Adjustments to redemption amount	53	9,667	9,720
Redemption of redeemable noncontrolling interest	(1,000)	(11,676)	(12,676)
As at March 31, 2023	$ -	$ -	$ -

20. SHARE CAPITAL

CANOPY GROWTH

Authorized

An unlimited number of common shares.

(i) Equity financings

There were no equity financings during the years ended March 31, 2023, March 31, 2022 and March 31, 2021.

(ii) Other issuances of common shares

During the year ended March 31, 2023, 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:

	Number of common shares	Share capital	Share based reserve
Settlement of Convertible Debentures	14,142,066	$ 38,781	$ -
HSCP Holders pursuant to Amended TRA	12,751,008	41,202	-
Jetty Agreements	8,426,539	59,013	-
Completion of acquisition milestones	222,421	1,379	(1,379)
Other issuances	299,853	1,621	(572)
Total	35,841,887	$ 141,996	$ (1,951)

For the year ended March 31, 2023, the Company also issued 8,692,128 common shares with a value of $26,506 relating to its redemption of the redeemable noncontrolling interest in BioSteel. The redemption increases the Company's interest in BioSteel from 78.6% to 90.4%.

During the year ended March 31, 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:

	Number of common shares	Share capital	Share based reserve
Acquisition of Supreme Cannabis	9,013,400	$ 260,668	$ -
Completion of acquisition milestones	1,295,285	29,276	(29,721)
Other issuances	492,741	8,201	(736)
Total	10,801,426	$ 298,145	$ (30,457)

During the year ended March 31, 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:

	Number of common shares	Share capital	Share based reserve
Completion of acquisition milestones	2,598,978	$ 46,903	$ (19,059)
Other issuances	449,729	14,906	(14,894)
Total	3,048,707	$ 61,809	$ (33,953)

(iii) Warrants

	Number of whole warrants		Average exercise price		Warrant value
Balance outstanding at March 31, 2020[1]	146,299,443	$	52.44	$	2,638,951
Exercise of warrants	(18,882,927)		12.98		(70,513)
Expiry of warrants	(343,380)		41.49		-
Balance outstanding at March 31, 2021[1]	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 March 31, 2022[1]	128,193,047	$	58.04	$	2,581,788
Expiry of warrants	-		-		-
Balance outstanding at March 31, 2023[1]	128,193,047	$	58.04	$	2,581,788

[1] This balance excludes the Tranche C Warrants, which represent a derivative liability and have nominal value, see Note 31.

RIV CAPITAL

Completion of RIV Arrangement

On December 21, 2020, Canopy Growth entered into an arrangement agreement with its wholly-owned subsidiary The Tweed Tree Lot Inc. ("Tweed NB"), RIV Capital and RCC, pursuant to which Canopy Growth acquired certain assets from RCC in exchange for cash, Canopy Growth common shares and the surrender of all shares in the capital of RIV Capital held by Canopy Growth in accordance with a plan of arrangement under the *Business Corporations Act* (Ontario) (the "RIV Arrangement"). Refer to Note 30(c) for further details regarding the RIV Arrangement. The RIV Arrangement was completed on February 23, 2021. Pursuant to the RIV Arrangement, among other things, Canopy Growth surrendered 36,468,318 Class B multiple voting shares ("MVS") and 15,223,938 Class A subordinate voting shares ("SVS") in the capital of RIV Capital and as a result holds no MVS and no SVS. The Company's MVS and SVS holdings at March 31, 2020 represented a 27.3% ownership interest and 84.4% voting interest in RIV Capital at that time. The voting rights allowed the Company to direct the relevant activities of RIV Capital such that the Company had control over RIV Capital until the completion of the RIV Arrangement on February 23, 2021, and RIV Capital was consolidated in these financial statements until that date. Upon completion of the RIV Arrangement, the Company no longer controlled RIV Capital, and the Company derecognized RIV Capital's consolidated assets and liabilities from its consolidated financial statements.

Share buyback

On April 2, 2020, RIV Capital received approval from the TSX to commence a normal course issuer bid ("NCIB") to purchase up to 10,409,961 SVS, representing 10% of RIV Capital's issued and outstanding SVS, in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. The NCIB expired on April 1, 2021.

Daily purchases were limited to 70,653 SVS, representing 25% of the average daily trading volume on the TSX over a specified period. The NCIB was utilized at the sole discretion of RIV Capital, with no contractual obligation to purchase any specified number of shares. All SVS purchases made by RIV Capital under the NCIB were funded out of RIV Capital's working capital and were cancelled immediately.

During the period from April 1, 2020 to February 23, 2021, RIV Capital repurchased and cancelled a total of 273,300 SVS under the NCIB program for $307, at a weighted average acquisition price of $1.11 per share.

Financings

Period from April 1, 2020 to February 23, 2021

There were no financings during the period from April 1, 2020 to February 23, 2021.

21. SHARE-BASED COMPENSATION

CANOPY GROWTH CORPORATION SHARE-BASED COMPENSATION PLAN

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

On September 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”), 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 51,730,555 at March 31, 2023 (March 31, 2022 – 39,442,260). As of March 31, 2023, 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 (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. As of March 31, 2023, the Company has issued a total of 535,666 common shares under the Purchase Plan (March 31, 2022 – 235,813) with 299,853 being issued in the current fiscal year (March 31, 2022 – 198,501).

The following is a summary of the changes in the Company’s Omnibus Plan employee options during the years ended March 31, 2021, 2022 and 2023:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2020	32,508,395	$ 34.89
Options granted	478,215	28.15
Options exercised	(7,062,317)	22.22
Options forfeited	(8,219,982)	41.27
Balance outstanding at March 31, 2021	17,704,311	$ 36.79
Options granted	2,537,290	17.40
Replacement options issued as a result of the acquisition of Supreme Cannabis	140,159	80.53
Options exercised	(445,680)	12.27
Options forfeited	(3,153,118)	42.03
Balance outstanding at March 31, 2022	16,782,962	$ 33.89
Options granted	4,658,797	4.93
Options exercised	(79,586)	3.53
Options forfeited	(7,611,285)	28.80
Balance outstanding at March 31, 2023	13,750,888	$ 27.12

The following is a summary of the outstanding stock options as at March 31, 2023:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at March 31, 2023	Weighted Average Remaining Contractual Life (years)	Exercisable at March 31, 2023	Weighted Average Remaining Contractual Life (years)
$0.06 - $24.62	5,333,314	4.63	1,300,821	2.61
$24.63 - $33.53	3,062,535	2.36	1,841,655	2.03
$33.54 - $36.80	1,448,009	1.69	1,448,009	1.69
$36.81 - $42.84	1,626,478	1.64	1,620,201	1.62
$42.85 - $67.64	2,280,552	1.85	2,280,552	1.85
	13,750,888	3.00	8,491,238	1.93

At March 31, 2023, the weighted average exercise price of options outstanding and options exercisable was $27.12 and $37.28, respectively (March 31, 2022 – $33.89 and $38.33, respectively).

The Company recorded $6,878 in share-based compensation expense related to Options issued to employees and contractors for the year ended March 31, 2023 (for the year ended March 31, 2022 – $27,163; for the year ended March 31, 2021 – $67,737). The share-based compensation expense for the year ended March 31, 2023 includes an amount related to 1,078,748 options being provided in exchange for services which are subject to performance conditions (for the year ended March 31, 2022 – 1,336,249; for the year ended March 31, 2021 – 2,152,938).

The Company issued replacement options to employees in relation to the acquisition of Supreme Cannabis (Note 29(b)) and during the year ended March 31, 2022, recorded share-based compensation expense $823.

With the exception of nil options which are subject to market-based performance conditions (March 31, 2022 – nil; March 31, 2021 – 17,559) and valued using the Monte Carlo simulation model, the Company uses the Black-Scholes option pricing model to establish the fair value of options granted during the years ended March 31, 2023, 2022 and 2021 on their measurement date by applying the following assumptions:

	March 31, 2023	March 31, 2022	March 31, 2021
Risk-free interest rate	3.45%	1.09%	0.36%
Expected life of options (years)	3 - 5	3 - 5	1 - 7
Expected volatility	77%	75%	76%
Expected forfeiture rate	19%	18%	17%
Expected dividend yield	nil	nil	nil
Black-Scholes value of each option	$2.92	$9.69	$15.24

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 year ended March 31, 2023, 79,586 Options were exercised ranging in price from $0.06 to $8.18 for gross proceeds of $281 (for the year ended March 31, 2022 – 445,680 Options were exercised ranging in price from $0.06 to $36.34 for gross proceeds of $5,567; for the year ended March 31, 2021 – 7,062,317 Options were exercised ranging in prices from $0.06 to $67.64 for gross proceeds of $156,897).

For the year ended March 31, 2023, the Company recorded $18,444 in share-based compensation expense related to RSUs and PSUs (for the year ended March 31, 2022 – $10,709, for the year ended March 31, 2021 – $11,448). The following is a summary of changes in the Company's RSUs and PSUs during the years ended March 31, 2021, 2022 and 2023:

	Number of RSUs and PSUs
Balance outstanding at March 31, 2020	883,009
RSUs granted	142,826
RSUs released	(120,399)
RSUs cancelled and forfeited	(152,126)
Balance outstanding at March 31, 2021	753,310
RSUs and PSUs granted	3,253,671
RSUs and PSUs released	(300,319)
RSUs and PSUs cancelled and forfeited	(229,370)
Balance outstanding at March 31, 2022	3,477,292
RSUs and PSUs granted	3,143,098
RSUs and PSUs released	(1,464,934)
RSUs and PSUs cancelled and forfeited	(2,572,242)
Balance outstanding at March 31, 2023	2,583,214

During the year ended March 31, 2023, the Company recorded $nil in share-based compensation expense related to acquisition milestones (for the year ended March 31, 2022 – $7,991; for the year ended March 31, 2021 – $8,136).

During the year ended March 31, 2023, 222,421 shares (during the year ended March 31, 2022 – 1,295,285, during the year ended March 31, 2021 – 2,598,978) were released on completion of acquisition milestones. At March 31, 2023, there were up to 125,489 shares to be issued on the completion of acquisition and asset purchase milestones. In certain cases, the number of shares to be issued is based on the volume weighted average share price at the time the milestones are met. The number of shares has been estimated assuming the milestones were met at March 31, 2023. The number of shares excludes shares that are to be issued on July 4, 2023 to the previous shareholders of Spectrum Cannabis Colombia S.A.S. and Canindica Capital Ltd. based on the fair market value of the Company's Latin American business on that date.

BioSteel share-based payments

On October 1, 2019, the Company purchased 72% of the outstanding shares of 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 March 31, 2023, the Company had 614,778 (March 31, 2022 – 1,565,300, March 31, 2021 – 1,581,000) options outstanding which vest in equal tranches over a 5-year period. In determining the amount of share-based compensation related to these options, BioSteel used the Black-Scholes option pricing model to establish the fair value of options on their measurement date. The Company recorded $1,143 of share-based compensation expense related to the BioSteel options during the year ended March 31, 2023 with a corresponding increase in noncontrolling interest (year ended March 31, 2022 – $839, March 31, 2021 – $1,169).

RIV Capital share-based payments

For the period from April 1, 2020 to February 23, 2021, the Company recorded $2,659 in share-based compensation expense related to its former subsidiary, RIV Capital. As described in Note 30(c), the Company disposed of its investment in RIV Capital on February 23, 2021.

22. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income includes the following components:

	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Accumulated other comprehensive income (loss)
As at March 31, 2020	$ 126,723	$ 94,176	$ 220,899
Other comprehensive income	(154,969)	(100,170)	(255,139)
As at March 31, 2021	(28,246)	(5,994)	(34,240)
Disposal of consolidated entities	16,130	-	16,130
Other comprehensive income (loss)	(45,352)	21,180	(24,172)
As at March 31, 2022	(57,468)	15,186	(42,282)
Settlement of unsecured senior notes, net of deferred income tax	-	(29,507)	(29,507)
Other comprehensive income	27,207	30,722	57,929
As at March 31, 2023	$ (30,261)	$ 16,401	$ (13,860)

23. NONCONTROLLING INTERESTS

The net change in the noncontrolling interests is as follows:

	RIV Capital[1]	Vert Mirabel	BioSteel (As Restated)	Other	Total
As at March 31, 2020	$ 211,086	$ 7,132	$ 489	$ 3,051	$ 221,758
Comprehensive income (loss)	94,532	(14,261)	(6,171)	-	74,100
Net loss attributable to redeemable noncontrolling interest	-	11,906	6,171	-	18,077
Share-based compensation	2,659	-	1,169	-	3,828
Ownership changes	(308,527)	(4,777)	-	-	(313,304)
Warrants	250	-	-	-	250
As at March 31, 2021	-	-	1,658	3,051	4,709
Comprehensive loss	-	(3,165)	(16,152)	(1,207)	(20,524)
Net loss attributable to redeemable noncontrolling interest	-	3,165	16,152	-	19,317
Share-based compensation	-	-	839	-	839
As at March 31, 2022	-	-	2,497	1,844	4,341
Comprehensive loss	-	(53)	(29,491)	(1,844)	(31,388)
Net loss attributable to redeemable noncontrolling interest	-	53	29,491	-	29,544
Share-based compensation	-	-	570	-	570
Ownership changes	-	-	-	140	140
Redemption of redeemable noncontrolling interests, net	-	-	(1,620)	-	(1,620)
As at March 31, 2023	$ -	$ -	$ 1,447	$ 140	$ 1,587

[1] Refer to Note 30(c) for information regarding the completion of the plan of arrangement with RIV Capital.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
March 31, 2023				
Assets:				
Short-term investments	$ 105,595	$ -	$ -	$ 105,595
Restricted short-term investments	11,765	-	-	11,765
Other financial assets	269	-	559,525	559,794
Liabilities:				
Unsecured senior notes	-	331,250	-	331,250
Other liabilities	-	-	29,952	29,952
March 31, 2022				
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:				
Unsecured 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
Unsecured senior notes	Senior note pricing model	Quoted prices in over-the-counter broker market

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of significant level 3 financial instruments:

Financial asset / financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value

Acreage financial instrument	Probability weighted expected return model	Probability of each scenario	Change in probability of occurrence in each scenario will result in a change in fair value
		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
		Intrinsic value of Acreage	Increase or decrease in intrinsic value will result in an increase or decrease in fair value
		Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
		Estimated premium on US legalization	Increase or decrease in estimated premium on US legalization will result in an increase or decrease in fair value
		Control premium	Increase or decrease in estimated control premium will result in an increase or decrease in fair value
		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 - December 2022	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
Wana financial instrument - Call Options	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 Options	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
Acreage Debt Option Premium	Monte Carlo simulation model	Volatility of Acreage share price	Increase or decrease in volatility will result in a decrease or increase in fair value
Acreage Tax Receivable Agreement	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
	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
		Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value

25. REVENUE

Revenue is disaggregated as follows:

	Years ended		
	March 31, 2023	March 31, 2022 (As Restated)	March 31, 2021
Canada cannabis			
Canadian adult-use cannabis			
Business-to-business[1]	$ 95,026	$ 143,732	$ 163,585
Business-to-consumer	36,243	61,570	66,016
	131,269	205,302	229,601
Canadian medical cannabis[2]	55,798	52,608	55,448
	$ 187,067	$ 257,910	$ 285,049
Rest-of-world cannabis			
C[3]	-	36,113	62,335
Other rest-of-world cannabis	38,949	43,193	31,296
	$ 38,949	$ 79,306	$ 93,631
Storz & Bickel	$ 64,845	$ 85,410	$ 80,998
BioSteel	$ 69,649	$ 34,622	$ 28,530
This Works	$ 26,029	$ 32,296	$ 33,314
Other	16,365	20,777	25,127
Net revenue	$ 402,904	$ 510,321	$ 546,649

[1]Canadian adult-use business-to-business net revenue reflects excise taxes of $43,071 (year ended March 31, 2022 - $56,666; and year ended March 31, 2021 - $54,928).

[2]Canadian medical cannabis net revenue reflects excise taxes of $4,926 (year ended March 31, 2022 - $5,227; and year ended March 31, 2021 - $5,621).

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 $26,233 for the year ended March 31, 2023 (year ended March 31, 2022 – $21,464; and year ended March 31, 2021 – $23,935). As of March 31, 2023, the liability for estimated returns and price adjustments was $7,123 (March 31, 2022 – $3,729).

26. PHARMHOUSE

PharmHouse Inc. ("PharmHouse"), a joint venture formed on May 7, 2018, between RIV Capital and 2615975 Ontario Limited (the "PharmHouse JV Partner"), is a company licensed to cultivate cannabis under the Cannabis Act. Upon completion of the RIV Arrangement on February 23, 2021, the Company no longer controlled RIV Capital and RIV Capital's consolidated assets and liabilities were derecognized from the Company's consolidated financial statements. The assets and liabilities that were derecognized include those described below in relation to RIV Capital's investments in, and obligations with respect to, PharmHouse. Refer to Note 30(c) for further details on the RIV Arrangement.

CCAA Proceedings

During the year ended March 31, 2021, PharmHouse determined that the previously anticipated timeline to generate cash flows from its offtake agreements with the Company and TerrAscend Canada would not be met, and the ultimate timing and receipt of cash inflows pursuant to these agreements became uncertain. As a result of this, as well as broader sector-wide challenges impacting the Canadian cannabis industry, PharmHouse did not have sufficient liquidity and capital resources to meet its business objectives and became unable to meet its financial obligations as they became due.

Accordingly, on September 15, 2020, PharmHouse obtained an order (the "Initial Order") from the Ontario Superior Court of Justice (the "Court") granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA") (the "CCAA Proceedings"). The Court appointed an independent professional services firm to act as the Monitor of PharmHouse in the CCAA Proceedings while PharmHouse explored a restructuring of its business and operations (the "PharmHouse Restructuring").

On October 29, 2020, PharmHouse received approval from the Court to commence its Sale and Investor Solicitation Process ("SISP"). The SISP process concluded in March 2021, subsequent to the completion of the RIV Arrangement, when PharmHouse entered into a binding asset purchase agreement to sell various operating assets including its facility and certain equipment at the facility. The asset purchase agreement was approved by the Court in March 2021.

PharmHouse Recoverability Assessment

As a result of the CCAA Proceedings and the Restructuring, RIV Capital determined that there were indicators of impairment present for its investments in various PharmHouse-related financial assets.

RIV Capital performed impairment testing for its various PharmHouse-related financial assets by estimating the fair value of PharmHouse en bloc. Due to the lack of profitable operating history for PharmHouse as a cannabis entity, RIV Capital estimated the fair value of PharmHouse en bloc using an asset-based approach to value PharmHouse's assets under an orderly liquidation scenario where cannabis operations are not continued at PharmHouse's facility and the greenhouse is sold for purposes other than cannabis cultivation. This amount was then compared to the carrying values of the various PharmHouse-related financial instruments held by RIV Capital, in sequence based on the priority of claims on PharmHouse's assets (the "PharmHouse Recoverability Assessment"). The significant components of this fair value analysis included PharmHouse's greenhouse facility and retrofits, separable machinery and equipment, saleable inventory, and cash. Significant unobservable inputs used by RIV Capital to determine the fair value of PharmHouse's assets include the selling price per square foot for PharmHouse's greenhouse facility; the recoverability percentage on the liquidation of PharmHouse's property, plant and equipment; the selling price per gram of PharmHouse's existing cannabis inventory; and adjustments for the risk of fair value changes and liquidity. Based on the foregoing, the Company estimated the recoverable value of PharmHouse's assets in an orderly liquidation scenario to be approximately $57,500.

The impact of the PharmHouse Recoverability Assessment on RIV Capital's various PharmHouse-related financial instruments is described below.

PharmHouse Financial Guarantee

Prior to February 23, 2021, PharmHouse had entered into a syndicated credit agreement (as amended, the "PharmHouse Credit Agreement") with a number of Canadian banks (the "PharmHouse Lenders") to provide PharmHouse with a committed, non-revolving credit facility (the "PharmHouse Credit Facility") with a maximum principal amount of $90,000, which was fully drawn. The obligations of PharmHouse under the PharmHouse Credit Facility were secured by guarantees of RIV Capital and RCC, and a pledge by RCC of all of the shares of PharmHouse held by it (the "PharmHouse Financial Guarantee"). Accordingly, if PharmHouse was unable to generate sufficient cash flows to service its obligations pursuant to the PharmHouse Credit Facility, RIV Capital and RCC were required to compensate the PharmHouse Lenders for their loss incurred on the PharmHouse Credit Facility. The PharmHouse Credit Agreement also contains other covenants applicable to RIV Capital and RCC.

Based on the PharmHouse Recoverability Assessment described above, the Company determined that the fair value of PharmHouse's assets under an orderly liquidation scenario where the facility is not used for cannabis operations may be less than the principal amount owed by PharmHouse pursuant to the PharmHouse Credit Facility. Accordingly, the Company estimated that, prior to February 23, 2021, it had a financial liability related to the PharmHouse Financial Guarantee, reflecting the estimated shortfall between the recoverable amount of PharmHouse en bloc and the Company's exposure to the PharmHouse Credit Facility.

As at February 23, 2021, the Company estimated the current expected credit loss related to its contingent obligation under the PharmHouse Financial Guarantee to be $32,500, and recognized a financial liability for this amount in the consolidated balance sheet. Upon completion of the RIV Arrangement on February 23, 2021, this liability was derecognized from the Company's consolidated balance sheet. During the year ended March 31, 2021, the Company recognized an associated current expected credit loss of $32,500 in net income (loss).

Other financial assets, including loans receivable

Prior to February 23, 2021, RCC had advanced to PharmHouse: (i) $40,000 of secured debt financing pursuant to a shareholder loan agreement; (ii) $2,450 pursuant to a secured demand promissory note; and (iii) $1,206 between August 4, 2020, and September 8, 2020 pursuant to an unsecured promissory note. The Company recognized these instruments as financial assets, initially recorded them at fair value and subsequently measured them at amortized cost. Additionally, pursuant to the Initial Order, RCC entered into an agreement to provide a super-priority, debtor-in-possession interim, non-revolving credit facility to PharmHouse (the "DIP Financing"), with a maximum principal amount available to be drawn by PharmHouse of $9,700, and a maturity date of February 28, 2021. As at February 23, 2021, RCC had advanced $9,300 pursuant to the DIP Financing.

As a result of the PharmHouse Recoverability Assessment described above, the Company recognized a current expected credit loss of $32,500 in the year ended March 31, 2021, related to its contingent obligation under the PharmHouse Financial Guarantee that existed prior to the completion of the RIV Arrangement on February 23, 2021 and the resulting derecognition of RIV Capital's consolidated assets and liabilities. The Company also concluded that the following amounts, as described above, may not be recoverable: (i) $9,300 advanced pursuant to DIP Financing; (ii) $40,000 advanced under the shareholder loan agreement; (iii) $2,450 advanced under the secured demand promissory note; (iv) $1,206 advanced under the unsecured demand promissory note; and (v)

$8,989 in interest receivable in relation to these financial instruments. Additionally, it was determined that certain advances in the amount of $15,000 provided to PharmHouse by the Company may not be recoverable, and costs of $35 were incurred associated with the PharmHouse Restructuring in the year ended March 31, 2021. Accordingly, the Company recorded expected credit losses on financial assets and related charges of $109,480 for the year ended March 31, 2021.

PharmHouse equity method investment

As at February 23, 2021, RCC owned 10,998,660 common shares of PharmHouse, representing a 49% equity interest on a non-diluted basis. RCC had not yet received any distributions on account of its common share investment in PharmHouse.

As a result of the PharmHouse Recoverability Assessment described above, the Company determined that there was an other-than-temporary-impairment and recognized an impairment charge for the full amount of its equity method investment of $32,369.

27. OTHER INCOME (EXPENSE), NET

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

	Years ended		
	March 31, 2023	March 31, 2022	March 31, 2021
Fair value changes on other financial assets	$ (424,115)	$ (356,109)	$ 435,107
Fair value changes on liability arising from Acreage Arrangement	47,000	553,000	(399,849)
Fair value changes on unsecured senior notes	(43,104)	76,776	(162,540)
Fair value changes on warrant derivative liability	26,920	588,655	(293,084)
Fair value changes on acquisition related contingent consideration and other	38,890	4,417	39,608
Gain and charges related to settlement of debt	582	-	-
Interest income	24,282	6,601	21,367
Interest expense	(126,160)	(103,944)	(8,459)
Foreign currency gain (loss)	(8,534)	5,415	(18,013)
Gain (loss) on disposal/acquisition of consolidated entity	2,414	(6,762)	634
Other income (expense), net	(4,200)	(14,708)	(2,647)
	$ (466,025)	$ 753,341	$ (387,876)

28. INCOME TAXES

Net loss before income taxes was generated as follows:

	Years ended		
	March 31, 2023	March 31, 2022 (As Restated)	March 31, 2021
Domestic - Canada	$ (2,513,026)	$ (173,970)	$ (1,611,210)
Foreign - outside of Canada	(801,294)	(165,545)	(72,751)
	$ (3,314,320)	$ (339,515)	$ (1,683,961)

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

	Years ended March 31, 2023	Years ended March 31, 2022	Years ended March 31, 2021
Current			
Domestic - Canada	$ 4,783	$ 895	$ (19,318)
Foreign - outside of Canada	(676)	1,476	(2,091)
	$ 4,107	$ 2,371	$ (21,409)
Deferred			
Domestic - Canada	$ (3,603)	$ 6,353	$ 36,505
Foreign - outside of Canada	4,270	224	(1,955)
	667	6,577	34,550
Income tax recovery	$ 4,774	$ 8,948	$ 13,141

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

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

A reconciliation of the amount of income taxes reflected above compared to the expected income taxes calculated at the combined Canadian federal and provincial enacted statutory tax rate of 26.5% for each of the three years ended March 31, 2023, 2022 and 2021 is as follows:

	Years ended March 31, 2023	Years ended March 31, 2022 (As Restated)	Years ended March 31, 2021
Net loss before income taxes	$ (3,314,320)	$ (339,515)	$ (1,683,961)
Expected tax rate	26.5%	26.5%	26.5%
Expected income tax recovery	878,295	89,971	446,250
Non-deductible and non-taxable items	(29,385)	17,557	81,883
Fair value changes on Acreage Arrangement	12,386	146,545	(105,960)
Fair value changes on warrant derivative liability	6,294	155,964	(77,663)
Settlement of unsecured senior notes	(14,862)	-	-
Share-based compensation	(2,126)	(9,908)	(21,121)
Goodwill impairment	(473,702)	-	-
Change in valuation allowance	(313,583)	(363,954)	(358,964)
Effect of tax rates outside of Canada	(4,596)	8,459	10,870
Non-taxable portion of capital gains and losses	(48,573)	(38,440)	38,705
Other	(5,374)	2,754	(859)
Income tax recovery	$ 4,774	$ 8,948	$ 13,141

Current income taxes payable in the amount of $1,592 (March 31, 2022 – $1,927) is included in accounts payable and current income taxes receivable in the amount of $5,446 (March 31, 2022 – $6,018) is included in other accounts receivable.

The Company continues to believe 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 year 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 year during which such determination is made.

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

	Years ended March 31, 2023	Years ended March 31, 2022 (As Restated)
Deferred income tax assets		
Property, plant and equipment	$ 104,043	$ 78,023
Intangible assets	11,202	671
Inventory reserves and write-downs	18,749	40,324
Other reserves and accruals	10,554	5,939
Losses carried forward	1,142,607	919,955
Equity method investments and other financial assets	72,881	10,512
Deferred financing costs	4,597	2,740
Other	10,415	5,635
Gross deferred income tax assets	1,375,048	1,063,799
Valuation allowances	(1,355,385)	(1,041,802)
Total deferred income tax assets, net	$ 19,663	$ 21,997
Deferred income tax liabilities		
Property, plant and equipment	$ (3,475)	$ (4,182)
Intangible assets	(15,200)	(29,832)
Deferred financing costs	(1,345)	(3,353)
Other	-	(621)
Total deferred income tax liabilities	(20,020)	(37,988)
Net deferred income tax liabilities	$ (357)	$ (15,991)

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

As at March 31, 2023, the Company had temporary differences associated with investments in foreign subsidiaries for which no deferred income tax liabilities have been recognized, as the Company is able to control the timing of the reversal of these temporary differences and material undistributed earnings are considered permanently invested. Determination of the amount of the unrecognized deferred income tax liability is not practicable due to the inherent complexity of the multi-jurisdictional operations of the Company.

As at March 31, 2023, the Company has the following losses carried forward available to reduce future years' taxable income, which losses expire as follows:

Expiring within 5 years	$ -
Expiring between 5 and 10 years	3,321
Expiring between 10 and 15 years	367,213
Expiring between 15 and 20 years	2,829,026
Indefinite	510,831
	$ 3,710,391
Total in Canada	$ 3,195,923
Total in United States	451,258
Total in Europe	58,731
Total in other jurisdictions	4,479
	$ 3,710,391
Total operating losses	$ 3,710,391
Total capital losses (carried forward indefinitely)	1,177,195
	$ 4,887,586

29. ACQUISITIONS

(a) Year ended March 31, 2023

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2023.

		Verona Facility
Property, plant and equipment	$	28,771
Debt and other liabilities		(2,373)
Net assets acquired	$	26,398
Consideration paid in cash	$	24,223
Other consideration		2,175
Total consideration	$	26,398
Consideration paid in cash	$	24,223
Less: Cash and cash equivalents acquired		-
Net cash outflow	$	24,223

The table above summarizes the fair value of the consideration given and the fair values assigned to the assets acquired and liabilities assumed for the acquisition completed in the year ended March 31, 2023.

Acquisition of Verona Facility

On November 8, 2022, the Company, through its affiliate BioSteel, completed the acquisition (the "Verona Acquisition") of a manufacturing facility located in Verona, Virginia (the "Verona Facility") from Flow Beverage Corp. ("Flow"), one of BioSteel's contract manufacturers. Consideration was $26,398 (US$19,477), consisting of cash paid of $15,685 (US$11,573) and $8,538 (US$6,299) related to the repayment of debt and the retirement of certain lease obligations, and $2,175 (US$1,605) in remediation and indemnity holdbacks to be retained by the Company and paid within one year of the closing of the Verona Acquisition. BioSteel and Flow have also entered into a co-manufacturing agreement whereby, in addition to the production of BioSteel-branded sports hydration beverages, BioSteel will produce Flow's portfolio of branded water at the Verona Facility.

Due to the timing of the Verona Acquisition, the purchase price allocation for the Verona Acquisition is provisional. The fair value assigned to the consideration paid and net assets acquired is based on management's best estimate using the information currently available and may be revised by the Company as additional information is received.

(b) Acquisitions completed in the year ended March 31, 2022

The following table summarized the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2022.

	Ace Valley (i)	Supreme Cannabis (ii)	Other	Total
Cash and cash equivalents	$ 1,544	$ 41,306	$ 1,227	$ 44,077
Inventory	878	33,426	362	34,666
Other current assets	2,249	14,791	335	17,375
Property, plant and equipment	105	187,407	1,510	189,022
Intangible assets				
Brands	14,000	22,800	-	36,800
Distribution channel	-	3,500	-	3,500
Operating licenses	-	24,400	2,000	26,400
Goodwill	39,152	58,842	7,329	105,323
Accounts payable and other accrued expenses and liabilities	(1,724)	(12,935)	(30)	(14,689)
Debt and other liabilities	-	(88,324)	(1,037)	(89,361)
Deferred income tax liabilities	(1,899)	(5,545)	(540)	(7,984)
Net assets acquired	$ 54,305	$ 279,668	$ 11,156	$ 345,129
Consideration paid in cash	$ 51,836	$ 84	$ 7,104	$ 59,024
Consideration paid in shares	-	260,668	4,052	264,720
Replacement options	-	629	-	629
Replacement warrants	-	13,350	-	13,350
Other consideration	2,469	4,937	-	7,406
Total consideration	$ 54,305	$ 279,668	$ 11,156	$ 345,129
Consideration paid in cash	$ 51,836	$ 84	$ 7,104	$ 59,024
Less: Cash and cash equivalents acquired	(1,544)	(41,306)	(1,227)	(44,077)
Net cash outflow (inflow)	$ 50,292	$ (41,222)	$ 5,877	$ 14,947

The table above summarizes the fair value of the consideration given and the fair values assigned to the assets acquired and liabilities assumed for each acquisition. Goodwill arose in these acquisitions because the cost of acquisition included a control premium. In addition, the consideration paid for the combination reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Except for some of the goodwill arising in respect of the Ace Valley (as defined below) and Supreme Cannabis acquisition, none of the goodwill arising on these acquisitions is expected to be deductible in the computation of income for tax purposes.

(i) Ace Valley

On April 1, 2021, the Company entered into a share purchase agreement (the “AV Share Purchase Agreement”) with Tweed Inc., AV Cannabis Inc. (“Ace Valley”), and the shareholders of Ace Valley (the “AV Vendors”) pursuant to which the Company indirectly acquired 100% of the issued and outstanding shares of Ace Valley for cash consideration of $51,836. Ace Valley is an Ontario-based cannabis brand with a focus on premium, ready-to-enjoy products including vapes, pre-roll joints and gummies. Pursuant to the terms of the AV Share Purchase Agreement, the Company may be required to make certain earn-out payments to the AV Vendors, which may result in an additional cash payment or the issuance of common shares, subject to the fulfillment of certain conditions by April 1, 2023. This represents liability-classified contingent consideration. Management has estimated the fair value of this consideration to be $2,469 by assessing the probability and timing of the fulfillment of the specified conditions and discounting the expected cash outflows to present value.

In the year ended March 31, 2022, the Company finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method

(ii) Supreme Cannabis

On June 22, 2021, the Company and Supreme Cannabis completed an arrangement (the “Supreme Arrangement”) pursuant to which the Company acquired 100% of the issued and outstanding common shares of Supreme Cannabis (the “Supreme Shares”). Supreme Cannabis is a producer of adult-use, wholesale and medical cannabis products, with a diversified portfolio of distinct cannabis companies, products and brands. Pursuant to the Supreme Arrangement, the Company issued 9,013,400 common shares with a fair value on closing of $260,668 and made a cash payment of $84 to former Supreme Cannabis shareholders in consideration for their Supreme Shares.

The Company also assumed the obligation to issue 1,265,742 common shares upon the exercise of outstanding warrants of Supreme Cannabis and issued 140,159 replacement options. The fair value of the obligation upon the exercise of the outstanding warrants of Supreme Cannabis was estimated to be $13,350 using a Black-Scholes model. The replacement options' fair value totaled $1,452, calculated using a Black-Scholes model, of which $629 was included in consideration paid as it related to pre-combination services and the residual $823 fair value was recognized immediately in share-based compensation expense after the completion of the acquisition.

On June 22, 2021, Supreme Cannabis had convertible debentures outstanding with a principal amount of $27,045 which were convertible into 94,895,649 Supreme Shares. As a result of the acquisition the conversion feature was adjusted in accordance with an exchange ratio of 0.011659. The fair value of these convertible debentures on June 22, 2021 was estimated to be $36,593, of which $4,937 was allocated to the conversion feature and $31,656 to the debt component.

In the year ended March 31, 2023, the Company finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method.

(c) Acquisitions completed in the year ended March 31, 2021

There were no acquisitions during the year ended March 31, 2021.

(d) More Life

On November 7, 2019 the Company entered into agreements with certain entities that are controlled by Aubrey "Drake" Graham to launch More Life. Under the agreements Canopy Growth sold 100% of the shares of 1955625 Ontario Inc., a wholly owned subsidiary of Canopy Growth that holds the Health Canada license for a facility located in Scarborough, Ontario to More Life ("More Life Facility") in exchange for a 40% interest in More Life. Certain entities that are controlled by Drake hold a 60% ownership interest in More Life. Following this transaction, the Company no longer controlled 1955625 Ontario Inc. and the Company derecognized the assets and liabilities of 1955625 Ontario Inc. from its consolidated financial statements at their carrying amounts.

As consideration for the 60% interest in More Life, certain entities that are controlled by Drake granted More Life the right to exclusively exploit certain intellectual property and brands in association with the growth, manufacture, production, marketing and sale of cannabis and cannabis-related products, accessories, merchandise and paraphernalia in Canada and internationally. More Life sublicensed such rights in Canada to Canopy Growth in exchange for royalty payments. The Company and More Life agreed to terminate the sublicense agreement between the two parties as of March 1, 2021, and as a result the Company derecognized the remaining minimum royalty obligations owing to More Life in the amount of $33,681. The difference between the termination payment made by the Company to More Life and the remaining minimum royalty obligations was recorded in asset impairment and restructuring costs; refer to Note 6.

Through its ownership and other rights, the Company was determined to have significant influence over More Life and accounted for its interest in More Life using the equity method of accounting. As at March 31, 2021, as a result of the termination of the sublicense agreement between the Company and More Life, the Company determined that the fair value of its' interest in More Life was $nil, and accordingly, the Company recognized an impairment on its equity method investment in the amount of $10,300 in the year ended March 31, 2021 as part of the restructuring of its global operations. See Note 6 for further information.

30. DIVESTITURES

(a) Retail Divestiture

The Company entered into the following two agreements to divest its retail business in Canada, which includes the retail stores operating under the Tweed and Tokyo Smoke banners:

- An agreement with OEG Retail Cannabis (“OEGRC”), a prior Canopy Growth licensee partner, pursuant to which OEGRC acquired ownership of 23 of the Company’s corporate-owned retail stores in Manitoba, Saskatchewan and Newfoundland and Labrador, as well as all Tokyo Smoke-related intellectual property (the “OEGRC Transaction”). In connection with the OEGRC Transaction, the Tokyo Smoke brand has been transferred to OEGRC and all acquired retail stores branded as Tweed will be rebranded by OEGRC. In addition, the master franchise agreement between the Company and OEGRC, pursuant to which OEGRC licenses the Tokyo Smoke brand in Ontario, was terminated effective on the closing of the OEGRC Transaction. The OEGRC Transaction closed on December 30, 2022.
- An agreement (the “FOUR20 Agreement”) with 420 Investments Ltd. (“FOUR20”), a licensed cannabis retailer, pursuant to which FOUR20 acquired ownership of five of the Company’s corporate-owned retail stores in Alberta (the “FOUR20 Transaction”). Pursuant to the FOUR20 Agreement, the stores will be rebranded under FOUR20’s retail banner upon closing of the FOUR20 Transaction. The FOUR20 Transaction closed on October 26, 2022.

In the three months ended December 31, 2022, upon closing of the OEGRC Transaction and the FOUR20 Transaction, the Company received a cash payment of $88. At December 31, 2022, the Company was also entitled to deferred consideration of $5,500, and an earn-out payment of $6,099, subject to the achievement of certain revenue targets by the divested retail stores. In the three months ended March 31, 2023, $2,500 of deferred consideration was received.

Following the divestiture of the retail stores pursuant to the OEGRC Transaction and the FOUR20 Transaction, the Company derecognized the assets and liabilities of the associated retail stores from these consolidated financial statements at their carrying amounts on their respective closing dates, as follows:

Current assets	$	6,461
Property, plant and equipment		7,990
Other long-term assets		144
Current liabilities		(9,492)
Net assets disposed	$	5,103
Consideration received in cash	$	88
Future cash consideration		11,599
Costs to sell		(2,442)
Total consideration	$	9,245
Gain on disposal of consolidated entity	$	4,142

The gain calculated on the derecognition of the assets and liabilities of the retail stores is the difference between the carrying amounts of the derecognized assets and liabilities, and the fair value of consideration received, net of costs to sell.

(b) C^3 Divestiture

On December 15, 2021, the Company entered into an agreement to divest all of its interest in C^3 to a European pharmaceutical company headquartered in Germany. C^3 develops and manufactures cannabinoid-based pharmaceutical products for distribution in Germany and certain other European countries.

The C^3 Divestiture was completed on January 31, 2022, pursuant to which the Company received a cash payment of $128,316 (€88,698), inclusive of cash, working capital and debt adjustments. The Company will also be entitled to an earnout payment of up to €42,600, subject to the achievement of certain milestones by C^3.

Following the C^3 Divestiture, the Company no longer controls C^3 and the Company derecognized the assets and liabilities of C^3 from these consolidated financial statements at their carrying amounts, including $53,541 of goodwill allocated to the C^3 reporting unit. The derecognized assets and liabilities on January 31, 2022, were as follows:

Current assets[1]	$	44,568
Property, plant and equipment		9,216
Intangible assets		15,548
Goodwill		53,541
Current liabilities		(3,089)
Deferred income tax liabilities		(6,029)
Cumulative translation adjustment		19,178
Net assets disposed	$	132,933
Consideration received in cash	$	128,316
Future cash consideration		7,233
Costs to sell		(1,153)
Total consideration	$	134,396
Gain on disposal of consolidated entity	$	1,463

[1] Included in current assets is $19,338 of cash.

The gain calculated on the derecognition of C^3's assets and liabilities is the difference between the carrying amounts of the derecognized assets and liabilities, inclusive of any cumulative translation adjustment amounts, and the fair value of consideration received, net of costs to sell.

(c) Plan of arrangement with RIV Capital

On December 21, 2020, the Canopy Growth entered into the RIV Arrangement with Tweed NB, RIV Capital and RCC, pursuant to which Canopy Growth acquired certain assets from RCC, as set out below, in exchange for cash, Canopy Growth common shares and the surrender of all shares in the capital of RIV Capital held by Canopy Growth. The RIV Arrangement was completed on February 23, 2021.

Pursuant to the RIV Arrangement, Canopy Growth increased its conditional ownership interest in TerrAscend through the acquisition of: (i) 19,445,285 TerrAscend Exchangeable Shares held by RCC; (ii) 2,225,714 TerrAscend Warrants with an exercise price of $5.95 per share held by RCC; (iii) 333,723 TerrAscend Warrants with an exercise price of $6.49 per share held by RCC; and (iv) a loan receivable owing by TerrAscend Canada to RCC.

See Note 5 for information regarding the Reorganization. Following the implementation of the Reorganization, as of October 24, 2022, Canopy USA holds certain U.S. cannabis investments previously held by the Company, including the aforementioned direct and indirect interests in the capital of TerrAscend.

Pursuant to the RIV Arrangement, Canopy Growth also acquired: (i) all of the Class A preferred shares in the capital of Les Vert Mirabel held by RCC; and (vi) 143 common shares in the capital of Vert Mirabel, thereby increasing Canopy Growth's ownership of the issued and outstanding common shares in the capital of Vert Mirabel to approximately 55%. See Note 6 for information regarding the Company's restructuring actions initiated in the three months ended March 31, 2023, which included, among other things, the purchase of the remaining 45% of Vert Mirabel and ceasing the sourcing of cannabis flower from the Mirabel, Quebec facility. In addition, all of the obligations of Tweed NB owing to RCC pursuant to a royalty agreement between the parties were terminated.

In exchange for the foregoing, Canopy Growth: (i) surrendered 36,468,318 MVS and 15,223,938 SVS in the capital of RIV Capital; (ii) made a cash payment to RCC of $115,000; and (iii) issued 3,647,902 Canopy Growth common shares to RCC. As a result, following completion of the RIV Arrangement, Canopy Growth no longer had any equity, debt or other interest in RIV Capital, and no longer had any representation on the RIV Capital board of directors.

Following this transaction, Canopy Growth no longer controls RIV Capital, and Canopy Growth derecognized the consolidated assets and liabilities of RIV Capital from its consolidated financial statements at their carrying amounts. The derecognized assets and liabilities on February 23, 2021, were as follows:

Acquired assets	
TerrAscend Exchangeable Shares	$ 291,500
TerrAscend warrants	32,000
Preferred shares in Vert Mirabel	22,600
Settlement of Tweed NB obligations to RCC	15,000
TerrAscend loan	10,000
Common shares in Vert Mirabel	9,075
Total acquired assets	$ 380,175
Consideration paid in shares	(170,284)
Consideration paid in cash	(115,000)
	$ 94,891
Derecognition of RIV Capital net assets	
Cash and cash equivalents	$ 37,801
Amounts receivable, net	4,327
Prepaid expenses and other assets	995
Equity method investments	5,114
Other financial assets	417,256
Property, plant and equipment	729
Intangible assets	86
Accounts payable	(22,038)
Other accrued expenses and liabilities	(1,703)
Other current liabilities	(32,653)
Other long-term liabilities	(303)
Noncontrolling interests and other	(315,144)
	$ 94,467
Gain on completion of RIV Arrangement	$ 424

The gain calculated on the derecognition of RIV Capital's assets and liabilities is the difference between the carrying amounts of the derecognized assets and liabilities of RIV Capital and the fair value of the consideration transferred, being the cash payment made to RCC in the amount of $115,000, the fair value of the Canopy Growth common shares issued to RCC, and the assets acquired.

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

Acreage Arrangement

On September 23, 2020, the Company and Acreage entered into a second amendment (the "Acreage Amending Agreement") to the arrangement agreement (the "Original Acreage Arrangement Agreement") and plan of arrangement (the "Original Acreage Arrangement") between the Company and Acreage dated April 18, 2019, as amended on May 15, 2019. In connection with the Acreage Amending Agreement, the Company and Acreage implemented an amended and restated plan of arrangement (the "Acreage Amended Arrangement") on September 23, 2020. Pursuant to the terms of the Original Acreage Arrangement, shareholders of Acreage and holders of certain securities convertible into the existing Acreage 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 Acreage 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 Original Acreage Arrangement Agreement.

The Acreage 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 Original Acreage Arrangement Agreement (as modified in connection with the Acreage Amending Agreement), Canopy Growth will acquire all of the issued and outstanding 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 Acreage Amended Arrangement if, among other things, Acreage 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 (the "Acreage Floating Option") exercisable for a period of 30 days, to acquire all of the issued and outstanding 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.

See Note 5 for information regarding the Reorganization. In connection with the Reorganization and the Floating Share Arrangement Agreement, Canopy Growth irrevocably waived the Acreage Floating Option and subject to, among other things, the terms of the Floating Share Arrangement Agreement, Canopy USA will acquire all of the issued and outstanding Floating Shares. Following the implementation of the Reorganization, Canopy USA, as of October 24, 2022, holds certain U.S. cannabis investments previously held by the Company, which is expected to enable Canopy USA, following, among other things, the Meeting and the exercise of the Acreage Option, including the issuance of the Fixed Shares to Canopy USA, to consummate the acquisitions of Acreage, Wana and Jetty.

At March 31, 2023, the right and the obligation to: (i) acquire the Fixed Shares pursuant to the Existing Acreage Arrangement Agreement; and (ii) acquire the Floating Shares pursuant to the Floating Share Arrangement Agreement (together, the "Acreage financial instrument"), represents a financial asset of $55,382 (March 31, 2022 – liability of $47,000). At March 31, 2023, 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 27. The fair value determination includes a high degree of subjectivity and judgment, which results in significant estimation uncertainty. See Note 24 for additional details on how the fair value of the Acreage financial instrument is calculated on a recurring basis. From a measurement perspective, 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. In connection with the Reorganization, as described in Note 5, on October 24, 2022, the Company transferred the Hempco Debenture to Canopy USA.

The amount advanced on September 23, 2020 pursuant to the Hempco Debenture has been recorded in other financial assets (see Note 12), and the Company has elected the fair value option under ASC 825. At March 31, 2023, the estimated fair value of the Hempco Debenture issued to an affiliate of the Company by Acreage Hempco was $29,262 (March 31, 2022 – $28,824), measured using a discounted cash flow model (see Note 24). Refer to Note 12 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 the Second Amended and Restated Investor Rights Agreement (the "Amended 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 March 31, 2023.

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 March 31, 2023, the fair value of the warrant derivative liability was $nil (March 31, 2022 – $26,920), and fair value changes are recognized in other income (expense), net; see Note 27. See Note 24 for additional details on how the fair value of the warrant derivative liability is calculated on a recurring basis.

The Tranche C Warrants are accounted for as derivative instruments, with the fair value continuing to be $nil at March 31, 2023.

As described in Note 5, in connection with the Reorganization, the Company entered into the Third Consent Agreement, pursuant to which CBG and Greenstar agreed, among other things, that in the event that CBG and Greenstar convert their ownership in the Company's common shares into Exchangeable Shares, CBG will surrender the warrants held by CBG to purchase 139,745,453 common shares of the Company for cancellation for no consideration. In addition, following such conversion by CBG and Greenstar of their common shares into Exchangeable Shares, other than the Third Consent Agreement and the termination rights contained therein and the CBI Note (as defined below), all agreements between the Company and CBI will terminate, including the Amended Investor Rights Agreement. In such circumstances it is expected that the CBI nominees that are currently sitting on the board of directors of the Company (the "Board") (and comprise a majority of the Board) will resign as directors of the Company following the termination of the Amended Investor Rights Agreement.

32. LEASES

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

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

Lease payments included in the measurement of the lease liability comprise (a) fixed payments, including in-substance fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and (d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

At inception or reassessment of a contract that contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Balance sheet location

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

	March 31, 2023	March 31, 2022
Property, plant and equipment		
Operating lease	$ 20,741	$ 39,571
Finance lease	8,838	34,333
	$ 29,579	$ 73,904
Other current liabilities:		
Operating lease	$ 9,143	$ 11,752
Finance lease	19,541	26,283
Other long-term liabilities:		
Operating lease	40,977	58,031
Finance lease	39,648	43,094
	$ 109,309	$ 139,160

Lease expense

The components of total lease expense are as follows:

	Years ended	
	March 31, 2023	March 31, 2022
Operating lease expense	$ 10,608	$ 5,245
Finance lease expense:		
Amortization of right-of-use assets	1,494	3,883
Interest on lease liabilities	2,018	1,667
	$ 14,120	$ 10,795

Lease maturities

As of March 31, 2023, the minimum payments due for lease liabilities for each of the five succeeding fiscal years and thereafter are as follows:

	Operating Leases	Finance Leases
2024	$ 11,661	$ 21,410
2025	12,494	5,313
2026	9,521	33,020
2027	9,016	325
2028	7,714	329
Thereafter	8,066	3,725
Total lease payments	$ 58,472	$ 64,122
Less: Interest	8,352	4,933
Total lease liabilities	$ 50,120	$ 59,189

As of March 31, 2023, we have additional operating leases that have not yet commenced with immaterial aggregated minimum payments on an undiscounted basis.

Supplemental information

	Years ended	
	March 31, 2023	March 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 13,277	$ 12,905
Operating cash flows from finance leases	2,018	1,667
Financing cash flows from finance leases	5,997	1,494
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$ 3,759	$ 9,019
Finance leases	2,714	3,720

	March 31, 2023	March 31, 2022
Weighted-average remaining lease term:		
Operating leases	5	6
Finance leases	3	4
Weighted-average discount rate		
Operating leases	5.24%	4.50%
Finance leases	4.50%	4.50%

33. RELATED PARTY

Year ended March 31, 2023

Pursuant to the Reorganization, the Company entered into certain agreements with CBI, including the Third Consent Agreement. See "Relationship with CBI" in Note 5.

Year ended March 31, 2022

There were no reportable related party transactions in the year ended March 31, 2022.

Year ended March 31, 2021

On February 23, 2021, the Company completed the RIV Arrangement with RIV Capital and RCC. Refer to Note 30(c) for a description of the RIV Arrangement.

In connection with the Proposal Agreement entered into by the Company and Acreage on June 24, 2020 to amend the terms of the Original Acreage Arrangement, the Company entered into the Second Consent Agreement with CBI and its affiliates.

34. COMMITMENTS

The Company has entered into agreements in which it has committed to purchase a minimum amount of inventory, pay a minimum amount of royalty expenses, incur expenditures for property, plant and equipment and procure various other goods or services. The following summarizes the Company's annual minimum commitments associated with its contractual agreements as of March 31, 2023. This amount excludes the Company's debt and lease related commitments which are disclosed elsewhere in Notes 17 and 32, respectively in these consolidated financial statements.

2024	$ 118,211
2025	42,382
2026	28,981
2027	19,676
2028	-
Thereafter	-
	$ 209,250

35. SEGMENTED INFORMATION

Reportable segments

Prior to the three months ended September 30, 2022, the Company had the following two reportable segments: (i) global cannabis; and (ii) other consumer products. Following the completion of certain restructuring actions which were initiated in the three months ended March 31, 2022, and which were aligned with the Company's strategic review of its business (see Note 6 for details), the Company has changed the structure of its internal management financial reporting. Accordingly, in the three months ended September 30, 2022, the Company began reporting its financial results for the following five reportable segments:

- **Canada cannabis -** includes the production, distribution and sale of a diverse range of cannabis, hemp and cannabis products in Canada pursuant to the *Cannabis Act*;
- **Rest-of-world cannabis** - includes the production, distribution and sale of a diverse range of cannabis, hemp and cannabis products internationally pursuant to applicable international legislation, regulations and permits;
- **Storz & Bickel** - includes the production, distribution and sale of vaporizers;
- **BioSteel** - includes the production, distribution and sale of consumer packaged goods including sports nutrition beverages, hydration mixes, proteins and other specialty nutrition products; and
- **This Works** - includes the production, distribution and sale of beauty, skincare, wellness and sleep products, some of which have been blended with hemp-derived CBD isolate.

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 CODM evaluates the performance of these segments, with a focus on (i) segment net revenue, and (ii) segment gross margin as the measure of segment profit or loss. Accordingly, information regarding segment net revenue and segment gross margin for the comparative periods has been restated to reflect the aforementioned change in reportable segments. The remainder of the Company's operations include revenue derived from, and cost of sales associated with, the Company's non-cannabis extraction activities and other ancillary activities; these are included within "other."

The accounting policies of each segment are the same as those disclosed in the summary of significant accounting policies in Note 3.

	Years ended		
	March 31, 2023	March 31, 2022 (As Restated)	March 31, 2021
Segmented net revenue			
Canada cannabis	$ 187,067	$ 257,910	$ 285,049
Rest-of-world cannabis	38,949	79,306	93,631
Storz & Bickel	64,845	85,410	80,998
BioSteel	69,649	34,622	28,530
This Works	26,029	32,296	33,314
Other	16,365	20,777	25,127
	$ 402,904	$ 510,321	$ 546,649
Segmented gross margin:			
Canada cannabis	$ (95,291)	$ (212,820)	$ (8,435)
Rest-of-world cannabis	(3,322)	(28,875)	29,687
Storz & Bickel	26,112	37,284	34,231
BioSteel	(40,613)	(15,722)	1,689
This Works	10,205	14,800	17,350
Other	(1,231)	2,197	(7,562)
	(104,140)	(203,136)	66,960
Selling, general and administrative expenses	456,225	472,756	575,389
Share-based compensation	31,188	47,525	91,149
Expected credit losses on financial assets and relates charges	-	-	109,480
Asset impairment and restructuring costs	2,256,742	369,339	534,398
Operating loss	(2,848,295)	(1,092,756)	(1,243,456)
Loss from equity method investments	-	(100)	(52,629)
Other income (expense), net	(466,025)	753,341	(387,876)
Loss before incomes taxes	$ (3,314,320)	$ (339,515)	$ (1,683,961)

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:

	Years ended		
	March 31, 2023	March 31, 2022 (As Restated)	March 31, 2021
Canada	$ 268,457	$ 286,365	$ 329,172
Germany	48,701	90,874	116,379
United States	39,042	82,080	64,926
Other	46,704	51,002	36,172
	$ 402,904	$ 510,321	$ 546,649

Disaggregation of long-lived tangible assets by geographic area:

	March 31, 2023	March 31, 2022
Canada	$ 361,778	$ 827,591
United States	85,772	63,247
Germany	51,341	48,355
Other	575	3,587
	$ 499,466	$ 942,780

For the year ended March 31, 2023, no customer represented more than 10% of the Company's net revenue (years ended March 31, 2022 and 2021, one and no, respectively).

36. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following tables include corrections to the prior period results, and present the effect of the Restatement Items described in Note 2, "Basis of Presentation - Restatement of Previously Issued Consolidated Financial Statements" on the Company's unaudited interim condensed consolidated balance sheets for the periods indicated (in thousands, except number of shares and per share data):

	June 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Amounts receivable, net	$ 96,626	$ (13,827)	$ 82,799
Inventory	205,513	19	205,532
Prepaid expenses and other assets	62,141	(298)	61,843
Total current assets	1,593,572	(14,106)	1,579,466
Total assets	3,517,527	(14,106)	3,503,421
Other liabilities	86,776	170	86,946
Total current liabilities	404,408	170	404,578
Total liabilities	1,834,607	170	1,834,777
Redeemable noncontrolling interest	37,150	(9,000)	28,150
Additional paid-in capital	2,515,453	5,881	2,521,334
Deficit	(8,454,214)	(11,157)	(8,465,371)
Total Canopy Growth Corporation shareholders' equity	1,641,255	(5,276)	1,635,979
Total shareholders' equity	1,645,770	(5,276)	1,640,494
Total liabilities and shareholders' equity	3,517,527	(14,106)	3,503,421

	September 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Amounts receivable, net	$ 108,236	$ (25,820)	$ 82,416
Inventory	211,209	545	211,754
Prepaid expenses and other assets	62,957	(216)	62,741
Total current assets	1,538,175	(25,491)	1,512,684
Goodwill	136,513	(57,401)	79,112
Total assets	3,402,270	(82,892)	3,319,378
Other liabilities	63,645	16,235	79,880
Total current liabilities	542,401	16,235	558,636
Total liabilities	1,738,241	16,235	1,754,476
Redeemable noncontrolling interest	35,900	(23,224)	12,676
Additional paid-in capital	2,516,811	21,292	2,538,103
Deficit	(8,676,020)	(97,195)	(8,773,215)
Total Canopy Growth Corporation shareholders' equity	1,625,173	(75,903)	1,549,270
Total shareholders' equity	1,628,129	(75,903)	1,552,226
Total liabilities and shareholders' equity	3,402,270	(82,892)	3,319,378

	December 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Amounts receivable, net	$ 104,640	$ (22,954)	$ 81,686
Inventory	213,937	108	214,045
Prepaid expenses and other assets	52,151	(446)	51,705
Total current assets	1,172,910	(23,292)	1,149,618
Goodwill	142,076	(57,401)	84,675
Total assets	3,020,155	(80,693)	2,939,462
Other liabilities	84,134	413	84,547
Total current liabilities	678,741	413	679,154
Total liabilities	1,580,406	413	1,580,819
Redeemable noncontrolling interest	11,408	(10,408)	1,000
Additional paid-in capital	2,510,086	24,379	2,534,465
Deficit	(8,937,603)	(95,077)	(9,032,680)
Total Canopy Growth Corporation shareholders' equity	1,425,545	(70,698)	1,354,847
Total shareholders' equity	1,428,341	(70,698)	1,357,643
Total liabilities and shareholders' equity	3,020,155	(80,693)	2,939,462

The following tables present the effect of the Restatement Items on the Company's unaudited interim condensed consolidated statements of operations and comprehensive income (loss) for the periods indicated (in thousands, except number of shares and per share data):

	Three months ended June 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Revenue	$ 122,862	$ (4,195)	$ 118,667
Net revenue	110,115	(4,195)	105,920
Cost of goods sold	111,507	(1)	111,506
Gross margin	(1,392)	(4,194)	(5,586)
Operating loss	(1,838,229)	(4,194)	(1,842,423)
Loss before income taxes	(2,083,807)	(4,194)	(2,088,001)
Net loss	(2,087,556)	(4,194)	(2,091,750)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(4,408)	(899)	(5,307)
Net loss attributable to Canopy Growth Corporation	(2,083,148)	(3,295)	(2,086,443)
Basic and diluted loss per share	$ (5.23)	$ (0.01)	$ (5.24)
Comprehensive loss:			
Net loss	$ (2,087,556)	$ (4,194)	$ (2,091,750)
Comprehensive loss	(2,059,738)	(4,194)	(2,063,932)
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(4,408)	(899)	(5,307)
Comprehensive loss attributable to Canopy Growth Corporation	(2,055,330)	(3,295)	(2,058,625)

	Three months ended September 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Revenue	$ 130,359	$ (12,445)	$ 117,914
Net revenue	117,863	(12,445)	105,418
Cost of goods sold	114,042	(669)	113,373
Gross margin	3,821	(11,776)	(7,955)
Operating expenses			
Share-based compensation	9,858	4,723	14,581
Asset impairment and restructuring costs	43,968	57,401	101,369
Total operating expenses	179,668	62,124	241,792
Operating loss	(175,847)	(73,900)	(249,747)
Loss before income taxes	(223,691)	(73,900)	(297,591)
Net loss	(231,911)	(73,900)	(305,811)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(10,105)	(3,536)	(13,641)
Net loss attributable to Canopy Growth Corporation	(221,806)	(70,364)	(292,170)
Basic and diluted loss per share	$ (0.47)	$ (0.15)	$ (0.62)
Comprehensive loss:			
Net loss	$ (231,911)	$ (73,900)	$ (305,811)
Comprehensive loss	(221,647)	(73,900)	(295,547)
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(10,105)	(3,536)	(13,641)
Comprehensive loss attributable to Canopy Growth Corporation	(211,542)	(70,364)	(281,906)

	Six months ended September 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Revenue	$ 253,221	$ (16,640)	$ 236,581
Net revenue	227,978	(16,640)	211,338
Cost of goods sold	225,549	(670)	224,879
Gross margin	2,429	(15,970)	(13,541)
Operating expenses			
Share-based compensation	15,297	4,723	20,020
Asset impairment and restructuring costs	1,771,953	57,401	1,829,354
Total operating expenses	2,016,505	62,124	2,078,629
Operating loss	(2,014,076)	(78,094)	(2,092,170)
Loss before income taxes	(2,307,498)	(78,094)	(2,385,592)
Net loss	(2,319,467)	(78,094)	(2,397,561)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(14,513)	(4,435)	(18,948)
Net loss attributable to Canopy Growth Corporation	(2,304,954)	(73,659)	(2,378,613)
Basic and diluted loss per share	$ (5.30)	$ (0.17)	$ (5.47)
Comprehensive loss:			
Net loss	$ (2,319,467)	$ (78,094)	$ (2,397,561)
Comprehensive loss	(2,281,385)	(78,094)	(2,359,479)
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(14,513)	(4,435)	(18,948)
Comprehensive loss attributable to Canopy Growth Corporation	(2,266,872)	(73,659)	(2,340,531)

	Three months ended December 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Revenue	$ 113,349	$ 2,818	$ 116,167
Net revenue	101,213	2,818	104,031
Cost of goods sold	103,654	472	104,126
Gross margin	(2,441)	2,346	(95)
Operating loss	(153,764)	2,346	(151,418)
Loss before income taxes	(267,104)	2,346	(264,758)
Net loss	(266,722)	2,346	(264,376)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(5,139)	228	(4,911)
Net loss attributable to Canopy Growth Corporation	(261,583)	2,118	(259,465)
Basic and diluted loss per share	$ (0.54)	$ 0.01	$ (0.53)
Comprehensive loss:			
Net loss	$ (266,722)	$ 2,346	$ (264,376)
Comprehensive loss	(247,263)	2,346	(244,917)
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(5,139)	228	(4,911)
Comprehensive loss attributable to Canopy Growth Corporation	(242,124)	2,118	(240,006)

	Nine months ended December 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Revenue	$ 366,570	$ (13,822)	$ 352,748
Net revenue	329,191	(13,822)	315,369
Cost of goods sold	329,203	(198)	329,005
Gross margin	(12)	(13,624)	(13,636)
Operating expenses			
Share-based compensation	21,725	4,723	26,448
Asset impairment and restructuring costs	1,794,212	57,401	1,851,613
Total operating expenses	2,167,828	62,124	2,229,952
Operating loss	(2,167,840)	(75,748)	(2,243,588)
Loss before income taxes	(2,574,602)	(75,748)	(2,650,350)
Net loss	(2,586,189)	(75,748)	(2,661,937)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(19,652)	(4,207)	(23,859)
Net loss attributable to Canopy Growth Corporation	(2,566,537)	(71,541)	(2,638,078)
Basic and diluted loss per share	$ (5.66)	$ (0.16)	$ (5.82)
Comprehensive loss:			
Net loss	$ (2,586,189)	$ (75,748)	$ (2,661,937)
Comprehensive loss	(2,528,648)	(75,748)	(2,604,396)
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(19,652)	(4,207)	(23,859)
Comprehensive loss attributable to Canopy Growth Corporation	(2,508,996)	(71,541)	(2,580,537)

The following tables present the effect of the Restatement Items on the Company's unaudited interim condensed consolidated statements of shareholders' equity for the periods indicated:

	June 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Additional paid-in-capital - Redeemable noncontrolling interest	$ (49,698)	$ 5,881	$ (43,817)
Deficit	(8,454,214)	(11,157)	(8,465,371)
Total shareholders' equity	1,645,770	(5,276)	1,640,494

	September 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Additional paid-in-capital - Redeemable noncontrolling interest	$ (56,709)	$ 16,569	$ (40,140)
Additional paid-in-capital - Ownership changes	(509,723)	4,723	(505,000)
Deficit	(8,676,020)	(97,195)	(8,773,215)
Total shareholders' equity	1,628,129	(75,903)	1,552,226

	December 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Additional paid-in-capital - Redeemable noncontrolling interest	$ (64,707)	$ 19,656	$ (45,051)
Additional paid-in-capital - Ownership changes	(512,419)	4,723	(507,696)
Deficit	(8,937,603)	(95,077)	(9,032,680)
Total shareholders' equity	1,428,341	(70,698)	1,357,643

The following tables present the effect of the Restatement Items on the Company's unaudited interim condensed consolidated statements of cash flows for the periods indicated:

	Three months ended June 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Cash flows from operating activities:			
Net loss	$ (2,087,556)	$ (4,194)	$ (2,091,750)
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	(183)	3,964	3,781
Inventory	(1,126)	133	(993)
Prepaid expenses and other assets	(9,555)	219	(9,336)
Other, including non-cash foreign currency	1,928	(122)	1,806
Net cash used in operating activities	(140,515)	-	(140,515)

	Six months ended September 30, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Cash flows from operating activities:			
Net loss	$ (2,319,467)	$ (78,094)	$ (2,397,561)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation	15,297	4,723	20,020
Asset impairment and restructuring costs	1,783,784	57,401	1,841,185
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	(11,793)	15,956	4,163
Inventory	(6,822)	(393)	(7,215)
Prepaid expenses and other assets	(17,567)	138	(17,429)
Other, including non-cash foreign currency	(19,006)	269	(18,737)
Net cash used in operating activities	(273,915)	-	(273,915)

	Nine months ended December 31, 2022		
	As Previously Reported	Restatement Adjustment	As Restated
Net loss	$ (2,586,189)	$ (75,748)	$ (2,661,937)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation	21,725	4,723	26,448
Asset impairment and restructuring costs	1,797,854	57,401	1,855,255
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	(8,197)	13,090	4,893
Inventory	(9,550)	44	(9,506)
Prepaid expenses and other assets	(6,866)	368	(6,498)
Other, including non-cash foreign currency	(24,459)	122	(24,337)
Net cash used in operating activities	(417,809)	-	(417,809)

37. SUBSEQUENT EVENTS

Amendments to Canopy USA Structure

On May 19, 2023, the Company and Canopy USA implemented the Reorganization Amendments, which included, entering into the A&R Protection Agreement and amending and restating Canopy USA's limited liability company agreement (the "A&R LLC Agreement") in order to: (i) eliminate certain negative covenants that were previously granted by Canopy USA in favor of the Company as well as delegating to the managers of the Canopy USA Board not appointed by Canopy Growth the authority to approve the following key decisions (collectively, the "Key Decisions"): (a) the annual business plan of Canopy USA; (b) decisions regarding the executive officers of Canopy USA and any of its subsidiaries; (c) increasing the compensation, bonus levels or other benefits payable to any current, former or future employees or managers of Canopy USA or any of its subsidiaries; (d) any other executive compensation plan matters of Canopy USA or any of its subsidiaries; and (e) the exercise of the Wana Options or the Jetty Options, which for greater certainty means that the Company's nominee on the Canopy USA Board will not be permitted to vote on any Key Decisions while the Company owns Non-Voting Shares; (ii) reduce the number of managers on the Canopy USA Board from four to three, including, reducing the Company's nomination right to a single manager; (iii) amend the share capital of Canopy USA to, among other things, (a) create a new class of Canopy USA Class B Shares, which may not be issued prior to the conversion of the Non-Voting Shares or the Canopy USA Common Shares into Canopy USA Class B Shares; (b) amend the terms of the Non-Voting Shares such that the Non-Voting Shares will be convertible into Canopy USA Class B Shares (as opposed to Canopy USA Common Shares); and (c) amend the terms of the Canopy USA Common Shares such that upon conversion of all of the Non-Voting Shares into Canopy USA Class B Shares, the Canopy USA Common Shares will, subject to their terms, automatically convert into Canopy USA Class B Shares, provided that the number of Canopy USA Class B Shares to be issued to the former holders of the Canopy USA Common Shares will be equal to no less than 10% of the total issued and outstanding Canopy USA Class B Shares following such issuance. Accordingly, as a result of the Reorganization Amendments, in no circumstances will the Company, at the time of such conversions, own more than 90% of the Canopy USA Class B Shares.

In connection with the Reorganization Amendments, on May 19, 2023, Canopy USA and Huneeus 2017 Irrevocable Trust (the "Trust") entered into a share purchase agreement (the "Trust SPA"), which sets out the terms of the Trust's investment in Canopy USA in the aggregate amount of up to US$20 million. Agustin Huneeus, Jr. is the trustee of the Trust and is an affiliate of a shareholder of Jetty. Pursuant to the terms of the Trust SPA, the Trust will, subject to certain terms and conditions contained in the Trust SPA be issued Canopy USA Common Shares in two tranches with an aggregate value of up to US$10 million along with warrants of Canopy USA to acquire additional Canopy USA Common Shares. In addition, subject to the terms of the Trust SPA, the Trust has also been granted options to acquire additional Voting Shares (as defined in Canopy USA's A&R LLC Agreement) with a value of up to an additional US$10 million and one such additional option includes the issuance of additional warrants of Canopy USA.

In addition, subject to the terms and conditions of the A&R Protection Agreement and the terms of the option agreements to acquire Wana and Jetty, as applicable, Canopy Growth may be required to issue additional common shares in satisfaction of certain deferred and/or option exercise payments to the shareholders of Wana and Jetty. Canopy Growth will receive additional Non-Voting Shares from Canopy USA as consideration for any Company common shares issued in the future to the shareholders of Wana and Jetty.

Refinancing of $100,000 of Canopy Notes Due in 2023

On April 13, 2023, the Company entered into an exchange agreement (the “April 2023 Exchange Agreement”) with Greenstar in order to extinguish $100,000 aggregate principal amount of the Canopy Notes. Pursuant to the April 2023 Exchange Agreement, the Company agreed to acquire and cancel $100,000 aggregate principal amount of the Canopy Notes held by Greenstar in exchange for: (i) a cash payment to Greenstar in the amount of the unpaid and accrued interest owing under the Canopy Notes held by Greenstar; and (ii) a promissory note (the “CBI Note”) issuable to Greenstar in the aggregate amount of $100,000 payable on December 31, 2024. The CBI Note will bear interest at a rate of 4.25% per year, payable on maturity of the CBI Note. As a result, Greenstar no longer holds any Canopy Notes.

Agreements with Indiva

On May 30, 2023, the Company entered into a license assignment and assumption agreement with Indiva Limited ("Indiva") and its subsidiary, Indiva Inc., providing the Company exclusive rights and interests to manufacture, distribute, and sell Wana branded products in Canada. Simultaneously, the Company and Indiva also entered into a contract manufacturing agreement, under which the Company will grant Indiva the exclusive right to manufacture and supply Wana branded products in Canada for five years, with the ability to renew for an additional five-year term upon mutual agreement of the parties.

We also subscribed for 37.2 million common shares of Indiva for an aggregate purchase price of $2,156. In addition, we agreed to make the following cash payments to Indiva: (i) $844 on May 30, 2023; and (ii) $1,250 on May 30, 2024.