UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38496

Canopy Growth Corporation
(Exact name of registrant as specified in its charter)

Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Hershey Drive Smiths Falls, Ontario	**K7A 0A8**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (855) 558-9333

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, no par value	**CGC**	**NASDAQ Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 8, 2023, there were 717,196,302 common shares of the registrant issued and outstanding.

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Unless otherwise noted or the context indicates otherwise, references in this Quarterly Report on Form 10-Q (“Quarterly Report”) to the “Company,” “Canopy Growth,” “we,” “us” and “our” refer to Canopy Growth Corporation, its direct and indirect wholly-owned subsidiaries; the term “cannabis” means the plant of any species or subspecies of genus Cannabis and any part of that plant, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers; and the term “U.S. hemp” has the meaning given to the term “hemp” in the U.S. Agricultural Improvement Act of 2018 (the “2018 Farm Bill”), including hemp-derived cannabidiol (“CBD”).

This Quarterly Report contains references to our trademarks and trade names and to trademarks and trade names belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies’ trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us or our business by, any other companies.

All currency amounts in this Quarterly Report are stated in Canadian dollars, which is our reporting currency, unless otherwise noted. All references to “dollars” or “CDN$” are to Canadian dollars and all references to “US$” are to U.S. dollars.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CANOPY GROWTH CORPORATION
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

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

	June 30, 2023	March 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 533,266	$ 677,007
Short-term investments	37,802	105,595
Restricted short-term investments	9,131	11,765
Amounts receivable, net	128,469	93,987
Inventory	142,064	148,901
Prepaid expenses and other assets	32,492	39,999
Total current assets	883,224	1,077,254
Other financial assets	625,268	568,292
Property, plant and equipment	395,206	499,466
Intangible assets	182,942	188,719
Goodwill	84,385	85,563
Other assets	19,509	19,804
Total assets	$ 2,190,534	$ 2,439,098
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 57,554	$ 76,234
Other accrued expenses and liabilities	75,425	75,991
Current portion of long-term debt and convertible debentures	252,902	556,890
Other liabilities	65,276	94,727
Total current liabilities	451,157	803,842
Long-term debt	792,132	749,991
Deferred income tax liabilities	1,200	357
Other liabilities	98,540	124,886
Total liabilities	1,343,029	1,679,076
Commitments and contingencies		
Canopy Growth Corporation shareholders' equity:		
Common shares - $nil par value; Authorized - unlimited number of shares; Issued - 626,727,549 shares and 517,305,551 shares, respectively	8,065,281	7,938,571
Additional paid-in capital	2,500,040	2,506,485
Accumulated other comprehensive loss	(8,509)	(13,860)
Deficit	(9,710,882)	(9,672,761)
Total Canopy Growth Corporation shareholders' equity	845,930	758,435
Noncontrolling interests	1,575	1,587
Total shareholders' equity	847,505	760,022
Total liabilities and shareholders' equity	$ 2,190,534	$ 2,439,098

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

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

	Three months ended June 30, 2023	Three months ended June 30, 2022 (As Restated)
Revenue	$ 121,112	$ 118,667
Excise taxes	12,386	12,747
Net revenue	108,726	105,920
Cost of goods sold	102,789	111,506
Gross margin	5,937	(5,586)
Operating expenses		
Selling, general and administrative expenses	91,252	103,413
Share-based compensation	3,865	5,439
Asset impairment and restructuring costs	2,160	1,727,985
Total operating expenses	97,277	1,836,837
Operating loss	(91,340)	(1,842,423)
Other income (expense), net	51,497	(245,578)
Loss before income taxes	(39,843)	(2,088,001)
Income tax expense	(2,018)	(3,749)
Net loss	(41,861)	(2,091,750)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(3,740)	(5,307)
Net loss attributable to Canopy Growth Corporation	$ (38,121)	$ (2,086,443)
Basic and diluted loss per share	$ (0.07)	$ (5.24)
Basic and diluted weighted average common shares outstanding	550,459,365	398,467,568
Comprehensive income (loss):		
Net loss	$ (41,861)	$ (2,091,750)
Other comprehensive income (loss), net of income tax effect		
Fair value changes of own credit risk of financial liabilities	14,178	27,060
Foreign currency translation	(7,160)	758
Total other comprehensive income, net of income tax effect	7,018	27,818
Comprehensive loss	(34,843)	(2,063,932)
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interest	(3,740)	(5,307)
Comprehensive loss attributable to Canopy Growth Corporation	$ (31,103)	$ (2,058,625)

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

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

		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, 2023	$ 7,938,571	$ 498,150	$ 2,581,788	$ (521,961)	$ (51,492)	$ (13,860)	$ (9,672,761)	$ 1,587	$ 760,022
Other issuances of common shares and warrants	108,055	-	-	-	-	-	-	-	108,055
Share-based compensation	-	3,716	-	-	-	-	-	-	3,716
Issuance and vesting of restricted share units and performance share units	6,240	(6,240)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	-	(3,740)	-	-	3,740	-
Redemption of redeemable noncontrolling interest	-	-	-	(181)	-	-	-	(12)	(193)
Settlement of unsecured senior notes	12,415	-	-	-	-	(1,667)	-	-	10,748
Comprehensive income (loss)	-	-	-	-	-	7,018	(38,121)	(3,740)	(34,843)
Balance at June 30, 2023	$ 8,065,281	$ 495,626	$ 2,581,788	$ (522,142)	$ (55,232)	$ (8,509)	$ (9,710,882)	$ 1,575	$ 847,505

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

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

		Additional paid-in capital				Accumulated			
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest	other comprehensive income (loss)	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	59,013	-	-	-	-	-	-	-	59,013
Exercise of Omnibus Plan stock options	1,282	(1,072)	-	-	-	-	-	-	210
Share-based compensation	-	5,265	-	-	-	-	-	-	5,265
Issuance and vesting of restricted share units	7,600	(7,600)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	-	(957)	-	-	5,307	4,350
Ownership changes relating to noncontrolling interests, net	-	-	-	-	-	-	-	174	174
Settlement of convertible senior notes	50,866	-	-	-	-	(7,090)	-	-	43,776
Comprehensive income (loss)	-	-	-	-	-	27,818	(2,086,443)	(5,307)	(2,063,932)
Balance at June 30, 2022 (As Restated)	$ 7,601,570	$ 493,086	$ 2,581,788	$ (509,723)	$ (43,817)	$ (21,554)	$ (8,465,371)	$ 4,515	$ 1,640,494

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

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

	Three months ended June 30,	
	2023	2022 (As Restated)
Cash flows from operating activities:		
Net loss	$ (41,861)	$ (2,091,750)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	11,343	15,129
Amortization of intangible assets	7,233	6,722
Share-based compensation	3,865	5,439
Asset impairment and restructuring costs	10,582	1,726,877
Income tax expense	2,018	3,749
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	(68,455)	213,610
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Amounts receivable	(36,390)	3,781
Inventory	6,837	(993)
Prepaid expenses and other assets	7,045	(9,336)
Accounts payable and accrued liabilities	(22,521)	(15,549)
Other, including non-cash foreign currency	(28,367)	1,806
Net cash used in operating activities	(148,671)	(140,515)
Cash flows from investing activities:		
Purchases of and deposits on property, plant and equipment	(2,008)	(2,293)
Purchases of intangible assets	(304)	(606)
Proceeds on sale of property, plant and equipment	83,325	-
Redemption of short-term investments	72,222	153,996
Net cash proceeds on sale of subsidiaries	-	(475)
Investment in other financial assets	(472)	(29,205)
Other investing activities	(10,189)	-
Net cash provided by investing activities	142,574	121,417
Cash flows from financing activities:		
Proceeds from exercise of stock options	-	210
Repayment of long-term debt	(118,277)	(211)
Other financing activities	(14,833)	(1,043)
Net cash used in financing activities	(133,110)	(1,044)
Effect of exchange rate changes on cash and cash equivalents	(4,534)	13,632
Net decrease in cash and cash equivalents	(143,741)	(6,510)
Cash and cash equivalents, beginning of period	677,007	776,005
Cash and cash equivalents, end of period	$ 533,266	$ 769,495

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

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

	Three months ended June 30,	
	2023	2022
Supplemental disclosure of cash flow information		
Cash received during the period:		
Income taxes	$ -	$ 202
Interest	$ 7,832	$ 3,950
Cash paid during the period:		
Income taxes	$ 245	$ 429
Interest	$ 30,410	$ 25,747
Noncash investing and financing activities		
Additions to property, plant and equipment	$ 635	$ 933

The accompanying notes are an integral part of these condensed interim 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 herein to "Canopy Growth" or "the Company" refer to Canopy Growth Corporation and its subsidiaries.

The principal activities of the Company are the production, distribution and sale of a diverse range of cannabis and cannabinoid-based products for both adult-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

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

Certain information and footnote disclosures normally included in the audited annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2023 (the "Annual Report") and have been prepared on a basis consistent with the accounting policies as described in the Annual Report.

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

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

Going Concern

The condensed interim 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 condensed interim 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. As of June 30, 2023, the Company has $259,586 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 and in the three months ended June 30, 2023. As of June 30, 2023, the Company has cash and cash equivalents of $533,266 and short-term investments of $37,802 which are predominantly invested in term deposits.

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 condensed interim 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 condensed interim 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.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and all entities in which the Company either has a controlling voting interest or is the primary beneficiary of a variable interest entity. All intercompany accounts and transactions have been eliminated on consolidation. Information on the Company's subsidiaries with noncontrolling interests is included in Note 21.

Use of estimates

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

New accounting policies

Recently Adopted Accounting Pronouncements

Convertible Instruments and Contracts in an Entity's Own Equity

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40):Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which simplifies the accounting for convertible instruments by removing the separation models for convertible debt instruments and convertible preferred stock with (1) cash conversion features, and (2) beneficial conversion features. In addition, ASU 2020-06 enhances information transparency by making targeted improvements to the disclosures for convertible instruments and earnings-per-share guidance and amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions.

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

3. 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, TerrAscend Canada Inc. and Arise BioScience, Inc., whereby $125,467 in aggregate loans, including accrued interest thereon, payable by certain subsidiaries of TerrAscend 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: (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. 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 A&R Protection Agreement (as defined below).

Following the implementation of the Reorganization, Canopy USA was determined to be a variable interest entity pursuant to ASC 810 - *Consolidations* ("ASC 810") 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.

Amendments to Canopy USA Structure

Following the creation of Canopy USA, the Nasdaq Stock Market LLC ("Nasdaq") communicated its position to the Company stating that companies that consolidate “the assets and revenues generated from activities in violation under federal law cannot continue to list on Nasdaq”. Since the Company is committed to compliance with the listing requirements of the Nasdaq, 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”).

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 (the "Trust Transaction"). 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 the 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.

The Company continues to report the financial performance of Canopy USA into its consolidated financial statements until such time as the Exchangeable Shares (as defined below) are created and the Trust Transaction is closed, at which time the Company no longer expects to consolidate the financial performance of Canopy USA within the Company's financial statements.

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 June 30, 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. 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) December 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 (as defined below).

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, the Company and Canopy USA entered into a third amendment to 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 value of US$30.4 million 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 issued: (i) 5,648,927 common shares with a value of $20.6 million (US$15.2 million) to certain Holders on November 4, 2022 as the first installment under the Amended TRA; and (ii) 7,102,081 common shares with a value of $20.6 million (US$15.2 million) to certain Holders on March 17, 2023, as the second installment under the Amended TRA. The Company, on behalf of Canopy USA, also agreed to issue common shares of the Company with a value of approximately US$19.6 million 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.

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.

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$150.0 million (the “Acreage Debt”) from the Lenders in exchange for an option premium payment of $38.0 million (US$28.5 million) (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.

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.

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 4.25% unsecured senior notes due in 2023 (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.

4. ASSET IMPAIRMENT AND RESTRUCTURING COSTS

In the three months ended June 30, 2023, the Company recorded incremental impairment losses and other costs associated with the restructuring of its Canadian cannabis operations that was initiated in the three months ended March 31, 2023, including the closure of the Company's production facility at 1 Hershey Drive in Smiths Falls, Ontario. The Company recorded write-downs of certain production equipment and other assets due to the excess of their carrying values over their estimated fair values. These costs were partially offset by gains recognized in connection with the sale of certain of the Company's production facilities.

As a result, in the three months ended June 30, 2023, the Company recognized asset impairment and restructuring costs of $2,160 (three months ended June 30, 2022 – $1,727,985).

5. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	June 30, 2023	March 31, 2023
Cash	$ 460,940	$ 462,460
Cash equivalents	72,326	214,547
	$ 533,266	$ 677,007

6. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	June 30, 2023	March 31, 2023
Government securities	$ -	$ 60,226
Term deposits	30,000	30,000
Commercial paper and other	7,802	15,369
	$ 37,802	$ 105,595

The amortized cost of short-term investments at June 30, 2023 is $37,833 (March 31, 2023 – $107,661).

7. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	June 30, 2023	March 31, 2023
Accounts receivable, net	$ 92,496	$ 66,820
Indirect taxes receivable	7,920	11,544
Interest receivable	2,551	3,966
Other receivables	25,502	11,657
	$ 128,469	$ 93,987

Included in the accounts receivable, net balance at June 30, 2023 is an allowance for doubtful accounts of $11,184 (March 31, 2023 – $9,296). Included in the other receivables balance is an amount due of $15,928 relating to a facility sale.

8. INVENTORY

The components of inventory are as follows:

	June 30, 2023	March 31, 2023
Raw materials, packaging supplies and consumables	$ 30,830	$ 28,982
Work in progress	33,634	34,104
Finished goods	77,600	85,815
	$ 142,064	$ 148,901

In the three months ended June 30, 2023, the Company recorded write-downs related to inventory in cost of goods sold of $6,076 (three months ended June 30, 2022 – $12,181).

9. PREPAID EXPENSES AND OTHER ASSETS

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

	June 30, 2023	March 31, 2023
Prepaid expenses	$ 23,722	$ 27,460
Deposits	1,887	1,734
Prepaid inventory	881	690
Other assets	6,002	10,115
	$ 32,492	$ 39,999

10. OTHER FINANCIAL ASSETS

The following table outlines changes in other financial assets. Additional details on how the fair value of significant investments is calculated are included in Note 22.

Entity	Instrument	Balance at March 31, 2023	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at June 30, 2023
Acreage[1]	Fixed Shares option and Floating Shares agreement	$ 55,382	$ -	$ 44,714	$ (49)	$ -	$ 100,047
TerrAscend Exchangeable Shares	Exchangeable shares	93,000	-	19,889	(1,885)	-	111,004
TerrAscend - December 2022	Warrants	26,000		6,029	(528)	-	31,501
TerrAscend	Option	1,600	-	333	(33)	-	1,900
Wana	Option	239,078	-	(5,515)	(4,847)	-	228,716
Jetty	Options	75,014	-	-	(1,521)	-	73,493
Acreage Hempco[1]	Debenture	29,262	-	1,589	(593)		30,258
Acreage Debt Option Premium	Option	35,479	-	1,390	(718)	-	36,151
Acreage Tax Receivable Agreement	Other	3,109	-	(1,920)	(64)	-	1,125
Other - at fair value through net income (loss)	Various	1,870	2,156	(1,391)	(28)	-	2,607
Other - classified as held for investment	Loan receivable	8,498	-	-	-	(32)	8,466
		$ 568,292	$ 2,156	$ 65,118	$ (10,266)	$ (32)	$ 625,268

[1] See Note 26 for information regarding the Acreage Amended Arrangement and Acreage Hempco.

For information regarding the Reorganization and Reorganization Amendments, see Note 3. Following the implementation of the Reorganization, Canopy USA, as of October 24, 2022, holds an 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.

11. PROPERTY, PLANT AND EQUIPMENT

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

	June 30, 2023	March 31, 2023
Buildings and greenhouses	$ 322,354	$ 413,832
Production and warehouse equipment	95,700	101,326
Leasehold improvements	11,068	15,529
Office and lab equipment	11,965	13,857
Computer equipment	8,566	8,697
Land	5,348	16,781
Right-of-use-assets		
Buildings and greenhouses	37,432	37,533
Production and warehouse equipment	637	637
Assets in process	1,755	3,281
	494,825	611,473
Less: Accumulated depreciation	(99,619)	(112,007)
	$ 395,206	$ 499,466

Depreciation expense included in cost of goods sold for the three months ended June 30, 2023 is $10,058 (three months ended June 30, 2022 – $11,074). Depreciation expense included in selling, general and administrative expenses for the three months ended June 30, 2023 is $1,285 (three months ended June 30, 2022 – $4,055).

12. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	June 30, 2023		March 31, 2023	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	$ 118,280	$ 67,109	$ 119,283	$ 70,588
Distribution channel	73,080	20,376	73,024	21,258
Operating licenses	24,400	18,255	24,400	19,012
Software and domain names	35,502	13,506	35,100	14,664
Brands	18,352	14,425	16,253	13,249
Amortizable intangibles in process	278	278	508	508
Total	$ 269,892	$ 133,949	$ 268,568	$ 139,279
Indefinite lived intangible assets				
Acquired brands		$ 48,993		$ 49,440
Total intangible assets		$ 182,942		$ 188,719

Amortization expense included in cost of goods sold for the three months ended June 30, 2023 is $15 (three months ended June 30, 2022 – $14). Amortization expense included in selling, general and administrative expenses for the three months ended June 30, 2023 is $7,218 (three months ended June 30, 2022 – $6,708).

13. GOODWILL

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

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
Foreign currency translation adjustments	(1,178)
Balance, June 30, 2023	$ 84,385

The Company does not believe that an event occurred or circumstances changed during the three months ended June 30, 2023 that would, more likely than not, reduce the fair value of the Storz & Bickel reporting unit below its carrying value. Therefore, the Company concluded that the quantitative goodwill impairment assessment was not required for the Storz & Bickel reporting unit at June 30, 2023. The carrying value of goodwill associated with the Storz & Bickel reporting unit was $84,385 at June 30, 2023.

The Company is required to perform its next annual goodwill impairment analysis on March 31, 2024, or earlier should there be an event that occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

14. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	June 30, 2023	March 31, 2023
Employee compensation	$ 14,492	$ 30,816
Inventory	543	323
Professional fees	10,140	6,343
Taxes and government fees	6,635	5,734
Other	43,615	32,775
	$ 75,425	$ 75,991

15. DEBT

The components of debt are as follows:

	Maturity Date	June 30, 2023	March 31, 2023
Unsecured senior notes at 4.25% interest with semi-annual interest payments	July 15, 2023		
Principal amount		$ 224,880	$ 337,380
Accrued interest		4,513	3,148
Non-credit risk fair value adjustment		25,042	26,214
Credit risk fair value adjustment		(36,286)	(35,492)
		218,149	331,250
Supreme convertible debentures	September 10, 2025	31,335	31,503
Accretion debentures	September 10, 2025	9,067	8,780
Credit facility	March 18, 2026	700,776	840,058
Equity-settled convertible debentures	February 28, 2028	-	93,228
Promissory note	December 31, 2024	83,902	-
Other revolving debt facility, loan, and financings		1,805	2,062
		1,045,034	1,306,881
Less: current portion		(252,902)	(556,890)
Long-term portion		$ 792,132	$ 749,991

Credit Facility

On March 18, 2021, the Company entered into a term loan credit agreement (the "Credit Agreement") providing for a five-year, first lien senior secured term loan facility in an aggregate principal amount of US$750,000 (the "Credit Facility"). The Company had the ability to obtain up to an additional US$500,000 of incremental senior secured debt pursuant to the Credit Agreement. On October 24, 2022, the Company entered into agreements with certain of its lenders under the Credit Agreement pursuant to which the Company tendered 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 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.

As part of the Company's balance sheet deleveraging initiatives completed in July 2023 (see Note 28), on July 13, 2023, the Company entered into agreements with certain of its lenders under the Credit Agreement pursuant to which the Company and certain of its lenders agreed to amend certain terms of the Credit Agreement (collectively, the "Amended Credit Agreement"). The Amended Credit Agreement reduces the principal indebtedness under the Credit Facility in the amount of $100,000 for a cash payment of $93,000 (the "July 2023 Paydown") and includes an agreement from the Company to direct certain proceeds from completed and or contemplated asset sales to reduce indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, $0.95 on the dollar toward such repayments. In addition, the Amended Credit Agreement, among other things, contemplates: (i) that the US$100,000 minimum liquidity covenant will cease to be operative concurrently with the July 2023 Paydown; and (ii) the removal of the prepayment premium. The Company paid the July 2023 Paydown on July 21, 2023.

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 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.

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 three months ended June 30, 2023, the Company entered into privately negotiated exchange agreements (the "June 2023 Exchange Agreements") with certain Noteholders, pursuant to which the Company acquired and cancelled an aggregate principal amount of Canopy Notes of $12,500 in exchange for cash, including accrued and unpaid interest owing under such Canopy Notes, and the issuance of an aggregate 24,342,740 Canopy Growth common shares. This resulted in a release of accumulated other comprehensive income into other income (expense), net for the three months ended June 30, 2023 of $2,373. The related tax impact of $707 for the three months ended June 30, 2023, associated with the aggregate principal amount acquired and cancelled was also released from accumulated other comprehensive income into income tax expense. Refer to Note 20.

On April 13, 2023, the Company entered into an exchange agreement (the "April 2023 Exchange Agreement") with Greenstar in order to acquire and cancel $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 bears 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. At June 30, 2023, the estimated fair value of the CBI Note was $83,902, measured using a discounted cash flow model. See Note 22 for additional details on how the fair value of the CBI Note is calculated on a recurring basis.

In connection with the Company's balance sheet deleveraging initiatives completed in July 2023 (see Note 28), on July 13, 2023, the Company entered into the Redemption Agreements (as defined below) with certain Noteholders, pursuant to which approximately $193,000 aggregate principal amount of the Canopy Notes was redeemed on the applicable closing date in exchange for: (i) a cash payment in the aggregate amount of approximately $101,000; (ii) an aggregate 90,430,920 Canopy Growth common shares; and (iii) $40,380 aggregate principal amount of Debentures (as defined below). The initial closing of the Redemption (as defined below) occurred on July 14, 2023 and the final closing of the Redemption occurred on July 17, 2023. Following the Redemption, the Company settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there are no Canopy Notes outstanding.

The overall change in fair value of the Canopy Notes during the three months ended June 30, 2023 was a decrease of $113,101 (three months ended June 30, 2022 - a decrease of $69,542), which included contractual interest of $2,416 (three months ended June 30, 2022 – $6,047) and principal redemption of $112,500 (three months ended June 30, 2022 – $63,098). Upon redemption, the principal redeemed during the three months ended June 30, 2023 had a fair value of $109,125 (three months ended June 30, 2022 – $50,866). Refer to Note 22 for additional details on how the fair value of the Canopy Notes is calculated and Note 28 for additional changes after June 30, 2023.

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.

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 was sold to the Institutional Investor on February 21, 2023. The conditions with respect to the remaining US$50,000 aggregate principal amount of the Convertible Debentures were neither satisfied nor waived.

In the three months ended June 30, 2023, $93,228 (US$72,800) in aggregate principal amount of the Convertible Debentures were converted for 84,458,937 Canopy Growth common shares. As of June 30, 2023, all conversions pursuant to the Convertible Debentures have been completed and the amount outstanding under the Convertible Debentures was $nil.

16. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at June 30, 2023			As at March 31, 2023		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	$ 14,511	$ 75,415	$ 89,926	$ 28,684	$ 80,625	$ 109,309
Acquisition consideration and other investment related liabilities	24,411	14,448	38,859	25,945	30,323	56,268
Refund liability	8,105	-	8,105	7,123	-	7,123
Settlement liabilities and other	18,249	8,677	26,926	32,975	13,938	46,913
	$ 65,276	$ 98,540	$ 163,816	$ 94,727	$ 124,886	$ 219,613

The estimated deferred payments associated with the Wana financial instrument (the "Wana Deferred Payments") within acquisition consideration and other investment related liabilities at June 30, 2023 is $22,697 (March 31, 2023 – $26,370). See Note 22 for additional details on how the fair value of the Wana Deferred Payments is calculated on a recurring basis.

17. REDEEMABLE NONCONTROLLING INTEREST

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

	BioSteel	Total
As at March 31, 2023	$ -	$ -
Net income (loss) attributable to redeemable noncontrolling interest	(3,740)	(3,740)
Adjustments to redemption amount	3,740	3,740
As at June 30, 2023	$ -	$ -

	Vert Mirabel	BioSteel (As Restated)	Total
As at March 31, 2022	$ 1,000	$ 31,500	$ 32,500
Net income (loss) attributable to redeemable noncontrolling interest	495	(5,802)	(5,307)
Adjustments to redemption amount	(495)	1,452	957
As at June 30, 2022	$ 1,000	$ 27,150	$ 28,150

18. SHARE CAPITAL

CANOPY GROWTH

Authorized

An unlimited number of common shares.

(i) Equity financings

There were no equity financings during the three months ended June 30, 2023 (three months ended June 30, 2022 - none).

(ii) Other issuances of common shares

During the three months ended June 30, 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	84,458,937	$ 108,055	$ -
Total	84,458,937	$ 108,055	$ -

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

	Number of common shares	Share capital	Share based reserve
Jetty Agreements	8,426,539	$ 59,013	$ -
Total	8,426,539	$ 59,013	$ -

(iii) Warrants

	Number of whole warrants	Average exercise price	Warrant value
Balance outstanding at March 31, 2023[1]	128,193,047	$ 58.04	$ 2,581,788
Expiry of warrants	-	-	-
Balance outstanding at June 30, 2023[1]	128,193,047	$ 58.04	$ 2,581,788

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

	Number of whole warrants	Average exercise price	Warrant value
Balance outstanding at March 31, 2022[1]	128,193,047	$ 58.04	$ 2,581,788
Expiry of warrants	-	-	-
Balance outstanding at June 30, 2022[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 26.

19. 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 approved certain amendments to the Omnibus Plan in order to reduce the maximum number of shares available for issuance under the Omnibus Plan from 15% of the issued and outstanding shares to 10% of the issued and outstanding shares from time to time less the number of shares issuable pursuant to other security-based compensation arrangements of the Company. All directors, officers, employees and independent contractors of the Company are eligible to receive awards of common share purchase options ("Options"), restricted share units ("RSUs"), performance share units ("PSUs"), deferred share units, stock appreciation rights, performance awards, or other shares-based awards (collectively, the "Awards") under the Omnibus Plan.

The maximum number of common shares reserved for Awards is 62,672,755 at June 30, 2023. As of June 30, 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. For the three months ended June 30, 2023, no common shares were issued under the Purchase Plan (three months ended June 30, 2022 – none). The Purchase Plan will conclude in August 2023 as all of the common shares available will have been issued and the Company does not currently intend to reinstate the ESPP.

The following is a summary of the changes in the Options outstanding during the three months ended June 30, 2023:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2023	13,750,888	$ 27.12
Options granted	24,039,233	0.62
Options forfeited	(1,998,242)	36.40
Balance outstanding at June 30, 2023	35,791,879	$ 8.81

The following is a summary of the Options outstanding as at June 30, 2023:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at June 30, 2023	Weighted Average Remaining Contractual Life (years)	Exercisable at June 30, 2023	Weighted Average Remaining Contractual Life (years)
$0.06 - $24.62	28,896,292	5.76	1,489,961	3.64
$24.63 - $33.53	2,816,916	2.16	1,668,496	1.90
$33.54 - $36.80	1,099,305	1.45	1,099,305	1.45
$36.81 - $42.84	1,293,127	1.41	1,286,850	1.38
$42.85 - $67.64	1,686,239	1.62	1,686,239	1.62
	35,791,879	4.99	7,230,851	2.03

At June 30, 2023, the weighted average exercise price of the Options outstanding and Options exercisable was $8.81 and $34.55, respectively (March 31, 2023 – $27.12 and $37.28, respectively).

The Company recorded $3,069 in share-based compensation expense related to Options and Purchase Plan shares issued to employees and contractors for the three months ended June 30, 2023 (three months ended June 30, 2022 – $377). The share-based compensation expense for the three months ended June 30, 2023, includes an amount related to 1,078,748 Options being provided in exchange for services which are subject to performance conditions (for the three months ended June 30, 2022 – 1,173,866).

The Company uses the Black-Scholes option pricing model to establish the fair value of Options granted during the three months ended June 30, 2023 and 2022, on their measurement date by applying the following assumptions:

	June 30, 2023	June 30, 2022
Risk-free interest rate	3.83%	3.48%
Expected life of options (years)	3 - 5	3 - 5
Expected volatility	83%	75%
Expected forfeiture rate	21%	19%
Expected dividend yield	nil	nil
Black-Scholes value of each option	$0.38	$2.80

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

During the three months ended June 30, 2023, no Options were exercised (for the three months ended June 30, 2022 – 54,570 Options were exercised ranging in price from $2.68 to $8.18 for gross proceeds of $210).

For the three months ended June 30, 2023, the Company recorded $648, in share-based compensation expense related to RSUs and PSUs (for the three months ended June 30, 2022 – $4,888).

The following is a summary of the changes in the Company's RSUs and PSUs during the three months ended June 30, 2023:

	Number of RSUs and PSUs
Balance outstanding at March 31, 2023	2,583,214
RSUs and PSUs released	(620,321)
RSUs and PSUs cancelled and forfeited	(231,285)
Balance outstanding at June 30, 2023	1,731,608

During the three months ended June 30, 2023, no common shares were released on completion of acquisition milestones (during the three months ended June 30, 2022 – none). At June 30, 2023, there were up to 125,489 common shares to be issued on the completion of acquisition and asset purchase milestones. In certain cases, the number of common shares to be issued is based on the volume weighted average share price at the time the milestones are met. The number of common shares has been estimated assuming the milestones were met at June 30, 2023.

BioSteel share-based payments

On October 1, 2019, the Company purchased 72% of the outstanding shares of BioSteel Sports Nutrition Inc. ("BioSteel"). BioSteel has a stock option plan under which non-transferable options to purchase common shares of BioSteel may be granted to directors, officers, employees, or independent contractors of BioSteel. As at June 30, 2023, BioSteel has 529,025 (March 31, 2023 – 614,778) options outstanding which vest on October 1, 2022 and October 1, 2024. 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 $148 of share-based compensation expense related to the BioSteel options during the three months ended June 30, 2023 (three months ended June 30, 2022 – $174).

20. 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, 2023	(30,261)	16,401	(13,860)
Settlement of unsecured senior notes, net of deferred income tax	-	(1,667)	(1,667)
Other comprehensive (loss) income	(7,160)	14,178	7,018
As at June 30, 2023	$ (37,421)	$ 28,912	$ (8,509)

	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Accumulated other comprehensive income (loss)
As at March 31, 2022	$ (57,468)	$ 15,186	$ (42,282)
Settlement of unsecured senior notes, net of deferred income tax	-	(7,090)	(7,090)
Other comprehensive income	758	27,060	27,818
As at June 30, 2022	$ (56,710)	$ 35,156	$ (21,554)

21. NONCONTROLLING INTERESTS

The net change in the noncontrolling interests is as follows:

	BioSteel	Other	Total
As at March 31, 2023	1,447	140	1,587
Comprehensive loss	(3,740)	-	(3,740)
Net loss attributable to redeemable noncontrolling interest	3,740	-	3,740
Ownership changes	(12)	-	(12)
As at June 30, 2023	$ 1,435	$ 140	$ 1,575

	Vert Mirabel	BioSteel (As Restated)	Other non-material interests	Total
As at March 31, 2022	$ -	$ 2,497	$ 1,844	$ 4,341
Comprehensive income (loss)	495	(5,802)	-	(5,307)
Net (income) loss attributable to redeemable noncontrolling interest	(495)	5,802	-	5,307
Share-based compensation	-	174	-	174
As at June 30, 2022	$ -	$ 2,671	$ 1,844	$ 4,515

22. 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. The Company determines the fair value of these items using Level 3 inputs, as described in the related sections below.

The following table represents the Company's 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
June 30, 2023				
Assets:				
Short-term investments	$ 37,802	$ -	$ -	$ 37,802
Restricted short-term investments	9,131	-	-	9,131
Other financial assets	1,014	-	615,788	616,802
Liabilities:				
Long-term debt	-	302,051	-	302,051
Other liabilities	-	-	22,697	22,697
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

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
CBI promissory note	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase 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

23. REVENUE

Revenue is disaggregated as follows:

	Three months ended			
	June 30, 2023		June 30, 2022 (As Restated)	
Canada cannabis				
Canadian adult-use cannabis				
Business-to-business[1]	$	24,189	$	26,540
Business-to-consumer		-		12,435
		24,189		38,975
Canadian medical cannabis[2]		14,425		13,440
	$	38,614	$	52,415
Rest-of-world cannabis	$	10,162	$	13,781
Storz & Bickel	$	18,073	$	15,643
BioSteel	$	32,468	$	13,693
This Works	$	6,017	$	5,520
Other		3,392		4,868
Net revenue	$	108,726	$	105,920

[1]Canadian adult-use business-to-business net revenue during the three months ended June 30, 2023 reflects excise taxes of $11,026 (three months ended June 30, 2022 – $11,591).
[2]Canadian medical cannabis net revenue for the three months ended June 30, 2023 reflects excise taxes of $1,360 (three months ended June 30, 2022 – $1,156).

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 $8,546 for the three months ended June 30, 2023 (three months ended June 30, 2022 – $2,898). As of June 30, 2023, the liability for estimated returns and price adjustments was $8,105 (March 31, 2023 – $7,123).

24. OTHER INCOME (EXPENSE), NET

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

	Three months ended			
	June 30, 2023		June 30, 2022	
Fair value changes on other financial assets	$	65,118	$	(300,854)
Fair value changes on liability arising from Acreage Arrangement		-		47,000
Fair value changes on debt		1,852		(9,612)
Fair value changes on warrant derivative liability		-		25,365
Fair value changes on acquisition related contingent consideration and other		6,776		40,425
Gain and charges related to settlement of debt		(5,291)		(19,168)
Interest income		7,832		3,950
Interest expense		(32,186)		(26,901)
Foreign currency gain (loss)		5,257		(4,935)
Other income (expense), net		2,139		(848)
	$	51,497	$	(245,578)

25. INCOME TAXES

There have been no material changes to income tax matters in connection with normal course operations during the three months ended June 30, 2023.

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

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

26. 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 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") 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 3 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 June 30, 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 $100,047 (March 31, 2023 – $55,382 asset). At June 30, 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 24. The fair value determination includes a high degree of subjectivity and judgment, which results in significant estimation uncertainty. See Note 22 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 - *Financial Instruments* ("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 3, 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 10), and the Company has elected the fair value option under ASC 825 (see Note 22). At June 30, 2023, the estimated fair value of the Hempco Debenture issued to an affiliate of the Company by Acreage Hempco was $30,258 (March 31, 2023 – $29,262), measured using a discounted cash flow model (see Note 22). Refer to Note 10 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 June 30, 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 June 30, 2023, the fair value of the warrant derivative liability was $nil (March 31, 2023 – $nil), and

fair value changes are recognized in other income (expense), net; see Note 24. See Note 22 for additional details on how the fair value of the warrant derivative liability is calculated on a recurring basis.

The Tranche C Warrants are accounted for as derivative instruments, with the fair value continuing to be $nil at June 30, 2023.

As described in Note 3, 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 will resign as directors of the Company following the termination of the Amended Investor Rights Agreement.

27. SEGMENT 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, 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".

	Three months ended	
	June 30, 2023	June 30, 2022 (As Restated)
Segmented net revenue		
Canada cannabis	$ 38,614	$ 52,415
Rest-of-world cannabis	10,162	13,781
Storz & Bickel	18,073	15,643
BioSteel	32,468	13,693
This Works	6,017	5,520
Other	3,392	4,868
	$ 108,726	$ 105,920
Segmented gross margin:		
Canada cannabis	(495)	$ (12,534)
Rest-of-world cannabis	3,481	(160)
Storz & Bickel	7,707	5,621
BioSteel	(7,825)	(1,762)
This Works	2,895	2,647
Other	174	602
	5,937	(5,586)
Selling, general and administrative expenses	91,252	103,413
Share-based compensation	3,865	5,439
Asset impairment and restructuring costs	2,160	1,727,985
Operating loss	(91,340)	(1,842,423)
Other income (expense), net	51,497	(245,578)
Loss before incomes taxes	$ (39,843)	$ (2,088,001)

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

Entity-wide disclosures

Disaggregation of net revenue by geographic area:

	Three months ended	
	June 30, 2023	June 30, 2022 (As Restated)
Canada	$ 71,293	$ 70,254
Germany	11,748	12,364
United States	14,347	11,613
Other	11,338	11,689
	$ 108,726	$ 105,920

Disaggregation of property, plant and equipment by geographic area:

	June 30, 2023	March 31, 2023
Canada	$ 314,122	$ 361,778
United States	30,152	85,772
Germany	50,840	51,341
Other	92	575
	$ 395,206	$ 499,466

For the three months ended June 30, 2023, one customer represented more than 10% of the Company's net revenue (three months ended June 30, 2022 – none).

28. SUBSEQUENT EVENTS

Balance Sheet Deleveraging Initiatives

On July 13, 2023, the Company entered into privately negotiated redemption agreements (collectively, the "Redemption Agreements") with certain Noteholders of the Canopy Notes, pursuant to which approximately $193,000 aggregate principal amount of the outstanding Canopy Notes held by such Noteholders were redeemed by the Company (the "Redemption") on the applicable closing date for: (i) an aggregate cash payment of approximately $101,000; (ii) the issuance of 90,430,920 Canopy Growth common shares; and (iii) the issuance of approximately $40,380 aggregate principal amount of newly issued unsecured non-interest bearing convertible debentures (the "Debentures"). The initial closing of the Redemption occurred on July 14, 2023 and the final closing of the Redemption occurred on July 17, 2023.

The Debentures will mature on January 15, 2024 (the "Debenture Maturity Date") unless earlier converted in accordance with the terms of a debenture indenture dated July 14, 2023 between the Company and Odyssey Trust Company, as trustee. The Debentures are convertible into Canopy Growth common shares (the “Debenture Shares”) at the option of the holder at any time or times following approval from the Company’s shareholders for the issuance of all of the Debenture Shares in excess of 19.99% and 25%, as applicable, of the issued and outstanding Canopy Growth common shares in accordance with the applicable rules and regulations of the Nasdaq and the TSX (the “Shareholder Approval”), at a conversion price equal to $0.55, subject to adjustment in certain events.

Assuming Shareholder Approval is obtained, the Company will, at its sole option, elect to settle the Debentures in cash or Debenture Shares on the Debenture Maturity Date; provided that the Company has agreed with its lenders under the Amended Credit Agreement that it will settle the Debentures in Debenture Shares on the Maturity Date if the Shareholder Approval has been obtained. In the event Shareholder Approval is not obtained, the Debentures will be settled in cash.

Following the Redemption, the Company settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there are no Canopy Notes outstanding.

As described in Note 15, on July 13, 2023, the Company and certain of its lenders entered into the Amended Credit Agreement, pursuant to which: (i) the Company and its lenders agreed to the July 2023 Paydown; and (ii) the Company agreed to direct certain proceeds from completed and or contemplated asset sales to reduce indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, $0.95 on the dollar toward such repayments. In addition, the Amended Credit Agreement, among other things, contemplates: (i) that the US$100,000 minimum liquidity covenant will cease to be operative concurrently with the July 2023 Paydown; and (ii) the removal of the prepayment premium. The Company paid the July 2023 Paydown on July 21, 2023.

Annual General and Special Meeting Update

On August 9, 2023, Canopy Growth filed its definitive proxy statement in connection with the Company’s Annual General and Special Meeting to be held on September 25, 2023 (the "Annual Meeting"). In addition to the normal course business brought before the Annual Meeting, the Company intends to seek shareholder approval for, among other things, the following:

- The Shareholder Approval in connection with the Redemption and in furtherance thereof, the Company entered into a voting support agreement with Greenstar and CBG (together with Greenstar, the "CBG Group"), pursuant to which the CBG Group agreed to vote their Canopy Growth common shares in favor of the Shareholder Approval;
- The adoption of a new simplified equity plan; and
- A proposal to amend the Company’s articles of incorporation, as amended, to effect a share consolidation (commonly known as a reverse stock split) on the basis of a ratio to be determined by the Board, in its sole discretion, within a range of one post-consolidation common share for every 5 to 15 outstanding pre-consolidation common shares at any time prior to September 25, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

This Management's Discussion and Analysis ("MD&A") should be read together with other information, including our unaudited condensed interim consolidated financial statements and the related notes to those statements included in Part I, Item 1 of this Quarterly Report (the "Interim Financial Statements"), our consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended March 31, 2023 (the "Annual Report"), Part I, Item 1A, Risk Factors, of the Annual Report and Part II, Item 1A, Risk Factors, of this Quarterly Report. This MD&A provides additional information on our business, recent developments, financial condition, cash flows and results of operations, and is organized as follows:

- *Part 1 - Business Overview.* This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition, and potential future trends.

- *Part 2 - Results of Operations.* This section provides an analysis of our results of operations for the first quarter of fiscal 2024 in comparison to the first quarter of fiscal 2023.

- *Part 3 - Financial Liquidity and Capital Resources.* This section provides an analysis of our cash flows and outstanding debt and commitments. Included in this analysis is a discussion of the amount of financial capacity available to fund our ongoing operations and future commitments.

We prepare and report our Interim Financial Statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our Interim 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. We have 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.

Special Note Regarding Forward-Looking Statements

This Quarterly Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and other applicable securities laws, which involve certain known and unknown risks and uncertainties. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and the performance of our investments. These forward-looking statements are generally identified by their use of such terms and phrases as "intend," "goal," "strategy," "estimate," "expect," "project," "projections," "forecasts," "plans," "seeks," "anticipates," "potential," "proposed," "will," "should," "could," "would," "may," "likely," "designed to," "foreseeable future," "believe," "scheduled" and other similar expressions. Our actual results or outcomes may differ materially from those anticipated. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Forward-looking statements include, but are not limited to, statements with respect to:

- laws and regulations and any amendments thereto applicable to our business and the impact thereof, including uncertainty regarding the application of U.S. state and federal law to U.S. hemp (including cannabidiol ("CBD") products and the scope of any regulations by the U.S. Food and Drug Administration, the U.S. Drug Enforcement Administration, the U.S. Federal Trade Commission, the U.S. Patent and Trademark Office, the U.S. Department of Agriculture (the "USDA") and any state equivalent regulatory agencies over U.S. hemp (including CBD) products;
- expectations regarding the amount or frequency of impairment losses, including as a result of the write-down of intangible assets, including goodwill;
- our ability to refinance debt as and when required on terms favorable to us and comply with covenants contained in our debt facilities and debt instruments;
- the Company's ability to execute on its strategy to accelerate the Company's entry into the U.S. cannabis market through the creation of Canopy USA, LLC ("Canopy USA");
- expectations regarding the potential success of, and the costs and benefits associated with the Reorganization Amendments (as defined below);
- expectations related to our announcement of certain restructuring actions and the potential success of, and the costs and benefits associated with the comprehensive steps and actions being undertaken by the Company with respect to its Canadian operations (the "Canadian Transformative Plan") including any progress, challenges and effects related thereto as well as changes in strategy, metrics, investments, operating expenses, employee turnover and other changes with respect thereto;

- expectations to capitalize on the opportunity for growth in the United States cannabis sector and the anticipated benefits of such strategy;
- the timing and outcome of the Floating Share Arrangement (as defined below), the anticipated benefits of the Floating Share Arrangement, the anticipated timing of the acquisition of the Fixed Shares (as defined below) and the Floating Shares (as defined below) by Canopy USA, the satisfaction or waiver of the closing conditions set out in the Floating Share Arrangement Agreement (as defined below) and the Acreage Amended Arrangement (as defined below), including receipt of all regulatory approvals, and the anticipated timing and occurrence of the Company's exercise of the option to acquire the Fixed Shares (the "Acreage Option") and closing of such transaction;
- the Acreage Amended Arrangement and the Floating Share Arrangement, including the occurrence or waiver (at our discretion) of the Triggering Event (as defined below), the anticipated timing and occurrence of the Company's exercise of the Acreage Option and the satisfaction or waiver of the conditions to closing the acquisition of Acreage;
- the Wana Amendments (as defined below), including the occurrence or waiver (at Canopy USA's discretion) of the Triggering Event;
- the issuance of additional common shares of the Company to satisfy the payments to eligible participants to the existing tax receivable bonus plans of HSCP (as defined below), to satisfy any deferred and/or option exercise payments to the shareholders of Wana (as defined below) and Jetty (as defined below) and the issuance of additional Non-Voting Shares (as defined below) issuable to Canopy Growth from Canopy USA in consideration thereof;
- the satisfaction or waiver of the closing conditions set out in the Trust SPA (as defined below), the acquisition of the T1 Canopy USA Common Shares (as defined below), T2 Canopy USA Common Shares (as defined below) and Warrants (as defined below) by the Trust (as defined below) in accordance with the Trust SPA, the anticipated timing and occurrence of the exercise of the options held by the Trust to acquire the Voting Shares (as defined below) and the Warrants, as applicable, and closing of such transactions;
- the potential conversion of common shares of the Company held by the CBI Group (as defined below) to Exchangeable Shares (as defined below), including the termination of the Amended Investor Rights Agreement (as defined below);
- the anticipated timing and occurrence of the Meeting (as defined below) to approve the Amendment Proposal (as defined below);
- the anticipated timing and occurrence of the Annual Meeting (as defined below) and the proposals to be voted upon by the Company's shareholders including, among other things, the Shareholder Approval (as defined below);
- the anticipated issuance of the Debenture Shares (as defined below) following the Shareholder Approval;
- expectations regarding the Company's contemplated asset sales and the direction of certain proceeds from such asset sales;
- expectations regarding the laws and regulations and any amendments thereto relating to the U.S. hemp industry in the U.S., including the promulgation of regulations for the U.S. hemp industry by the USDA and relevant state regulatory authorities;
- expectations regarding the potential success of, and the costs and benefits associated with, our acquisitions, joint ventures, strategic alliances, equity investments and dispositions;
- the grant, renewal and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- our international activities and joint venture interests, including required regulatory approvals and licensing, anticipated costs and timing, and expected impact;
- our ability to successfully create and launch brands and further create, launch and scale cannabis-based products and U.S. hemp-derived consumer products in jurisdictions where such products are legal and that we currently operate in;
- the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, including CBD and other cannabinoids;
- our remediation plan and our ability to remediate the material weaknesses in our internal control over financial reporting;
- our ability to continue as a going concern;
- the anticipated benefits and impact of the investments in us (the "CBI Group Investments") from Constellation Brands, Inc. ("CBI") and its affiliates (collectively, the "CBI Group");
- the potential exercise of the warrants held by the CBI Group, pre-emptive rights and/or top-up rights held by the CBI Group;
- expectations regarding the use of proceeds of equity financings, including the proceeds from the CBI Group Investments;
- the legalization of the use of cannabis for medical or adult-use in jurisdictions outside of Canada, the related timing and impact thereof and our intentions to participate in such markets, if and when such use is legalized;
- our ability to execute on our strategy and the anticipated benefits of such strategy;
- the ongoing impact of the legalization of additional cannabis product types and forms for adult-use in Canada, including federal, provincial, territorial and municipal regulations pertaining thereto, the related timing and impact thereof and our intentions to participate in such markets;
- the ongoing impact of developing provincial, territorial and municipal regulations pertaining to the sale and distribution of cannabis, the related timing and impact thereof, as well as the restrictions on federally regulated cannabis producers participating in certain retail markets and our intentions to participate in such markets to the extent permissible;
- the timing and nature of legislative changes in the U.S. regarding the regulation of cannabis including tetrahydrocannabinol ("THC");

- the future performance of our business and operations;
- our competitive advantages and business strategies;
- the competitive conditions of the industry;
- the expected growth in the number of customers using our products;
- our ability or plans to identify, develop, commercialize or expand our technology and research and development initiatives in cannabinoids, or the success thereof;
- expectations regarding revenues, expenses and anticipated cash needs;
- expectations regarding cash flow, liquidity and sources of funding;
- expectations regarding capital expenditures;
- the expansion of our production and manufacturing, the costs and timing associated therewith and the receipt of applicable production and sale licenses;
- expectations with respect to our growing, production and supply chain capacities;
- expectations regarding the resolution of litigation and other legal and regulatory proceedings, reviews and investigations;
- expectations with respect to future production costs;
- expectations with respect to future sales and distribution channels and networks;
- the expected methods to be used to distribute and sell our products;
- our future product offerings;
- the anticipated future gross margins of our operations;
- accounting standards and estimates;
- expectations regarding our distribution network;
- expectations regarding the costs and benefits associated with our contracts and agreements with third parties, including under our third-party supply and manufacturing agreements;
- our ability to comply with the listing requirements of the Nasdaq Stock Market LLC (“Nasdaq”) and the Toronto Stock Exchange (“TSX”); and
- expectations on price changes in cannabis markets.

Certain of the forward-looking statements contained herein concerning the industries in which we conduct our business are based on estimates prepared by us using data from publicly available governmental sources, market research, industry analysis and on assumptions based on data and knowledge of these industries, which we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. The industries in which we conduct our business involve risks and uncertainties that are subject to change based on various factors, which are described further below.

The forward-looking statements contained herein are based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including: (i) management’s perceptions of historical trends, current conditions and expected future developments; (ii) our ability to generate cash flow from operations; (iii) general economic, financial market, regulatory and political conditions in which we operate; (iv) the production and manufacturing capabilities and output from our facilities and our joint ventures, strategic alliances and equity investments; (v) consumer interest in our products; (vi) competition; (vii) anticipated and unanticipated costs; (viii) government regulation of our activities and products including but not limited to the areas of taxation and environmental protection; (ix) the timely receipt of any required regulatory authorizations, approvals, consents, permits and/or licenses; (x) our ability to obtain qualified staff, equipment and services in a timely and cost-efficient manner; (xi) our ability to conduct operations in a safe, efficient and effective manner; (xii) our ability to realize anticipated benefits, synergies or generate revenue, profits or value from our recent acquisitions into our existing operations; and (xiii) other considerations that management believes to be appropriate in the circumstances. While our management considers these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking statements in this Quarterly Report and other reports we file with, or furnish to, the Securities and Exchange Commission (the “SEC”) and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf. Such factors include, without limitation, risks related to our ability to remediate the material weaknesses in our internal control over financial reporting, or inability to otherwise maintain an effective system of internal control; the risk that our recent restatement could negatively affect investor confidence and raise reputation risks; our ability to continue as a going concern; our limited operating history; risks that we may be required to write down intangible assets, including goodwill, due to impairment; the diversion of management time on issues related to Canopy USA; the ability of parties to certain transactions to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholder approvals; the risks that the Trust’s ownership

interest in Canopy USA is currently not quantifiable and the Trust may have significant ownership and influence over Canopy USA upon completion of the Trust Transaction (as defined below); the risks related to the fact that the Company has not received audited financial statements with respect to Jetty; the risks related to Acreage's financial statements expressing doubt about its ability to continue as a going concern; the adequacy of our capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute our business plan (either within the expected timeframe or at all); volatility in and/or degradation of general economic, market, industry or business conditions; risks relating to our current and future operations in emerging markets; compliance with applicable environmental, economic, health and safety, energy and other policies and regulations and in particular health concerns with respect to vaping and the use of cannabis and U.S. hemp products in vaping devices; risks and uncertainty regarding future product development; changes in regulatory requirements in relation to our business and products; our reliance on licenses issued by and contractual arrangements with various federal, state and provincial governmental authorities; inherent uncertainty associated with projections; future levels of revenues and the impact of increasing levels of competition; third-party manufacturing risks; third-party transportation risks; inflation risks; our exposure to risks related to an agricultural business, including wholesale price volatility and variable product quality; changes in laws, regulations and guidelines and our compliance with such laws, regulations and guidelines; risks relating to inventory write downs; risks relating to our ability to refinance debt as and when required on terms favorable to us and to comply with covenants contained in our debt facilities and debt instruments; risks associated with jointly owned investments; our ability to manage disruptions in credit markets or changes to our credit ratings; the success or timing of completion of ongoing or anticipated capital or maintenance projects; risks related to the integration of acquired businesses; the timing and manner of the legalization of cannabis in the United States; business strategies, growth opportunities and expected investment; counterparty risks and liquidity risks that may impact our ability to obtain loans and other credit facilities on favorable terms; the potential effects of judicial, regulatory or other proceedings, litigation or threatened litigation or proceedings, or reviews or investigations, on our business, financial condition, results of operations and cash flows; risks associated with divestment and restructuring; the anticipated effects of actions of third parties such as competitors, activist investors or federal, state, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; consumer demand for cannabis and U.S. hemp products; the risks that the Canadian Transformative Plan will not result in the expected cost-savings, efficiencies and other benefits or will result in greater than anticipated turnover in personnel; the implementation and effectiveness of key personnel changes; risks related to stock exchange restrictions; risks related to the protection and enforcement of our intellectual property rights; the risks related to the Exchangeable Shares having different rights from Canopy Shares and there may never be a trading market for the Exchangeable Shares; the risk that cost savings and any other synergies from the CBI Group Investments may not be fully realized or may take longer to realize than expected; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; risks relating to the long term macroeconomic effects of the COVID-19 pandemic and any future pandemic or epidemic; and the factors discussed under the heading "Risk Factors" in the Annual Report and in Item 1A of Part II of this Quarterly Report. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Forward-looking statements are provided for the purposes of assisting the reader in understanding our financial performance, financial position and cash flows as of and for periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and the reader is cautioned that the forward-looking statements may not be appropriate for any other purpose. While we believe that the assumptions and expectations reflected in the forward-looking statements are reasonable based on information currently available to management, there is no assurance that such assumptions and expectations will prove to have been correct. Forward-looking statements are made as of the date they are made and are based on the beliefs, estimates, expectations and opinions of management on that date. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by law. The forward-looking statements contained in this Quarterly Report and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf are expressly qualified in their entirety by these cautionary statements.

Part 1 - Business Overview

We are a world-leading cannabis and consumer packaged goods ("CPG") company which produces, distributes, and sells a diverse range of cannabis, hemp, and CPG products. Cannabis products are principally sold for 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*"), and globally pursuant to applicable international and Canadian legislation, regulations, and permits. Our other product offerings, which are sold by our subsidiaries in jurisdictions where it is permissible to do so, include: (i) Storz & Bickel GmbH ("Storz & Bickel") vaporizers; (ii) BioSteel Sports Nutrition Inc. ("BioSteel") sports nutrition beverages, hydration mixes, proteins and other specialty nutrition products; and (iii) This Works Products Ltd. ("This Works") beauty, skincare, wellness and sleep products. Our core operations are in Canada, the United States, and Germany.

We currently offer product varieties in dried cannabis flower, cannabis extracts and concentrates, cannabis beverages, cannabis gummies and cannabis vapes with product availability varying based on provincial and territorial regulations. In Canada, our adult-use cannabis products are predominantly sold to provincial and territorial agencies under a "business-to-business" wholesale model, with those provincial and territorial agencies then being responsible for the distribution of our products to brick-and-mortar stores and for online retail sales. In fiscal 2023, we completed the divestiture of our retail business across Canada, which included the retail stores operating under the Tweed and Tokyo Smoke banners under a "business-to-consumer" model.

Our Spectrum Therapeutics medical brand is a leader in medical cannabis. Spectrum Therapeutics produces and distributes a diverse portfolio of medical cannabis products to medical patients in Canada, and in several other countries where it is federally permissible to do so.

Subsequent to the passage of the 2018 Farm Bill in the United States, we currently offer a line of premium quality, hemp-derived wellness gummies, oils, softgels and topicals under the Martha Stewart CBD brand.

In June 2019, we implemented a plan of arrangement pursuant to an arrangement agreement (the "Original Acreage Arrangement Agreement") with Acreage Holdings, Inc. ("Acreage"), a U.S. multi-state cannabis operator. In September 2020, we entered into a second amendment to the Original Acreage Arrangement Agreement (the "Acreage Amending Agreement") and implemented an amended and restated plan of arrangement (the "Acreage Amended Arrangement"). Pursuant to the Acreage Amended Arrangement, following the occurrence or waiver (at our 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") and subject to the satisfaction or waiver of the conditions set out in the Original Acreage Arrangement Agreement (as modified by the Acreage Amending Agreement), we: (i) agreed to acquire approximately 70% of the issued and outstanding shares of Acreage, and (ii) obtained the right (the "Acreage Floating Option") to acquire the other approximately 30% of the issued and outstanding shares of Acreage. In connection with the Floating Share Arrangement Agreement (as defined below), Canopy Growth has irrevocably waived the Acreage Floating Option existing under the Existing Acreage Arrangement Agreement (as defined below). The acquisition of Acreage, if completed through Canopy USA, will provide a pathway into cannabis markets in the United States; however, we and Acreage will continue to operate as independent companies until the acquisition of Acreage is completed.

On October 14, 2021, we entered into definitive option agreements (the "Wana Agreements") with Mountain High Products, LLC, Wana Wellness, LLC and The Cima Group, LLC (collectively, "Wana") providing us with the right, upon the occurrence or waiver (at our discretion) of 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, including in California, Arizona, Illinois, Michigan and Florida, and across Canada. Additionally, on May 17, 2022, we and Lemurian, Inc. ("Jetty") entered into definitive agreements (the "Jetty Agreements") providing us with the right to acquire up to 100% of the outstanding equity interests in Jetty upon the Triggering Event. Jetty is a California-based producer of high-quality cannabis extracts and pioneer of clean vape technology.

As described below under "Recent Developments," on October 25, 2022, we announced the implementation of our internal reorganization pursuant to which, among other things, we formed Canopy USA, a new Delaware holding company (the "Reorganization"). Following the implementation of the Reorganization, as of October 24, 2022, Canopy USA holds certain U.S. cannabis investments that were 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, Wana, and Jetty.

Our cannabis products contain THC, CBD, or a combination of these two cannabinoids which are found in the cannabis sativa plant species. THC is the primary psychoactive or intoxicating cannabinoid found in cannabis. We also refer throughout this MD&A to "hemp," which is a term used to classify varieties of the cannabis sativa plant that contain CBD and 0.3% or less THC content (by dry weight). Conversely, references to the term "marijuana" refers to varieties of the cannabis sativa plant with more than 0.3% THC.

Our licensed operational capacity in Canada includes advanced manufacturing capability for oil and softgel encapsulation and pre-rolled joints. In the fourth quarter of fiscal 2023 we announced a series of comprehensive steps to align our Canadian cannabis operations and resources in response to unfavorable market realities, including consolidating cultivation at our existing licensed facilities in Kincardine, Ontario and Kelowna, British Columbia, and moving to an adaptive third-party sourcing model for certain cannabis beverages, edibles, vapes and extracts.

Segment Reporting

Prior to the second quarter of fiscal 2023, we 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 fourth quarter of fiscal 2022, and which were aligned with our strategic review of our business, we have changed the structure of our internal management financial reporting. Accordingly, in the second quarter of fiscal 2023 we began reporting our 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 our operations are managed, how our Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), allocates resources and evaluates performance, and how our internal management financial reporting is structured. Our 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. The 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 our operations include revenue derived from, and cost of sales associated with, our non-cannabis extraction activities and other ancillary activities; these are included within "other."

Recent Developments

Reorganization - Creation of Canopy USA

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 (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, including the issuance of the Fixed Shares to Canopy USA, to consummate the acquisitions of Acreage, Wana, and Jetty.

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 Canopy Growth common share 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, TerrAscend Canada Inc. (“TerrAscend Canada”) and Arise Bioscience, Inc. (“Arise Bioscience”) whereby $125,467 in aggregate loans, including accrued interest thereon, payable by certain subsidiaries of TerrAscend, 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: (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. 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 A&R Protection Agreement (as defined below).

Following the implementation of the Reorganization Canopy USA was determined to be a variable interest entity pursuant to ASC 810 - *Consolidations* ("ASC 810") 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, Canopy Growth and Canopy USA restructured Canopy Growth’s interests in Canopy USA by implementing the Reorganization Amendments such that Canopy Growth does not expect to consolidate the financial results of Canopy USA within Canopy Growth’s financial statements in accordance with U.S. GAAP. Refer to discussion below for further information regarding the Reorganization Amendments.

Amendments to Canopy USA Structure

Following the creation of Canopy USA, Nasdaq communicated its position to us stating that companies that consolidate “the assets and revenues generated from activities in violation under federal law cannot continue to list on Nasdaq”. Since we are committed to compliance with the listing requirements of the Nasdaq, we and Canopy USA effectuated certain changes to the initial structure of the Company’s interest in Canopy USA such that we do not expect to consolidate the financial results of Canopy USA within our financial statements. These changes included, among other things, modifying the terms of the Protection Agreement between us, our 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”).

On May 19, 2023, Canopy Growth 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 Canopy Growth 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 Canopy Growth’s nominee on the Canopy USA Board will not be permitted to vote on any Key Decisions while Canopy Growth owns Non-Voting Shares; (ii) reduce the number of managers on the Canopy USA Board from four to three, including, reducing Canopy Growth’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 Canopy Growth, 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 (the "Trust Transaction"). 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 the 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 Canopy Growth common shares issued in the future to the shareholders of Wana and Jetty.

We continue to report the financial performance of Canopy USA into our consolidated financial statements until such time as the Exchangeable Shares (as defined below) are created and the Trust Transaction is closed, at which time we no longer expect to consolidate the financial performance of Canopy USA within our financial statements.

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”). Canopy Growth 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 June 30, 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 Canopy Growth 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 Canopy Growth 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 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 Canopy Growth 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 and Greenstar, indirect, wholly-owned subsidiaries of CBI, have converted their Canopy Growth common shares into Exchangeable Shares. 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) December 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 Canopy Growth that shareholders of Acreage will receive in accordance with the terms of the Existing Acreage Arrangement Agreement 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 existing under the Existing Acreage Arrangement Agreement.

On October 24, 2022, Canopy Growth and Canopy USA entered into a third amendment to 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, Canopy Growth, on behalf of Canopy USA, agreed to issue Canopy Growth common shares with a value of US$30.4 million 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, Canopy Growth issued: (i) 5,648,927 common shares with a value of $20.6 million (US$15.2 million) to certain Holders on November 4, 2022 as the first installment under the Amended TRA; and (ii) 7,102,081 common shares with a value of $20.6 million (US$15.2 million) to certain Holders on March 17, 2023, as the second installment under the Amended TRA. Canopy Growth, on behalf of Canopy USA, also agreed to issue Canopy Growth common shares with a value of approximately US$19.6 million 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.

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 and applicable regulatory approvals including, but not limited to, 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 Canopy Growth 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.

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$150.0 million (the "Acreage Debt") from the Lenders in exchange for an option premium payment of $38.0 million (US$28.5 million) (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.

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 Canopy Growth'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, indirect, wholly-owned subsidiaries of CBI, entered into a voting and support agreement (the "Voting and Support Agreement") with Canopy Growth. 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 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. In addition, Canopy Growth 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.

Relationship with CBI

In connection with the Reorganization, CBI has indicated its current intention to convert all of its Canopy Growth common shares 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 4.25% unsecured senior notes due in 2023 (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 Canopy Growth 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, Canopy Growth 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.

Refinancing of $100.0 Million of Canopy Notes Due in 2023

On April 13, 2023, we entered into an exchange agreement (the “April 2023 Exchange Agreement”) with Greenstar in order to acquire and cancel $100.0 million aggregate principal amount of our outstanding Canopy Notes. Pursuant to the April 2023 Exchange Agreement, we agreed to acquire and cancel $100.0 million 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 of $100.0 million maturing December 31, 2024 bearing interest at a rate of 4.25% per annum, payable in cash on maturity (the “CBI Note”). As a result, Greenstar no longer holds any Canopy Notes.

Agreements with Indiva

On May 30, 2023, we entered into a license assignment and assumption agreement with Indiva Limited ("Indiva") and its subsidiary, Indiva Inc. (the "Indiva License Agreement"), allowing us to assume the exclusive rights and interests to manufacture, distribute, and sell Wana branded products in Canada. Simultaneously, we and Indiva also entered into a contract manufacturing agreement, under which we 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 $2.2 million. In addition, we paid Indiva $0.5 million in cash on May 30, 2023, and agreed to pay Indiva an additional $1.3 million on May 30, 2024 provided that the parties are complying with the terms of the Indiva License Agreement (collectively, the "Indiva Investment").

Equitization of $12.5 Million of Canopy Notes Due in July 2023

On June 29, 2023, we entered into privately negotiated exchange agreements (the "June 2023 Exchange Agreements") with certain holders (the "Noteholders") of the Canopy Notes to acquire and cancel $12.5 million aggregate principal amount of the Canopy Notes from the Noteholders in exchange for cash, including accrued and unpaid interest owing under the Canopy Notes, and the issuance of approximately 24.3 million Canopy Growth common shares (the "June 2023 Exchange Transaction").

Conversion of US$100.0 Million Convertible Debentures

On February 21, 2023, we 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$150.0 million aggregate principal amount of senior unsecured convertible debentures (“Convertible Debentures”) in a registered direct offering. The Convertible Debentures were issued under the indenture dated February 21, 2023 between us and Computershare Trust Company of Canada, in its capacity as trustee. Pursuant to the Convertible Debenture Agreement, an initial $135.2 million (US$100.0 million) aggregate principal amount of the Convertible Debentures were sold to the Institutional Investor on February 21, 2023. The conditions with respect to the remaining US$50 million aggregate principal amount of the Convertible Debentures were neither satisfied nor waived. The Convertible Debentures were convertible into our common shares at the option of the Institutional Investor at any time or times prior to the maturity date of February 28, 2028, at a conversion price equal to 92.5% of the volume-weighted average price of our common shares during the three consecutive trading days ending on the business day immediately prior to the date of conversion. No cash payment or any other property of Canopy Growth was made by us to the Institutional Investor in connection with, or as a result of, the issuance, conversion or repayment of the Convertible Debentures.

As of June 30, 2023, all conversions pursuant to the Convertible Debentures have been completed and the amount outstanding under the Convertible Debentures was $nil.

Balance Sheet Deleveraging Initiatives

On October 24, 2022, we entered into agreements with certain of our lenders under the term loan credit agreement dated March 18, 2021 (the “Credit Agreement”) pursuant to which we tendered US$187.5 million of the principal amount outstanding thereunder at a discounted price of US$930 per US$1,000 or US$174.4 million in the aggregate (the “Paydown”). The first payment of $117.5 million (US$87.9 million) was made on November 10, 2022 to reduce the principal indebtedness by $126.3 million (US$94.4 million). The second payment of $116.8 million (US$87.2 million) was made on April 17, 2023 to reduce principal indebtedness by $125.6 million (US$93.8 million). We also agreed with our lenders to amend certain terms of the Credit Agreement, including, among other things: (i) reductions to the minimum liquidity covenant to US$100.0 million; (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$100.0 million; and (iv) the elimination of the additional US$500.0 million incremental term loan facility.

On July 13, 2023, we entered into agreements with certain of our lenders under the Credit Agreement pursuant to which we and certain of our lenders agreed to amend certain terms of the Credit Agreement (collectively, the "Amended Credit Agreement"). The Amended Credit Agreement reduces the principal indebtedness under the Credit Facility (as defined below) in the amount of $100.0 million for a cash payment of $93.0 million (the "July 2023 Paydown") and includes an agreement from us to direct certain proceeds from completed and or contemplated asset sales to reduce indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances $0.95 on the dollar toward such repayments. In addition, the Amended Credit Agreement, among other things, contemplates: (i) that the US$100,000 minimum liquidity covenant will cease to be operative concurrently with the July 2023 Paydown; and (ii) the removal of the prepayment premium. The July 2023 Paydown was made on July 21, 2023.

On July 13, 2023, we entered into privately negotiated redemption agreements (the “Redemption Agreements”) with certain Noteholders of our Canopy Notes, pursuant to which approximately $193 million aggregate principal amount of the Canopy Notes were redeemed (the "Redemption") on the applicable closing date for: (i) an aggregate cash payment of approximately $101 million; (ii) the issuance of approximately 90.4 million Canopy Growth common shares; and (iii) the issuance of approximately $40.4 million aggregate principal amount of newly issued unsecured non-interest bearing convertible debentures (the "Debentures"). The initial closing of the Redemption occurred on July 14, 2023 and the final closing of the Redemption occurred on July 17, 2023.

The Debentures will mature on January 15, 2024 (the "Debenture Maturity Date") unless earlier converted in accordance with the terms of a debenture indenture dated July 14, 2023 between us and Odyssey Trust Company, as trustee. The Debentures are convertible into Canopy Growth common shares (the “Debenture Shares”) at the option of the holder at any time or times following approval from our shareholders for the issuance of all the Debenture Shares in excess of 19.99% and 25%, as applicable, of the issued and outstanding Canopy Growth common shares in accordance with the applicable rules and regulations of Nasdaq and the TSX (the "Shareholder Approval"), at a conversion price equal to $0.55, subject to adjustment in certain events.

Assuming Shareholder Approval is obtained, we will, in our sole option, elect to settle the Debentures in cash or Debenture Shares on the Debenture Maturity Date; provided that we have agreement with our lenders under the Amended Credit Agreement that we will settle the Debentures in Debenture Shares on the Debenture Maturity Date if the Shareholder Approval has been obtained. In the event Shareholder Approval is not obtained, the Debentures will be settled in cash.

Following the Redemption, we settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there are no Canopy Notes outstanding.

Annual General and Special Meeting Update

On August 9, 2023, we filed our definitive proxy statement in connection with our Annual General and Special Meeting to be held on September 25, 2023 (the "Annual Meeting"). In addition to the normal course business brought before the Annual Meeting, we intend to seek shareholder approval for, among other things, the following:

- The Shareholder Approval in connection with the Redemption and in furtherance thereof, we entered into a voting support agreement with Greenstar and CBG (together with Greenstar, the “CBG Group”), pursuant to which the CBG Group agreed to vote their Canopy Growth common shares in favor of the Shareholder Approval;
- The adoption of a new simplified equity plan; and
- A proposal to amend the Company’s articles of incorporation, as amended, to effect a share consolidation (commonly known as a reverse stock split) on the basis of a ratio to be determined by the Board, in its sole discretion, within a range of one post-

consolidation common share for every 5 to 15 outstanding pre-consolidation common shares at any time prior to September 25, 2024.

Part 2 - Results of Operations

Discussion of First Quarter of Fiscal 2024 Results of Operations

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Three months ended June 30, 2023	Three months ended June 30, 2022 (As Restated)	$ Change	% Change
Selected consolidated financial information:				
Net revenue	$ 108,726	$ 105,920	$ 2,806	3%
Gross margin percentage	5%	(5%)	-	1,000 bps
Net loss	$ (41,861)	$ (2,091,750)	$ 2,049,889	98%
Net loss attributable to Canopy Growth Corporation	$ (38,121)	$ (2,086,443)	$ 2,048,322	98%
Basic and diluted loss per share[1]	$ (0.07)	$ (5.24)	$ 5.17	99%

[1]For the three months ended June 30, 2023, the weighted average number of outstanding common shares, basic and diluted, totaled 550,459,365 (three months ended June 30, 2022 - 398,467,568).

Revenue

We report net revenue in five segments: (i) Canada cannabis; (ii) rest-of-world cannabis; (iii) Storz & Bickel; (iv) BioSteel; and (v) This Works. Revenue derived from the remainder of our operations are included within "other". The following tables present segmented net revenue, by channel and by form, for the three months ended June 30, 2023 and 2022:

Revenue by Channel *(in thousands of Canadian dollars)*	Three months ended June 30, 2023	Three months ended June 30, 2022 (As Restated)	$ Change	% Change
Canada cannabis				
Canadian adult-use cannabis				
Business-to-business[1]	$ 24,189	$ 26,540	$ (2,351)	(9%)
Business-to-consumer	-	12,435	(12,435)	(100%)
	24,189	38,975	(14,786)	(38%)
Canadian medical cannabis[2]	14,425	13,440	985	7%
	$ 38,614	$ 52,415	$ (13,801)	(26%)
Rest-of-world cannabis[3]	$ 10,162	$ 13,781	$ (3,619)	(26%)
Storz & Bickel	$ 18,073	$ 15,643	$ 2,430	16%
BioSteel[4]	$ 32,468	$ 13,693	$ 18,775	137%
This Works	$ 6,017	$ 5,520	$ 497	9%
Other	3,392	4,868	(1,476)	(30%)
Net revenue	$ 108,726	$ 105,920	$ 2,806	3%

[1] Reflects excise taxes of $11,026 and other revenue adjustments, representing our determination of returns and pricing adjustments, of $870 for the three months ended June 30, 2023 (three months ended June 30, 2022 - excise taxes of $11,591 and other revenue adjustments of $550).
[2] Reflects excise taxes of $1,360 for the three months ended June 30, 2023 (three months ended June 30, 2022 - $1,156).
[3] Reflects other revenue adjustments of $67 for the three months ended June 30, 2023 (three months ended June 30, 2022 - $666).
[4] Reflects other revenue adjustments of $7,609 for the three months ended June 30, 2023 (three months ended June 30, 2022 - $1,682).

Net revenue was $108.7 million in the first quarter of fiscal 2024, an increase of $2.8 million as compared to $105.9 million in the first quarter of fiscal 2023.

Canada cannabis

Net revenue from our Canada cannabis segment was $38.6 million in the first quarter of fiscal 2024, as compared to $52.4 million in the first quarter of fiscal 2023.

Canadian adult-use cannabis net revenue was $24.2 million in the first quarter of fiscal 2024, as compared to $39.0 million in the first quarter of fiscal 2023.

- Net revenue from the business-to-business channel was $24.2 million in the first quarter of fiscal 2024, as compared to $26.5 million in the first quarter of fiscal 2023. The year-over-year decrease is primarily attributable to lower sales volumes across our premium and value-priced categories which, for the value-priced category, is largely the result of a strategy shift. This decrease was partially offset by increased sales of our mainstream brands, primarily resulting from improved product attributes and new products introduced under the Tweed brand.
- Revenue from the adult-use business-to-consumer channel was $nil in the first quarter of fiscal 2024, as compared to $12.4 million in the first quarter of fiscal 2023. The year-over-year decrease is attributable to the divestiture of our retail business in Canada with: (i) the closing, on October 26, 2022, of the transaction by which 420 Investments Ltd. acquired the ownership of five of our corporate-owned retail stores in Alberta (the "FOUR20 Transaction"); and (ii) the closing, on December 30, 2022, of the transaction by which OEG Retail Cannabis acquired ownership of 23 of our corporate-owned retail stores in Manitoba, Saskatchewan, and Newfoundland and Labrador, as well as all Tokyo Smoke-related intellectual property (the "OEGRC Transaction").

Canadian medical cannabis net revenue was $14.4 million in the first quarter of fiscal 2024, as compared to $13.4 million in the first quarter of fiscal 2023. The year-over-year increase is primarily attributable to an increase in the average size of medical orders placed by our customers due largely to a shift in our customer mix, and a larger assortment of cannabis product choices offered to our customers. These factors were partially offset by a year-over-year decrease in the total number of medical orders, which we believe is attributable to a greater number of medical patients procuring product from the adult-use market.

Rest-of-world cannabis

Rest-of-world cannabis revenue was $10.2 million in the first quarter of fiscal 2024, as compared to $13.8 million in the first quarter of fiscal 2023. The year-over-year decrease is attributable to:

- A decline in our U.S. CBD business, primarily due to: (i) the opportunistic sale, in the first quarter of fiscal 2023, of bulk crude CBD resin which did not recur in the first quarter of fiscal 2024; and (ii) the continuing impact of our strategy shift to re-focus and refine our portfolio of product and brand offerings on premium products; and
- Bulk cannabis sales to Israel in the amount of $3.6 million recognized in the first quarter of fiscal 2023, which did not recur in the first quarter of fiscal 2024.

These declines were partially offset by the year-over-year growth in our global medical cannabis business, particularly resulting from increased sales of medical cannabis in Australia.

Storz & Bickel

Revenue from Storz & Bickel was $18.1 million in the first quarter of fiscal 2024, as compared to $15.6 million in the first quarter of fiscal 2023. The year-over-year increase is primarily attributable to the expansion of our distribution and retail channels in the United States.

BioSteel

Revenue from BioSteel was $32.5 million in the first quarter of fiscal 2024, as compared to $13.7 million in the first quarter of fiscal 2023. The year-over-year increase is primarily attributable to: (i) the expansion of our distribution in Canada within the grocery, convenience and gas channel and into the large-format club channel; and (ii) stronger sales velocity in existing points of distribution ahead of the summer season resulting from increased brand awareness from our NHL sponsorship.

This Works

Revenue from This Works was $6.0 million in the first quarter of fiscal 2024, as compared to $5.5 million in the first quarter of fiscal 2023. The year-over-year increase is primarily attributable to an expanded product portfolio in our "Bodycare" line and continued success and strengthening sales velocity of our "In Transit" skincare product lineup.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold, gross margin and gross margin percentage on a consolidated basis for the three months ended June 30, 2023 and 2022:

(in thousands of Canadian dollars except where indicated)	Three months ended June 30, 2023	Three months ended June 30, 2022 (As Restated)	$ Change	% Change
Net revenue	$ 108,726	$ 105,920	$ 2,806	3%
Cost of goods sold	$ 102,789	$ 111,506	$ (8,717)	(8%)
Gross margin	5,937	(5,586)	11,523	(206%)
Gross margin percentage	5%	(5%)	-	1,000 bps

Cost of goods sold was $102.8 million in the first quarter of fiscal 2024, as compared to $111.5 million in the first quarter of fiscal 2023. Our gross margin was $5.9 million in the first quarter of fiscal 2024, or 5% of net revenue, as compared to a gross margin of $(5.6) million and gross margin percentage of (5%) of net revenue in the first quarter of fiscal 2023. The year-over-year increase in the gross margin percentage is primarily attributable to:

- Improvement in our Canada cannabis segment, primarily attributable to: (i) the realized benefit of our cost savings program and strategic changes to our business that were initiated in the fourth quarter of fiscal 2022 and the fourth quarter of fiscal 2023; and (ii) a year-over-year decrease in write-downs of excess inventory;
- A year-over-year decrease in restructuring charges, from $4.0 million in the first quarter of fiscal 2023 to $nil in the first quarter of fiscal 2024. In the first quarter of fiscal 2023, restructuring charges related primarily to inventory write-downs resulting from the strategic changes to our business that were initiated in the fourth quarter of fiscal 2022, including: (i) the shift to a contract manufacturing model for certain product format; and (ii) the closure of certain of our production facilities in fiscal 2022; and
- Improvement at Storz & Bickel, primarily attributable to the increase in revenues, as described above, and the associated improvement of Storz & Bickel's operating leverage.

The factors above, resulting in a year-over-year increase in our gross margin percentage, were partially offset by the following:

- A decrease in the amount of payroll subsidies received from the Canadian government pursuant to a COVID-19 relief program, from $1.6 million in the first quarter of fiscal 2023 to $nil in the first quarter of fiscal 2024; and
- A decline in BioSteel's gross margin, primarily due to: (i) higher warehousing costs; (ii) higher than expected production and operating costs associated with the ramp-up and operations of the BioSteel manufacturing facility located in Verona, Virginia; and (iii) inventory write-downs, associated with aging inventory.

We report gross margin and gross margin percentage in five segments: (i) Canada cannabis; (ii) rest-of-world cannabis; (iii) Storz & Bickel; (iv) BioSteel; and (v) This Works. Cost of sales associated with the remainder of our operations are included within "other". The following table presents segmented gross margin and gross margin percentage for the three months ended June 30, 2023 and 2022:

(in thousands of Canadian dollars except where indicated)	Three months ended June 30, 2023	Three months ended June 30, 2022 (As Restated)	$ Change	% Change
Canada cannabis segment				
Net revenue	$ 38,614	$ 52,415	$ (13,801)	(26%)
Cost of goods sold	39,109	64,949	(25,840)	(40%)
Gross margin	(495)	(12,534)	12,039	96%
Gross margin percentage	(1%)	(24%)		2,300 bps
Rest-of-world cannabis segment				
Revenue	$ 10,162	$ 13,781	$ (3,619)	(26%)
Cost of goods sold	6,681	13,941	(7,260)	(52%)
Gross margin	3,481	(160)	3,641	2,276%
Gross margin percentage	34%	(1%)		3,500 bps
Storz & Bickel segment				
Revenue	$ 18,073	$ 15,643	$ 2,430	16%
Cost of goods sold	10,366	10,022	344	3%
Gross margin	7,707	5,621	2,086	37%
Gross margin percentage	43%	36%		700 bps
BioSteel segment				
Revenue	$ 32,468	$ 13,693	$ 18,775	137%
Cost of goods sold	40,293	15,455	24,838	161%
Gross margin	(7,825)	(1,762)	(6,063)	(344%)
Gross margin percentage	(24%)	(13%)		(1,100) bps
This Works segment				
Revenue	$ 6,017	$ 5,520	$ 497	9%
Cost of goods sold	3,122	2,873	249	9%
Gross margin	2,895	2,647	248	9%
Gross margin percentage	48%	48%		- bps
Other				
Cost of goods sold	$ 3,218	$ 4,266	$ (1,048)	(25%)

Canada cannabis

Gross margin for our Canada cannabis segment was $(0.5) million in the first quarter of fiscal 2024, or (1%) of net revenue, as compared to $(12.5) million in the first quarter of fiscal 2023, or (24%) of net revenue. The year-over-year increase in the gross margin percentage was primarily attributable to: (i) the realized benefit of our cost savings program and strategic changes to our business that were initiated in the fourth quarter of fiscal 2022 and the fourth quarter of fiscal 2023; and (ii) a year-over-year decrease in write-downs of excess inventory. These increases were partially offset by a decrease in the amount of payroll subsidies received from the Canadian government pursuant to a COVID-19 relief program, from $1.6 million in the first quarter of fiscal 2023 to $nil in the first quarter of fiscal 2024.

Rest-of-world cannabis

Gross margin for our rest-of-world cannabis segment was $3.5 million in the first quarter of fiscal 2024, or 34% of net revenue, as compared to $(0.2) million in the first quarter of fiscal 2023, or (1%) of net revenue. The year-over-year increase in the gross margin percentage is primarily attributable to an improvement in our U.S. CBD business, due primarily to: (i) the year-over-year decrease in restructuring charges, as we recorded charges of $3.3 million in the first quarter of fiscal 2023 relating to inventory write-

downs resulting from strategic changes to our business. These charges decreased to $nil in the first quarter of fiscal 2024; and (ii) the realized benefit of our cost savings program and the strategic changes made to our business, including the shift to a contract manufacturing model for certain product formats and the re-focusing of our U.S. CBD product and brand portfolio.

Partially offsetting the above was a shift in the business mix as compared to the first quarter of fiscal 2023 resulting from higher sales in lower-margin geographies relative to the first quarter of fiscal 2023

Storz & Bickel

Gross margin for our Storz & Bickel segment was $7.7 million in the first quarter of fiscal 2024, or 43% of net revenue, as compared to $5.6 million in the first quarter of fiscal 2023, or 36% of net revenue. The year-over-year increase in the gross margin percentage is primarily attributable to the increase in revenues, as described above, and the associated improvement of Storz & Bickel's operating leverage.

BioSteel

Gross margin for our BioSteel segment was $(7.8) million in the first quarter of fiscal 2024, or (24%) of net revenue, as compared to $(1.8) million in the first quarter of fiscal 2023, or (13%) of net revenue. The year-over-year decrease in the gross margin percentage is primarily attributable to: (i) inventory write-downs, associated with aging inventory; (ii) higher warehousing costs; and (iii) higher than expected production and operating costs associated with the ramp-up and operations of the BioSteel manufacturing facility located in Verona, Virginia. Partially offsetting this was a decrease in restructuring charges, from $0.7 million in the first quarter of fiscal 2023, relating primarily to charges associated with certain contract manufacturing agreements, to $nil in the first quarter of fiscal 2024.

This Works

Gross margin for our This Works segment was $2.9 million in the first quarter of fiscal 2024, as compared to $2.6 million in the first quarter of fiscal 2023. The gross margin percentage was 48% of net revenue in the first quarter of fiscal 2024, consistent with 48% of net revenue in the first quarter of fiscal 2023.

Operating Expenses

The following table presents operating expenses for the three months ended June 30, 2023 and 2022:

(in thousands of Canadian dollars)	Three months ended June 30, 2023	Three months ended June 30, 2022	$ Change	% Change
Operating expenses				
General and administrative	$ 25,526	$ 28,371	$ (2,845)	(10%)
Sales and marketing	47,019	53,182	(6,163)	(12%)
Research and development	1,352	6,953	(5,601)	(81%)
Acquisition, divestiture, and other costs	8,904	4,193	4,711	112%
Depreciation and amortization	8,451	10,714	(2,263)	(21%)
Selling, general and administrative expenses	91,252	103,413	(12,161)	(12%)
Share-based compensation expense	3,865	5,439	(1,574)	(29%)
Asset impairment and restructuring costs	2,160	1,727,985	(1,725,825)	(100%)
Total operating expenses	$ 97,277	$ 1,836,837	$ (1,739,560)	(95%)

Selling, general and administrative expenses

Selling, general and administrative expenses were $91.3 million in the first quarter of fiscal 2024, as compared to $103.4 million in the first quarter of fiscal 2023.

General and administrative expense was $25.5 million in the first quarter of fiscal 2024, as compared to $28.4 million in the first quarter of fiscal 2023. The year-over-year decrease is primarily attributable to the impact of the restructuring actions and cost savings programs initiated in the fourth quarters of both fiscal 2022 and fiscal 2023. We realized reductions relative to the first quarter of fiscal 2023 primarily in relation to: (i) compensation costs for finance, information technology, legal and other administrative functions; and (ii) a reduction in facilities and insurance costs. The decrease noted above was partially offset by a year-over-year

decrease in the amount of payroll subsidies received from the Canadian government pursuant to a COVID-19 relief program, from $2.8 million received in the first quarter of fiscal 2023 to $nil in the first quarter of fiscal 2024.

Sales and marketing expense was $47.0 million in the first quarter of fiscal 2024, as compared to $53.2 million in the first quarter of fiscal 2023. The year-over-year decrease is primarily attributable to: (i) the divestiture of our retail business in Canada in the third quarter of fiscal 2023; (ii) cost reductions related to the previously-noted restructuring actions and cost savings programs, which resulted in a rationalization of our sales and marketing spending in certain areas of our business, particularly for our Canadian cannabis and U.S. CBD businesses, and a reduction in compensation costs. These decreases were partially offset by an increase of approximately $12.0 million in advertising and promotional investments in BioSteel, including costs related to the National Hockey League sponsorship, which began in the second quarter of fiscal 2023, and increased advertising, trade activity and promotion expenses.

Research and development expense was $1.4 million in the first quarter of fiscal 2024, as compared to $7.0 million in the first quarter of fiscal 2023. The year-over-year decrease is primarily attributable to cost reductions associated with the previously-noted restructuring actions and cost savings programs, as we: (i) continued to realize reductions in compensation costs and curtail research and development projects; and (ii) shifted to outsourced contract model for certain research and development projects.

Acquisition, divestiture, and other costs were $8.9 million in the first quarter of fiscal 2024, as compared to $4.2 million in the first quarter of fiscal 2023. In the first quarter of fiscal 2024, costs were incurred primarily in relation to:

- Approximately $5.0 million of legal and audit costs related to the restatement of our consolidated financial statements for the following previously filed periods: (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, originally included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, and (ii) unaudited consolidated financial statements for the quarterly periods ended June 30, 2022, September 30, 2022 and December 31, 2022, originally included in the our Quarterly Reports on Form 10-Q for such quarterly periods, in connection with the correction of material misstatement arising from an internal review of financial reporting matters related to sales in the BioSteel business unit that were accounted for incorrectly, and the filing of our Annual Report on Form 10-K for the fiscal years ended March 31, 2023 and 2022 in June 2023;
- The Reorganization, including the creation of Canopy USA, as described above under “Recent Developments”; and
- Evaluating other potential strategic opportunities.

Comparatively, in the first quarter of fiscal 2023, costs were incurred primarily in relation to the plan to acquire Jetty, and evaluating other potential acquisition opportunities.

Depreciation and amortization expense was $8.5 million in the first quarter of fiscal 2024, as compared to $10.7 million in the first quarter of fiscal 2023. The year-over-year decrease is primarily attributable to: (i) the previously-noted restructuring actions and cost savings programs, including the closure of certain of our Canadian facilities and other operational changes to implement cultivation-related efficiencies and improvements in the Canadian adult-use cannabis business; and (ii) the divestiture of our retail business in Canada in the third quarter of fiscal 2023 in connection with the FOUR20 Transaction and the OEGRC Transaction.

Share-based compensation expense

Share-based compensation expense was $3.9 million in the first quarter of fiscal 2024, as compared to $5.4 million in the first quarter of fiscal 2023. The year-over-year decrease is primarily attributable to the impact of our previously-noted restructuring actions, which resulted in 2.0 million stock option forfeitures and 0.2 million restricted share unit and performance share unit forfeitures in the first quarter of fiscal 2024. While 24.0 million stock options were granted in the first quarter of fiscal 2024, these grants occurred near the end of the quarter and therefore had a minimal impact on our share-based compensation expense for the first quarter of fiscal 2024.

Asset impairment and restructuring costs

Asset impairment and restructuring costs recorded in operating expenses were $2.2 million in the first quarter of fiscal 2024, as compared to $1.7 billion in the first quarter of fiscal 2023.

Asset impairment and restructuring costs recorded in the first quarter of fiscal 2024 were primarily related to incremental impairment losses and other costs associated with the restructuring of our Canadian cannabis operations that was initiated in the fourth quarter of fiscal 2023, including the closure of our production facility at 1 Hershey Drive in Smiths Falls, Ontario. The Company recorded write-downs of certain production equipment and other assets due to the excess of their carrying values over their estimated fair values. These costs were partially offset by gains recognized in connection with the sale of certain of our production facilities.

Comparatively, in the first quarter of fiscal 2023, asset impairment and restructuring costs were primarily related to goodwill impairment losses associated with the cannabis operations reporting unit in the global cannabis segment. Refer to "Impairment of Goodwill" in the "Critical Accounting Policies and Estimates" section below for further details of the goodwill impairment losses recognized in the first quarter of fiscal 2023. Additionally, we recognized incremental costs primarily associated with the restructuring actions completed in fiscal 2022, including the closure of certain of our Canadian production facilities, and operational changes initiated in the fourth quarter of fiscal 2022 to: (i) implement cultivation-related efficiencies and improvements in the Canadian adult-use cannabis business; and (ii) implement a flexible manufacturing platform, including contract manufacturing for certain product formats.

Other

The following table presents other income (expense), net, and income tax (expense) recovery for the three months ended June 30, 2023 and 2022:

	Three months ended June 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Other income (expense), net	51,497	(245,578)	297,075	121%
Income tax expense	(2,018)	(3,749)	1,731	46%

Other income (expense), net

Other income (expense), net was an income amount of $51.5 million in the first quarter of fiscal 2024, as compared to an expense amount of $245.6 million in the first quarter of fiscal 2023. The year-over-year change of $297.1 million, from an expense amount to an income amount, is primarily attributable to:

- Change of $366.0 million related to non-cash fair value changes on our other financial assets, from an expense amount of $300.9 million in the first quarter of fiscal 2023 to an income amount of $65.1 million in the first quarter of fiscal 2024. The income amount recognized in the first quarter of fiscal 2024 is primarily attributable to fair value increases relating to our investments in:
  - The Acreage financial instrument, in the amount of $44.7 million. On a quarterly basis, we determine the fair value of the Acreage financial instrument using a probability-weighted expected return model, incorporating several potential scenarios and outcomes associated with the Acreage Amended Arrangement. The fair value increase in the first quarter of fiscal 2024 is primarily attributable to a decrease of approximately 78% in our share price during the first quarter of fiscal 2024, relative to a decrease of approximately 19% in Acreage's share price during that same period. As a result, the model at June 30, 2023 reflects both a lower estimated value of the Canopy Growth common shares expected to be issued upon a Triggering Event, and a lower estimated value of the Acreage shares expected to be acquired at that time. In the first quarter of fiscal 2024, the relative share price movements resulted in an increase in the value of the Acreage financial instrument;
  - The TerrAscend Exchangeable Shares, in the amount of $19.9 million, primarily attributable to an increase of approximately 16% in TerrAscend's share price during the first quarter of fiscal 2024; and
  - The New Warrants, in the amount of $6.0 million, primarily attributable to an increase of approximately 16% in TerrAscend's share price during the first quarter of fiscal 2024.

  These fair value increases were partially offset by a fair value decrease associated with the Wana financial instrument, in the amount of $5.5 million, which was attributable primarily to changes in expectations of the future cash flows to be generated by Wana during the first quarter of fiscal 2024.

  Comparatively, the expense amount in the first quarter of fiscal 2023 was primarily attributable to fair value decreases relating to our investments in: (i) the TerrAscend Exchangeable Shares ($138.0 million); the secured debentures issued by TerrAscend Canada and Arise Bioscience and associated Prior Warrants (totaling $62.0 million); and (iii) the TerrAscend Option ($3.8 million), which were all driven largely by a decrease of approximately 59% in TerrAscend's share price in the first quarter of fiscal 2023. Additionally, the fair value of our investment in the Wana financial instrument decreased $154.0 million, due primarily to changes in expectations of the future cash flows to be generated by Wana. The fair value decreases were partially offset by a fair value increase related to the Acreage financial instrument in the amount of $60.0 million, as described below in our discussion of the fair value changes on the liability arising from the Acreage Amended Arrangement.

- Decrease of $13.9 million related to charges associated with the settlement of our debt, from $19.2 million in the first quarter of fiscal 2023 to $5.3 million in the first quarter of fiscal 2024. In the first quarter of fiscal 2024 we recognized charges of $5.3 million, primarily in connection with the conversion of the Convertible Debentures (as described above under "Recent

Developments") into Canopy Growth common shares at a conversion price of 92.5% of the volume-weighted average price of our common shares during the three consecutive trading days ending on the business day immediately prior to the date of conversion. These charges were partially offset by a gain recognized upon the second payment made in connection with the Paydown on April 17, 2023 (also as described above under "Recent Developments"), as we repaid $125.6 million (US$93.8 million) of the principal amount outstanding under the Credit Agreement at a discounted price of US$930 per US$1,000. Comparatively, in the first quarter of fiscal 2023, we recognized charges in the amount of $19.2 million in connection with the acquisition and cancellation, by Canopy Growth, of approximately $262.6 million of aggregate principal amount of Canopy Notes from the Noteholders for an aggregate purchase price of $260.0 million, which was paid in Canopy Growth common shares (the "2022 Exchange Transaction"). These charges primarily include: (i) the recognition of a derivative liability in connection with the incremental common shares that were potentially issuable as at June 30, 2022 at the volume-weighted average trading price of our 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, on the second tranche closing on July 18, 2022, pursuant to the exchange agreements entered into with the Noteholders (the "2022 Exchange Agreements"); partially offset by (ii) the release of amounts recorded in accumulated other comprehensive income in relation to the credit risk fair value adjustment associated with the portion of the Canopy Notes that were acquired and cancelled on June 30, 2022.

- Change of $11.5 million related to non-cash fair value changes on our debt, from an expense amount of $9.6 million in the first quarter of fiscal 2023 to an income amount of $1.9 million in the first quarter of fiscal 2024. The year-over-year change, from an expense amount to an income amount, is primarily attributable to the difference between the principal amount of the CBI Note of $100.0 million and its estimated fair value on April 13, 2023, as measured using a discounted cash flow model, partially offset by non-cash fair value changes on the CBI Note from April 13, 2023 to June 30, 2023.

- Decrease in non-cash income of $25.4 million related to fair value changes on the warrant derivative liability associated with the warrants held by CBI to acquire 38,454,444 common shares of Canopy Growth at a price of $76.68 per common share (the "Tranche B Warrants"), from an income amount of $25.4 million in the first quarter of fiscal 2023 to a fair value change of $nil in the first quarter of fiscal 2024. The fair value change of $nil in the first quarter of fiscal 2024 is the result of the fair value of the warrant derivative liability decreasing to $nil in the fourth quarter of fiscal 2023, and remaining at $nil in the first quarter of fiscal 2024 as our share price declined approximately 78% in the period. Comparatively, the income amount recognized in the first quarter of fiscal 2023 of $25.4 million, associated with a decrease in the fair value of the warrant derivative liability, was primarily attributable to a decrease of approximately 61% in our share price during the first quarter of fiscal 2023, further impacted by an increase in the risk-free interest rate and a shorter expected time to maturity of the Tranche B Warrants.

- Decrease in non-cash income of $33.6 million related to fair value changes on acquisition related contingent consideration and other, from $40.4 million in the first quarter of fiscal 2023 to $6.8 million in the first quarter of fiscal 2024. These fair value changes relate primarily to the estimated deferred payments associated with our investment in Wana, with the fair value changes in both periods primarily associated with changes in expectations of future cash flows to be generated by Wana.

- Decrease in non-cash income of $47.0 million related to the fair value changes on the liability arising from the Acreage Amended Arrangement, from an income amount of $47.0 million in the first quarter of fiscal 2023 to a fair value change of $nil in the first quarter of fiscal 2024. The fair value change of $nil associated with the Acreage financial instrument in the first quarter of fiscal 2024 is a result of the change, in the first quarter of fiscal 2023, from a liability amount to an asset amount recorded in other financial assets; in the first quarter of fiscal 2024, the fair value of the Acreage financial instrument increased, as explained above, and remained in an asset position. Comparatively, the income amount recognized in the first quarter of fiscal 2023, associated with a decrease in the liability arising from the Acreage Amended Arrangement to $nil, was primarily attributable to a decrease of approximately 61% in our share price in the first quarter of fiscal 2023, relative to a decrease of approximately 27% in Acreage's share price during that same period. As a result, the probability-weighted expected return model used to determine the fair value of the liability arising from the Acreage Amended Arrangement at June 30, 2022 reflected a lower estimated value of the Canopy Growth common shares expected to be issued at the exchange ratio of 0.3048 upon a Triggering Event, relative to the estimated value of the Fixed Shares expected to be acquired at that time (changes in our share price have a more significant impact on the model relative to changes in Acreage's share price); in the first quarter of fiscal 2023, this resulted in a change from a liability amount to an asset amount.

Income tax expense

Income tax expense in the first quarter of fiscal 2024 was $2.0 million, compared to income tax expense of $3.7 million in the first quarter of fiscal 2023. In the first quarter of fiscal 2024, income tax expense consisted of deferred income tax expense of $1.5 million (compared to an expense of $2.4 million in the first quarter of fiscal 2023) and current income tax expense of $0.5 million (compared to an expense of $1.3 million in the first quarter of fiscal 2023).

The decrease of $0.9 million in the deferred income tax expense is primarily a result of (i) a year-over-year decrease in the amount of settlements of the Canopy Notes; and (ii) a decrease in the change in deferred tax liabilities that arose in connection with the required revaluation of the accounting carrying value, but not the tax basis, of property, plant and equipment, intangible assets, and other financial assets.

The decrease of $0.8 million in current income tax expense arose primarily as a result of the reduction in the number of legal entities that generated income for tax purposes that could not be reduced by the group's tax attributes.

Net Loss

The net loss in the first quarter of fiscal 2024 was $41.9 million, as compared to a net loss of $2.1 billion in the first quarter of fiscal 2023. The year-over-year decrease in the net loss is primarily attributable to: (i) the year-over-year decrease in asset impairment and restructuring costs, as in the first quarter of fiscal 2023 we recorded goodwill impairment losses of $1.7 billion; and (ii) the year-over-year change in other income (expense), net, of $297.1 million, from an expense amount to an income amount. These variances are described above.

Adjusted EBITDA (Non-GAAP Measure)

Our "Adjusted EBITDA" is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management calculates Adjusted EBITDA as the reported net income (loss), adjusted to exclude income tax recovery (expense); other income (expense), net; loss on equity method investments; share-based compensation expense; depreciation and amortization expense; asset impairment and restructuring costs; restructuring costs recorded in cost of goods sold; and charges related to the flow-through of inventory step-up on business combinations, and further adjusted to remove acquisition, divestiture, and other costs. Asset impairments related to periodic changes to our supply chain processes are not excluded from Adjusted EBITDA given their occurrence through the normal course of core operational activities. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information, as this measure demonstrates the operating performance of businesses.

The following table presents Adjusted EBITDA for the three months ended June 30, 2023 and 2022:

(in thousands of Canadian dollars)	Three months ended June 30, 2023	Three months ended June 30, 2022 (As Restated)	$ Change	% Change
Net loss	$ (41,861)	$ (2,091,750)	$ 2,049,889	98%
Income tax expense	2,018	3,749	(1,731)	(46%)
Other (income) expense, net	(51,497)	245,578	(297,075)	(121%)
Share-based compensation	3,865	5,439	(1,574)	(29%)
Acquisition, divestiture, and other costs	8,904	4,193	4,711	112%
Depreciation and amortization[1]	18,576	21,851	(3,275)	(15%)
Asset impairment and restructuring costs	2,160	1,727,985	(1,725,825)	(100%)
Restructuring costs recorded in cost of goods sold	-	3,961	(3,961)	(100%)
Adjusted EBITDA	$ (57,835)	$ (78,994)	$ 21,159	27%

[1] From Consolidated Statements of Cash Flows.

The Adjusted EBITDA loss in the first quarter of fiscal 2024 was $57.8 million, as compared to an Adjusted EBITDA loss of $79.0 million in the first quarter of fiscal 2023. The year-over-year decrease in the Adjusted EBITDA loss is primarily attributable to the year-over-year increase in our gross margin, and the year-over-year decrease in our selling, general and administrative expenses. The decrease in the Adjusted EBITDA loss is partially offset by a decline in our gross margin and an increase in our advertising and promotional investments in BioSteel. These variances are described above.

Part 3 – Financial Liquidity and Capital Resources

The Interim 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 Interim Financial Statements, we have certain material debt obligations coming due in the short-term, have suffered recurring losses from operations and require additional financing to fund our business and operations. If we are unable to raise additional capital, it is possible that we will be unable to meet certain of our financial obligations. As of June 30, 2023, we have

$259.6 million 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 and in the first quarter of fiscal 2024. As of June 30, 2023, we have cash and cash equivalents of $533.3 million and short-term investments of $37.8 million, which are predominantly invested in term deposits.

These matters, when considered in the aggregate raise substantial doubt about our ability to continue as a going concern for at least twelve months from the issuance of the Interim Financial Statements.

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

Management plans to fund our operations and debt obligations through existing cash positions and proceeds from the sale of certain of our facilities. We are also currently evaluating several different strategies and intend to pursue actions that are expected to increase our liquidity position, including, but not limited to, pursuing additional actions under our 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.

Our management cannot provide assurances that we will be successful in accomplishing any of our proposed financing plans. Our management also cannot provide any assurance as to unforeseen circumstances that could occur within the next 12 months or, if after we raise capital, thereafter, which could increase our need to raise additional capital on an immediate basis, which capital may not be available to us.

We have recently completed the following debt financings:

- In March 2021, we entered into the Credit Agreement with the lenders party thereto and Wilmington Trust, National Association, as administrative agent and collateral agent for the lenders. The Credit Agreement provides for a five-year, first lien senior secured term loan in an aggregate principal amount of US$750.0 million (the "Credit Facility"). As described under "Recent Developments" above, pursuant to the balance sheet actions completed in connection with the Reorganization, on October 24, 2022, we entered into agreements with certain of our lenders to complete the Paydown, which resulted in us tendering US$187.5 million of the principal amount outstanding under the Credit Agreement. The first payment of approximately $117.5 million (US$87.9 million) was made on November 10, 2022 to reduce the principal indebtedness by approximately $126.3 million (US$94.4 million). The second payment of approximately $116.8 million (US$87.2 million) was made on April 17, 2023 to reduce principal indebtedness by approximately $125.6 million (US$93.8 million). We also agreed with our lenders to amend certain terms of the Credit Agreement, including, among other things: (i) reductions to the minimum liquidity covenant to US$100.0 million; (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$100.0 million; and (iv) the elimination of the additional US$500.0 million incremental term loan facility.

  As described under "Recent Developments" above, on July 13, 2023, we entered into the Amended Credit Agreement with certain of our lenders, pursuant to which: (i) we and our lenders agreed to the July 2023 Paydown; and (ii) we agreed to direct certain proceeds from completed and or contemplated asset sales to reduce indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, $0.95 on the dollar toward such repayments. In addition, the Amended Credit Agreement, among other things, contemplates: (i) that the US$100,000 minimum liquidity covenant will cease to be operative concurrently with the July 2023 Paydown; and (ii) the removal of the prepayment premium. The July 2023 Paydown was made on July 21, 2023.

- As described above under "Recent Developments," on February 21, 2023, we entered into the Convertible Debenture Agreement with an Institutional Investor pursuant to which the Institutional Investor purchased $135.2 million (US$100.0 million) aggregate principal amount of the Convertible Debentures in a registered direct offering. As of June 30, 2023, all conversions pursuant to the Convertible Debentures have been completed and the amount outstanding under the Convertible Debentures was $nil.

- As described above under "Recent Developments," on April 13, 2023, we entered into the April 2023 Exchange Agreement with Greenstar in order to acquire and cancel $100.0 million aggregate principal amount of our outstanding Canopy Notes. Pursuant to the April 2023 Exchange Agreement, we agreed to acquire and cancel $100.0 million 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) the CBI Note (collectively, the "CBI Transaction").

As a result, Greenstar no longer holds any Canopy Notes. Following closing of the CBI Transaction and the creation of the Exchangeable Shares, we maintain our intention to negotiate an exchange with Greenstar to purchase the CBI Notes in exchange for Exchangeable Shares.

- As described above under "Recent Developments," on June 29, 2023, we entered into the June 2023 Exchange Agreements with certain Noteholders in connection with the June 2023 Exchange Transaction to acquire and cancel $12.5 million aggregate principal amount of the Canopy Notes from such Noteholders in exchange for cash, including accrued and unpaid interest owing under the Canopy Notes, and the issuance of approximately 24.3 million Canopy Growth common shares.

- As described above under "Recent Developments," on July 13, 2023, we entered into the Redemption Agreements with certain Noteholders, pursuant to which approximately $193 million aggregate principal amount of the Canopy Notes were redeemed on the applicable closing date for: (i) an aggregate cash payment of approximately $101 million; (ii) the issuance of approximately 90.4 million Canopy Growth common shares; and (iii) the issuance of approximately $40.4 million aggregate principal amount of Debentures. The initial closing of the Redemption occurred on July 14, 2023 and the final closing of the Redemption occurred on July 17, 2023. Following the Redemption, we settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there are no Canopy Notes outstanding.

In addition to the above, we continue to review and pursue selected external financing sources to ensure adequate financial resources. These potential sources include, but are not limited to: (i) obtaining financing from traditional or non-traditional investment capital organizations; (ii) obtaining funding from the sale of our common shares or other equity or debt instruments; and (iii) obtaining debt financing with lending terms that more closely match our business model and capital needs. We may from time to time seek to retire our outstanding debt through cash purchases and/or exchanges for equity securities, and open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table presents cash flows for the three months ended June 30, 2023 and 2022:

	Three months ended June 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Net cash (used in) provided by:				
Operating activities	$ (148,671)	$ (140,515)	$ (8,156)	(6%)
Investing activities	142,574	121,417	21,157	17%
Financing activities	(133,110)	(1,044)	(132,066)	(12,650%)
Effect of exchange rate changes on cash and cash equivalents	(4,534)	13,632	(18,166)	(133%)
Net decrease in cash and cash equivalents	(143,741)	(6,510)	(137,231)	(2,108%)
Cash and cash equivalents, beginning of period	677,007	776,005	(98,998)	(13%)
Cash and cash equivalents, end of period	$ 533,266	$ 769,495	$ (236,229)	(31%)

Operating activities

Cash used in operating activities totaled $148.7 million in the first quarter of fiscal 2024, as compared to cash used of $140.5 million in the first quarter of fiscal 2023. The increase in the cash used in operating activities is primarily due to: (i) the year-over-year increase in our working capital spending, primarily due to the $36.4 million increase in amount receivables in the first quarter of fiscal 2024 compared to the fourth quarter of fiscal 2023 (this increase was primarily attributable to approximately $15.9 million of amounts due related to a facility sale and approximately $16.0 million related to increase in accounts receivable at BioSteel driven in part by higher revenue); and (ii) a cash payment we made of approximately $17.4 million during the first quarter of fiscal 2024 to settle a dispute arising from a previous termination of a certain service agreement. These factors were partially offset by the year-over-year improvement in our gross margin, and the reduction in selling, general and administrative expenses. These variances are described above.

Investing activities

The cash provided by investing activities totaled $142.6 million in the first quarter of fiscal 2024, as compared to cash provided of $121.4 million in the first quarter of fiscal 2023.

In the first quarter of fiscal 2024, purchases of property, plant and equipment were $2.0 million, primarily related to production equipment enhancements made at certain of our Canadian cultivation and production facilities, and at our Storz & Bickel facilities. Comparatively, in the first quarter of fiscal 2023, we invested $2.3 million in improvements at certain of our Canadian cultivation and production activities.

In the first quarter of fiscal 2024, our strategic investments in other financial assets were $0.5 million and related primarily to the Indiva Investment, as described under "Recent Developments" above. Comparatively, in the first quarter of fiscal 2023, our strategic investments in other financial assets were $29.2 million and related primarily to the upfront payment made as consideration for entering the Jetty Agreements.

Net redemptions of short-term investments in the first quarter of fiscal 2024 were $72.2 million, as compared to net redemptions of $154.0 million in the first quarter of fiscal 2023. The year-over-year decrease in the net redemptions reflects the continued redemption of our short-term investments, largely to fund operations and investing activities as described above. As at June 30, 2023, we had short-term investments remaining of $37.8 million.

Additional cash inflows during the first quarter of fiscal 2024 include proceeds of $83.3 million from the sale of property, plant and equipment, primarily in relation to facilities that have been recently sold in connection with the restructuring actions associated with our Canadian cannabis operations and transition to an asset-light model. Finally, other investing activities resulted in a cash outflow of $10.2 million in the first quarter of fiscal 2024, primarily related to completing the purchase of the remaining 45% of the common shares of Les Serres Vert Cannabis Inc., in connection with the restructuring actions related to our Canadian cannabis operations initiated in the fourth quarter of fiscal 2023.

Financing activities

The cash used in financing activities in the first quarter of fiscal 2024 was $133.1 million, as compared to cash used of $1.0 million in the first quarter of fiscal 2023. In the first quarter of fiscal 2024, we made repayments of long-term debt in the amount of $118.3 million. These repayments primarily related to the second payment made pursuant to the Paydown, which is described above in the context of our balance sheet deleveraging initiatives in the first quarter of fiscal 2024 (see "Recent Developments" above).

Other financing activities resulted in a cash outflow of $14.8 million, which related primarily to payments made in connection with terminating the finance lease for the cultivation facility in Mirabel, Quebec. This lease termination was associated with the restructuring actions related to our Canadian cannabis operations initiated in the fourth quarter of fiscal 2023.

Free Cash Flow (Non-GAAP Measure)

Free cash flow is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management believes that free cash flow presents meaningful information regarding the amount of cash flow required to maintain and organically expand our business, and that the free cash flow measure provides meaningful information regarding our liquidity requirements.

The following table presents free cash flows for the three months ended June 30, 2023 and 2022:

	Three month ended June 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Net cash used in operating activities	$ (148,671)	$ (140,515)	$ (8,156)	(6%)
Purchases of and deposits on property, plant and equipment	(2,008)	(2,293)	285	12%
Free cash flow[1]	$ (150,679)	$ (142,808)	$ (7,871)	(6%)

Free cash flow in the first quarter of fiscal 2024 was an outflow of $150.7 million, as compared to an outflow of $142.8 million in the first quarter of fiscal 2023. The year-over-year increase in the free cash outflow primarily reflects the increase in cash used in operating activities, as described above.

Debt

Since our formation, we have financed our cash requirements primarily through the issuance of common shares of Canopy Growth, including the $5.1 billion investment by CBI in the third quarter of fiscal 2019, and debt. Total debt outstanding as of June 30, 2023 was $1.0 billion, a decrease from $1.3 billion as of March 31, 2023. The total principal amount owing, which excludes fair value adjustments related to the Canopy Notes, was $1.1 billion at June 30, 2023, a decrease from $1.3 billion at March 31, 2023.

These decreases were due to: (i) the repayment of $125.6 million (US$93.8 million) of the principal amount outstanding under the Credit Agreement as part of the Paydown, as described under "Recent Developments" above; (ii) the conversion, into Canopy Growth common shares, of the remaining amount outstanding under the Convertible Debentures of $93.2 million; and (iii) the June 2023 Exchange Transaction, which resulted in the acquisition and cancellation of $12.5 million of aggregate principal amount of the Canopy Notes from the Noteholders), partially offset by the issuance of the CBI Note in connection with the CBI Transaction.

Credit Facility

The Credit Agreement provides for the Credit Facility in the aggregate principal amount of US$750.0 million. The Credit Agreement also provided the ability to obtain up to an additional US$500.0 million of incremental senior secured debt pursuant to the Credit Agreement. On October 24, 2022, we entered into agreements with certain of our lenders party to the Credit Agreement to complete the Paydown, which resulted in us tendering US$187.5 million of the principal amount outstanding under the Credit Agreement. The first payment of approximately $117.5 million (US$87.9 million) was made on November 10, 2022 to reduce the principal indebtedness by approximately $126.3 million (US$94.4 million). The second payment of approximately $116.8 million (US$87.2 million) was made on April 17, 2023 to reduce principal indebtedness by approximately $125.6 million (US$93.8 million). We also agreed to certain amendments to the Credit Agreement including, among other things: (i) reductions to the minimum liquidity covenant to US$100.0 million; (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$100.0 million; and (iv) the elimination of the additional US$500.0 million incremental term loan facility.

As described under "Recent Developments" above, on July 13, 2023, we entered into the Amended Credit Agreement with certain of our lenders, pursuant to which: (i) we and our lenders agreed to the July 2023 Paydown; and (ii) we agreed to direct certain proceeds from completed and or contemplated asset sales to reduce indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, $0.95 on the dollar toward such repayments. In addition, the Amended Credit Agreement, among other things, contemplates: (i) that the US$100,000 minimum liquidity covenant will cease to be operative concurrently with the July 2023 Paydown; and (ii) the removal of the prepayment premium. The July 2023 Paydown was made on July 21, 2023.

The Credit Facility has no amortization 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. Our obligations under the Credit Facility are guaranteed by material Canadian and U.S. subsidiaries of Canopy Growth. The Credit Facility is secured by substantially all of the assets, including material real property, of the borrowers and each of the guarantors thereunder.

Unsecured Senior Notes (the Canopy Notes)

In June 2018, we issued the Canopy Notes with an aggregate principal amount of $600.0 million. 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 January 15, 2019. The Canopy Notes mature on July 15, 2023. In June 2022, in connection with the 2022 Exchange Transaction, we entered into the 2022 Exchange Agreements with the Noteholders and agreed to acquire and cancel approximately $262.6 million of aggregate principal amount of the Canopy Notes from the Noteholders for an aggregate purchase price (excluding $5.4 million paid in cash to the Noteholders for accrued and unpaid interest) of $260.0 million which was paid in our common shares.

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"), we irrevocably surrendered our right to settle the conversion of any Note with our common shares. As a result, all conversions of Canopy Notes following the execution of the Supplemental Indenture will be settled entirely in cash.

On April 13, 2013, we entered into the April 2023 Exchange Agreement with Greenstar in order to acquire and cancel $100.0 million aggregate principal amount of our outstanding Canopy Notes. Pursuant to the April 2023 Exchange Agreement, we agreed to acquire and cancel $100.0 million 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) the CBI Note. As a result, Greenstar no longer holds any Canopy Notes.

On June 29, 2023, we entered into the June 2023 Exchange Agreements with certain Noteholders to acquire and cancel $12.5 million aggregate principal amount of the Canopy Notes from such Noteholders in exchange for cash, including accrued and unpaid interest owing under the Canopy Notes, and the issuance of approximately 24.3 million Canopy Growth common shares.

On July 13, 2023, we entered into the Redemption Agreements with certain Noteholders of our Canopy Notes, pursuant to which approximately $193 million aggregate principal amount of the Canopy Notes were redeemed on the applicable closing date for: (i) an aggregate cash payment of approximately $101 million; (ii) the issuance of approximately 90.4 million Canopy Growth common shares; and (iii) the issuance of approximately $40.4 million aggregate principal amount of Debentures. The Debentures will mature on January 15, 2024 unless earlier converted in accordance with the terms of a debenture indenture dated July 14, 2023 between us and Odyssey Trust Company, as trustee. The Debentures are convertible into Debenture Shares at the option of the holder at any time or times following the Shareholder Approval, at a conversion price equal to $0.55, subject to adjustment in certain events. The initial closing of the Redemption occurred on July 14, 2023 and the final closing of the Redemption occurred on July 17, 2023.

Following the Redemption, we settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there are no Canopy Notes outstanding.

Convertible Debentures and Accretion Debentures

On October 19, 2018, Supreme Cannabis issued 6.0% senior unsecured convertible debentures (the “Supreme Debentures”) for gross proceeds of $100.0 million. On September 9, 2020, the Supreme Debentures were amended to effect, among other things: (i) the cancellation of $63.5 million 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 $36.5 million to a maximum of $13.5 million, 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 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 arrangement (the “Supreme Arrangement”) we completed with Supreme Cannabis on June 22, 2021 pursuant to which we acquired 100% of the issued and outstanding common shares of Supreme Cannabis (the “Supreme Shares”), 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, we, Supreme Cannabis and Computershare Trust Company of Canada (the “Trustee”) entered into a supplemental indenture whereby we agreed to issue common shares upon conversion of any Supreme Debenture. In addition, we may force conversion of the Supreme Debentures outstanding with 30 days’ notice if the daily volume weighted average trading price of our common shares is greater than $38.59 for any 10 consecutive trading days. We, Supreme Cannabis and the Trustee entered into a further supplemental indenture whereby we 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.

Convertible Debentures

On February 21, 2023, we entered into the Convertible Debenture Agreement with an Institutional Investor pursuant to which the Institutional Investor purchased $135.2 million (US$100.0 million) aggregate principal amount of Convertible Debentures in a registered direct offering. The Convertible Debentures were convertible into our common shares at the option of the Institutional Investor at any time or times prior to the maturity date of February 28, 2028, at a conversion price equal to 92.5% of the volume-weighted average price of our common shares during the three consecutive trading days ending on the business day immediately prior

to the date of conversion. No cash payment or any other property of Canopy Growth was made by us to the Institutional Investor in connection with, or as a result of, the issuance, conversion or repayment of the Convertible Debentures.

In the first quarter of fiscal 2024, $93.2 million in aggregate principal amount of the Convertible Debentures was converted for approximately 84.5 million Canopy Growth common shares. As of June 30, 2023, all conversions pursuant to the Convertible Debentures have been completed and the amount outstanding under the Convertible Debentures was $nil.

Contractual Obligations and Commitments

Other than changes to our Canopy Notes pursuant to the June 2023 Exchange Transactions and certain agreements entered into in connection with the Reorganization, as described above under "Recent Developments", there have been no material changes to our contractual obligations and commitments from the information provided in the MD&A section in our Annual Report.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in the MD&A section in our Annual Report.

Impairment of goodwill

We do not believe that an event occurred or circumstances changed during the first quarter of fiscal 2024 that would, more likely than not, reduce the fair value of the Storz & Bickel reporting unit below its carrying value. Therefore, we concluded that the quantitative goodwill impairment assessment was not required for the Storz & Bickel reporting unit at June 30, 2023. The carrying value of goodwill associated with the Storz & Bickel reporting unit was $84,385 at June 30, 2023.

We are required to perform our next annual goodwill impairment analysis on March 31, 2024, or earlier should there be an event that occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the potential economic loss arising from adverse changes in market factors. As a result of our global operating, acquisition and financing activities, we are exposed to market risk associated with changes in foreign currency exchange rates, interest rates and equity prices. To manage the volatility relating to these risks, we may periodically purchase derivative instruments including foreign currency forwards. We do not enter into derivative instruments for trading or speculative purposes.

Foreign currency risk

Our Interim Financial Statements are presented in Canadian dollars. We are exposed to foreign currency exchange rate risk as the functional currencies of certain subsidiaries, including those in the United States and Europe, are not in Canadian dollars. The translation of foreign currencies to Canadian dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for revenues and expense using an average exchange rate for the period. Therefore, fluctuations in the value of the Canadian dollar affect the reported amounts of net revenue, expenses, assets and liabilities. The resulting translation adjustments are reported as a component of accumulated other comprehensive income or loss on the consolidated balance sheet.

A hypothetical 10% change in the U.S. dollar against the Canadian dollar compared to the exchange rate at June 30, 2023, would affect the carrying value of net assets by approximately $14.6 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income (loss). A hypothetical 10% change in the euro against the Canadian dollar compared to the exchange rate at June 30, 2023, would affect the carrying value of net assets by approximately $24.8 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income (loss).

We also have exposure to changes in foreign exchange rates associated with transactions which are undertaken by our subsidiaries in currencies other than their functional currency. As a result, we have been impacted by changes in exchange rates and may be impacted for the foreseeable future.

Foreign currency derivative instruments may be used to hedge existing foreign currency denominated assets and liabilities, forecasted foreign currency denominated sales/purchases to/from third parties as well as intercompany sales/purchases, intercompany principal and interest payments, and in connection with acquisitions, divestitures or investments outside of Canada. Historically, while we have purchased derivative instruments to mitigate the foreign exchange risks associated with certain transactions, the impact of these hedging transactions on our financial statements has been immaterial.

Interest rate risk

Our cash equivalents and short-term investments are held in both fixed-rate and adjustable-rate securities. Investments in fixed-rate instruments carry a degree of interest rate risk. The fair value of fixed-rate securities may be adversely impacted due to a rise in interest rates. Additionally, a falling-rate environment creates reinvestment risk because as securities mature, the proceeds are reinvested at a lower rate, generating less interest income. As at June 30, 2023, our cash and cash equivalents, and short-term investments consisted of $110 million in interest rate sensitive instruments (March 31, 2023 – $0.3 billion).

Our financial liabilities consist of long-term fixed rate debt and floating-rate debt. Fluctuations in interest rates could impact our cash flows, primarily with respect to the interest payable on floating-rate debt.

	Aggregate Notional Value		Fair Value		Decrease in Fair Value - Hypothetical 1% Rate Increase	
	June 30, 2023	March 31, 2023	June 30, 2023	March 31, 2023	June 30, 2023	March 31, 2023
Unsecured senior notes	$ 224,880	$ 337,380	$ 218,149	$ 331,250	$ (22)	$ (1,552)
Promissory note	100,000	-	83,902	-	(1,063)	-
Fixed interest rate debt	42,208	135,573	N/A	N/A	N/A	N/A
Variable interest rate debt	700,775	840,058	N/A	N/A	N/A	N/A

Equity price risk

We hold other financial assets and liabilities in the form of investments in shares, warrants, options, put liabilities, and convertible debentures that are measured at fair value and recorded through either net income (loss) or other comprehensive income (loss). We are exposed to price risk on these financial assets, which is the risk of variability in fair value due to movements in equity or market prices.

Information regarding the fair value of financial instrument assets and liabilities that are measured at fair value on a recurring basis, and the relationship between the unobservable inputs used in the valuation of these financial assets and their fair value is presented in Note 22 of the Interim Financial Statements.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, and summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2023, our disclosure controls and procedures were not effective as of such date due to the material weaknesses in our internal control over financial reporting that were disclosed in Item 9A of the Annual Report.

Previously Reported Material Weaknesses

As previously disclosed in Item 9A of the Annual Report, we previously identified material weaknesses in our internal control over financial reporting relating to:

- 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, we 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; and
- Information technology ("IT") general control 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 we have 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.

Status of Remediation of Material Weaknesses in Internal Control over Financial Reporting

Management has developed and is executing a remediation plan to address the previously disclosed material weaknesses. We are actively engaged in the remediation of each of the outstanding material weaknesses for which we are implementing process and control improvements as follows:

BioSteel business-to-business sales

- A Corporate Revenue Recognition Policy was developed and adopted, and management is in the process of implementing and training our employees on the revised procedures.
- A substantive review of all business-to-business customers contracts to align with the Corporate Revenue Recognition Policy.
- A revised BioSteel Delegation of Authority Policy, centralizing the approval and execution of all agreements with the Chief Executive Officer of BioSteel.
- Manual review procedures were implemented for the period ended June 30, 2023 to ensure that transactions are reviewed for appropriate supporting documentation, including enhanced cut-off testing for sales recorded in the 10-days prior to month-end.
- Management has engaged a new system consultant to assist with enhancing systems controls over sales orders approvals and segregation of duties.

- Implemented revised approval procedures for business-to-business customers credit notes and credit limits have been improved to ensure proper level of approvals are obtained and sufficient supporting documentation is maintained.
- Changes to the collection process were implemented to improve collection of overdue amounts.
- Implemented certain management changes and personnel actions.

IT General Controls

- Management is currently performing a review of all in-scope systems for privileged user access for the period ended June 30, 2023.
- Management conducted a review of the tools and improved the process relied upon to ensure users terminations or transfers are timely updated in systems.
- Management improved the access approval requirements to ensure all access requests are properly approved and documented prior to granting/modifying user access.
- Management has added a dedicated resource to support and perform key IT general controls, including privileged access review and review of third-party service organization control reports to assess their impact in relation to the control environment. Additionally, training on third-party service organization control reports review was delivered to relevant control owners.
- Management has improved the retention of evidence for testing and approval of changes occurred for the period ended June 30, 2023.

To remediate the existing material weaknesses, additional time is required to demonstrate the effectiveness of the remediation efforts. The material weaknesses cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We may also conclude that additional measures may be required to remediate the material weaknesses in our internal control over financial reporting, which may necessitate further action. Remediation actions are subject to ongoing senior management review as well as oversight by the Audit Committee of the Board.

Changes in Internal Control over Financial Reporting.

We are taking actions to remediate the material weaknesses relating to our internal control over financial reporting as described above. Except as discussed above, there were no changes in our “internal control over financial reporting” (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Other than as disclosed below, we are not aware of: (a) any legal proceedings to which we are a party, or to which any of our properties is subject, which would be material to us or of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor making an investment decision, and (c) any settlement agreements that we have entered into before a court relating to securities legislation or with a securities regulatory authority.

Between May 2023 and July 2023, three putative class proceedings were commenced against the Company in the United States:

- On May 23, 2023, an ostensible shareholder commenced a putative class action (Turpel v. Canopy Growth Corporation, et al., Case No. 1:23-cv-043022) against the Company and two of its officers in the U.S. District Court for the Southern District of New York on behalf of persons and entities that purchased or otherwise acquired our securities between May 31, 2022 and May 10, 2023.
- On June, 21, 2023, an ostensible shareholder commenced a putative class action (Kantner v. Canopy Growth Corporation, et al., Case No. 1:23-cv-04905) against the Company and two current officers and one former officer in the U.S. District Court for the Central District of California on behalf of persons and entities that purchased or otherwise acquired our securities between June 1, 2021 and May 10, 2023. On July 20, 2023, the *Kantner* action was transferred to the U.S. District Court for the Southern District of New York as related to the *Turpel* case.
- On July 9, 2023, an ostensible shareholder *pro se* commenced a putative class action (Allen v. Canopy Growth Corporation, et al., Case No. 1:23-cv-05891) against the Company and two of its officers in the U.S. District Court for the Southern District of New York on behalf of persons and entities that purchased or otherwise acquired our securities between May 31, 2022 and May 10, 2023.

Each of those putative class proceedings alleges that the Company violated U.S. federal securities laws by allegedly making false or misleading statements and omissions regarding the BioSteel business unit, the Company's internal controls over accounting and financial reporting, and the Company's business, operations, and prospects. Each proceeding seeks an unspecified amount of damages, interest, legal fees and costs, and other relief. The Company denies the alleged misconduct and liability for all claims asserted, believes that the defendants have meritorious defenses to the lawsuits, and expects to vigorously defend the claims, although the Company cannot predict when or how they will be resolved or estimate what the potential loss or range of loss would be, if any. The U.S. District Court for the Southern District of New York is expected to consolidate the putative class proceedings and appoint a lead plaintiff and lead counsel to lead a single consolidated proceeding.

Between May 2023 and July 2023, three putative class proceedings were commenced against the Company in the Ontario Superior Court of Justice:

- On May 26, 2023, an ostensible shareholder commenced a putative class action (Twidale v. Canopy Growth Corporation et al., Court File No. CV-23-00700135-00CP) against the Company and eight of its directors and/or officers on behalf of a putative class of all persons and entities that acquired the Company's securities between May 31, 2022 and June 22, 2023.
- On June 27, 2023, an ostensible shareholder commenced a putative class action (Dziedziejko v. Canopy Growth Corporation et al., Court File No. CV-23-00701769-00CP) against the Company and two of its officers on behalf of a putative class of all persons or entities who acquired Canopy's securities in the secondary market between August 6, 2021 to June 22, 2023 and held some or all of those securities until the close of trading on May 10, 2023 or June 22, 2023.
- On July 6, 2023, an ostensible shareholder commenced a putative class action (Leonard v. Canopy Growth Corporation et al., Court File No. CV-23-00702281-00CP) against the Company and eight of its directors and/or officers on behalf of a putative class of all persons or entities who acquired Canopy securities between May 31, 2022 and June 22, 2023.

Each of those putative class proceedings alleges that the Company's disclosures contained misrepresentations within the meaning of the Securities Act (Ontario), that certain directors and/or officers authorized, permitted, or acquiesced in the release of the impugned disclosures, and that all of the defendants are liable for damages to the putative class. Each proceeding seeks an unspecified amount of damages, interest, legal fees, and the costs of administering a plan of distribution of the recovery. The Company denies the alleged misconduct and liability for all claims asserted, believes that the defendants have meritorious defenses to the lawsuits, and expects to vigorously defend the claims, although the Company cannot predict when or how they will be resolved or estimate what the potential loss or range of loss would be, if any. The Ontario Superior Court of Justice is expected to hear a carriage motion to determine which of these three actions will be permitted to proceed to a class certification hearing.

On June 15, 2023, an ostensible shareholder commenced a putative class action (Asmaro v. Canopy Growth Corporation et al., Court File No. VLC-S-S-234351) against the Company and two of its officers in the Supreme Court of British Columbia on behalf of a putative class of all persons and entities who purchased or otherwise acquired securities of the Company between August 6, 2021 and May 10, 2023. The lawsuit alleges that the Company's disclosures contained misrepresentations within the meaning of the Securities Act (British Columbia), that certain officers authorized, permitted, or acquiesced in the release of the impugned disclosures, and that all of the defendants are liable for damages to the putative class. The plaintiff seeks an unspecified amount of damages. The Company denies the alleged misconduct and liability for all claims asserted, believes that the defendants have meritorious defenses to the lawsuit, and expects to vigorously defend the claims, although the Company cannot predict when or how it will be resolved or estimate what the potential loss or range of loss would be, if any.

In May 2023, in connection with the Company's internal review of the financial reporting matters related to BioSteel, as previously disclosed in the Annual Report (the "BioSteel Review"), the Company voluntarily self-reported to the SEC that the timing and amount of revenue recognition in the BioSteel segment were under review. As a result of self-reporting the BioSteel Review, the Company is the subject of an ongoing investigation by the SEC. Although the Company is fully cooperating with the SEC and continues to voluntarily respond to requests in connection with this matter, it cannot predict when such matters will be completed or the outcome and potential impact. Any remedial measures, sanctions, fines or penalties, including, but not limited to, financial penalties and awards, injunctive relief and compliance conditions, imposed on the Company in connection with this matter could have a material adverse impact on our business, financial condition and results of operations. See "Risk Factors—Risks Relating to the Restatement of the Prior Financial Statements—As a result of self-reporting the BioSteel Review, the Company is the subject of an investigation by the SEC and an ongoing informal inquiry by regulatory authorities in Canada, and it cannot predict the timing of developments, and any adverse outcome of these continuing matters could have a material adverse effect on the Company" under Item 1A of the Annual Report.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently a party to any other legal proceedings other than described above, the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, results of operations or prospects. Please refer to "Risk Factors" under Item 1A of the Annual Report for further discussion.

Item 1A. Risk Factors.

For information regarding factors that could affect our results of operations, financial condition and liquidity, see the risk factors discussed in Part I, Item 1A in the Annual Report. There have been no material changes to the risk factors previously disclosed in Part I, Item 1A in the Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Arrangements

During the three months ended June 30, 2023, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement", as each term is defined in Item 408(c) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Certificate of Incorporation and Articles of Amendment of Canopy Growth Corporation (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended March 31, 2020, filed with the SEC on June 1, 2020).
3.2	Bylaws of Canopy Growth Corporation (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, filed with the SEC on November 8, 2021).
4.1	Promissory Note, dated April 14, 2023 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 14, 2023).
10.1	Exchange Agreement, dated as of April 13, 2023, by and between Canopy Growth Corporation and Greenstar Canada Investment Limited Partnership and Canopy Growth Corporation (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 14, 2023).
10.2*	Amended and Restated Protection Agreement, dated as of May 19, 2023, by and among Canopy USA, LLC, 11065220 Canada Inc. and Canopy Growth Corporation.
10.3*	Amended and Restated Limited Liability Company Agreement of Canopy USA, LLC.
10.4	Second Amendment to Arrangement Agreement, dated May 31, 2023, by and among Canopy Growth Corporation, Canopy USA, LLC and Acreage Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 2, 2023).
10.5	Form of Exchange Agreement, dated June 29, 2023, by and between Canopy Growth Corporation and the investor signatory thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 3, 2023).
10.6	Form of Redemption Agreement, dated July 13, 2023, by and between Canopy Growth Corporation and the investors party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 14, 2023).
10.7	Indenture, dated July 14, 2023, between Canopy Growth Corporation and Odyssey Trust Company, as trustee (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on July 14, 2023).
10.8+	Amendment No. 2 to Credit Agreement, dated as of July 13, 2023, between Canopy Growth Corporation, 11065220 Canada Inc., the lenders party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on July 14, 2023).
10.9	Voting Support Agreement, dated July 13, 2023, between Canopy Growth Corporation, Greenstar Canada Investment Limited Partnership and CBG Holdings LLC (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on July 14, 2023).
10.10*+	Share Purchase Agreement, dated May 19, 2023, by and among Canopy USA, LLC and Huneeus 2017 Irrevocable Trust.
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
** This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act or the Exchange Act.
+ Portions of this exhibit are redacted pursuant to Item 601 of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CANOPY GROWTH CORPORATION

Date: August 9, 2023

By: /s/ David Klein
David Klein
Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2023

By: /s/ Judy Hong
Judy Hong
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.2

EXECUTION VERSION

AMENDED AND RESTATED PROTECTION AGREEMENT

CANOPY USA, LLC

- and -

11065220 CANADA INC.

- and -

CANOPY GROWTH CORPORATION

May 19, 2023

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AMENDED AND RESTATED PROTECTION AGREEMENT

THIS AMENDED AND RESTATED PROTECTION AGREEMENT made effective the ______ day of _________________, 2023.

AMONG:

11065220 Canada Inc., a corporation existing under the federal laws of Canada (“**Canopy Sub**”)

- and -

Canopy USA, LLC, a limited liability company existing under the laws of the State of Delaware
(the “**Company**”)

- and -

Canopy Growth Corporation, a corporation existing under the federal laws of Canada (“**Canopy**”)

(collectively, the “**Parties**” or individually, the “**Party**” as the context requires)

WHEREAS Canopy Sub currently owns non-voting, non-participating exchangeable shares of the Company (“**Exchangeable Shares**”), which are convertible into class B shares of the Company (the “**Class B Shares**”);

AND WHEREAS Canopy Sub currently owns class B units (“**New LP I Exchangeable Units**”) of Canopy USA I Limited Partnership (“**New LP I**”), which are convertible into class A units of New LP I (“**New LP I Class A Units**”);

AND WHEREAS the New LP I Exchangeable Units are non-voting, non-participating shares of New LP I;

AND WHEREAS Canopy currently owns class B units (“**New LP II Exchangeable Units**”) of Canopy USA II Limited Partnership (“**New LP II**”), which are convertible into class A units of New LP II (“**New LP II Class A Units**”);

AND WHEREAS the New LP II Exchangeable Units are non-voting, non-participating shares of New LP II;

AND WHEREAS Canopy currently owns class B units (“**New LP III Exchangeable Units**”) of Canopy USA III Limited Partnership (“**New LP III**”), which are convertible into class A units of New LP III (“**New LP III Class A Units**”);

AND WHEREAS the New LP III Exchangeable Units are non-voting, non-participating shares of New LP III;

AND WHEREAS the Company is the general partner of New LP I, New LP II and New LP III;

AND WHEREAS the Parties entered into a protection agreement (the “**Original Protection Agreement**”) dated October 24, 2022 in order for the Company to provide Canopy Sub and Canopy certain assurances that it will not intentionally erode the value of the Exchangeable Shares, the New LP I Exchangeable Units, the New LP II Exchangeable Units or the New LP III Exchangeable Units ;

AND WHEREAS the Parties wish to amend and restate the terms of the Original Protection Agreement, as provided in this Agreement;

NOW THEREFORE in consideration of the foregoing premises, which are an integral part hereof, and in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS.

In addition to the terms defined elsewhere in this Agreement, for purposes of this Agreement:

(a) "**Acreage**" means Acreage Holdings, Inc., a corporation existing under the laws of the Province of British Columbia;

(b) "**Acreage Acquisition**" has the meaning ascribed thereto in Section 2(o);

(c) "**Agreement**" means this amended and restated protection agreement, which amends and restates the Original Protection Agreement, as the same may be amended, supplemented or restated.

(d) "**Affiliate**" means, with respect to the Person to which it refers, (i) a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person, (ii) any officer, director or shareholder of such Person, (iii) any parent, sibling, descendant or spouse of such Person or of any of the Persons referred to in clauses (i) and (ii), and (iv) any corporation, limited liability company, general or limited partnership, trust, association or other business or investment entity that directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with any of the foregoing individuals. For purposes of this definition, the term "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise;

(e) "**Amended Interim Period**" means the period commencing on the date hereof until the latest of such time as (i) all of the Exchangeable Shares held by Canopy Sub are, at the sole discretion of Canopy Sub, converted into Class B Shares; (ii) all of the New LP I Exchangeable Units held by Canopy Sub are, at the sole discretion of Canopy Sub, converted into New LP I Class A Units; (iii) all of the New LP II Exchangeable Units held by Canopy are, at the sole discretion of Canopy, converted into New LP II Class A Units; and (iv) all of the New LP III Exchangeable Units held by Canopy are, at the sole discretion of Canopy, converted into New LP III Class A Units;

(f) "**Authorization**" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Body having jurisdiction over the Person necessary to carry on its business as now being conducted;

(g) "**Business Day**" means any day that is not a Saturday, Sunday or any other day on which banks are required or authorized by Law to be closed in New York, New York or Toronto, Ontario;

(h) "**Business Plan**" means for the subsequent 12-month period, broken-down by month: (i) a description of proposed operations of the Company and its Subsidiaries; (ii) a forecast for the Company and its Subsidiaries, in the form attached hereto as Exhibit A, that includes: (A) an income statement, including estimated Gross Sales, promotions and discounts, Net Sales, COGS, gross profit, Marketing Expenditures, CAM, operating expenses, operating profit, other expenses, pre-Tax income, after-Tax income; (B) a cash flow statement; (C) a balance sheet; (D) a capital expenditure plan; and (E) estimated EBITDA; and (iii) such other matters as the Company may reasonably consider to be necessary to illustrate the results intended to be achieved by the Company during such 12-month period;

(i) "**CAM**" means Net Sales less (i) COGS; and (ii) Marketing Expenditures;

(j) “**Cannabis**” means (i) all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies other than Hemp, including wet and dry material, trichomes, oil and extracts from cannabis other than Hemp (including cannabinoid or terpene extracts from any cannabis plant other than Hemp), and (ii) biologically or synthetically synthesized analogs of cannabinoids extracted, using micro-organisms, from any cannabis plant other than Hemp;

(k) “**Canopy**” has the meaning ascribed thereto in the preamble to this Agreement;

(l) “**Canopy Shares**” means common shares in the capital of Canopy;

(m) “**Canopy Sub**” has the meaning ascribed thereto in the preamble to this Agreement;

(n) “**Class A Shares**” means the class A shares of the Company;

(o) “**Class B Shares**” has the meaning ascribed thereto in the recitals to this Agreement;

(p) “**CBG**” means CBG Holdings LLC, a limited liability company existing under the laws of the State of Delaware;

(q) “**COGS**” means the cost of goods sold as determined in accordance with U.S.GAAP;

(r) “**Company**” has the meaning ascribed thereto in the preamble to this Agreement;

(s) “**Company Board**” means the board of managers of the Company as constituted from time to time;

(t) “**Company Employees**” means the employees of the Company (if any) and its Subsidiaries;

(u) “**Conditional Options**” means the Jetty Options, the Wana Options and the Cultiv8 Option;

(v) “**Contract**” means any oral or written contract, obligation, understanding, commitment, lease, license, instrument, purchase order, bid or other agreement;

(w) “**Copyrights**” means any and all works of authorship, copyrightable subject matter, copyrights, mask works, and database rights, together with all website content, source code, computer programs, digital content, forms, manuals, reports, guidelines, labels, documents, advertising materials, promotional materials, and marketing materials, all translations, derivative works, adaptations, compilations and combinations of the foregoing, and all applications, registrations and renewals in connection therewith;

(x) “**Cultiv8 Option**” means the option to acquire 19.99% of the Membership Interests of Cultiv8 Interests LLC pursuant to an option agreement dated December 22, 2021 between Canopy Growth USA, LLC and Ad Astra Holdings LLC;

(y) “**Debt**” means any (i) obligations relating to indebtedness for borrowed money; (ii) obligations evidenced by bonds, notes, debentures or similar instruments; (iii) obligations in respect of capitalized leases (calculated in accordance with U.S. GAAP); (iv) obligations for the deferred purchase price of property or services; (v) obligations in the nature of guarantees of obligations of the type described in clauses (i) through (iv) above of any other Person; and (vi) all accrued interest in respect of any of the foregoing and any applicable prepayment, redemption, breakage, make-whole or other premiums, fees or penalties;

(z) “**Domain Names**” means any and all Internet addresses and domain names, together with all applications, registrations and renewals in connection therewith;

(aa) “**EBITDA**” means, in respect of any fiscal period, the consolidated net income (loss) of the Company in such fiscal period plus without duplication and to the extent deducted in determining consolidated net income (loss) for such period, the sum of (i) interest expense for such period, (ii)

income tax expense for such period, and (iii) all amounts attributable to depreciation and amortization expense for such period, all elements as determined in accordance with U.S. GAAP;

(bb) "**Elevate Debt**" means the Debt owing pursuant to (i) an interest bearing loan with a principal amount of US$47,437,648 advanced by Canopy Sub to Canopy Elevate I, LLC on April 14, 2022; (ii) an interest bearing loan with a principal amount of US$147,360,762 advanced by Canopy Sub to Canopy Elevate II, LLC on April 14, 2022; and (iii) an interest bearing loan with a principal amount of US$4,037,447 advanced by Canopy Sub to Canopy Elevate III, LLC on April 14, 2022, as each of the foregoing may be amended, restated, amended and restated, extended, replaced, supplemented or otherwise modified from time to time, provided that any refinancing thereof shall not exceed the principal amount being refinanced plus any unpaid interest, costs, fees and other reasonable expenses;

(cc) "**Exchangeable Shares**" has the meaning ascribed thereto in the recitals to this Agreement;

(dd) "**Fair Market Value**" means, (i) if the Canopy Shares or the Parent Shares, as applicable, are listed on only one stock exchange, the volume weighted average trading price per Canopy Share or the Parent Share, as applicable, on such stock exchange during the immediately preceding five Trading Days; or (ii) if the Canopy Shares or the Parent Shares, as applicable, are listed on more than one stock exchange, the price as determined in accordance with clause (i) above for the primary stock exchange on which the greatest volume of trading of the Canopy Shares or the Parent Shares, as applicable, occurred during the immediately preceding five Trading Days;

(ee) "**Governmental Body**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi- governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange;

(ff) "**Greenstar**" means Greenstar Canada Investment Limited Partnership, a partnership existing under the laws of the Province of British Columbia;

(gg) "**Gross Sales**" means gross sales or revenue as determined in accordance with U.S. GAAP;

(hh) "**Hemp**" has the meaning set forth in Section 297A of the Agricultural Marketing Act of 1946 (7 U.S.C. § 1621 et seq.), as amended by Public Law No. 115-334, and as may be further amended from time to time;

(ii) "**Intellectual Property**" means all intellectual property, intellectual property rights and all proprietary rights of any type in any jurisdiction throughout the world, whether registered or unregistered, whether published or not published, including the following and all rights of the following types, together with all rights, title and interests otherwise pertaining to or deriving from: (i) Patents; (ii) Trademarks; (iii) Copyrights; (iv) Proprietary Information; (v) Domain Names; (vi) Social Media Identifiers; (vii) all design rights, economic rights, moral rights, publicity rights, privacy rights and shop rights; (vii) all Software; (ix) all intellectual property licenses and sublicenses; (x) all rights to claim priority to, file an application for, and obtain a grant, renewal and extension in connection with any of the foregoing; (xi) all applications, registrations and renewals in connection with any of the foregoing; (xii) all rights to assert, defend and recover title in connection with any of the foregoing; (xiii) all rights to sue and recover for any past, present and future infringement, misappropriation, violation, damages, lost profits, royalties, payments and proceeds in connection with any of the foregoing; (xiv) all other intellectual property or proprietary rights; and (xv) all copies and tangible embodiments of any of the foregoing;

(jj) "**Jetty Options**" means the options to acquire Lemurian, Inc. pursuant to two option agreements dated May 17, 2022 between Canopy and/or Canopy Oak, LLC and the other parties named therein;

(kk) “**Law**” means any foreign or domestic federal, state or local law, statute, code, ordinance, regulation, rule, directive, consent agreement, constitution or treaty of any Governmental Body, including common law, other than the U.S. Federal Cannabis Laws;

(ll) “**Liability**” means any liability, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due;

(mm) “**Lien**” means any lien, mortgage, pledge, encumbrance, charge, security interest, adverse claim, liability, interest, charge, preference, priority, proxy, transfer restriction (other than restrictions under the Securities Act and state securities laws), encroachment, lien for Taxes, order, community property interest, equitable interest, option, warrant, right of first refusal, easement, profit, license, servitude, right of way, covenant or zoning restriction;

(nn) “**Manager Appointees**” has the meaning ascribed thereto in Section 2(g) of this Agreement;

(oo) “**Marketing Expenditures**” means all expenditures incurred in connection with marketing, advertising, promotions, trade-shows, sponsorship and endorsements;

(pp) “**Net Sales**” means Gross Sales less discounts, buy-downs, bona fide returns and refunds and exclusive of the amount of any tax or fee imposed by any Governmental Body directly on Gross Sales, including any excise Taxes and/or Taxes collected from customers if such Tax is added to the selling price actually remitted to such Governmental Body;

(qq) “**New LP I**” has the meaning ascribed thereto in the recitals to this Agreement;

(rr) “**New LP I Class A Units**” has the meaning ascribed thereto in the recitals to this Agreement;

(ss) “**New LP I Exchangeable Units**” has the meaning ascribed thereto in the recitals to this Agreement;

(tt) “**New LP II**” has the meaning ascribed thereto in the recitals to this Agreement;

(uu) “**New LP II Class A Units**” has the meaning ascribed thereto in the recitals to this Agreement;

(vv) “**New LP II Exchangeable Units**” has the meaning ascribed thereto in the recitals to this Agreement;

(ww) “**New LP III**” has the meaning ascribed thereto in the recitals to this Agreement;

(xx) “**New LP III Class A Units**” has the meaning ascribed thereto in the recitals to this Agreement;

(yy) “**New LP III Exchangeable Units**” has the meaning ascribed thereto in the recitals to this Agreement;

(zz) “**Operating Cash Flow**” means cash flows from operating activities as calculated in accordance with U.S. GAAP;

(aaa) “**Ordinary Course of Business**” means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency);

(bbb) “**Organizational Documents**” means (i) any certificate or articles of incorporation, bylaws, certificate or articles of formation, operating agreement or partnership agreement; (ii) any documents comparable to those described in clause (i) as may be applicable pursuant to any Law; and (iii) any amendment or modification to any of the foregoing;

(ccc) “**Parties**” or “**Party**” has the meaning ascribed thereto in the preamble to this Agreement;

(ddd) "**Parent Shares**" means, in the event that Canopy is acquired, the shares of such acquirer, provided that such acquiror shares shall be listed on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange, the NEO Exchange Inc., the New York Stock Exchange, the Nasdaq Global Select Market or the London Stock Exchange;

(eee) "**Patents**" means any and all patents and patent applications, including all reissuances, continuations, continuations-in-part, divisions, provisionals, non-provisionals, extensions, re-examinations, inter partes review applications, post grant review applications, covered business method applications, applications claiming or providing priority thereto, applications based on any inventions, and all certificates and patents issued therefrom;

(fff) "**Permitted Debt**" has the meaning ascribed thereto in Section 2(b)(xiii);

(ggg) "**Permitted Lien**" means any: (i) purchase-money security interest or capital lease up to the maximum aggregate amount of the Permitted Debt at any time incurred by the applicable entities in connection with the purchase or leasing of capital equipment; (ii) Lien securing Debt up to the maximum aggregate amount of the Permitted Debt at any time at the applicable entities; and (iii) Lien consented to in writing by Canopy Sub or, in respect of New LP II or New LP III, Canopy.

(hhh) "**Person**" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, estate, trust, unincorporated organization, Governmental Body or other entity, of whatever nature;

(iii) "**Proprietary Information**" means any and all trade secrets, know-how, confidential or proprietary information, any information that derives economic value from not being generally known, inventions, ideas, discoveries, research, development, improvements, processes, methods, formulas, compositions, substances, models, materials, parameters, procedures, techniques, therapies, treatments, technologies, devices, systems, modules, studies, protocols, budgets, tests, test and study results, diagnoses, analyses, data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and technical, clinical, operational, financial and business information;

(jjj) "**Regulatory Approval**" means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Body, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Body, and with respect to such consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Body, it shall not have been withdrawn, terminated, lapsed, expired or is otherwise no longer effective;

(kkk) "**Representatives**" means a Party's directors, officers, employees and advisors;

(lll) "**Repurchase Right**" means the Company's right, but not the obligation, at any time, to purchase any Class A Shares issued at a purchase price (the "**Repurchase Price**") which shall be payable in either cash, Canopy Shares or Parent Shares, as determined in the sole discretion of the Company; provided that the Company exercises such purchase right by written notice to the holder of the Class A Shares subject to the purchase right and the Company shall pay to such shareholder: (i) an amount in cash equal to the aggregate amount of the Repurchase Price payable to such shareholder by wire transfer of immediately available funds; or (ii) the Company shall cause Canopy to issue the number of Canopy Shares or Parent Shares, as applicable, having an aggregate value equal to the aggregate Repurchase Price payable to such shareholder to be determined by dividing such aggregate Repurchase Price by the Fair Market Value measured as of the second Trading Day immediately preceding the date of issuance;

(mmm) "**Repurchase Price**" has the meaning ascribed thereto in the definition of Repurchase Right;

(nnn) “**Required Manager Criteria**” means an individual who (i) is independent (as defined in Rule 5605 (a)(2) of the Nasdaq Stock Market LLC Rules) of Canopy and the Company; (ii) meets the qualification requirements to serve as a manager under applicable Laws and the rules of any stock exchange on which the Canopy Shares are then listed; (iii) is not subject to any of the “bad actor” disqualifying events described in Rule 506(d)(1)(i)-(viii) under the Securities Act; (iv) is not subject to any (A) criminal convictions, court injunction, or restraining orders; (B) order of a state or federal regulator; (C) SEC disciplinary order; (D) SEC cease-and-desist order; (E) SEC stop order; (F) suspension or expulsion from membership in a self-regulatory organization; or (G) U.S. Postal Service false representation orders; (v) is financially sophisticated (as defined in Rule 5605(c)(2)(A) of the Nasdaq Stock Market LLC Rules); and (vi) has sufficient qualification, education, and experience to effectively carry out the responsibilities of the proposed position;

(ooo) “**Required Officer Criteria**” means an individual who (i) meets the qualification requirements to serve as an officer under the rules of any stock exchange on which the Canopy Shares are then listed; (ii) is not subject to any of the “bad actor” disqualifying events described in Rule 506(d)(1)(i)-(viii) under the Securities Act; (iii) is not subject to any (A) criminal conviction, court injunction, or restraining order; (B) order of a state or federal regulator; (C) SEC disciplinary order; (D) SEC cease-and-desist order; (E) SEC stop order; (F) suspension or expulsion from membership in a self-regulatory organization; or (G) U.S. Postal Service false representation order; and (iv) has sufficient qualification, education, and experience to effectively carry out the responsibilities of the proposed position;

(ppp) “**SEC**” means the United States Securities and Exchange Commission;

(qqq) “**Securities Act**” means the Securities Act of 1933, as amended, and any applicable rules and regulations thereunder, and any successor to such statute, rules or regulations;

(rrr) “**Social Media Identifiers**” means all social media accounts, corporate identifiers, website addresses, pages, profiles, handles, feeds, registrations, and presences, together with all content and data thereof and all account information, user names and passwords necessary to access, transfer, use and update any of the foregoing;

(sss) “**Software**” means all (i) software, computer programs, applications, systems, code, data, databases, and information technology, including firmware, middleware, drivers, system monitoring software, algorithms, models, methodologies, program interfaces, source code, object code, html code, and executable code; (ii) Internet and intranet websites, databases and compilations, including data and collections of data, whether machine-readable or otherwise; (iii) development and design tools, utilities, and libraries; (iv) technology supporting websites, digital contents, user interfaces, and the contents and audiovisual displays of websites; (v) all versions, updates, corrections, enhancements, and modifications thereto; and (vi) media, documentation and other works of authorship, including forms, user manuals, developer notes, comments, support, maintenance and training materials, relating to or embodying any of the foregoing or on which any of the foregoing is recorded;

(ttt) “**Subsidiary**” means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons owns a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity’s gains or losses or shall be controlled

by or control any manager, management board, managing director or general partner of such business entity (other than a corporation). For greater certainty, a Subsidiary of the Company shall include New LP I, New LP II and New LP III. The term "Subsidiary" shall include all Subsidiaries of such Subsidiary;

(uuu) "**Tax**" or "**Taxes**" means any federal, state, local and foreign net income, alternative or add-on minimum, estimated, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, capital profits, lease, service, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, abandoned property or escheat, environmental or windfall profit tax, customs duty or other tax, governmental fee or other like assessment or charge (and any liability incurred or borne by virtue of the application of Treasury Regulation Section 1.1502-6 (or any similar or corresponding provision of state, local or foreign Law), as a transferee or successor, by contract or otherwise), together with all interest, penalties, additions to tax and additional amounts with respect thereto, whether disputed or not;

(vvv) "**Tax Return**" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;

(www) "**TerrAscend**" means TerrAscend Corp., a corporation existing under the laws of the Province of Ontario;

(xxx) "**TerrAscend Exchangeable Shares**" means the exchangeable shares in the capital of TerrAscend owned legally or beneficially, either directly or indirectly, by the Company or any of its Subsidiaries;

(yyy) "**TerrAscend Option**" means the option held, legally or beneficially, either directly or indirectly, by the Company or any of its Subsidiaries, to acquire 1,072,450 common shares of TerrAscend for an aggregate exercise price of $1.00 pursuant to an option agreement dated January 13, 2021;

(zzz) "**Trademark License Agreement**" means the trademark license agreement dated September 1, 2022 between the Company and Canopy;

(aaaa) "**Trademarks**" means any and all trademarks, service marks, certification marks, collective marks, logos, symbols, slogans, trade dress, trade names, brand names, corporate or business names, and all other source or business identifiers, together with all translations, adaptations, derivations and combinations of the foregoing, all goodwill of the business associated with each of the foregoing, all common law rights thereto, and all applications, registrations and renewals in connection therewith;

(bbbb) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business;

(cccc) "**U.S. Federal Cannabis Laws**" means any U.S. federal law, civil, criminal or otherwise, that prohibit or penalize, the advertising, cultivation, harvesting, production, distribution, sale and possession of Cannabis and/or related substances or products containing or relating to the same, and related activities, including the prohibition on drug trafficking under the Controlled Substances Act (21 U.S.C. § 801, et seq.), the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 3(c), the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957 and 1960;

(dddd) "**U.S. GAAP**" means generally accepted accounting principles in effect from time to time in the United States as set forth in pronouncements of the Financial Accounting Standards Board (and its predecessors) and the American Institute of Certified Public Accountants; and

(eeee) "**Wana Options**" means the options to acquire all of the membership interests in Mountain High Products, LLC, The Cima Group, LLC and Wana Wellness, LLC pursuant to the three option agreements dated October 14, 2021 between Canopy and the other parties named therein.

2. CONDUCT OF BUSINESS OF THE COMPANY.

(a) *Conduct*. The Company covenants and agrees that, during the Amended Interim Period, except: (i) with the prior written consent of Canopy Sub; (ii) as expressly required or permitted by this Agreement; or (iii) as required by applicable Laws, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course of Business and in accordance with its Organizational Documents, the Trademark License Agreement, all applicable Laws, and, until the date that CBG and Greenstar have exchanged their respective Canopy Shares held for exchangeable shares in the capital of Canopy, all U.S. Federal Cannabis Laws, and the Company shall maintain and preserve its and its Subsidiaries' business organizations, properties, assets, rights, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which the Company or any of its Subsidiaries has material business relations.

(b) *Restrictions*. Without limiting the generality of Section 2(a), the Company covenants and agrees that, during the Amended Interim Period, except: (i) with the prior written consent of Canopy Sub or Canopy, in respect of New LP II or New LP III; (ii) as expressly required or permitted by this Agreement; or (iii) as required by applicable Laws, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

(i) amend its Organizational Documents or, in the case of any Subsidiary which is not a corporation, its similar organizational documents;

(ii) change the size of the Company Board from three members;

(iii) declare, set aside or pay any dividend or other distribution of any kind or nature (whether in cash, stock or property or any combination thereof) in respect of any securities, other than dividends between the Company and wholly-owned Subsidiaries;

(iv) split, combine or reclassify any securities of the Company or any of its Subsidiaries;

(v) redeem, repurchase, or otherwise acquire, or offer to redeem, repurchase or otherwise acquire, any securities of the Company or any of its Subsidiaries;

(vi) issue additional securities of the Company or any of its Subsidiaries to any Person other than Canopy Sub or, in the case of New LP II and New LP III, Canopy, provided that any securities of the Company that are issued to a Person other than Canopy Sub shall have a Repurchase Right;

(vii) create any new Subsidiaries, other than Subsidiaries that are wholly-owned by the Company or another Subsidiary of the Company, or cause any wholly-owned Subsidiary of the Company to become non-wholly-owned;

(viii) amend the terms of any of the securities of the Company or any Subsidiary;

(ix) reorganize, amalgamate or merge the Company or any Subsidiary with a third-party;

(x) undertake any voluntary dissolution, liquidation or winding-up of the Company or any Subsidiary or any other distribution of assets of the Company or any Subsidiary for the purpose of winding-up its affairs;

(xi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Company or any of its Subsidiaries;

(xii) enter into any Contract for Debt;

(xiii) incur Debt other than (A) the Elevate Debt; (B) the Debt on the date of closing constituting any of the Conditional Options; (C) the Debt of Acreage on the date that Acreage becomes a Subsidiary of the Company; and (D) any refinancing of any of the foregoing Debt in an aggregate principal amount not to exceed the principal amount being refinanced plus any unpaid interest, costs, fees and other reasonable expenses (the "**Permitted Debt**"); provided that any refinancing of the Elevate Debt or the Debt of Acreage shall only be incurred by such entities and their Subsidiaries that are obligors thereunder on the date hereof (if any);

(xiv) pledge or otherwise encumber, or authorize the pledge or other encumbrance of any securities of the Company or any of its Subsidiaries, or any options, warrants, restricted share units or similar rights exercisable or exchangeable for or convertible into securities of the Company or any of its Subsidiaries, or other rights that are linked to the price or the value of any securities of the Company or any of its Subsidiaries;

(xv) create, issue, incur, assume or permit to exist any lease, Lien or other encumbrance upon or against any property, asset or undertaking of the Company or any of its Subsidiaries, other than Permitted Liens;

(xvi) enter into any Contract containing any provision restricting, impeding or preventing Canopy Sub from converting the Exchangeable Shares into Class B Shares;

(xvii) enter into any Contract containing any provision restricting, impeding or preventing Canopy Sub from converting the New LP I Exchangeable Units into New LP I Class A Units;

(xviii) enter into any Contract containing any provision restricting, impeding or preventing Canopy from converting the New LP II Exchangeable Units or the New LP III Exchangeable Units, respectively, into New LP II Class A Units or New LP III Class A Units, as applicable;

(xix) nominate or appoint any individual that does not serve on the Company Board as of the date hereof if such individual does not meet the Required Manager Criteria;

(xx) appoint any individual, other than an individual currently serving as an executive officer of the Company, to serve as an executive officer of the Company or any of the Subsidiaries, including, without limitation, the chief executive officer, chief financial officer and executive chairman or any executive officer in an equivalent position if such individual does not meet the Required Officer Criteria;

(xxi) enter into any Contract that provides for a payment to any current, former or future Company Employee or any current, former or future manager of the Company in the event that either (A) Canopy Sub converts the Exchangeable Shares into Class B Shares; (B) Canopy Sub converts the New LP I Exchangeable Units into New LP I Class A Units; (C) Canopy converts the New LP II Exchangeable Units into New LP II Class A Units; (D) Canopy converts the New LP III Exchangeable Units into New LP III Class A Units; or (E) Canopy Sub or an Affiliate of Canopy Sub acquires the Company;

(xxii) make any loan to any officer, manager, Company Employee or consultant of the Company or any of its Subsidiaries;

(xxiii) enter into any interested party transaction, unless such transaction is on arm's-length, fair market value terms;

(xxiv) sell, transfer or otherwise dispose of any single material asset or series of material assets of the Company or any of its Subsidiaries (including any securities of a Subsidiary);

(xxv) enter into any agreement or arrangement that limits or otherwise restricts in any material respect the Company or any successor thereto or any Subsidiary, or that would, after the Amended Interim Period, limit or restrict in any material respect the Company or any of its current or future Affiliates from competing in any manner;

(xxvi) knowingly take any action or fail to take any action which action or failure to act would result in the loss, expiration or surrender of, or the loss of any material benefit under, or could reasonably be expected to cause any Governmental Body to institute proceedings for the suspension, revocation or limitation of rights under, any material Authorizations necessary to conduct its businesses as now conducted, or fail to prosecute any pending applications to any Governmental Bodies for material Authorizations;

(xxvii) abandon or fail to diligently pursue any renewal application for any Authorizations necessary to conduct the business of the Company or any of its Subsidiaries as now conducted or as proposed to be conducted;

(xxviii) grant or commit to grant a licence or otherwise transfer abandon, or permit to become abandoned any material Intellectual Property or exclusive rights in or in respect thereof;

(xxix) operate outside of the United States;

(xxx) take any action, or refrain from taking any action, or permitting any action to be taken or not taken, which could reasonably be expected to prevent, materially delay or otherwise impede the ability for (A) Canopy Sub to convert the Exchangeable Shares into Class B Shares or the New LP I Exchangeable Units into New LP I Class A Units or (B) Canopy to convert the New LP II Exchangeable Units into New LP II Class A Units or the New LP III Exchangeable Units into New LP III Class A Units; or

(xxxi) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

(c) *Obligations*. Without limiting the generality of 2(a), the Company covenants and agrees that, during the Amended Interim Period, except: (i) with the prior written consent of Canopy Sub; (ii) as expressly required or permitted by this Agreement; or (iii) as required by applicable Law, the Company shall, and shall cause its Subsidiaries to, directly or indirectly:

(i) do or cause to be done all things necessary to preserve and maintain the existence of the Company and its Subsidiaries;

(ii) take all actions necessary or desirable to maintain the Company's and its Subsidiaries' good standing and qualification to conduct business in its jurisdiction of formation and in any other jurisdiction in which it is so qualified, including by not limited to filing all applicable annual reports, paying all applicable franchise or similar Taxes, and maintaining all applicable franchises, permits and qualifications;

(iii) prepare and file when due all Tax Returns required to be filed by the Company and its Subsidiaries (except for any Tax Return for which an extension has been granted , in which case, such Tax Return shall be filed on or prior to the extended deadline), and pay, or cause to be paid, all Taxes (including estimated Taxes) due on such Tax Return (or due with respect to Tax Returns for which an extension has been granted) or which are otherwise required to be paid;

(iv) take all reasonable steps and actions that are within its power and control to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are required in order to maintain the Company's and its Subsidiaries' material Contracts in full force and effect during the Amended Interim Period and in order to permit (A) Canopy Sub to convert the Exchangeable Shares into Class B Shares and the New LP I Exchangeable Units into New LP I Class A Units; or (B) Canopy to convert the New LP II Exchangeable Units into New LP II Class A Units or the New LP III Exchangeable Units into New LP III Class A Units;

(v) take all reasonable steps and actions that are within its power and control to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are required in order to maintain the Company's and its Subsidiaries' material Contracts in full force and effect following the conversion of the Exchangeable Shares into Class B Shares by Canopy Sub, the New LP I Exchangeable Units into New LP I Class A Units; the New LP II Exchangeable Units into New LP II Class A Units and the New LP III Exchangeable Units into New LP III Class A Units;

(vi) oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or delay or otherwise adversely affect the ability for (A) Canopy Sub to convert the Exchangeable Shares into Class B Shares or the New LP I Exchangeable Units into New LP I Class A Units; or (B) Canopy to convert the New LP II Exchangeable Units into New LP II Class A Units or the New LP III Exchangeable Units into New LP III Class A Units;

(vii) defend, or cause to be defended, any proceedings to which it is a party or brought against it or its managers or officers seeking to restrain, enjoin or otherwise prohibit or delay or otherwise adversely affect the ability for (A) Canopy Sub to convert the Exchangeable Shares into Class B Shares or the New LP I Exchangeable Units into New LP I Class A Units; or (B) Canopy to convert the New LP II Exchangeable Units into New LP II Class A Units or the New LP III Exchangeable Units into New LP III Class A Units; and

(viii) maintain, or cause to be maintained, public liability and casualty insurance, all in such form, coverages and amounts as are consistent with industry practices.

(d) *Notices*. The Company covenants and agrees that during the Amended Interim Period it shall:

(i) notify Canopy Sub and Canopy at least five Business Days prior to entering into any Contract with a value of $500,000 or more per year;

(ii) provide Canopy Sub and Canopy, by the 15th day following each month-end, with a reporting package consisting of: (i) a full set of consolidated financial statements of the Company and its Subsidiaries on a consolidated basis prepared in accordance with U.S. GAAP for the preceding calendar month ended, including: (x) an income statement, including Gross Sales, promotions and discounts, Net Sales, COGS, gross profit, Marketing Expenditures, CAM, operating expenses, operating profit, other expenses, pre-Tax income, after-Tax income; (y) a cash flow statement; and (z) a balance sheet, as well as a comparison of such results in reasonable detail to estimates set forth in the applicable Business Plan; (ii) EBITDA of the Company and its Subsidiaries on a consolidated basis; (iii) monthly treasury report of the Company showing all balances for cash and cash equivalents as of the last day of the preceding calendar month; and (iv) a detailed summary of all expenditures of the Company and its Subsidiaries made during the preceding calendar month and a comparison of such expenditures and all prior reported expenditures in reasonable detail to estimates set forth in the applicable Business Plan;

(iii) immediately notify Canopy Sub and Canopy of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by the Company under this Agreement;

(iv) promptly notify Canopy Sub and Canopy of any notice or other communication from any Person during the Amended Interim Period alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required for (A) Canopy Sub to convert the Exchangeable Shares into Class B Shares or the New LP I Exchangeable Units into New LP I Class A Units; or (B) Canopy to convert the New LP II Exchangeable Units into New LP II Class A Units or the New LP III Exchangeable Units into New LP III Class A Units;

(v) promptly notify Canopy Sub and Canopy of any notice or other communication from any Person during the Amended Interim Period to the effect that such Person is terminating or otherwise materially adversely modifying its relationship with the Company or any of its Subsidiaries;

(vi) promptly notify Canopy Sub and Canopy of any notice or other communication from any Governmental Body during the Amended Interim Period (and the Company shall contemporaneously provide a copy of any such written notice or communication to Canopy Sub and Canopy);

(vii) promptly notify Canopy Sub and Canopy of any notice or other communication from any Governmental Body during the Amended Interim Period regarding the revocation or threatened revocation of any material Authorization or Regulatory Approval;

(viii) promptly notify Canopy Sub and Canopy of any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company or any of its Subsidiaries; and

(ix) notify Canopy Sub and Canopy in writing of any material change in insurance coverages within 30 days of binding or cancellation.

(e) *Updates*. The Company will, in all material respects, conduct itself so as to keep Canopy Sub and Canopy fully informed as to the material decisions required to be made or actions required to be taken with respect to the operation of its business. The Company will ensure that all confidentiality obligations owed to third parties following the date hereof include an exception permitting the Company to disclose information to Canopy Sub and Canopy on a confidential basis.

(f) *Annual Business Plan*. Not later than 60 days before the commencement of every calendar year, the Company shall prepare and submit to Canopy Sub and Canopy a proposed Business Plan for the next calendar year. On an annual basis, on or before July 31st, the Company shall prepare and submit to Canopy Sub and Canopy a mid-year update to the Business Plan, including a comparison of actual results in reasonable detail to estimates set forth in the applicable Business Plan. The Company shall promptly notify Canopy Sub and Canopy of any reasonably anticipated overruns in excess of the expenditures authorized in a Business Plan (including contingency expenditures) by more than 20%.

(g) *Manager Rights*. For so long as the Company has three members on the Company Board, Canopy Sub shall have the right, but not the obligation, to appoint one Person to serve as a manager on the Company Board (the "**Manager Appointee**"). The Company shall take all actions required in order to cause the Manager Appointee to be appointed as a manager of the Company. If the Manager Appointee ceases to hold office as a manager of the Company for any reason, Canopy Sub shall be entitled, but not obligated, to appoint an individual to replace him or her and the Company shall promptly take all reasonable steps as may be necessary to appoint such individual to the Company

Board to replace the Manager Appointee who has ceased to hold office. The Company covenants and agrees with Canopy Sub that, upon the Manager Appointee's appointment to the Company Board, the Company shall provide such Manager Appointee with an indemnity on terms at least as favourable to such Manager Appointee as those provided to all other managers of the Company Board and the Company shall ensure that such Manager Appointee has the benefit of any manager or officer insurance policy in effect for the Company, such benefits to be at least as favourable as those available to all other members of the Company Board.

(h) *Access*. In order to ensure compliance with the terms of this Agreement and the transactions contemplated hereby, the Company shall give Canopy Sub, Canopy and their respective Representatives (i) upon reasonable notice, reasonable access during normal business hours to its and its Subsidiaries' (w) premises; (x) property and assets (including all books and records, whether retained internally or otherwise, including, for greater certainty, tax and financial documentation); (y) Contracts; and (z) senior personnel, so long as the access does not unduly interfere with the ordinary course of business of the Company; and (ii) such financial and operating data or other information with respect to the assets or business of the Company as Canopy Sub or Canopy may from time to time request.

(i) *Audit*. During the Amended Interim Period, in order to ensure compliance with the terms of this Agreement and the transactions contemplated hereby, the Company shall permit, and cause each of its Subsidiaries to permit, Canopy Sub, Canopy and their respective Representatives to enter upon, inspect and audit each of their respective properties, assets, books and records from time to time, at reasonable times during normal business hours and upon reasonable notice; provided that any such inspection shall be at the sole expense of Canopy Sub or Canopy.

(j) *Investigations*. During the Amended Interim Period, in order to ensure compliance with the terms of this Agreement and the transactions contemplated hereby, the Company shall provide, and cause each of its Subsidiaries to provide, reasonable access upon reasonable notice during normal business hours, to the Company's and its Subsidiaries' executive management so that Canopy Sub and Canopy may conduct reasonable investigations relating to the information provided by the Company pursuant to this Agreement as well as to the internal controls and operations of the Company and its Subsidiaries.

(k) *Public Announcements*. The Company shall not issue any press release or make any other public statement or disclosure concerning the Company or in connection with this Agreement or the transactions contemplated hereby, without the prior written approval of Canopy Sub, except to the extent that the Company is required to make any public disclosure with respect to the Company or the subject matter of this Agreement by applicable Law; provided that in the event the Company is required to make disclosure by applicable Law, the Company shall use its commercially reasonable efforts to give Canopy Sub prior written notice (and if such prior notice is not possible, to give notice immediately following the making of any such disclosure) and a reasonable opportunity to review or comment on the disclosure.

(l) *Government Filings*. The Company shall not make any filing with any Governmental Body without the consent of Canopy Sub and Canopy in connection with this Agreement or the transactions contemplated hereby. As soon as reasonably practicable after a request from Canopy Sub or Canopy, the Company shall use commercially reasonable efforts to (i) make all notifications, filings, applications and submissions with Governmental Bodies required or advisable and reasonably requested by Canopy Sub or Canopy, (ii) obtain all required Authorization, (iii) cooperate with Canopy Sub in connection with all Authorization sought by Canopy Sub or Canopy and (iv) maintain the Authorization, in each case, so as to enable (A) Canopy Sub to convert the Exchangeable Shares into Class B Shares and the New LP I Exchangeable Units into New LP I Class A Units; and (B) Canopy to convert the New LP II Exchangeable Units into New LP II Class A Units and the New LP III Exchangeable Units into New LP III Class A Units.

(m) *Exercise of Conditional Options*.

(i) The Company shall take all necessary actions to ensure that its Subsidiaries shall not exercise the Conditional Options until the later of: (i) the date that CBG and Greenstar have exchanged their respective Canopy Shares held for exchangeable shares in the capital of Canopy; and (ii) Canopy Sub owns less than or equal to 90% of the issued and outstanding membership interests of the Company, on an as-converted basis. In the event that the Company exercises a Conditional Option on a date that is more than 30 days following the filing by Canopy of articles of amendment to create a new class of exchangeable shares in the capital of Canopy, the Company hereby covenants and agrees that it shall not, and it shall take all necessary actions to ensure that its Subsidiaries shall not, cause Canopy to issue any Canopy Shares or other securities as consideration to satisfy the exercise price or any deferred payments payable in connection with such Conditional Option.

(ii) In the event that a Subsidiary of the Company elects, in accordance with the terms of a Conditional Option, to satisfy the applicable payments in connection with such Conditional Option in Canopy Shares, Canopy Sub shall take all requisite action to cause Canopy to issue the Canopy Shares to satisfy such payment and in exchange for doing so, the Company shall issue to Canopy Sub such number of either Exchangeable Shares or Class B Shares, to be determined based on the type of security of the Company held by Canopy Sub at the applicable time of issuance, in each case, equal to the quotient obtained by dividing the aggregate amount of such payment by the fair market value of the Class B Shares at the applicable time and as determined by the Parties, acting reasonably.

(n) *TerrAscend Conversion*. The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly convert the TerrAscend Exchangeable Shares into common shares of TerrAscend or exercise the TerrAscend Option to acquire common shares of TerrAscend prior to the date that CBG and Greenstar have exchanged their respective Canopy Shares held for exchangeable shares in the capital of Canopy.

(o) *Acreage Acquisition*. The Company shall execute a share transfer agreement with Canopy Sub and Canopy Sub shall execute a share transfer agreement with Canopy on the date that the option to acquire the Class E subordinate voting shares of Acreage is exercised (the "**Acreage Acquisition**") which shall provide that all of the shares of Acreage acquired pursuant to the Acreage Acquisition will be registered in the name of the Company at the closing of the Acreage Acquisition and concurrently, the Company shall issue to Canopy Sub such number of Exchangeable Shares with an aggregate value equal to the Fair Market Value of the Canopy Shares to be issued in connection with the Acreage Acquisition.

3. REPRESENTATIONS AND WARRANTIES.

(a) The Company represents and warrants to Canopy Sub as follows and acknowledges that Canopy Sub is relying on such representations and warranties in entering into this Agreement:

(i) *Formation and Organization of the Company.* The Company is duly organized, validly existing and in good standing as a limited liability company under the laws of its jurisdiction of formation with the power to own or lease its property.

(ii) *Qualification.* The Company has the requisite power and capacity to enter into this Agreement and to perform its obligations hereunder.

(iii) *Due Authorization.* All requisite acts and proceedings have been done and taken by the Company to authorize the execution and delivery of this Agreement and the performance of the Company's obligations hereunder

(iv) *Validity of Agreement.* The execution and delivery of this Agreement and the performance of the Company's obligations hereunder do not conflict with or cause a default under any indenture, mortgage, deed of trust, loan agreement or any other agreement or instrument to which the Company is a party or by which the Company or any of its property or assets is bound and do not conflict with nor result in any violation of any of the provisions of the Company's articles, by-laws or other organizational or governing documents or any resolution of the Company's members or managers or any laws of the Company's jurisdiction of formation or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its property or assets.

(v) *Enforceability of Agreement.* This Agreement constitutes and will constitute a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of the creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable laws.

(b) Canopy Sub represents and warrants to the Company as follows and acknowledges that the Company is relying on such representations and warranties in entering into this Agreement:

(i) *Incorporation and Organization of Canopy Sub.* Canopy Sub is duly organized, validly existing and in good standing as a corporation under the laws of its jurisdiction of formation with the corporate power to own or lease its property.

(ii) *Qualification.* Canopy Sub has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder.

(iii) *Due Authorization.* All requisite corporate acts and proceedings have been done and taken by Canopy Sub to authorize the execution and delivery of this Agreement and the performance of Canopy Sub's obligations hereunder.

(iv) *Validity of Agreement.* The execution and delivery of this Agreement and the performance of Canopy Sub's obligations hereunder do not conflict with or cause a default under any indenture, mortgage, deed of trust, loan agreement or any other agreement or instrument to which Canopy Sub is a party or by which Canopy Sub or any of its property or assets is bound and do not conflict with nor result in any violation of any of the provisions of Canopy Sub's articles, by-laws or other constating documents or any resolution of Canopy Sub's shareholders or directors or any laws of Canopy Sub's jurisdiction of incorporation or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Canopy Sub or any of its property or assets.

(v) *Enforceability of Agreement.* This Agreement constitutes a legal, valid and binding obligation of Canopy Sub enforceable in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of the creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable laws.

(c) Canopy represents and warrants to the Company as follows and acknowledges that the Company is relying on such representations and warranties in entering into this Agreement:

(i) *Incorporation and Organization of Canopy.* Canopy is duly organized, validly existing and in good standing as a corporation under the laws of its jurisdiction of formation with the corporate power to own or lease its property.

(ii) *Qualification.* Canopy has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder.

(iii) *Due Authorization.* All requisite corporate acts and proceedings have been done and taken by Canopy to authorize the execution and delivery of this Agreement and the performance of Canopy's obligations hereunder.

(iv) *Validity of Agreement.* The execution and delivery of this Agreement and the performance of Canopy's obligations hereunder do not conflict with or cause a default under any indenture, mortgage, deed of trust, loan agreement or any other agreement or instrument to which Canopy is a party or by which Canopy or any of its property or assets is bound and do not conflict with nor result in any violation of any of the provisions of Canopy's articles, by-laws or other constating documents or any resolution of Canopy's shareholders or directors or any laws of Canopy's jurisdiction of incorporation or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Canopy or any of its property or assets.

(v) *Enforceability of Agreement.* This Agreement constitutes a legal, valid and binding obligation of Canopy enforceable in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of the creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable laws.

4. MISCELLANEOUS.

(a) *Successors and Assigns*. The rights under this Agreement may be assigned (and only with all related obligations) in whole or in part by Canopy Sub; provided that (i) any assignment of this Agreement to a third-party shall require Canopy Sub to transfer all of the Exchangeable Shares and the New LP I Exchangeable Units then held by Canopy Sub to such third-party; (ii) any assignment of the Exchangeable Shares to a third-party shall require Canopy Sub to transfer all of the New LP I Exchangeable Units then held by Canopy Sub and all of its rights under this Agreement to such third-party; (iii) any assignment of the New LP I Exchangeable Units to a third-party shall require Canopy Sub to transfer all of the Exchangeable Shares then held by Canopy Sub and all of its rights under this Agreement to such third-party; (iv) any assignment of this Agreement by Canopy Sub to a third-party shall require Canopy to transfer all of the New LP II Exchangeable Units and New LP III Exchangeable Units then held by Canopy to such third-party; (v) any assignment of the New LP II Exchangeable Units by Canopy to a third-party shall require Canopy to transfer all of the New LP III Exchangeable Units then held by Canopy and all of its rights under this Agreement to such third-party; and (vi) any assignment of the New LP III Exchangeable Units by Canopy to a third-party shall require Canopy to transfer all of the New LP II Exchangeable Units then held by Canopy and all of its rights under this Agreement to such third-party; provided that notwithstanding the foregoing, nothing herein shall prevent Canopy and Canopy Sub (and Canopy and Canopy Sub shall not be prohibited) from granting liens or otherwise pledging its rights hereunder in favor of the lenders under Canopy's or Canopy Sub's Contracts for Debt (or be interpreted to prohibit the exercise of remedies in connection with such Liens or pledges). Any assignment by the Company may be made only with the prior written consent of Canopy Sub and Canopy. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties or their respective successors and permitted

assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein. Any transfer or attempted transfer of any rights under this Agreement in violation of this Section 4(a) shall be null and void, no such transfer shall be recorded on the Company's books or records, and the purported transferee in any such transfer shall not be treated (and the purported transferor shall continue to be treated) as if the purported transfer never occurred.

(b) *Governing Law*. This Agreement and any claim, controversy or dispute arising out of or related to this Agreement or any of the transactions contemplated hereby, the relationship of the Parties and/or the interpretation and enforcement of the rights and duties of the Parties, whether arising in contract, tort, equity or otherwise, shall be governed by and construed, enforced and governed in accordance with the domestic Laws of the State of Delaware (including in respect of the statute of limitations or other limitations period applicable to any such claim, controversy or dispute), without giving effect to any choice or conflict of Law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(c) *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument and shall become effective when one or more such counterparts has been signed by each of the Parties and delivered to the other Parties. Counterparts may be delivered via electronic mail (including portable document format (PDF) or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com).

(d) *Titles and Subtitles*. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

(e) *Notices*. Except as otherwise provided in this Agreement or required by Law, any notice, demand or other communication required or permitted to be given pursuant to this Agreement shall have been sufficiently given for all purposes if, upon the earlier of actual receipt, or:

(i) personal delivery to the Party to be notified;

(ii) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next Business Day;

(iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or

(iv) one Business Day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next Business Day delivery, with written verification of receipt.

All communications shall be sent to the respective Parties at their address as set forth on the signature page or to such address as subsequently modified by written notice given in accordance with this Section.

(f) *Amendments and Waivers*. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Parties. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

(g) *Further Assurances*. In case at any time after the date hereof any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action (including the

execution and delivery of such further instruments and documents) as any other Party reasonably may request, all at the sole cost and expense of the requesting Party.

(h) *No Third-Party Beneficiaries*. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(i) *Publicity*. The Company shall treat and hold as confidential all of the terms and conditions of the transactions contemplated by this Agreement; provided, however, that the Company may disclose such information to the Company's legal counsel, accountants, financial planners and/or other advisors on an as-needed basis so long as any such Person is bound by a confidentiality obligation with respect thereto. Canopy may disclose such information as necessary for Canopy to comply with applicable Law and the rules and regulations of any stock exchange upon which the Canopy Shares are traded. The Company shall not issue any press release, filing, public announcement or other public disclosure relating to the subject matter of this Agreement without the prior written approval of Canopy Sub and Canopy.

(j) *Severability*. Any term or provision of this Agreement that is held invalid or unenforceable by a court of competent jurisdiction or other competent Governmental Body in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. Upon such a determination, the Parties shall negotiate in good faith to replace invalid or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid or unenforceable provisions.

(k) *Entire Agreement*. This Agreement constitutes the full and entire understanding and agreement among the Parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing among the Parties is expressly canceled.

(l) *Injunctive Relief*. The Parties hereby agree that, in the event of breach of this Agreement (including the documents attached hereto or referred to herein), damages would be difficult, if not impossible, to ascertain, that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, in addition to and without limiting any other remedy or right it may have, Canopy Sub and Canopy shall be entitled to an injunction or other equitable relief in any court of competent jurisdiction, without any necessity of proving damages or any requirement for the posting of a bond or other security, enjoining any such breach, and enforcing specifically the terms and provisions hereof. The Parties hereby waive any and all defenses they may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief.

(m) *Costs and Expenses*. Except as otherwise expressly provided in this Agreement, each Party will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

(n) *Construction*. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words "include", "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation" or "but not limited to". Unless the context otherwise requires, references in this Agreement to Sections, Schedules and Exhibits shall be deemed references to Sections of, and Schedules and Exhibits to, this Agreement.

Unless the context otherwise requires, the words "hereof", "hereby" and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. When calculating the period of time before which, within which or following which any act is to be done or any step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall not be calculated as the first day of such period of time. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day. All monetary figures or references to "$" in this Agreement shall be U.S. dollars unless otherwise specified.

(o) *Waiver of Jury Trial*. EACH OF THE PARTIES WAIVES THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OR RELATED TO THIS AGREEMENT (INCLUDING THE DOCUMENTS ATTACHED HERETO OR REFERRED TO HEREIN), OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY CURRENT OR FUTURE AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(p) *Exclusive Venue*. THE PARTIES AGREE THAT ALL DISPUTES, LEGAL ACTIONS, SUITS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING THE DOCUMENTS ATTACHED HERETO OR REFERRED TO HEREIN), OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, MUST BE BROUGHT EXCLUSIVELY IN A FEDERAL DISTRICT COURT LOCATED IN THE DISTRICT OF DELAWARE OR THE DELAWARE CHANCERY COURT IN NEW CASTLE COUNTY, DELAWARE (COLLECTIVELY THE "DESIGNATED COURTS"). EACH PARTY HEREBY CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE DESIGNATED COURTS. NO LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY OTHER FORUM. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL CLAIMS OF IMMUNITY FROM JURISDICTION AND ANY OBJECTION WHICH SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING IN ANY DESIGNATED COURT, INCLUDING ANY RIGHT TO OBJECT ON THE BASIS THAT ANY DISPUTE, ACTION, SUIT OR PROCEEDING BROUGHT IN THE DESIGNATED COURTS HAS BEEN BROUGHT IN AN IMPROPER OR INCONVENIENT FORUM OR VENUE. EACH OF THE PARTIES ALSO AGREES THAT DELIVERY OF ANY PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT TO A PARTY HEREOF IN COMPLIANCE WITH SECTION 4(e) OF THIS AGREEMENT SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING IN A DESIGNATED COURT WITH RESPECT TO ANY MATTERS TO WHICH THE PARTIES HAVE SUBMITTED TO JURISDICTION AS SET FORTH ABOVE.

(q) *Acknowledgement*. Each of the Parties acknowledges and agrees on its own behalf and on behalf of any of its Affiliates, that the transactions contemplated by this Agreement do not violate public policy and agrees to waive on such Party's own behalf and on behalf of any of such Party's Affiliates illegality as a defense to contractual claims arising out of this Agreement or in any other

document, instrument, or agreement entered into in connection the transactions contemplated hereby or thereby.

(r) *Control of the Business*. Notwithstanding anything in this Agreement to the contrary, Canopy Sub and Canopy shall not have, nor shall be deemed to have control, or the right to direct, the Company or its operations during the Amended Interim Period.

(s) *Delays or Omissions*. No delay or omission to exercise any right, power, or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting Party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

CANOPY USA, LLC Address:

By: /s/ David Klein [Omitted pursuant to Item 601(a)(6)]
Name: David Klein
Title: Manager

Attention: Legal
Email: [Omitted pursuant to Item 601(a)(6)]

11065220 CANADA INC. Address:

By: /s/ Jeridean Young 1 Hershey Drive
Name: Jeridean Young Smiths Falls, Ontario
Title: Authorized Signatory K7A 0A8

Attention: Legal
Email: [Omitted pursuant to Item 601(a)(6)]

CANOPY GROWTH CORPORATION Address:

By: /s/ Christelle Gedeon 1 Hershey Drive
Name: Christelle Gedeon Smiths Falls, Ontario
Title: Authorized Signatory K7A 0A8

Attention: Christelle Gedeon
Email: [Omitted pursuant to Item 601(a)(6)]

Exhibit 10.3

EXECUTION VERSION

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

Canopy USA, LLC

(A Delaware Limited Liability Company)

Effective as of May 19, 2023

THE LIMITED LIABILITY COMPANY INTERESTS REPRESENTED BY THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE STATE SECURITIES LAWS OF ANY STATE. WITHOUT SUCH REGISTRATION, SUCH MEMBERSHIP INTERESTS MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER AND/OR SUBMISSION TO THE COMPANY OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY SUCH TRANSFER WILL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, AND/OR APPLICABLE STATE SECURITIES LAWS AND/OR ANY RULE OR REGULATION PROMULGATED THEREUNDER.

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AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

This Amended and Restated Limited Liability Company Agreement of Canopy USA, LLC, a Delaware limited liability company (the "**Company**"), is entered into as of May 19, 2023 by and among the Company, the Members executing this Agreement as of the date hereof (collectively, the "**Initial Members**"), and each other Person who after the date hereof becomes a Member of the Company and becomes a party to this Agreement by executing a Joinder Agreement.

RECITALS

1. WHEREAS, the Company has been formed as a limited liability company in accordance with the Delaware Act (defined below); and

2. WHERAS, the Company and EB Transaction Corp. entered into a Limited Liability Company Agreement dated as of September 1, 2022 (the "**Original Limited Liability Company Agreement**"); and

3. WHEREAS, the Company and the Initial Members wish to amend and restated the terms of the Original Limited Liability Company Agreement; and

4. WHEREAS, the Initial Members agrees that the membership in and management of the Company shall be governed by the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE ITC "ARTICLE I DEFINITIONS" \L 1
DEFINITIONS

Section 1.01 TC "Section 1.01 Definitions" \l 2Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Section 1.01:

"**Acreage**" has the meaning set forth in Section 3.06(a).

"**Acreage Acquisition**" has the meaning set forth in Section 3.06(a).

"**Acreage Acquisition Valuation**" means the product obtained by multiplying the Acreage Valuation by the percentage of the issued and outstanding shares of Acreage that are held by the Company as of the date of the Acreage Acquisition.

"**Acreage Purchase Price**" means the product obtained by multiplying the total number of Canopy Shares issued by Canopy in connection with the Acreage Acquisition by the closing price of the Canopy Shares on the stock exchange with the highest volume of trading of Canopy Shares on the date immediately prior to the Acreage Acquisition.

"**Acreage Valuation**" has the meaning set forth in Section 3.06(a).

"**Actual Canopy Issued Exchangeable Shares**" means the quotient obtained by dividing the Acreage Purchase Price by the Fair Market Value of the Shares on the closing date of the Acreage Acquisition.

"**Adjustment Shares**" means the number obtained by subtracting the total number of Aggregate Canopy Exchangeable Shares and the total number of issued and outstanding Class A Shares at the applicable time from the total number of Target Outstanding Shares.

"**Affected Manager**" has the meaning set forth in Section 7.12.

"**Affected Member**" has the meaning set forth in Section 4.14.

"**Affiliate**" means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control," when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; *provided, however,* that a Person that, directly or indirectly, owns or controls 25% or more of any voting securities, partnership, or other interests that provide the ability to cause the direction of the management and policies of such Person shall be deemed to control such other Person; and the terms "controlling" and "controlled" shall have correlative meanings.

"**Agreement**" means this Amended and Restated Limited Liability Company Agreement, as executed, which amends and restated the Original Limited Liability Company Agreement, and as it may be amended, modified, supplemented, or restated from time to time, as provided herein.

"**Aggregate Canopy Exchangeable Shares**" means the sum of (i) the total number of Actual Canopy Issued Exchangeable Shares plus (ii) the total number of Exchangeable Shares held by Canopy Sub prior to the closing date of the Acreage Acquisition.

"**Announcement**" has the meaning set forth in Section 12.02.

"**Applicable Law**" means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations, or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory, or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

"**Board**" has the meaning set forth in Section 7.01.

"**Business Day**" means a day other than a Saturday, Sunday, or other day on which commercial banks in the City of New York are authorized or required to close.

"**Calculated Canopy Percentage Ownership**" means the quotient obtained by dividing the total number of Implied Canopy Shares by the total number of Implied Company Outstanding Shares.

"**Cannabis**" shall mean any of the following:

(i) any plant or seed, whether live or dead, from any species or subspecies of genus Cannabis, including Cannabis sativa, Cannabis indica and Cannabis ruderalis, Marijuana and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;

(ii) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (i) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;

(iii) any organism engineered to biosynthetically produce the material contemplated by clause (ii) of this definition, including any micro-organism engineered for such purpose;

(iv) any biologically or chemically synthesized version of the material contemplated by clause (ii) of this definition or any analog thereof, including any product made by any organism contemplated by clause (iii) of this definition; and

(v) any other meaning ascribed to the term "cannabis" under United States or Canadian Cannabis Codes;

"**Cannabis Act**" means an act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, S.C. 2018, c. 16, as amended from time to time.

"**Cannabis Code**" means any laws or regulations promulgated or enacted by state or local jurisdiction in which the Company or its Subsidiaries have operations pertaining to cannabis cultivation, dispensing, sale, storage, manufacturing, distribution, transporting, testing or other commercial cannabis activities within its respective jurisdiction including the Cannabis Act, Cannabis Regulations, the Controlled Drugs and Substances Act (Canada) and the Controlled Substances Act (United States), but excluding requirements in the organizational documents of any person.

"**Cannabis Regulations**" means Cannabis regulations under the Cannabis Act, as amended from time to time, and all other regulations made from time to time under any other applicable legislation in any applicable jurisdiction with respect to Cannabis Activities.

"**Cannabis Regulatory Body**" means all applicable state and local licensing authorities with authority under a Cannabis Code, as the case may be.

"**Canopy**" means Canopy Growth Corporation.

"**Canopy Shares**" means the common shares in the capital of Canopy.

"**Canopy Sub**" means 11065220 Canada Inc.

"**Capital Contribution**" means, for any Member, the total amount of cash and cash equivalents and the value of any property contributed to the Company by such Member.

"**Certificate of Formation**" has the meaning set forth in the Recitals.

"**Change of Control**" means: (a) the sale of all or substantially all of the consolidated assets of the Company and the Company Subsidiaries; (b) a sale resulting in no less than a majority of the Voting Shares being held by a Person other than a Member who was a Member immediately prior to the sale; or (c) a merger, consolidation, recapitalization, or reorganization of the Company with or into a Person that results in the inability of the Members to designate or elect a majority of the Managers (or the board of directors (or its equivalent) of the resulting entity or its parent company).

"**Code**" means the Internal Revenue Code of 1986.

"**Company**" has the meaning set forth in the Preamble.

"**Company Subsidiary**" means a Subsidiary of the Company.

"**Confidential Information**" has the meaning set forth in Section 12.02.

"**Covered Person**" has the meaning set forth in Section 11.01(a).

"**Delaware Act**" means the Delaware Limited Liability Company Act, Title 6, Chapter 18, §§ 18-101, *et seq*.

"**Distribution**" means a distribution made by the Company to a Member, whether in cash, property, or securities of the Company and whether by liquidating distribution or otherwise; *provided*, that none of the following shall be a Distribution: (a) any redemption or repurchase by the Company or any Member of any Shares; (b) any recapitalization or exchange of securities of the Company; or (c) any subdivision (by a split of Shares or otherwise) or any combination (by a reverse split of Shares or otherwise) of any outstanding Shares. "**Distribute**" when used as a verb shall have a correlative meaning.

"**Distribution Ceiling**" means, as at any time that a Distribution is declared by the Board, the maximum amount of a Distribution such that following the Distribution the Company remains solvent (as determined by the Board).

"**Distribution Ceiling Pro Rata Amount**" means the maximum amount of a Distribution that any Share may receive pursuant to the Distribution Ceiling, assuming the conversion of the Exchangeable Shares pursuant to Section 3.04(d). For the avoidance of doubt, while no Distribution shall actually be paid to any Member holding Exchangeable Shares, the Board shall determine the Distribution Ceiling Pro Rata Amount as if any and all Exchangeable Shares issued and outstanding at the time of determination had been converted into Class A Shares.

"**Electronic Transmission**" means any form of communication not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved, and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

"**Fair Market Value**" means the fair market value of a Share as determined through an appraisal, assuming that the Company was offered for sale in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller (which for greater certainty, in the applicable circumstances shall mean the Company/Board, on the one hand, and a majority of the holders of Class A Shares, on the other hand) each acting prudently and knowledgeably, and assuming the price per Share is not affected by undue stimulus at such time or any control or voting rights premium, all on the basis of the long-term value of the Company as opposed to being determined by short-term market conditions. Implicit in this definition is the consummation of a sale as of the date the day prior to an automatic divestiture pursuant to Section 4.14 and the passing of title from the seller to the buyer whereby: (i) the buyer and seller are typically motivated; (ii) both parties are well informed or well advised and acting in what they consider their own best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in cash; and (v) the price per Share represents the normal consideration for the Company, on a per Share basis, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale, but taking into account the assumption by the buyer of any financing to the extent that it may be assumed by the buyer. The buyer and seller shall jointly select an independent appraiser. In the event the buyer and seller are unable to agree upon an independent appraiser, the buyer and seller shall each select one independent appraiser who shall determine the Fair Market Value. In the event that the appraisers' determinations of the Fair Market Value differ by 15% or less compared to the lower of the two values, the Fair Market Value shall be the average of the two. In the event that the appraisers' determinations of the Fair Market Value differ by more than 15% compared to the lower of the two values, then the two appraisers shall jointly select a third appraiser. If the two

appraisers are unable jointly to select a third appraiser, either the buyer or the seller may, upon written notice to the other, apply to the presiding judge of a court of competent jurisdiction for the selection of the third appraiser and who shall be selected from a list of names of independent appraisers submitted by the buyer and seller. Such third appraiser will independently determine the Fair Market Value. If the third appraiser's determination of the Fair Market Value is less than, or greater than, both of the first two values, the third appraiser's determination of the Fair Market Value shall be disregarded and the Fair Market Value will be the average of the first two appraisers' determinations of the Fair Market Value; or is equal to one of the first two appraisers' determinations of the Fair Market Value or in between the first two values, the Fair Market Value will be the average of the three values. The cost of the appraiser (x) appointed the buyer shall be borne by the buyer, (y) appointed by the seller shall be borne by seller and (z) appointed by the two appraisers, if any, shall be shared equally by the buyer and the seller.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Governmental Authority**" means any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations, or orders of such organization or authority have the force of law), or any arbitrator, court, or tribunal of competent jurisdiction.

"**Implied Canopy Shares**" means the sum of (i) the quotient obtained by dividing the Acreage Acquisition Valuation by the Fair Market Value of the Shares plus (ii) the total number of Exchangeable Shares held by Canopy Sub prior to the closing date of the Acreage Acquisition.

"**Implied Company Outstanding Shares**" means the sum of (i) the total number of Implied Canopy Shares plus (ii) the total number of issued and outstanding Class A Shares as of the applicable date.

"**Initial Members**" has the meaning set forth in the Preamble.

"**Joinder Agreement**" means the joinder agreement in form and substance attached hereto as Exhibit A.

"**Lien**" means any mortgage, pledge, security interest, option, right of first offer, encumbrance, or other restriction or limitation of any nature whatsoever.

"**Liquidator**" has the meaning set forth in Section 10.03(a).

"**Losses**" has the meaning set forth in Section 11.03(a).

"**Manager**" has the meaning set forth in Section 7.01.

"**Managers Schedule**" has the meaning set forth in Section 7.03(d).

"**Member**" means (a) each Initial Member; and (b) each Person who is hereafter admitted as a Member by holding Shares (i.e., a shareholder) in accordance with the terms of this Agreement and the Delaware Act, in each case so long as such Person is shown on the Company's books and records as the owner of one or more Shares. The Members shall constitute the "members" (as that term is defined in the Delaware Act) of the Company.

"**Members Schedule**" has the meaning set forth in Section 3.01.

"**Membership Interest**" means an interest in the Company owned by a Member, including such Member's right (based on the type, class, or series of Share or Shares held by such Member), as applicable, to (a) such Member's Distributive share of the assets of the Company; (b) vote on, consent to, or otherwise participate in any decision of the Members as provided in this Agreement; and (c) any and all other benefits to which such Member may be entitled as provided in this Agreement or the Delaware Act.

"**Officers**" has the meaning set forth in Section 7.07.

"**Original Limited Liability Company Agreement**" has the meaning set forth in the Recitals.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity.

"**Pro-rata Adjustment Shares**" means the product obtained by multiplying the total number of Adjustment Shares by the pro-rata ownership of the applicable holder of Class A Shares immediately prior to the Acreage Acquisition.

"**Protection Agreement**" means that certain Amended and Restated Protection Agreement entered into by and between the Company, Canopy Sub, and Canopy and attached hereto as Exhibit C.

"**Removal Event**" has the meaning set forth in Section 7.12.

"**Representative**" means, with respect to any Person, any and all directors, managers, officers, employees, consultants, financial advisors, counsel, accountants, and other agents of such Person.

"**Secretary of State**" has the meaning set forth in Section 2.01(a).

"**Securities Act**" means the Securities Act of 1933.

"**Share**" means a measure representing a fractional part of the Membership Interests of the Members and shall include all types, classes, and series of Shares, including the Class A Shares, the Class B Shares and the Exchangeable Shares; *provided*, that any type, class, or series of Shares shall have the privileges, preference, duties, liabilities, obligations, and rights set forth in this Agreement with respect to such type, class, or series of Shares and the Membership Interests represented by such type, class, or series of Share shall be determined in accordance with such privileges, preference, duties, liabilities, obligations, and rights.

"**Share Purchase Agreement**" means the Company's standard form of Share Purchase Agreement, attached hereto as Exhibit B and the substantially similar final version entered into by the Company and any Person pursuant to which such Person acquires Shares in the Company.

"**State and/or Local Cannabis Regulations**" means any criminal, civil or administrative statute, regulation, ordinance, decree, court order or other proclamation having the force of law, enacted, adopted or issued by any state Government Authority or local Government Authority in the United States pertaining to the criminalization, decriminalization, regulation, or licensing of medical and/or recreational Cannabis sales, consumption, cultivation, distribution, or storage.

"**State and/or Local Cannabis License**" means any license required by a state or municipality in order to operate a Cannabis business or to own or lease property used by a Cannabis business within that state or municipality's jurisdiction.

"**Subsidiary**" means, with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

"**Target Outstanding Shares**" means the quotient obtained by dividing the total number of Aggregate Canopy Exchangeable Shares by the Calculated Canopy Percentage Ownership.

"**Transfer**" means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate, or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option, or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation, or similar disposition of, any Shares owned by a Person or any interest (including a beneficial interest) in any Shares owned by a Person. "**Transfer**" when used as a noun shall have a correlative meaning. "**Transferor**" and "**Transferee**" mean a Person who makes or receives a Transfer, respectively.

"**Underlying Company Subject Matter**" has the meaning set forth in Section 7.13.

"**Voting Members**" has the meaning set forth in Section 4.07(b).

"**Voting Shares**" has the meaning set forth in Section 4.07(a).

"**Wana Investor**" means, collectively, Nancy Whiteman and her Affiliates.

"**WW**" means, collectively, Mountain High Products, LLC, Wana Wellness, LLC and The Cima Group, LLC.

Section 1.02 TC "Section 1.02 Interpretation" \l 2Interpretation. For purposes of this Agreement, (a) the words "include," "includes," and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and gender-neutral forms. Unless the context otherwise requires, references herein: (i) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (ii) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (iii) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

ARTICLE IITC "ARTICLE II ORGANIZATION" \L 1 ORGANIZATION

Section 2.01 TC "Section 2.01 Formation" \l 2Formation.

(a) The Company was formed on September 1, 2022, pursuant to the provisions of the Delaware Act, upon the filing of the Certificate of Formation with the Secretary of State of the State of Delaware (the "**Secretary of State**").

(b) This Agreement shall constitute the "limited liability company agreement" (as that term is used in the Delaware Act) of the Company. The rights, powers, duties, obligations, and liabilities of the Members shall be determined pursuant to the Delaware Act and this Agreement. To the extent that the rights, powers, duties, obligations, and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Delaware Act in the absence of such provision, this Agreement shall, to the extent permitted by the Delaware Act, control.

Section 2.02 TC "Section 2.02 Purpose" \l 2Purpose. The business of the Company will be to carry on any lawful business or activity, and to have and exercise all of the powers, rights and privileges which a limited liability company organized pursuant to the Delaware Act may have and exercise.

Section 2.03 TC "Section 2.03 Name" \l 2Name. The name of the Company shall be Canopy USA, LLC.

Section 2.04 TC "Section 2.04 Principal Place of Business" \l 2Principal Place of Business. The principal place of business of the Company will be established and maintained at 35715 Hwy 40, Ste D102, Evergreen, Colorado 80439, or at such other or additional place or places as the Board may determine from time to time.

Section 2.05 TC "Section 2.05 **Registered Office and Registered Agent**" \l 2**Registered Office and Registered Agent.** The registered agent of the Company for the service of process and the registered office of the Company in the State of Delaware will be that person and location reflected in the Certificate. The Board may, from time to time, change the registered agent or office through appropriate filings with the Secretary of State. In the event the registered agent ceases to act for any reason or the registered office should change, the Board will promptly designate a replacement registered agent or file a notice of change of address, as the case may be, in the manner provided by law.

Section 2.06 TC "Section 2.06 Term" \l 2Term. The term of the Company shall be perpetual unless the Company is dissolved and terminated in accordance with the provisions of ARTICLE X and the Delaware Act.

ARTICLE IIITC "ARTICLE III SHARES" \L 1
SHARES

Section 3.01 TC "Section 3.01 Shares Generally" \l 2Shares Generally. The Membership Interests of the Members shall be represented by issued and outstanding Shares, which may be divided into one or more types, classes, or series. Each type, class, or series of Shares shall have the privileges, preference, duties, liabilities, obligations, and rights, including voting rights, if any, set forth in this Agreement with respect to such type, class, or series. The Board shall maintain a schedule of all Members, their respective mailing addresses, and the amount and type, class, or series of Shares held by them (the "**Members Schedule**"), and shall be updated by the Board from time to time upon the issuance or Transfer of any Shares to any new or existing Member in accordance with this Agreement. A copy of the Members Schedule as of the execution of this Agreement is attached hereto as Schedule A. So long as any pledge or hypothecation of any Exchangeable Shares is in effect, the Company shall not elect for the Exchangeable

Shares to be considered securities governed by Article 8 of the Uniform Commercial Code (as in effect in any relevant jurisdiction) without the prior written consent of all pledgees of such Exchangeable Shares.

Section 3.02 TC "Section 3.02 Authorization and Issuance of Class A Shares" \l 2Authorization and Issuance of Class A Shares. The Company is hereby authorized to issue an unlimited number of Shares designated as Class A Shares ("**Class A Shares**").

(a) Voting Rights. The holders of Class A Shares shall be entitled to receive notice of and to attend all meetings of the Members of the Company and to one vote in respect of each Class A Share held at all such meetings.

(b) Distributions. The holders of Class A Shares shall be entitled to receive such distributions (if any) as the Board may in their discretion declare. The holders of Class A Shares and the holders of Class B Shares shall be entitled to share equally, Share for Share, in any distribution declared by the Board.

(c) Dissolution. In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its Members for the purpose of winding-up its affairs, the holders of Class A Shares and the holders of Class B Shares shall be entitled to share equally, Share for Share, in any distribution of the assets and property of the Company.

(d) Automatic Conversion. Each issued and outstanding Class A Share shall automatically, without any action on behalf of the holder, be exchanged for one Class B Share**,** subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Class B Shares, in such manner as the Board may determine to be equitable in the circumstances, acting in good faith (the "**Conversion Ratio**") immediately upon conversion of all of the issued and outstanding Exchangeable Shares into Class B Shares (the "**Conversion Event**"); provided that in the event that the former holders of Class A Shares, in the aggregate, at the time of such Conversion Event would own less than 10.0% of the issued and outstanding Class B Shares, the Conversion Ratio will be increased such that the former holders of Class A Shares will own 10.0% of the issued and outstanding Class B Shares immediately following the Conversion Event. Upon the occurrence of the Conversion Event, the Company shall deliver notice in writing to each holder of Class A Shares accompanied by a certificate or certificates representing the Class B Shares or, if uncertificated, such other evidence of ownership as the Company may determine. All Class A Shares shall automatically be cancelled as of the occurrence of the Conversion Event.

(e) Subdivision or Consolidation. No subdivision or consolidation of the Class A Shares may be carried out unless, at the same time, the Exchangeable Shares and the Class B Shares are subdivided or consolidated in a manner so as to preserve the relative rights of the holders of each class of securities.

(f) Authorized Capital. Immediately following the completion of the Conversion Event, the authorized capital of the Company shall be automatically amended by deleting all of the authorized but unissued Class A Shares together with its rights, privileges, restrictions and conditions attached thereto. The authorized capital of the Company, after giving effect to the foregoing, shall consist of an unlimited number of Class B Shares.

Section 3.03 TC "Section 3.03 Authorization and Issuance of Class B Shares" \l 2Authorization and Issuance of Class B Shares. The Company is hereby authorized to issue an unlimited number of Shares designated as Class B Shares ("**Class B Shares**").

(a) Voting Rights. The holders of Class B Shares shall be entitled to receive notice of and to attend all meetings of the Members and to one vote in respect of each Class B Share held at all such meetings.

(b) Distributions. The holders of Class B Shares shall be entitled to receive such distributions (if any) as the Board may in their discretion declare. The holders of Class A Shares and the holders of Class B Shares shall be entitled to share equally, Share for Share, in any distribution declared by the Board.

(c) Dissolution. In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its Members for the purpose of winding-up its affairs, the holders of Class A Shares and the holders of Class B Shares shall be entitled to share equally, Share for Share, in any distribution of the assets and property of the Company.

(d) Authorized Capital. No Class B Shares may be issued by the Company prior to the Conversion Event other than pursuant to a conversion of Exchangeable Shares or Class A Shares for Class B Shares.

Section 3.04 TC "Section 3.04 Authorization and Issuance of Exchangeable Shares" \l 2Authorization and Issuance of Exchangeable Shares. The Company is hereby authorized to issue an unlimited number of Shares designated as Exchangeable Shares ("**Exchangeable Shares**").

(a) Voting Rights. The holders of Exchangeable Shares shall not be entitled to receive notice of, attend, or vote at meetings of the Members; provided that the holders of Exchangeable Shares shall, however, be entitled to receive notice of meetings the Members called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or assets, or a substantial part thereof, but holders of Exchangeable Shares shall not be entitled to vote at such meetings of the Members.

(b) Distributions. The holders of the Exchangeable Shares shall not be entitled to receive any distributions.

(c) Dissolution. In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its Members for the purpose of winding-up its affairs, the holders of the Exchangeable Shares shall not be entitled to receive any amount, property or assets of the Company.

(d) Exchange Right. Each issued and outstanding Exchangeable Share may at any time at the option of the holder, be exchanged for one Class B Share. The conversion right may be exercised at any time and from time to time by notice in writing delivered to the Company accompanied by the certificate or certificates representing the Exchangeable Shares or, if uncertificated, such other evidence of ownership as the Company may require, in respect of which the holder wishes to exercise the right of conversion. The notice must be signed by the registered holder of the Exchangeable Shares in respect of which the right of conversion is being exercised or by his, her or its duly authorized attorney and must specify the number of Exchangeable Shares

which the holder wishes to have converted. Upon receipt of the conversion notice and share certificate(s) or other evidence of ownership satisfactory to the Company, the Company will issue a share certificate or other evidence of ownership representing Class B Shares on the basis set out above to the registered holder of the Exchangeable Shares. If fewer than all of the Exchangeable Shares represented by a certificate accompanying the notice are to be exchanged, the holder is entitled to receive a new certificate or, if uncertificated, such other evidence of ownership as the Company may determine, representing the shares comprised in the original certificate which are not to be converted. Exchangeable Shares converted into Class B Shares hereunder will automatically be cancelled.

(e) Subdivision or Consolidation. No subdivision or consolidation of the Exchangeable Shares may be carried out unless, at the same time, the Class A Shares and the Class B Shares are subdivided or consolidated in a manner so as to preserve the relative rights of the holders of each class of securities.

(f) Authorized Capital. Immediately following the completion of the Conversion Event, the authorized capital of the Company shall be automatically amended by deleting all of the authorized but unissued Exchangeable Shares together with its rights, privileges, restrictions and conditions attached thereto. The authorized capital of the Company, after giving effect to the foregoing, shall consist of an unlimited number of Class B Shares.

Section 3.05 TC "Section 3.05 Certification of Shares" \l 2Certification of Shares.

(a) The Board in its sole discretion may, but shall not be required to, issue certificates to the Members representing the Shares held by such Members.

(b) In the event that the Board shall issue certificates representing Shares in accordance with Section 3.05(a), then in addition to any other legend required by Applicable Law, all certificates representing issued and outstanding Shares shall bear a legend substantially in the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER.

Section 3.06 TC "Section 3.06 Acreage Adjustment" \l 2Acreage Adjustment

(a) Promptly, and in any event within 15 days, following the closing of the acquisition (the "**Acreage Acquisition**") by the Company of at least a majority of the shares of Acreage Holdings, Inc. ("**Acreage**"), an independent appraiser, appointed by the Company will determine the fair market value of Acreage (inclusive of any loans, liabilities and obligations of Acreage that may be extinguished through the acquisition by the Company of the issued and outstanding shares of Acreage) as at the date immediately preceding the Acreage Acquisition (the "**Acreage Valuation**"), where the Acreage Valuation will be prepared on the basis that Acreage was offered for sale in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus at such time or any control or voting rights premium, all on the basis of the long-term

value of Acreage as opposed to being determined by short-term market conditions. Implicit in this definition is the consummation of a sale as of the date that the Company completed the Acreage Acquisition whereby: (i) the buyer and seller are typically motivated; (ii) both parties are well informed or well advised and acting in what they consider their own best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in cash; and (v) the price represents the normal consideration for Acreage unaffected by special or creative financing or sales concessions granted by anyone associated with the sale, but taking into account the assumption by the buyer of any financing to the extent that it may be assumed by the buyer.

(b) In the event that the Acreage Acquisition Valuation is less than the Acreage Purchase Price, the number of Shares held by all of the holders of Class A Shares, shall be adjusted in accordance with Section 3.06(c). For greater certainty, in no circumstances shall there be an adjustment to the number of Shares held by either Canopy Sub or the holders of the Class A Shares in the event that the Acreage Acquisition Valuation is equal to or greater than the Acreage Purchase Price.

(c) In the event that the Acreage Acquisition Valuation is less than the Acreage Purchase Price, such number of additional Class A Shares shall be issued to the holders of the Class A Shares, as is equal to such holder's number of Pro-rata Adjustment Shares, which shall be determined in accordance with the following formula:

PAS = AS * P

where,

ACE = ACIE + E

ACIE = APP / FMV

AS = TO - ACE - A

CC% = ICS / ICOS

ICOS = ICS + A

ICS = (AAV / FMV) + E

TO = ACE / CC%

For the purposes of the foregoing formulas, the following legend shall apply:

(i) "A" means the total number of issued and outstanding Class A Shares at the applicable time;

(ii) "AAV" means the Acreage Acquisition Valuation;

(iii) "ACE" means the Aggregate Canopy Exchangeable Shares;

(iv) "ACIE" means the Actual Canopy Issued Exchangeable Shares;

(v) "APP" means the Aggregate Purchase Price;

(vi) "AS" means the Adjustment Shares:

(vii) "CC%" means the Calculated Canopy Percentage Ownership;

(viii) "E" means the total number of Exchangeable Shares held by Canopy Sub prior to the closing date of the Acreage Acquisition;

(ix) "FMV" means the Fair Market Value of the Shares on the closing date of the Acreage Acquisition;

(x) "ICS" means the Implied Canopy Shares;

(xi) "ICOS" means the Implied Company Outstanding Shares;

(xii) "P" means the pro-rata ownership of the applicable holder of Class A Shares prior to the Acreage Acquisition;

(xiii) "PAS" means the Pro-rata Adjustment Shares issuable to a holder of Class A Shares; and

(xiv) "TO" means the Target Outstanding Shares.

ARTICLE IVTC "ARTICLE IV MEMBERS" \L 1
MEMBERS

Section 4.01 TC "Section 4.01 Admission of New Members" \l 2Admission of New Members.

(a) New Members may be admitted from time to time in connection with (i) an issuance of Shares by the Company in accordance with the provisions of this Agreement, and (ii) a Transfer of Shares, subject to compliance with the provisions of 30ARTICLE VIII.

(b) In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or Transfer of Shares, such Person shall have executed and delivered to the Company a written undertaking substantially in the form of the Joinder Agreement. Upon the amendment of the Members Schedule by the Board and the satisfaction of any other applicable conditions as may reasonably be deemed necessary or appropriate by the Board, including, if applicable, the receipt by the Company of payment for the issuance of the applicable Shares and the delivery of any certificate representing the Transferred Shares, duly endorsed to the Transferee to which the Transferred Shares are to be Transferred, such Person shall be admitted as a Member and deemed listed as such on the books and records of the Company and thereupon shall be issued his, her, their, or its Shares.

Section 4.02 TC "Section 4.02 Representations and Warranties of Members" \l 2Representations and Warranties of Members. By execution and delivery of this Agreement or a Joinder Agreement, as applicable, each of the Members, whether admitted as of the date hereof or pursuant to Section 4.01, represents and warrants to the Company and acknowledges that:

(a) The Shares have not been registered under the Securities Act or the securities laws of any other jurisdiction, are issued in reliance upon federal and state exemptions for transactions

not involving a public offering, and cannot be disposed of unless (i) they are subsequently registered or exempted from registration under the Securities Act and (ii) the provisions of this Agreement have been complied with;

(b) Such Member (i) is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act, and (ii) agrees to furnish any additional information requested by the Company to assure compliance with applicable U.S. federal and state securities laws in connection with the purchase and sale of the Shares;

(c) Such Member's Shares are being acquired for such Member's own account solely for investment and not with a view to resale or distribution thereof;

(d) Such Member has been advised to obtain independent counsel to advise such Member individually in connection with the drafting, preparation, negotiation, and/or review of this Agreement and, if applicable, the Joinder Agreement. Such Member has conducted such Member's own independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition, and prospects of the Company and the Company Subsidiaries and such Member acknowledges having been provided adequate access to the personnel, properties, premises, and records of the Company and the Company Subsidiaries for such purpose;

(e) The determination of such Member to acquire Shares has been made by such Member independent of any other Member and independent of any statements or opinions as to the advisability of such purchase or as to the business, operations, assets, liabilities, results of operations, financial condition, and prospects of the Company and the Company Subsidiaries that may have been made or given by any other Member or the Company or by any of their Affiliates or Representatives;

(f) Such Member has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Company and making an informed decision with respect thereto;

(g) Such Member is able to bear the economic and financial risk of an investment in the Company for an indefinite period of time;

(h) The execution, delivery, and performance of this Agreement or the Joinder Agreement by such Member (i) if it is an entity, have been duly authorized by all requisite entity action on the part of such Member and do not require such Member to obtain any consent or approval that has not been duly obtained; and (ii) do not contravene in any material respect or result in a default under (A) any provision of any law or regulation applicable to such Member; (B) if such Member is an entity, its governing documents; or (C) any agreement or instrument to which such Member is a party or by which such Member is bound;

(i) This Agreement is valid, binding, and enforceable against such Member in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws of general applicability relating to or affecting creditors' rights or general equity principles (regardless of whether considered at law or in equity);

(j) The Member has reviewed the Protection Agreement and acknowledges and agrees to the restrictions of the Company set forth in the Protection Agreement; and

(k) Neither the Member, nor, to the knowledge of the Member, any member, stockholder, other equityholder, officer, director, manager, or agent of the Member, has been deemed, by an unappealable determination by a Governmental Authority or court of competent jurisdiction that was opining specifically on the topic of Cannabis businesses and/or any State and/or Local Cannabis License, to be unfit to have an ownership or economic interest in a Cannabis business if such unfitness could be adverse to the issuance or maintenance of any State and/or Local Cannabis Licenses.

None of the foregoing shall replace, diminish, or otherwise adversely affect any Member's representations and warranties made by such Member in any Share Purchase Agreement.

Section 4.03 TC "Section 4.03 No Personal Liability" \l 2No Personal Liability. Except as otherwise provided in the Delaware Act, by Applicable Law, or expressly in this Agreement, no Member will be obligated personally for any debt, obligation, or liability of the Company or of any Company Subsidiaries or other Members, whether arising in contract, tort, or otherwise, solely by reason of being a Member.

Section 4.04 TC "Section 4.04 No Withdrawal" \l 2No Withdrawal. Except as set forth in Section 4.14-4.16 below, so long as a Member continues to hold any Shares, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Shares, such Person shall no longer be a Member.

Section 4.05 TC "Section 4.05 Death" \l 2Death. The death of any Member shall not cause the dissolution of the Company. In such event the Company and its business shall be continued by the remaining Member or Members and the Shares owned by the deceased Member shall automatically be Transferred to such Member's executors, administrators, testamentary trustees, legatees, distributees, or beneficiaries, as applicable; *provided*, that within a reasonable time after such Transfer, the Transferees shall sign a written undertaking substantially in the form of the Joinder Agreement and take any other action required under Section 4.01(b) as a condition to their admission as a Member.

Section 4.06 TC "Section 4.06 Voting" \l 2Voting.

(a) Except as otherwise provided by this Agreement (including Section 4.01, Section 4.02, Section 4.03, Section 7.02, and Section 12.11) or as otherwise required by the Delaware Act or Applicable Law:

(i) each Member shall be entitled to one vote per Class A Share and one vote per Class B Share on all matters upon which the Members have the right to vote under this Agreement; and

(ii) the Exchangeable Shares shall not confer any voting rights.

Section 4.07 TC "Section 4.07 Meetings" \l 2Meetings.

(a) As used herein, the term "**Voting Shares**" shall mean both Class A Shares and Class B Shares:

(b) Meetings of the Members may be called by (i) the Board or (ii) by a Member or group of Members holding more than 50% of the relevant Voting Shares. Only Members who hold the

relevant Voting Shares ("**Voting Members**") shall have the right to attend meetings of the Members; provided, however, that Members holding Exchangeable Shares ("**Exchange Members**") shall have the right to attend meetings of the Members called for the purpose of authorizing the dissolution, liquidation or Change of Control of the Company (any such occurrence, a "**Major Event**"). Notwithstanding the foregoing, any Member shall be entitled to attend any meeting of Members in an observer capacity, notwithstanding the class of Shares held by any such Member.

(c) Written notice stating the place, date, and time of the meeting and, in the case of a meeting of the Members not regularly scheduled, describing the purposes for which the meeting is called, shall be delivered not fewer than ten (10) days and not more than thirty (30) days before the date of the meeting to each Voting Member, by or at the direction of the Board or the Member(s) calling the meeting, as the case may be. The Voting Members may hold meetings at the Company's principal office or at such other place as the Board or the Member(s) calling the meeting may designate in the notice for such meeting.

(d) Any Voting Member may participate in a meeting of the Voting Members by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(e) On any matter that is to be voted on by Voting Members, a Voting Member may vote in person or by proxy, and such proxy may be granted in writing, by means of Electronic Transmission, or as otherwise permitted by Applicable Law. Every proxy shall be revocable in the discretion of the Voting Member executing it unless otherwise provided in such proxy; *provided*, that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(f) The business to be conducted at such meeting need not be limited to the purpose described in the notice and can include business to be conducted by Voting Members; *provided*, that the appropriate Voting Members shall have been notified of the meeting in accordance with Section 4.07(c); and *provided, further*, that, notwithstanding anything herein to the contrary, such other business to be conducted shall not pertain to a Major Event. Attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 4.08 TC "Section 4.08 Quorum; Required Vote" \l 2Quorum; Required Vote. A quorum of any meeting of the Voting Members shall require the presence in person or by proxy of Members holding a majority of the applicable Voting Shares held by all Members. Subject to Section 4.09, no action at any meeting may be taken by the Members unless the applicable quorum is present. Subject to Section 4.09, no action may be taken by the Members at any meeting at which a quorum is present without the affirmative vote of Members holding a majority of the applicable Voting Shares held by all Members.

Section 4.09 TC "Section 4.09 Action Without Meeting" \l 2Action Without Meeting. Notwithstanding the provisions of Section 4.07 and Section 4.08, any matter that is to be voted on, consented to, or approved by Voting Members may be taken without a meeting, without prior notice, and without a vote if consented to, in writing or by Electronic Transmission, by a Member or Members holding not less than the minimum number of Shares that would be necessary to authorize or take such action at a meeting at which each Member entitled to vote on the action were present and voted; provided, however, that if such written consent pertains to a Major Event, such written consent shall be simultaneously provided

to each Exchange Member. A record shall be maintained by the Board of each such action taken by written consent of a Member or Members. The Company shall, within three (3) Business Days following the taking of any such action without a meeting by less than unanimous written consent, provide notice, together with a copy of the action taken, to those Members who were entitled to vote on such matter but have not consented thereto in writing.

Section 4.10 TC "Section 4.10 Power of Members" \l 2Power of Members.

(a) The Members shall have the power to exercise any and all rights or powers granted to Members pursuant to the express terms of this Agreement and the Delaware Act. Except as otherwise specifically provided by this Agreement or required by the Delaware Act, no Member, in his, her, their, or its capacity as a Member, shall have the power to act for or on behalf of, or to bind, the Company.

(b) For so long as the Wana Investor retains the right to designate an individual to the Board pursuant to Section 7.02(b)(ii), and for so long as WW is a Company Subsidiary (and operates as a standalone company), the Company shall be required to obtain the consent of the Wana Investor prior to WW appointing any new chief executive officer or, in the event there is no chief executive officer, the highest ranking executive at WW, and the Company shall not permit WW to make any such appointment without the prior approval of the Wana Investor.

Section 4.11 TC "Section 4.11 Other Activities of Members; Business Opportunities" \l 2Other Activities of Members; Business Opportunities. Each Member and such Member's Affiliates may, subject to performing any of their obligations set out in this Agreement or in any other agreement to which such Member or Affiliate is a party with the Company or any Company Subsidiary, engage in any other activities, ventures, or businesses, regardless of whether those activities, ventures, or businesses are similar to or competitive with the business of the Company or any Company Subsidiary; *provided* that such Member or Affiliate does not engage in such activity, venture, or business as a result of or using Confidential Information. None of the Members or any of their Affiliates shall be obligated to account to the Company or to any other Member for any profits or income earned or derived from such other activities, ventures, or businesses. None of the Members or any of their Affiliates shall be obligated to inform the Company or the other Members of any investment or business opportunity of any type or description.

Section 4.12 TC "Section 4.12 No Interest in Company Property" \l 2No Interest in Company Property. No real or personal property of the Company shall be deemed to be owned by any Member individually, but shall be owned by, and title shall be vested solely in, the Company. Without limiting the foregoing, each Member hereby irrevocably waives during the term of the Company any right that such Member may have to maintain any action for partition with respect to the property of the Company.

Section 4.13 TC "Section 4.13 Protection Agreement" \l 2Protection Agreement. Each Member hereby agrees they shall not take any action or fail to take an action, and shall cause the Company not to take any action or fail to take an action, of which the result is a contravention or breach of any term of the Protection Agreement without the consent of Canopy Sub, Canopy or any of their permitted assigns, as applicable.

Section 4.14 TC "Section 4.14 Automatic Divestiture of a Member" \l 2Automatic Divestiture of a Member. If, during anytime while the Company or any Company Subsidiary holds a local or state license pursuant to a Cannabis Code, any of the following occur to a Member or to a member or shareholder of an entity that is a Member of the Company, subject to Section 4.15 below, all interests of that Member (the "**Affected Member**") in the Company will automatically and immediately terminate, and the Affected Member will cease to be a Member:

(a) the Affected Member or any entity that it owns or controls incurs a revocation of any Cannabis business license, and it is determined by the Board that such revocation has a material adverse effect upon the issuance or continued good standing of any of the Company's State and/or Local Cannabis Licenses;

(b) a Cannabis Regulatory Body or local licensing authority issues a recommendation or advises Company's counsel that stating that the Affected Member is unfit to have an ownership or economic interest in a Cannabis business;

(c) a Cannabis Regulatory Body or local licensing authority issues a recommendation against the issuance to the Company of a State and/or Local Cannabis License or revokes a State and/or Local Cannabis License, which recommendation cites the participation of the Affected Member as a material factor in the decision, or a Cannabis Regulatory Body or local licensing authority conditions the issuance of a State and/or Local Cannabis License on the Company removing the Affected Member in the Company;

(d) a Cannabis Regulatory Body or local licensing authority advises the Company or any Subsidiary in writing, or it is otherwise determined by court order, that a decision on the Company's or any Subsidiary's State and/or Local Cannabis License is being delayed beyond one (1) year following the filing of the Company's or any Subsidiary's application for a State and/or Local Cannabis License, and the Company or any Subsidiary is advised before or after said date that the sole reason for such delay is the participation of or concerns about the Affected Member;

(e) the Affected Member demonstrates a repeated failure to attend meetings with a Cannabis Regulatory Body or any local licensing authority as may be required for the Company or any Subsidiary business to be conducted. As used herein, repeated failure to attend shall be demonstrated by failure to attend any meeting without good cause, or any two (2) meeting with any licensing authority;

(f) the Affected Member fails to provide information to the Cannabis Regulatory Body which is requested by or required by a Cannabis Regulatory Body; or

(g) if the Affected Member is a partnership or other business entity and not a natural person, a member of the Affected Member is disqualified from obtaining an ownership interest in a licensed Cannabis business by final written determination of a Cannabis Regulator Body, unless such member is divested from the Affected Member in a timely manner.

Section 4.15 TC "Section 4.15 [Reserved]" \l 2[Reserved].

Section 4.16 TC "Section 4.16 Settling of Accounts Following Automatic Divestiture" \l 2Settling of Accounts Following Automatic Divestiture of a Member.

(a) The Company shall continue in existence notwithstanding the automatic termination of any Member pursuant to Section 4.14 above. Notwithstanding any provision of this Agreement to the contrary, if the Affected Member is a corporate entity and the occurrence of any of the events enumerated in Section 4.14 above is due to a member, shareholder or manager of the Affected Member, the Affected Member shall have an option to redeem its Shares within 90 days of such divestiture (assuming the Affected Member did not Transfer the Shares) and shall be restored to its ownership position before the divestiture events occur if the Board, a court of law, or a Cannabis Regulatory Body provides a written assurance or order that Affected Member has removed the

member, shareholder or manager that caused any of the events enumerated in Section 4.14 above, pursuant to the terms of the Affected Member's governing documents.

(b) Provided that there is no Transfer of the Affected Member's Shares and the Affected Member's Shares are cancelled pursuant to Section 4.14, the Company shall be liable for the terminated ownership interest of the Affected Member as follows: the Company shall deliver a note (the "**Payoff Note**") to the Affected Member for 100% of the Fair Market Value of such Shares. The Payoff Note shall be payable over a three (3) year period and shall bear interest at a rate equal to the prime rate published in the Wall Street Journal on the date of payment plus two percent (2.0%) per annum or shall be discounted (using the same rate) to present value if an earlier payoff is required under the Cannabis Code. The terms of the Payoff Note shall include equal monthly payments and shall be reasonable and customary for a transaction of this type. The Company may sell the Affected Member's Shares, in accordance with the terms of this Agreement, to finance the Payoff Note or for any other lawful reason.

ARTICLE VTC "ARTICLE V CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS" \L 1 CAPITAL CONTRIBUTIONS

Section 5.01 TC "Section 5.01 Capital Contributions" \l 2Capital Contributions. Each Initial Member owning Shares has made the Capital Contribution set forth on the Members Schedule and is deemed to own the number and class of Shares, in each case in the amounts set forth opposite such Initial Member's name on the Members Schedule as in effect on the date hereof.

Section 5.02 TC "Section 5.02 Additional Capital Contributions" \l 2Additional Capital Contributions.

(a) No Member shall be required to make any additional Capital Contributions to the Company. Any future Capital Contributions made by any Member shall only be made with the approval of the Board, and in connection with an issuance of Shares made in compliance with this Agreement.

(B) No Member shall be required to lend any funds to the Company and no Member shall have any personal liability for the payment or repayment of any Capital Contribution by or to any other Member.

ARTICLE VITC "ARTICLE VI DISTRIBUTIONS" \L 1 DISTRIBUTIONS

Section 6.01 TC "Section 6.01 General" \l 2General. Subject to Section 6.02, Section 6.03, and Section 6.04, the Board shall have sole discretion regarding the amounts and timing of Distributions to Voting Members, including to decide to forego payment of Distributions in order to provide for the retention and establishment of reserves of, or payment to third parties of, such funds as it deems necessary with respect to the reasonable business needs of the Company (which needs may include the payment or the making of provision for the payment when due of the Company's obligations, including present and anticipated debts and obligations, capital needs and expenses and reasonable reserves for contingencies).

Section 6.02 TC "Section 6.02 Priority of Distributions" \l 2Priority of Distributions. Subject to the priority of Distributions pursuant to Section 10.03(c), if applicable, all Distributions determined to be made by the Board shall be made to the Members pro rata in proportion to their holdings of Class A Shares and Class B Shares, treated as a single class. The Company shall not make any distributions to

holders of Exchangeable Shares for those Exchangeable Shares. The Board may classify any Distributions as a "dividend" or a "return of capital".

Section 6.03 TC "Section 6.03 Distributions " \l 2Distributions.

(a) The Board is hereby authorized, in its sole discretion, to make Distributions to the Members in the form of cash or in the form of securities or other property held by the Company. In any such non-cash Distribution, the securities or other property so Distributed will be Distributed among the Members in the same proportion and priority as cash equal to the Fair Market Value of such securities or other property would be Distributed among the Members pursuant to Section 6.02.

(b) Any Distribution of securities shall be subject to such conditions and restrictions as the Board determines are required or advisable to ensure compliance with Applicable Law. In furtherance of the foregoing, the Board may require that the Members execute and deliver such documents as the Board may deem necessary or appropriate to ensure compliance with all Applicable Laws that apply to such Distribution and any further transfer of the Distributed securities, and may appropriately legend the certificates that represent such securities to reflect any restriction on transfer with respect to such Applicable Law.

Section 6.04 TC "Section 6.04 Limitation on Distributions" \l 2 Limitation on Distributions.

(a) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any Distribution if such Distribution would violate the Protection Agreement, § 18-607 of the Delaware Act or other Applicable Law.

(b) The Distributions for each Class A Share and Class B Share shall not be greater than the Distribution Ceiling Pro Rata Amount and the Board shall not make any Distributions to any Share that goes beyond the Distribution Ceiling Pro Rata Amount.

ARTICLE VIITC "ARTICLE VII MANAGEMENT" \L 1 MANAGEMENT

Section 7.01 TC "Section 7.01 Establishment and Authority of the Board" \l 2Establishment and Authority of the Board. A board of managers of the Company (the "**Board**") is hereby established and shall be comprised of natural Persons (each such Person, a "**Manager**") who shall be appointed in accordance with the provisions of Section 7.02 and Section 7.03. The business and affairs of the Company shall be managed, operated, and controlled by or under the direction of the Board, and the Board shall have, and is hereby granted, the full and complete power, authority, and discretion for, on behalf of, and in the name of the Company, to take such actions as it may in its sole discretion deem necessary or advisable to carry out any and all of the objectives and purposes of the Company, to exercise any rights and powers granted to the Company under this Agreement, and to exercise all power and authority vested in managers under the Delaware Act, in each case subject only to the terms of this Agreement. From time to time a Manager may be referred to as a "director" and the Board may be referred to as a "board of directors".

Section 7.02 TC "Section 7.02 Board Composition" \l 2Board Composition.

(a) The Company and the Voting Members shall take such actions as may be required to ensure that, at all times following the issuance of a Class A Share, the number of managers constituting the Board is between one (1) and three (3), as determined by the Board from time to

time, and that at least a majority of the Managers are United State residents; provided that following the Conversion Event, the holders of the majority of the Voting Shares may amend the size of the Board.

(b) Following the issuance of one or more Class A Shares, the Board shall be comprised (and the Company and the Members shall take all such necessary actions, including voting all of such Member's Shares, so that the Board is comprised) as follows:

(i) Canopy Sub may designate one individual to the Board;

(ii) until the later of (A) the twenty-four month anniversary of the date of the first issuance of any Class A Shares to the Wana Investor and (B) such time as the Wana Investor, directly or indirectly, owns less than 10% of the total issued and outstanding Voting Shares, the Wana Investor may designate one individual to the Board;

(iii) so long as Huneeus 2017 Irrevocable Trust, directly or indirectly, owns 4.4% of the total issued and outstanding Voting Shares at any such time, Huneeus 2017 Irrevocable Trust may designate one individual to the Board; and

(iv) subject to the terms and conditions of the Protection Agreement, any remaining Board seats shall be elected by a majority of the Voting Members.

Section 7.03 TC "Section 7.03 Removal; Resignation" \l 2Removal; Resignation.

(a) Subject to the terms and conditions of the Protection Agreement, the Members entitled to designate a Manager pursuant to Section 7.02 may remove such Manager at any time with or without cause, effective upon written notice to the other Members.

(b) Subject to the terms and conditions of the Protection Agreement, in the event that a vacancy is created on the Board at any time due to the death, disability, retirement, resignation, or removal of a Manager, the Voting Members that were initially entitled to designate such Manager pursuant to Section 7.02 shall have the exclusive right to designate an individual to fill such vacancy and the Company (so long as such Voting Member continues to be entitled to designate an individual to the Board pursuant to Section 7.02(b)) and each Member hereby agrees to take such actions as may be required to ensure the election or appointment of any such designee to fill such vacancy on the Board. To the extent that a Voting Member is no longer entitled to designate a Manager pursuant to Section 7.02(b), such Voting Member's designee shall forthwith resign or in absence of a resignation, shall be removed from the Board, and any member of the Board who would otherwise have been designated in accordance with Section 7.02(b) shall instead be voted upon by the remaining members of the Board at the applicable time; provided that such individual meets the Required Manager Criteria (as defined in the Protection Agreement) and is not a designee of any Member. Each Member hereby agrees to take such actions as may be required to ensure the election or appointment of such Manager to fill such vacancy on the Board.

(c) A Manager may resign at any time from the Board by delivering such Manager's written resignation to the Board. Any such resignation shall be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The Board's acceptance of a resignation shall not be necessary to make it effective.

(d) The Board shall maintain a schedule of all Managers with their respective mailing addresses (the "**Managers Schedule**"), and shall update the Managers Schedule upon the

appointment, removal, or replacement of any Manager in accordance with Section 7.02 or this Section 7.03.

(e) Notwithstanding the foregoing provisions of this Section 7.03 and Section 7.02 and subject to the terms and conditions of the Protection Agreement, the Company may, from time to time, grant the right to appoint one or more managers to the Board (subject to certain terms and conditions) ("**Nomination Rights**"), in which case the holders of the Class A Shares, as a class, shall not have the right to remove managers appointed pursuant to Nomination Rights or to appoint managers to vacant positions on the Board to the extent doing so would conflict with outstanding Nomination Rights. The Company shall also be entitled to grant the right to appoint one or more non-voting observers to the Board, whose access to Board proceedings and materials shall be limited to the extent the Company may determine is appropriate from time to time.

(f) Notwithstanding the foregoing, Canopy Sub (and any transferee of Canopy Sub's Membership Interest) will never have the right to appoint more than half of the managers constituting the Board for so long as any Exchangeable Shares remain outstanding.

(g) Subject to Section 7.13, a Manager who becomes an Affected Manager shall be automatically removed as a Manager.

Section 7.04 TC "Section 7.04 Meetings" \l 2Meetings.

(a) The Board shall meet at such time and at such place as the Board may designate. Meetings of the Board may be held either in person or by means of telephone or video conference or other communications device that permits all Managers participating in the meeting to hear each other, at the offices of the Company, or such other place (either within or outside the State of Delaware) as may be determined from time to time by the Board. Written notice of each regular meeting of the Board shall be given to each Manager at least forty-eight (48) hours prior to each such meeting. All Board meetings where a strategic decision of the Company will be made shall be held physically in the United States, or, if held by means of telephone or video conference, at least a majority of the Managers casting a vote at such meeting shall be physically present in the United States.

(b) Special meetings of the Board shall be held on the call of any two (2) Managers upon at least three (3) days' written notice (if the meeting is to be held in person) or one (1) day written notice (if the meeting is to be held by telephone communications or video conference) to the Managers, or upon such shorter notice as may be approved by all the Managers. Any Manager may waive such notice as to himself or herself.

(c) Attendance of a Manager at any meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 7.05 TC "Section 7.05 Quorum; Manner of Acting" \l 2Quorum; Manner of Acting.

(a) A majority of the Managers serving on the Board present in person or by proxy shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting. If a quorum shall not be present at any meeting of the Board, then the Managers present

at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(b) Any Manager may participate in a meeting of the Board by means of telephone or video conference or other communications device that permits all Managers participating in the meeting to hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. A Manager may vote or be present at a meeting either in person or by proxy, and such proxy may be granted in writing, by means of Electronic Transmission, or as otherwise permitted by Applicable Law.

(c) Each Manager shall have one vote on all matters submitted to the Board or any committee thereof. Except as specifically provided otherwise in this Agreement, with respect to any matter before the Board, the affirmative act of a majority of the Managers in attendance at any meeting of the Board at which a quorum is present shall be the act of the Board, provided, however, that for so long as any Exchangeable Shares remain outstanding, the Manager designated by Canopy Sub to the Board shall not be permitted to vote on the following matters:

(i) the annual business plan of the Company setting forth for the subsequent 12-month period, broken-down by month: (i) a description of proposed operations of the Company and its Subsidiaries; (ii) a forecast for the Company and its Subsidiaries that includes, among other things,: (A) an income statement; (B) a cash flow statement; (C) a balance sheet; and (D) a capital expenditure plan; and (iii) such other matters as the Company may reasonably consider to be necessary to illustrate the results intended to be achieved by the Company during such 12-month period;

(ii) decisions regarding the executive officers of the Company and its Subsidiaries, including the Officers;

(iii) increasing the compensation, bonus levels or other benefits payable to any current, former or future employees of the Company or any of its Subsidiaries or any current, former or future manager of the Company or any of its Subsidiaries;

(iv) any other executive compensation plan matters of the Company or any of its Subsidiaries, including entering into any deferred compensation or other similar agreement (or amend any such existing agreement) with any current, former or future employee of the Company or any of its Subsidiaries or any current former or future manager of the Company or any of its Subsidiaries or approving or taking any action to accelerate the vesting of any compensation securities;

(v) the exercise of the options to acquire Lemurian, Inc. pursuant to two option agreements dated May 17, 2022 between Canopy and/or a Subsidiary of the Company and the other parties named therein; and

(vi) the exercise of the options to acquire all of the membership interests in Mountain High Products, LLC, The Cima Group, LLC and Wana Wellness, LLC pursuant to the three option agreements dated October 14, 2021 between Canopy, certain subsidiaries of the Company and the other parties named therein.

Section 7.06 TC "Section 7.06 Action By Written Consent" \l 2Action By Written Consent. Notwithstanding the provisions of <u>Section 7.04</u> and <u>Section 7.05</u>, any action required or permitted to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action to be

taken, is signed unanimously by all the Managers. Any such consent shall have the same force and effect as a vote at a meeting of the Board where a quorum was present and may be stated as such in any document or instrument filed with the Secretary of State. A majority of the Managers shall be physically present in the United States when signing any such written consent.

Section 7.07 TC "Section 7.07 Officers" \l 2Officers. Subject to the terms and conditions of the Protection Agreement, the Board may appoint individuals as officers of the Company (the "**Officers**") as it deems necessary or desirable to carry on the business of the Company and the Board may delegate to such Officers such power and authority as the Board deems advisable. No Officer need be a Member or Manager. Any individual may hold two or more offices of the Company. Each Officer shall hold office until such Officer's successor is designated by the Board or until such Officer's earlier death, resignation, or removal. Any Officer may resign at any time upon written notice to the Board. Any Officer may be removed by the Board (acting by majority vote of all Managers other than the Officer being considered for removal, if a Manager) with or without cause at any time. A vacancy in any office occurring because of death, resignation, removal, or otherwise, may, but need not, be filled by the Board.

Section 7.08 TC "Section 7.08 Compensation and Reimbursement of Managers." \l 2Compensation and Reimbursement of Managers. This Agreement does not, and is not intended to, confer upon any Manager any rights with respect to employment by the Company, and nothing herein shall be construed to have created any employment agreement with any Manager. Any Manager may be compensated for his, her, or their service as a Manager as determined by the Board. Each Manager shall be reimbursed for such Manager's ordinary, necessary, and direct out-of-pocket expenses incurred in the performance of his, her, or their duties as a Manager.

Section 7.09 TC "Section 7.09 Other Activities of Managers; Business Opportunities" \l 2Other Activities of Managers; Business Opportunities. Nothing contained in this Agreement shall prevent any Manager from engaging in any other activities, ventures, or businesses, regardless of whether those activities, ventures, or businesses are similar to or competitive with the business of the Company or any Company Subsidiary; *provided* that such Manager does not engage in such activity, venture, or business as a result of or using Confidential Information. None of the Managers shall be obligated to account to the Company or to the Members for any profits or income earned or derived from such other activities, ventures, or businesses. None of the Managers shall be obligated to inform the Company or the Members of any business opportunity of any type or description.

Section 7.10 TC "Section 7.10 No Personal Liability" \l 2No Personal Liability. Except as otherwise provided in the Delaware Act, by Applicable Law, or expressly in this Agreement, no Manager will be obligated personally for any debt, obligation, or liability of the Company or the Company Subsidiaries, whether arising in contract, tort, or otherwise, solely by reason of being a Manager.

Section 7.11 TC "Section 7.11 Protection Agreement" \l 2Protection Agreement. No Manager shall take any action or fail to take an action, or shall cause the Company to take any action or fail to take an action, of which the result is a contravention or breach of any term of the Protection Agreement.

Section 7.12 TC "Section 7.12 Automatic Removal of a Manager" \l 2Automatic Removal of a Manager. If, during anytime while the Company or any Company Subsidiary holds a local or state license pursuant to a Cannabis Code, any of the following occur to a Manager or to a member or shareholder of an entity that is a Manager of the Company, subject to Section 7.13 below, such Manager (the "**Affected Manager**") shall be automatically and immediately removed from such position, and each Member agrees to take all necessary actions to remove the Affected Manager from such position, and the Affected Manager will cease to be a Manager (each, a "**Removal Event**"):

(a) the Affected Manager or any entity that it owns or controls incurs a revocation of any Cannabis business license, and it is determined by the Board that such revocation has a material adverse effect upon the issuance or continued good standing of any of the Company's State and/or Local Cannabis Licenses;

(b) a Cannabis Regulatory Body or local licensing authority issues a recommendation or advises Company's counsel that the Affected Manager is unfit to have a management interest or role in a Cannabis business;

(c) a Cannabis Regulatory Body or local licensing authority issues a recommendation against the issuance to the Company of a State and/or Local Cannabis License or revokes a State and/or Local Cannabis License, which recommendation cites the participation of the Affected Manager as a material factor in the decision, or a Cannabis Regulatory Body or local licensing authority conditions the issuance of a State and/or Local Cannabis License on the Company removing the Affected Manager as a Manager of the Company;

(d) a Cannabis Regulatory Body or local licensing authority advises the Company or any Subsidiary in writing, or it is otherwise determined by court order, that a decision on the Company's or any Subsidiary's State and/or Local Cannabis License is being delayed beyond one (1) year following the filing of the Company's or any Subsidiary's application for a State and/or Local Cannabis License, and the Company or any Subsidiary is advised before or after said date that the sole reason for such delay is the participation of or concerns about the Affected Manager;

(e) the Affected Manager demonstrates a repeated failure to attend meetings with a Cannabis Regulatory Body or any local licensing authority as may be required for the Company or any Subsidiary business to be conducted. As used herein, repeated failure to attend shall be demonstrated by failure to attend any meeting without good cause, or any two (2) meeting with any licensing authority;

(f) the Affected Manager fails to provide information to the Cannabis Regulatory Body which is requested by or required by a Cannabis Regulatory Body; or

(g) if the Affected Manager is a partnership or other business entity and not a natural person, a member of the Affected Manager is disqualified from obtaining an ownership interest in a licensed Cannabis business by final written determination of a Cannabis Regulatory Body, unless such member is divested from the Affected Manager in a timely manner.

Section 7.13 TC "Section 7.13 Right to Withdraw or Recuse In the Event of Automatic Removal" \l 2Right to Withdraw or Recuse In the Event of Automatic Removal. Prior to the automatic removal described above, if the Removal Event is the result of a specific Company transaction or other action (such as a license acquisition that requires the approval of a Cannabis Regulatory Body) or the Affected Manager's involvement with a specific and distinct part of the Company or a Company Subsidiary (such as operation of a subset of the Company's licenses) (in any case, "**Underlying Company Subject Matter**"), then, the Affected Manager may withdraw or recuse themselves from such Underlying Company Subject Matter if the recusal or withdrawal is permitted by the applicable Cannabis Regulatory Body and has the same effect on the Company as it relates to the Underlying Company Subject Matter as if the Affected Manager being removed as manager. Whether a Removal Event has occurred and, if so, whether the Affected Manager may withdraw or recuse themselves from the Underlying Company Subject Matter instead of being removed shall be determined by a majority of the Managers who are not Affected Managers; provided, that before such Managers permit a recusal or withdrawal, they must first receive

advice of Company's counsel that recusal or withdrawal will have the same effect on the Underlying Company Subject Matter as removal would. Such withdrawal or removal shall be set forth in a written resolution of the Board. In the event a Removal Event occurs but does not affect the Underlying Company Subject Matter (which shall be determined by the acceptance or approval by the relevant Cannabis Regulatory Body of either (i) the Affected Manager acting as a Manager or (ii) the Underlying Company Matter irrespective of the involvement of the Affected Manager), then the majority of the Managers who are not Affected Managers may waive the removal of the Affected Manager.

Section 7.14 TC "Section 7.14 Conflicts of Interest" \l 2Conflicts of Interest.

(a) If a Manager may have a conflict of interest with respect to any decision to be made by the Board, such Manager shall inform the Board of such conflict. Unless such conflict is waived by all of the disinterested members of the Board (excluding such Manager), such Manager shall recuse itself from discussions and voting on such matter before the Board.

(b) A Manager shall recuse itself from any matter that all of the disinterested members of the Board (excluding such Manager) reasonably determines in good faith would give rise to a conflict of interest under Delaware law on the part of such Manager.

ARTICLE VIIITC "ARTICLE VIII TRANSFER" \l 1 Transfer

Section 8.01 TC "Section 8.01 Transfer" \l 2 Transfer.

(a) Each Member may, directly or indirectly, voluntarily or involuntarily Transfer any of its Shares, provided, however, that, (i) such Transfer is effected in accordance with all Applicable Laws; and (ii) any Member making a Transfer must notify the Company in writing in advance of such Transfer.

(b) Any Transfer or attempted Transfer of any Shares in violation of this Agreement or the Protection Agreement shall be null and void, no such Transfer shall be recorded on the Company's books, and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue to be treated) as the owner of such Shares for all purposes of this Agreement.

(c) Each Member acknowledges and agrees that they are subject to the Repurchase Right pursuant to Article 7 of the Share Purchase Agreement and the covenants and agreements related to the Repurchase Right contained in Article 7 of the Share Purchase Agreement.

(d) For the avoidance of doubt, any Transfer of Shares purporting to be a sale, transfer, assignment, or other disposal of the entire ownership interest represented by such Shares, inclusive of all the rights and benefits applicable to such Shares as described in the definition of the term " Shares" shall be deemed a sale, transfer, assignment, or other disposal of such Shares in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment, or other disposal of any less than all of the rights and benefits described in the definition of the term " Shares".

ARTICLE IXTC "ARTICLE IX ACCOUNTING; REPORTING; TAX MATTERS" \L 1 ACCOUNTING; REPORTING; TAX MATTERS

Section 9.01 TC "Section 9.01 Information to the Members" \l 2Information to the Members. No Member shall be entitled to, and the Company shall not be obligated to provide to any member, any financial statements, inspection right or Company budget to any Member.

Section 9.02 TC "Section 9.02 Tax Returns" \l 2Tax Returns. At the expense of the Company, the Board (or any Officer that it may designate pursuant to Section 7.07) shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company and the Company Subsidiaries own property or do business.

Section 9.03 TC "Section 9.03 Tax Election" \l 2Tax Election. The Members acknowledge that the Company shall elect to be taxed as a corporation. No Member nor the Company shall take any action to the contrary of such election.

ARTICLE XTC "ARTICLE X DISSOLUTION AND LIQUIDATION" \L 1 DISSOLUTION AND LIQUIDATION

Section 10.01TC "Section 10.01 Events of Dissolution" \l 2Events of Dissolution. The Company shall be dissolved and its affairs wound up only upon the occurrence of any of the following events:

(a) the determination of the Board to dissolve the Company;

(b) an election to dissolve the Company made by holders of 50% of the Voting Shares;

(c) the sale, exchange, involuntary conversion, or other disposition or transfer of all or substantially all the assets of the Company; or

(d) the entry of a decree of judicial dissolution under § 18-802 of the Delaware Act.

Section 10.02TC "Section 10.02 Effectiveness of Dissolution" \l 2Effectiveness of Dissolution. Dissolution of the Company shall be effective on the day on which the event described in Section 10.01 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been Distributed as provided in Section 10.03, and the Certificate of Formation shall have been cancelled as provided in Section 10.04.

Section 10.03TC "Section 10.03 Liquidation" \l 2Liquidation. If the Company is dissolved pursuant to Section 10.01, the Company shall be liquidated and its business and affairs wound up in accordance with the Delaware Act and the following provisions:

(a) Liquidator. The Board, or, if the Board is unable to do so, a Person selected by holders of 50% of the Voting Shares, shall act as liquidator to wind up the Company (the "**Liquidator**"). The Liquidator shall have full power and authority to sell, assign, and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) Accounting. As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day

of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) Distribution of Proceeds. The Liquidator shall liquidate the assets of the Company and Distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:

(i) *First*, to the payment of all of the Company's debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) *Second*, to the establishment of and additions to reserves that are determined by the Liquidator to be reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company; and

(iii) *Third*, to the Members in the same manner as Distributions are made under and pursuant to Section 6.02.

(d) Discretion of Liquidator. Notwithstanding Section 6.03 or the provisions of Section 10.03(c) that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 10.03(c), if upon dissolution of the Company the Liquidator determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may, in its absolute discretion, Distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 10.03(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such Distribution in kind shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator, acting in good faith, deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such Distribution, any property to be Distributed shall be valued at its Fair Market Value, as determined by the Liquidator in good faith.

Section 10.04TC "Section 10.04 Cancellation of Certificate" \l 2Cancellation of Certificate. Upon completion of the Distribution of the assets of the Company as provided in Section 10.03(c) hereof, the Company shall be terminated and the Liquidator shall cause the cancellation of the Certificate of Formation in the State of Delaware and of all qualifications and registrations of the Company as a foreign limited liability company in jurisdictions other than the State of Delaware and shall take such other actions as may be necessary to terminate the Company.

Section 10.05TC "Section 10.05 Survival of Rights, Duties, and Obligations" \l 2Survival of Rights, Duties, and Obligations. Dissolution, liquidation, winding up, or termination of the Company for any reason shall not release any party from any Loss which at the time of such dissolution, liquidation, winding up, or termination already had accrued to any other party or which thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up, or termination. For the avoidance of doubt, none of the foregoing shall replace, diminish, or otherwise adversely affect any Member's right to indemnification pursuant to Section 11.03.

Section 10.06TC "Section 10.06 Recourse for Claims" \l 2Recourse for Claims. Each Member shall look solely to the assets of the Company for all Distributions with respect to the Company and shall have no recourse therefor (upon dissolution or otherwise) against any Manager, the Liquidator, or any other Member.

ARTICLE XITC "ARTICLE XI EXCULPATION AND INDEMNIFICATION" \L 1 EXCULPATION AND INDEMNIFICATION

Section 11.01TC "Section 11.01 Exculpation of Covered Persons" \l 2Exculpation of Covered Persons.

(a) Covered Persons. As used herein, the term "**Covered Person**" shall mean each (i) Member; (ii) officer, director, shareholder, partner, member, Affiliate, employee, agent, or representative of a Member, and each of their controlling Affiliates; and (iii) each Manager, Officer, Board observer, employee, agent, or representative of the Company.

(b) Standard of Care. No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage, or claim incurred by reason of any action taken or omitted to be taken by such Covered Person in his, her, their, or its capacity as a Covered Person, whether or not such Person continues to be a Covered Person at the time such loss, damage, or claim is incurred or imposed, so long as such action or omission does not constitute fraud, gross negligence, willful misconduct, or a material breach by such Covered Person of any of such Covered Person's or such Covered Person's Affiliates' agreements contained herein or in any other agreements with the Company or any Company Subsidiary.

(c) Good Faith Reliance. A Covered Person shall be fully protected in relying in good faith upon the records of the Company or any Company Subsidiary and upon such information, opinions, reports, or statements (including financial statements and information, opinions, reports, or statements as to the value or amount of the assets, liabilities of the Company or any Company Subsidiary, or any facts pertinent to the existence and amount of assets from which Distributions might properly be paid) of the following Persons or groups: (i) a Manager; (ii) one or more Officers or employees of the Company or any Company Subsidiary; (iii) any attorney, independent accountant, appraiser, or other expert or professional employed or engaged by or on behalf of the Company or any Company Subsidiary; or (iv) any other Person selected in good faith by or on behalf of the Company or any Company Subsidiary, in each case as to matters that such relying Person reasonably believes to be within such other Person's professional or expert competence. The preceding sentence shall in no way limit any Person's right to rely on information to the extent provided in § 18-406 of the Delaware Act.

Section 11.02TC "Section 11.02 Liabilities and Duties of Covered Persons" \l 2Liabilities and Duties of Covered Persons.

(a) Limitation of Liability. This Agreement is not intended to, and does not, create or impose any fiduciary duty on any Covered Person. Furthermore, each of the Members and the Company hereby waives any and all fiduciary duties that, absent such waiver, may be implied by Applicable Law, and in doing so, acknowledges and agrees that the duties and obligations of each Covered Person to each other and to the Company are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

(b) Duties. Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), the Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including such Covered Person's own interests (or, in the case of a Manager, the interests of the Member that appointed such Manager or such Member's

Affiliates), and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's "good faith," the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other Applicable Law.

Section 11.03TC "Section 11.03 Indemnification" \l 2Indemnification.

(a) To the fullest extent permitted by the Delaware Act, as the same now exists or may hereafter be amended, substituted, or replaced (but, in the case of any such amendment, substitution, or replacement only to the extent that such amendment, substitution, or replacement permits the Company to provide broader indemnification rights than the Delaware Act permitted the Company to provide prior to such amendment, substitution, or replacement), the Company shall indemnify, hold harmless, defend, pay, and reimburse any Covered Person from and against any and all losses, claims, damages, judgments, fines, or liabilities, including reasonable legal fees or other expenses incurred in investigating or defending against such losses, claims, damages, judgments, fines, or liabilities, and any amounts expended in settlement of any claims (collectively, "**Losses**") to which such Covered Person may become subject by reason of:

(i) any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company in connection with the business of the Company; or

(ii) the fact that such Covered Person is or was acting in connection with the business of the Company as a manager, officer, employee, or agent of the Company or that such Covered Person is or was serving at the request of the Company as a manager, director, officer, employee, or agent of any other Person, including any Company Subsidiary;

provided, that (x) such Covered Person acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal proceeding, had no reasonable cause to believe his, her, their, or its conduct was unlawful, and (y) such Covered Person's conduct did not constitute fraud, gross negligence, willful misconduct, or a material breach by such Covered Person of any of such Covered Person's or such Covered Person's Affiliates' agreements contained herein or in any other agreements with the Company or any Company Subsidiary, in each case as determined by a final, non-appealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the Covered Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person's conduct was unlawful, or that the Covered Person's conduct constituted fraud, gross negligence, willful misconduct, or a material breach by such Covered Person of any of such Covered Person's or such Covered Person's Affiliates' agreements contained herein or in any other agreements with the Company or any Company Subsidiary.

(b) Entitlement to Indemnity. The indemnification provided by this Section 11.03 shall not be deemed exclusive of any other rights to indemnification to which those seeking indemnification may be entitled under any agreement or otherwise. The provisions of this Section 11.03 shall continue to afford protection to each Covered Person regardless of whether such Covered Person remains in the position or capacity pursuant to which such Covered Person became entitled to indemnification under this Section 11.03 and shall inure to the benefit of the executors, administrators, legatees, and distributees of such Covered Person.

(c) Insurance. To the extent available on commercially reasonable terms, the Company may purchase and thereafter maintain, at its expense, insurance to cover Losses covered by the foregoing indemnification provisions and to otherwise cover Losses for any breach or alleged breach by any Covered Person of such Covered Person's duties in such amount and with such deductibles as the Board may determine; *provided*, that the failure to obtain such insurance shall not affect the right to indemnification of any Covered Person under the indemnification provisions contained herein, including the right to be reimbursed or advanced expenses or otherwise indemnified for Losses hereunder. If any Covered Person recovers any amounts in respect of any Losses from any insurance coverage, then such Covered Person shall, to the extent that such recovery is duplicative, reimburse the Company or any Company Subsidiary for any amounts previously paid to such Covered Person by the Company or any Company Subsidiary in respect of such Losses.

(d) Funding of Indemnification Obligation. Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Section 11.03 shall be provided out of and to the extent of Company assets only, and no Member (unless such Member otherwise agrees in writing) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity by the Company.

(e) Savings Clause. If this Section 11.03 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Section 11.03 to the fullest extent permitted by any applicable portion of this Section 11.03 that shall not have been invalidated and to the fullest extent permitted by Applicable Law.

(f) Amendment. The provisions of this Section 11.03 shall be a contract between the Company, on the one hand, and each Covered Person who served in such capacity at any time while this Section 11.03 is in effect, on the other hand, pursuant to which the Company and each such Covered Person intend to be legally bound. No amendment, modification, or repeal of this Section 11.03 that adversely affects the rights of a Covered Person to indemnification for Losses incurred or relating to a state of facts existing prior to such amendment, modification, or repeal shall apply in such a way as to eliminate or reduce such Covered Person's entitlement to indemnification for such Losses without the Covered Person's prior written consent.

Section 11.04TC "Section 11.04 Survival" \l 2Survival. The provisions of this 33ARTICLE XI shall survive the dissolution, liquidation, winding up, and termination of the Company.

ARTICLE XIITC "ARTICLE XII MISCELLANEOUS" \L 1 MISCELLANEOUS

Section 12.01TC "Section 12.01 Protection Agreement" \l 2Protection Agreement. Any action taken by the Company, a Member, the Board, any sole Manager or any officer of the Company that is either not permitted by or would constitute a breach of the Protection Agreement shall be considered null and void, and the Company and all Members agree that (1) the Company has no authority (pursuant to Section 7.01 hereof or otherwise) to take any such action and (2) notwithstanding anything to the contrary in this Agreement, this Section and Section 4.13 shall be for the benefit of and enforceable by Canopy Sub, Canopy or their permitted assigns, as applicable, which shall be entitled to seek any relief or remedy (including specific performance) permissible under applicable law in connection therewith. The Company and each Member acknowledge and agree that the Protection Agreement shall remain in full force and effect upon a

Transfer of Exchangeable Shares and each holder of Exchangeable Shares now or in the future shall be entitled to the benefits and protections set forth in the Protection Agreement.

Section 12.02TC "Section 12.02 Confidentiality" \l 2Confidentiality. Each Member shall, and shall cause each of such Member's Affiliates to, maintain, at all times (including after any time that such Member ceases to be a Member), the confidentiality of all information furnished to such Member pertaining to the Company or the Company Subsidiaries ("**Confidential Information**"), other than information that such Member can demonstrate (a) is or becomes generally available to the public other than as a result of a disclosure by such Member or such Member's Affiliate; (b) becomes available to such Member or any of such Member's Representatives on a non-confidential basis from a third party who is not known by such Member to be prohibited by any obligation of confidentiality owed to the Company or any Company Subsidiary from transmitting the information to such Member; or (c) was already in the possession of such Member prior to his, her, their, or its becoming a Member; *provided, however,* that the prohibitions set forth in this Section 12.02 shall not prohibit disclosure of Confidential Information (i) to Representatives of such Member or such Member's Affiliates who, in the reasonable judgment of such Member, have a need to know such information and shall be subject to a confidentiality obligation at least as protective as set forth herein; (ii) to any investor in the equity or assets of Canopy Sub or its Affiliates as part of disclosures to such investor in the ordinary course of Canopy Sub's or its Affiliate's business; (iii) to any bona fide prospective Transferee of such Member that shall have agreed to be bound by the provisions of this Section 12.02 as if a Member; (iv) to the extent necessary in the course of performing such Member's obligations or enforcing any remedy under this Agreement or the agreements expressly contemplated hereby; or (v) as is required to be disclosed by a court of competent jurisdiction, administrative body, or governmental body or by subpoena, summons, or legal process, or by Applicable Law; *provided* that, to the extent permitted by Applicable Law, the Member required to make such disclosure shall provide to the Board prompt notice of such disclosure. The Company and each Member acknowledges and agrees that a public announcement and/or other disclosure of the Company, its ownership, and its business dealings (each an "**Announcement**") may become necessary from time to time under applicable law or for other valid business reasons. Should the Company (or any Member) determine that an Announcement is required, it will provide notice to any Covered Person mentioned or referenced in such Announcement as soon as reasonably possible, and will not release such Announcement until the form and content of the Announcement is approved by the Covered Person, acting reasonably.

Section 12.03TC "Section 12.03 Expenses" \l 2Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors, and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 12.04TC "Section 12.04 Further Assurances" \l 2Further Assurances. Each Member shall execute all such certificates and other documents and do all such filing, recording, publishing, and other acts as the Board deems necessary or appropriate to comply with the requirements of the Delaware Act or Applicable Law relating to the formation and operation of the Company and the acquisition, operation, or holding of its property.

Section 12.05TC "Section 12.05 Notices" \l 2Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage

prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12.05):

If to the Company:	35715 US HWY 40, STE D-102 Evergreen CO 80439 Attention: David Klein, Manager Email: contracts@canopycannabis.com

If to a Member, to such Member's respective mailing address or email address, as set forth on the Members Schedule.

Section 12.06TC "Section 12.06 Headings" \l 2Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision of this Agreement.

Section 12.07TC "Section 12.07 Severability" \l 2Severability. If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 11.03(e), upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 12.08TC "Section 12.08 Entire Agreement" \l 2Entire Agreement. This Agreement, together with the Certificate of Formation, the Share Purchase Agreements, the Protection Agreement, and all related Exhibits and Schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

Section 12.09TC "Section 12.09 Successors and Assigns" \l 2Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and permitted assigns. This Agreement may not be assigned by any Member except as permitted by this Agreement and any assignment in violation of this Agreement shall be null and void.

Section 12.10TC "Section 12.10 No Third-Party Beneficiaries" \l 2No Third-Party Beneficiaries. Except as provided in 33ARTICLE XI, which shall be for the benefit of and enforceable by Covered Persons as described therein and as provided in Sections 4.14 and 12.01, which shall be for the benefit of and enforceable by Canopy Sub, Canopy or their permitted assigns, as applicable, this Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors, administrators, successors, and permitted assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.11TC "Section 12.11 Amendment" \l 2Amendment. Subject to the terms and conditions of the Protection Agreement, no provision of this Agreement may be amended or modified except by an instrument in writing executed by the Company and Members holding a majority of the Voting Shares. Any such written amendment or modification will be binding upon the Company and each Member;

provided, that (i) an amendment or modification modifying the rights or obligations of (x) any Member in a manner that is disproportionately adverse to such Member relative to the rights of other Members in respect of Shares of the same class or series, or (y) a class or series of Shares in a manner that is disproportionately adverse to such class or series relative to the rights of another class or series of Shares, shall in each case be effective only with that Member's consent or the consent of the Members holding a majority of the Shares in that disproportionately affected class or series, as applicable and (ii) any amendment or modification of this Section 12.11 shall require the approval of all Voting Members. Notwithstanding the foregoing, the Board may, without the consent of or execution by the Members, (i) amend or modify the Members Schedule, in either case to reflect any new authorization, issuance, redemption, repurchase, or Transfer of Shares in accordance with this Agreement and (ii) upon execution of the Protection Agreement, insert the Protection Agreement as Exhibit C hereto.

Section 12.12TC "Section 12.12 Waiver" \l 2Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach, or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. For the avoidance of doubt, nothing contained in this Section 12.12 shall diminish any of the explicit and implicit waivers described in this Agreement, including in Section 4.07(f), Section 7.04(c), and Section 12.15 hereof.

Section 12.13TC "Section 12.13 Governing Law" \l 2Governing Law. All issues and questions concerning the application, construction, validity, interpretation, and enforcement of this Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

Section 12.14TC "Section 12.14 Submission to Jurisdiction" \l 2Submission to Jurisdiction. The parties hereby agree that any suit, action, or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, whether in contract, tort, or otherwise, shall be brought in the United States District Court for the District of Delaware or in the Court of Chancery of the State of Delaware (or, if such court lacks subject matter jurisdiction, in the Superior Court of the State of Delaware), so long as one of such courts shall have subject matter jurisdiction over such suit, action, or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware. Each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action, or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding in any such court or that any such suit, action, or proceeding which is brought in any such court has been brought in an inconvenient form. Service of process, summons, notice, or other document by registered mail to the address set forth in Section 12.05 shall be effective service of process for any suit, action, or other proceeding brought in any such court.

Section 12.15TC "Section 12.15 Waiver of Jury Trial" \l 2Waiver of Jury Trial. Each party hereto hereby acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right such party may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 12.16TC "Section 12.16 Equitable Remedies" \l 2Equitable Remedies. Each party hereto acknowledges that a breach or threatened breach by such party of any of such party's obligations under this Agreement would give rise to irreparable harm to the other parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance, and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

Section 12.17TC "Section 12.17 Remedies Cumulative" \l 2**Remedies Cumulative.** The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, except to the extent expressly provided in Section 11.02 to the contrary.

Section 12.18TC "Section 12.18 Counterparts" \l 2Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of Electronic Transmission (including via Docusign or similar electronic signature) shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 12.19TC "Section 12.19 Independent Counsel" \l 2Independent Counsel. Each Member has read this Agreement and acknowledges that:

(a) counsel for the Company (being Dentons US LLP) and counsel for Canopy Sub (being Cassels Brock & Blackwell LLP) prepared this Agreement on behalf of the Company and Canopy Sub;

(b) such Member has been advised that a conflict may exist between such Member's interests, the interests of the other Members, and/or the interests of the Company;

(c) this Agreement may have significant legal, financial, and/or tax consequences to such Member;

(d) none of the Company or its Affiliates or Representatives (including counsel) makes or has made any representations to such Member regarding such consequences; and

(e) such Member has been advised to seek, and has had the full opportunity to seek, the advice of independent counsel and tax or other advisors regarding such consequences.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

The Company:

Canopy USA, LLC

By: /s/ David Klein
Name: David Klein
Title: Manager

The Initial Members:

11065520 CANADA INC.

By: /s/ Jeridean Young
Name: Jeridean Young
Title: Authorized Signatory

YAMA INVESTMENTS INC.

By:__/s/ Yasser Waly__________________
Name: Yasser Waly
Title: President

EXHIBIT A

FORM OF JOINDER AGREEMENT

See Attached

JOINDER AGREEMENT

Reference is hereby made to the Amended and Restated Limited Liability Company Agreement, dated May 19, 2023, as amended from time to time (the "**LLC Agreement**"), between EB Transaction Corp., a Delaware, a company organized under the laws of Delaware, Canopy USA, LLC, a company organized under the laws of Delaware (the "**Company**"), and each other Person who after the date hereof becomes a Member of the Company and becomes a party to the LLC Agreement by executing a Joinder Agreement. Pursuant to and in accordance with Section 4.01(b) of the LLC Agreement, the undersigned hereby acknowledges that it has received and reviewed a complete copy of the LLC Agreement and agrees that upon execution of this Joinder, such Person shall become a party to the LLC Agreement and shall be fully bound by, and subject to, all of the covenants, terms, and conditions of the LLC Agreement as though an original party thereto and shall be deemed, and is hereby admitted as, a Member for all purposes thereof and entitled to all the rights incidental thereto. The undersigned hereby further acknowledges that it has received and reviewed a complete copy of the Protection Agreement and agrees that upon execution of this Joinder, such Person shall be subject to, all of the covenants, terms, and conditions of the Protection Agreement.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the LLC Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of ____________, 2023.

[New Member]

By_____________________
Name:
Title:

Accepted and Agreed to:

Canopy USA, LLC

By_____________________
Name:
Title:

EXHIBIT B

FORM OF SHARE PURCHASE AGREEMENT

See Attached

EXHIBIT C

PROTECTION AGREEMENT

See Attached

SCHEDULE A

MEMBERS SCHEDULE

As of May 19, 2023

Member Name	Type of Shares	Number of Shares	Capital Contribution (USD)
11065220 Canada Inc.	Exchangeable Shares	172,777,526	$172,777,526
Yama Investments Inc.	Class A Shares	100,000	$100,000

Exhibit 10.10

***** Certain information in this document has been excluded pursuant to Regulation S-K, item 601(b)(10). Such excluded information is not material and is information that the company treats as private or confidential. Such omitted information is indicated by brackets "[***]") in this exhibit. *****

EXECUTION VERSION

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "**Agreement**"), is made as of May 19, 2023, by and among Canopy USA, LLC a Delaware limited liability company (the "**Company**") and Huneeus 2017 Irrevocable Trust (the "**Purchaser**").

WHEREAS the Purchaser wishes to make an investment in the Company to acquire: (i) such number of Class A Shares of the Company with a value of $5,000,000 (the "**T1 Shares**") at a purchase price per T1 Share equal to the Adjusted CUSA Value (as defined below) (the "**T1 Purchase Price**"); (ii) subject to certain conditions, additional Class A Shares of the Company with a value of $5,000,000 (the "**T2 Shares**", together with the T1 Shares, the "**Shares**") at a purchase price per T2 Share equal to the fair market value of the T2 Shares at the applicable time (the "**T2 Purchase Price**", together with the T1 Purchase Price, the "**Purchase Price**"); and (ii) warrants of the Company (a "**Warrant**"), in accordance with the terms provided in this Agreement (collectively, the "**Investment**");

NOW, THEREFORE, the parties hereby agree as follows:

1. Purchase and Sale of Shares.

1.1 Sale and Issuance of Shares. Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase and the Company agrees to sell and issue to the Purchaser: (a) on the T1 Closing Date (as defined below), the T1 Shares, at the T1 Purchase Price; and (b) on the T2 Closing Date (as defined below), the T2 Shares at the T2 Purchase Price.

1.2 Issuance of Warrants.

(a) On the T1 Closing Date, and in consideration of the purchase by the Purchaser of the Shares, the Company hereby agrees to issue the following Warrants (the "**T1 Issued Warrants**") to the Purchaser, and the Company shall deliver to the Purchaser certificates representing the T1 Issued Warrants in such a form as is mutually agreed to by the parties on the T1 Closing (the "**T1 Warrant Certificates**"); provided that the T1 Issued Warrants shall not be exercisable until a Triggering Event occurs and shall automatically terminate and the T1 Warrant Certificates shall, without any further action by the parties, be cancelled and be of no force and effect, if a Triggering Event does not occur by March 31, 2024:

(i) such number of Warrants as is equal to half of the number of T1 Shares issued to the Purchaser on the T1 Closing Date (the "**T1-1 Warrants**") with each full T1-1 Warrant exercisable into one Voting Share (as defined in the Operating Agreement) at an

exercise price equal to the T1 Purchase Price per Voting Share until the seventh anniversary of the T1 Closing Date (the "**T1 Expiry Date**");

(ii) such number of Warrants as is equal to one quarter of the number of T1 Shares issued to the Purchaser on the T1 Closing Date (the "**T1-2 Warrants**") with each full T1-2 Warrant exercisable into one Voting Share at an exercise price equal to two times the T1 Purchase Price per Voting Share until the T1 Expiry Date; and

(iii) such number of Warrants as is equal to the aggregate number of T1-1 Warrants and the T1-2 Warrants (the "**T1-3 Warrants**") with each full T1-3 Warrant exercisable into one Voting Share at an exercise price equal to three times the T1 Purchase Price per Voting Share until the T1 Expiry Date.

(b) On the T2 Closing Date, and in consideration of the purchase by the Purchaser of the T2 Shares, the Company hereby agrees to issue the following Warrants (the "**T2 Issued Warrants**" and, together with the T1 Issued Warrants and the Shares, the "**Securities**") to the Purchaser, and the Company shall deliver to the Purchaser certificates representing the T2 Issued Warrants in such a form as is mutually agreed to by the parties on the T2 Closing (the "**T2 Warrant Certificates**"):

(i) such number of Warrants as is equal to half of the number of T2 Shares issued to the Purchaser on the T2 Closing Date (the "**T2-1 Warrants**") with each full T2-1 Warrant exercisable into one Voting Share at an exercise price equal to the T2 Purchase Price per Voting Share until the seventh anniversary of the T2 Closing Date (the "**T2 Expiry Date**");

(ii) such number of Warrants as is equal to one quarter of the number of T2 Shares issued to the Purchaser on the T2 Closing Date (the "**T2-2 Warrants**") with each full T2-2 Warrant exercisable into one Voting Share at an exercise price equal to two times the T2 Purchase Price per Voting Share until the T2 Expiry Date; and

(iii) such number of Warrants as is equal to the aggregate number of T2-1 Warrants and the T2-2 Warrants (the "**T2-3 Warrants**") with each full T2-3 Warrant exercisable into one Voting Share at an exercise price equal to three times the T2 Purchase Price per Voting Share until the T2 Expiry Date.

(c) In the event that there is an adjustment to the number of Shares held by the Purchaser in accordance with Section 3.06(c) of the Operating Agreement, then either or both of the exercise price and the number of Shares which are to be received upon the exercise of the Warrants then outstanding and held by the Purchaser shall be adjusted in such manner, if any, to be equitable to the Purchaser in such circumstances, which for greater certainty shall be similar to the economic protection offered to the Purchaser with respect to its Class A Shares in accordance with Section 3.06(c) of the Operating Agreement.

1.3 Closings; Delivery.

(a) The purchase and sale of the Securities shall take place remotely via the exchange of documents and signatures on the applicable Closing Date; provided that neither the T1 Closing nor the T2 Closing shall occur on or prior to the date that is five business days following the completion of the Canopy Capital Reorganization (the "**Reorganization Time**").

(b) The Purchaser shall be required to subscribe for the T1 Shares in accordance with the terms of this Agreement within five business days following the Reorganization Time, provided that all of the conditions to the purchase and sale of the T1 Shares set out in Section 4 and Section 5 (other than those conditions that by their nature can only be satisfied on the T1 Closing Date) have been satisfied or waived. At the T1 Closing, the Company shall issue to the Purchaser the T1 Shares being purchased by the Purchaser and the Purchaser shall, prior to the T1 Closing, pay to counsel to the Company, Cassels Brock & Blackwell LLP ("**Company Counsel**"), the T1 Purchase Price for the T1 Shares being purchased by the Purchaser by wire transfer to a bank account designated in writing by the Company, to be held by Company Counsel in trust until the T1 Closing. The Purchaser hereby irrevocably directs Company Counsel to release the T1 Purchase Price to the Company at the T1 Closing.

(c) The Purchaser shall be required to subscribe for the T2 Shares in accordance with the terms of this Agreement on the T2 Investment Date, provided that all of the conditions to the purchase and sale of the T2 Shares set out in Section 4 and Section 5 (other than those conditions that by their nature can only be satisfied on the T2 Closing Date) have been satisfied or waived. At the T2 Closing, the Company shall issue to the Purchaser the T2 Shares being purchased by the Purchaser and the Purchaser shall, on the T2 Closing, pay to Company Counsel, the T2 Purchase Price for the T2 Shares being purchased by the Purchaser by wire transfer to a bank account designated in writing by the Company, to be held by Company Counsel in trust. The Purchaser hereby irrevocably directs Company Counsel to immediately release the T2 Purchase Price to the Company at the T2 Closing. Notwithstanding the foregoing, in the event that (i) the Acreage Acquisition is completed and (ii) an Event of Default has occurred prior to the T2 Investment Date and such Event of Default has not been cured as of such date, or an Event of Default is present on the T2 Investment Date, the Purchaser shall have the right, but not the obligation (the "**T2 EoD Option**"), exercisable at any time within five days of the T2 Investment Date, to acquire the T2 Shares at the T2 Purchase Price. Upon due exercise of the T2 EoD Option and payment of the T2 Purchase Price in accordance with the terms of Section 1.3(c), the Company shall issue the T2 Issued Warrants to the Purchaser in accordance with Section 1.2(b). The T2 EoD Option may be exercised by the Purchaser by delivering a written notice of exercise to the Company within five days of the T2 Investment Date and the closing of such EoD Option shall occur within five days of the T2 Investment Date.

(d) In the event that (i) the Acreage Acquisition does not occur and (ii) either the Company or Canopy (on behalf of the Company) delivers written notice to the Purchaser that the Company no longer intends to complete the Acreage Acquisition (the "**Canopy Notice**"), the Purchaser shall have the right, but not the obligation (the "**T2 Notice Option**"), exercisable at any time following the earlier of (1) the 12 month anniversary of the date of the Canopy Notice and (2) the 24 month anniversary of the T1 Closing Date (the "**T2 Notice Option Expiry Date**")**,** to acquire the T2 Shares at the T2 Purchase Price. Upon due exercise of the T2 Notice Option and payment of the T2 Purchase Price in accordance with the terms of Section 1.3(c), the Company shall issue the T2 Issued Warrants to the Purchaser in accordance with Section 1.2(b). The T2 Notice Option may be exercised by the Purchaser by delivering a written notice of exercise to the Company on or before the date that is five days prior to the T2 Notice Option Expiry Date and the closing of such T2 Notice Option shall occur no later than the T2 Notice Option Expiry Date.

(e) In the event that (a) the Acreage Acquisition does not occur by the one-year anniversary of the T1 Closing Date and (b) a Canopy Notice is not delivered to the Purchaser by the one-year anniversary of the T1 Closing Date, the Purchaser shall have the right, but not the obligation (the "**T2 Option**"), exercisable at any time following the one-year anniversary of the T1 Closing Date until the 24 month anniversary of the T1 Closing Date (the "**T2 Option Expiry Date**")**,** to acquire the T2 Shares at the T2 Purchase Price. Upon due exercise of the T2 Option and payment of the T2 Purchase Price in accordance with the terms of Section 1.3(c), the Company shall issue the T2 Issued Warrants to the Purchaser in accordance with Section 1.2(b). The T2 Option may be exercised by the Purchaser by delivering a written notice of exercise to the Company on or before the date that is five days prior to the T2 Option Expiry Date and the closing of such T2 Option shall occur no later than the T2 Option Expiry Date.

1.4 Purchase and Sale Option.

(a) On and subject to the terms and conditions of this Agreement, the Company hereby grants the Purchaser the right, but not the obligation (the "**Share and Warrant Option**"), exercisable at any time from and after the date of this Agreement until the 24 month anniversary of the T1 Closing Date, to acquire Voting Shares with a value of up to $5,000,000 at a purchase price equal to the fair market value of the Voting Share being acquired at the applicable time (the "**Option Exercise Price**"). Upon due exercise of the Share and Warrant Option and payment of the Option Exercise Price per Voting Share, the Company shall issue to the Purchaser the following warrants for each Voting Share issued:

(i) one-half of a Warrant exercisable into one-half of a Voting Share at an exercise price equal to the Option Exercise Price until the seventh anniversary of the date of issuance (the "**Option Exercise Date**");

(ii) one-quarter of a Warrant exercisable into one-quarter of a Voting Share at an exercise price equal to two times the Option Exercise Price until the Option Exercise Date; and

(iii) three-quarters of a Warrant exercisable into three-quarters of a Voting Share at an exercise price equal to three times the Option Exercise Price until the Option Exercise Date.

(b) On and subject to the terms and conditions of this Agreement, the Company hereby grants the Purchaser the right, but not the obligation (the "**Share Option**", together with the Share and Warrant Option, the "**Options**"), exercisable at any time from and after the date of this Agreement until the 24 month anniversary of the T1 Closing Date, to acquire Voting Shares with a value of up to $5,000,000 at a purchase price equal to the fair market value of the Voting Share being acquired at the applicable time.

(c) The Options may be exercised by the Purchaser by delivering a written notice of exercise to the Company on or before the date that is five days prior to the 24 month anniversary of the T1 Closing Date.

1.5 Defined Terms Used in this Agreement. In addition to the terms defined above, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

(a) "**Acreage Acquisition**" means the Company's acquisition, directly or indirectly, of a majority of the issued and outstanding shares of Acreage Holdings, Inc.

(b) "**Adjusted CUSA Value"** means the fair market value of the T1 Shares as of March 31, 2023, as determined in accordance with the valuation computations of the Company utilized in connection with the annual report on Form 10-K for Canopy for the year ended March 31, 2023 excluding any value ascribed to the Company as a result of its right to receive payments pursuant to the third amendment to the tax receivable agreement dated as of October 24, 2022, by and among Canopy, the Company, Acreage Holdings America, Inc., High Street Capital Partners, LLC ("**HSCP**") and certain members of HSCP.

(c) "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer, director or trustee of such Person, or any fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Person.

(d) "**Board**" or "**Board of Managers**" means the board of managers of the Company.

(e) **"Canopy Shares"** means common shares in the capital of Canopy Growth Corporation ("**Canopy**") or, in the event that Canopy is acquired by a third-

party, the shares of such acquirer, provided that such acquiror shares shall be listed on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange, the NEO Exchange Inc., the New York Stock Exchange, the Nasdaq Global Select Market or the London Stock Exchange.

(f) "**Canopy Capital Reorganization**" means the reorganization of Canopy's share capital to provide for: (i) the creation of an unlimited number of a new class of non-voting and nonparticipating exchangeable shares in the capital of Canopy (the "**Exchangeable Canopy Shares**"); and (ii) the restatement of the rights of the common shares of Canopy to provide for a conversion feature whereby each common share of Canopy may at any time, at the option of the holder, be converted into one Exchangeable Canopy Share.

(g) "**Canopy Change of Control**" means: (a) the sale of all or substantially all of the consolidated assets of Canopy and its subsidiaries; (b) a sale of Canopy Shares to a third party resulting in no less than a majority of the Canopy Shares being held by a Person other than a shareholder of Canopy who was a shareholder immediately prior to such sale; or (c) a merger, consolidation, recapitalization, or reorganization of Canopy with or into a Person that results in the inability of the shareholders of Canopy to designate or elect a majority of the directors of Canopy (or the board of directors (or its equivalent) of the resulting entity or its parent company).

(h) "**Company Change of Control**" means: (a) the sale of all or substantially all of the consolidated assets of the Company and the Company Subsidiaries; (b) a sale of Voting Shares to a third party resulting in no less than a majority of the Voting Shares being held by a Person other than a member of the Company who was a member immediately prior to such sale; or (c) a merger, consolidation, recapitalization, or reorganization of the Company with or into a Person that results in the inability of the members of the Company to designate or elect a majority of the Board of Managers (or the board of directors (or its equivalent) of the resulting entity or its parent company).

(i) "**Closings**" means the T1 Closing and the T2 Closing.

(j) "**Closing Date**" means T1 Closing Date and the T2 Closing Date.

(k) "**Code**" means the Internal Revenue Code of 1986, as amended.

(l) "**Company Intellectual Property**" means all material Intellectual Property owned or used by the Company and necessary in the conduct of the Company's business as now conducted and as presently proposed to be conducted.

(m) "**COVID-19**" means the virus commonly referred to as SARS-CoV-2 and/or as the context requires, the disease commonly referred to as COVID-

19 and any variations or evolutions thereof or any other related, associated or similar viruses, epidemics, pandemics or disease outbreaks.

(n) “**Debt”** means with respect to any Person (whether or not due and payable), and without duplication, all outstanding obligations of such Person (i) in respect of indebtedness for borrowed money (and any accrued interest thereon); (ii) secured by any mortgage, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired and subject thereto; (iii) in respect of guarantees of indebtedness of others; (iv) in respect of the deferred portion or installments of purchase price in connection with the acquisition of any property or services; (v) any obligation evidenced by bonds, debentures, notes or similar instruments; (vi) capitalized lease obligations; (vii) letters of credit (to the extent drawn); (viii) all obligations under which interest charges are customarily paid (excluding current accounts payable in the ordinary course of business consistent with past practice); (ix) in respect of any seller notes payable with respect to the acquisition of any business, assets or securities; or (x) all obligations under indentures or arising out of any financial hedging arrangements.

(o) “**Event of Default**” means, the occurrence of any one or more of the following events:

(i) either a (a) Company Change of Control or (b) Canopy Change of Control;

(ii) the occurrence of a default or an event of default (after the giving of all applicable notices or the expiry of all applicable grace or cure periods) with respect to any loan agreement or other instrument of Canopy or the Company under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of $[***] (or its foreign currency equivalent) in the aggregate of the Company or Canopy, as applicable, (in each case, a “**Loan Agreement**”) (a) resulting in such indebtedness becoming or being declared due and payable or (b) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise;

(iii) either the Company or Canopy has failed to comply with a financial covenant pursuant to any outstanding Loan Agreement of the Company or Canopy, as applicable; or

(iv) either (a) the Company fails to deliver an EoD Certificate in accordance with Section 4.3(b)(iii); or (b) Canopy fails to deliver to the Purchaser a certificate from an officer of Canopy on the proposed T2 Closing Date certifying that the events of default set out in the preceding subsections (i), (ii) and (iii) have not occurred, have occurred, but have been cured or are otherwise not present as of such date.

(p) “**Fair Market Value**” means, (i) if the shares are listed on only one stock exchange, the volume weighted average trading price per share on such stock

exchange during the immediately preceding five Trading Days; or (ii) if the shares are listed on more than one stock exchange, the price as determined in accordance with clause (i) above for the primary stock exchange on which the greatest volume of trading of the shares occurred during the immediately preceding five Trading Days.

(q) “**GAAP**” means generally accepted accounting principles in effect from time to time in the United States as set forth in pronouncements, statements and opinions of the Financial Accounting Standards Board (and its predecessors) and the American Institute of Certified Public Accountants.

(r) “**Government Authority**” means any federal, national, supranational, state, provincial, local, foreign or other government, political subdivision, governmental, regulatory or administrative authority, agency, department, ministry, board, commission, task force or any court, tribunal, judicial, self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator or arbitral body, court or tribunal of competent jurisdiction, customs and any other regulatory or administrative equivalent governmental entity in any country or territory with jurisdiction over the Company or any Subsidiary.

(s) “**Intellectual Property**” means all (i) patents and patent applications, together with all reissues, reexaminations, continuations, continuations in part, and divisionals thereof, (ii) registered and unregistered trademarks, trademark applications, registered and unregistered service marks, service mark applications, tradenames, and trade dress, (iii) registered copyrights, (iv) trade secrets and other confidential or proprietary information, (v) domain names, (vi) software, data, databases and documentation therefor, (vii) other or similar intellectual property or proprietary rights, including processes, methods, techniques, know how, customer and supplier lists, and marketing and business plans, (viii) tangible embodiments of any of the foregoing, and (ix) licenses in, to, and under any of the foregoing.

(t) “**Knowledge**” including the phrase “**to the Company’s Knowledge**” or “**Known**” shall mean the actual knowledge, after good faith inquiry, of the Board and executive leadership team of the Company as of the date hereof.

(u) “**Material Adverse Effect**” means any event that has had or would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company, taken as a whole; provided, however, that any adverse effect arising out of, resulting from or attributable to any circumstance described in the following clauses shall not constitute or be deemed to contribute to a Material Adverse Effect, and otherwise shall not be taken into account in determining whether a Material Adverse Effect has occurred or would be reasonably expected to occur: (i) an event affecting (x) the United States or any other economy or foreign economies in general, or (y) capital or financial markets (including any disruption thereof) generally, including changes in interest or exchange rates and financial, credit, securities or currency

markets (including any measure relating to COVID-19 or other public health matter), (ii) an event affecting political, regulatory or social conditions (including hostilities, acts of war (whether declared or undeclared), sabotage, terrorism or military actions, or any escalation or worsening of any of the foregoing), (iii) an event in or affecting the industries in which the Company operates, (iv) an event directly attributable to the execution or the announcement of, or the consummation of the transactions contemplated by this Agreement, including the impact thereof on shortfalls or declines in revenue, margins or profitability, the loss of, or disruption in, any customer, supplier, vendor and/or other contractual relationships, or loss of personnel, (v) conditions resulting from actual or threatened earthquakes, hurricanes, floods, tornados, storms, weather conditions, fires or other natural disasters, epidemics, pandemics, disease outbreaks (including, for the avoidance of doubt, any effect resulting from, arising in connection with or otherwise related to COVID-19, including any Government Authority or public health authority's response thereto, any loss of customers, suppliers, orders or contracts in connection therewith), public health emergencies, widespread occurrences of infectious diseases or natural disasters, (vi) any changes in applicable law or regulation, GAAP or the enforcement or interpretation thereof, (vii) actions taken, to be taken or omitted pursuant to this Agreement, or taken or omitted with the Purchaser's prior written consent, or (viii) any matter set forth in the Disclosure Schedule.

(v) "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

(w) "**Protection Agreement**" means the Amended and Restated Protection Agreement dated on or about the date hereof among the Company, 11065220 Canada Inc., and Canopy.

(x) "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(y) "**State and/or Local Cannabis Regulations**" means any criminal, civil or administrative statute, regulation, ordinance, decree, court order or other proclamation having the force of law, enacted, adopted or issued by any state Government Authority or local Government Authority in the United States pertaining to the criminalization, decriminalization, regulation, or licensing of medical and/or recreational cannabis sales, consumption, cultivation, distribution, or storage.

(z) "**State and/or Local Cannabis License**" means any license required by a state or municipality in order to operate a cannabis business or to own or lease property used by a cannabis business within that state or municipality's jurisdiction.

(aa) "**Supplier**" means any business or Person who supplies the Company or any Subsidiary with goods and services utilized in the manufacture of its products, including both cannabis Suppliers and non-cannabis Suppliers.

(bb) "**Subsidiary**" means those subsidiaries of the Company set forth on Section 2.3 of the Disclosure Schedule.

(cc) "**T1 Closing**" means the closing of the sale of the T1 Shares pursuant to the Investment.

(dd) "**T1 Closing Date**" means the business day immediately after all conditions to the purchase and sale of the T1 Shares set out in Section 4 and Section 5 (other than those conditions that by their nature can only be satisfied on the T1 Closing Date) have been satisfied or waived; or such earlier or later date as may be agreed to in writing by the parties.

(ee) "**T2 Closing**" means the closing of the sale of the T2 Shares pursuant to the Investment.

(ff) "**T2 Closing Date**" means the business day immediately after all conditions to the purchase and sale of the T2 Shares set out in Section 4 and Section 5 (other than those conditions that by their nature can only be satisfied on the T2 Closing Date) have been satisfied or waived; or such earlier or later date as may be agreed to in writing by the parties, provided that the T2 Closing Date shall occur no later than the T2 Investment Date.

(gg) "**T2 Investment Date**" means the date that is five business days following the closing of the Acreage Acquisition.

(hh) "**Trading Day**" means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchaser that, except as set forth on the Disclosure Schedule attached as Exhibit F to this Agreement, which exceptions shall be deemed to be part of the representations and warranties made hereunder, the following representations are true and correct as of the date hereof and as of the T1 Closing Date and the T2 Closing Date, except as otherwise indicated. Except where the context expressly requires otherwise (i) the representations and warranties set forth herein are intended to, and do, include the Company's Subsidiaries, jointly and not severally, and the defined term "Company" in this Section 2 shall be deemed to mean "Company and Subsidiaries, jointly" and (ii) in making the representations and warranties set forth herein, including any information qualified by Knowledge, the Company has performed customary inquiries with Canopy's management and other relevant personnel. The Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections contained in this Section 2, and the disclosures in any section of the Disclosure Schedule shall qualify other sections in this Section 2 only to the extent it is reasonably apparent from a reading of the disclosure that such disclosure is applicable to such other sections.

For purposes of these representations and warranties in this Agreement, including in

Sections 2 and 3 (other than those in Sections 2.2, 2.3, 2.4, 2.5, and 2.6), the term the "**Company**" shall include any Subsidiaries, unless otherwise noted herein.

2.1 Organization, Good Standing, Power and Qualification. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited liability company power and authority to carry on its business as now conducted and as presently proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

2.2 Capitalization.

(a) The membership interests of the Company are represented by Class A Shares, Class B Shares and Exchangeable Shares. The authorized capital of the Company consists, immediately prior to the T1 Closing, of:

(i) an unlimited number of Class A Shares, of which 100,000 Class A Shares are issued and outstanding immediately prior to the T1 Closing. All of the outstanding Class A Shares have been duly authorized, are fully paid and nonassessable and were issued in compliance in all material respects with all applicable federal and state securities laws, excluding any Federal Cannabis Laws (as hereinafter defined);

(ii) an unlimited number of Class B Shares, none of which are issued and outstanding immediately prior to the T1 Closing.; and

(iii) an unlimited number of Exchangeable Shares, of which 172,777,526 Exchangeable Shares are issued and outstanding immediately prior to the T1 Closing. All of the outstanding Exchangeable Shares have been duly authorized, are fully paid and nonassessable and were issued in compliance in all material respects with all applicable federal and state securities laws, excluding any Federal Cannabis Laws.

(b) No Person has any right to purchase any of the Shares covered by this Agreement.

2.3 Subsidiaries. Other than as set forth on Section 2.3 of the Disclosure Schedule, the Company owns 100% of the equity of each Subsidiary. Section 2.3 of the Disclosure Schedule sets forth a list of all interests held by the Company or any Subsidiary in any other corporation, partnership, trust, joint venture, limited liability company, association, or other business entity. Other than as set forth on Section 2.3 of the Disclosure Schedule, the Company is not a participant in any joint venture, partnership or similar arrangement. Each Subsidiary is a corporation or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and has all requisite corporate or limited liability company power and authority to carry on its business as now conducted and as presently proposed to be conducted. Each Subsidiary is duly qualified to transact business and is

in good standing in each jurisdiction in which the failure to so qualify could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

2.4 Authorization. All limited liability company action required to be taken by the Board and members of the Company in order to authorize the Company to issue the Securities has been taken. All action on the part of the officers of the Company necessary for the execution and delivery of this Agreement, the performance of all obligations of the Company under this Agreement to be performed as of the Closings, and the issuance and delivery of the Securities has been taken. This Agreement, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

2.5 Valid Issuance of Securities. The Securities, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under this Agreement, Federal Cannabis Laws, and liens or encumbrances created by or imposed by a Purchaser on its own Securities. Assuming the accuracy of the representations of the Purchaser in Section 3 of this Agreement, the Securities will be issued in compliance in all material respects with all applicable federal and state securities laws, excluding any Federal Cannabis Laws.

2.6 Governmental Consents and Filings. Assuming the accuracy of the representations made by the Purchaser in Section 3 of this Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local Government Authority is required on the part of the Company in connection with the consummation of the transactions contemplated by this Agreement, except for filings pursuant to applicable securities laws, which have been made or will be made in a timely manner.

2.7 Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or to the Company's Knowledge, currently threatened in writing (i) that questions the validity of this Agreement or the right of the Company to enter into it, or to consummate the transactions contemplated by this Agreement; or (ii) that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. Except as set forth in Section 2.7 of the Disclosure Schedule, neither the Company nor, to the Company's Knowledge, any of its officers or managers is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality (in the case of officers or managers, such as would affect the Company). There is no action, suit, proceeding or investigation by the Company pending or which the Company intends to initiate.

2.8 Intellectual Property; Data Privacy.

(a) The Company exclusively owns, or has a valid and enforceable right to use, all Intellectual Property used or necessary to operate the business of the Company, free and clear of all liens, charges or encumbrances, and without any Known conflict with, or infringement of, the rights of others, including prior employees or consultants, in each case other than matters that could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. The Company has not received any written communications alleging that the Company has infringed or otherwise violated, or by conducting its business, would infringe or otherwise violate, and the conduct of the Company's business as now conducted and as presently proposed to be conducted does not (and would not) infringe or otherwise violate, any of the Intellectual Property rights or processes of any other Person. To the Company's Knowledge, no Person is infringing or otherwise violating the Company Intellectual Property. The Company Intellectual Property is valid, subsisting and enforceable, and the Company has taken reasonable measures to protect, maintain and enforce the Company Intellectual Property. The Company Intellectual Property is not subject to any order, writ, decree or settlement that restricts the use or ownership thereof.

(b) The Company complies, with all Data Privacy Requirements (as hereinafter defined), other than failures to comply that could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. The Company has not received any communications alleging that the Company is in violation of any Data Privacy Requirements, and to the Company's Knowledge, the Company is not subject to any investigation with respect to any Data Privacy Requirements. For purposes of this Section 2.8, "**Data Privacy Requirements**" means (i) all federal or statute statutes, rules or regulations concerning the privacy or security of personal information, including protected health information (ii) the Company's written privacy policies and procedures, and (iii) all contractual requirements of the Company with respect to the privacy or security of personal information, including with respect to the Payment Card Industry Data Security Standard (PCI DSS).

2.9 Compliance with Other Instruments. The Company is not in violation or default (i) of any provisions of its Certificate of Formation or its Amended and Restated Limited Liability Company Agreement (the "**Operating Agreement**"), (ii) of any instrument, judgment, order, writ or decree, (iii) under any note, indenture or mortgage, or (iv) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound that is required to be listed on the Disclosure Schedule, or (v) to the Company's Knowledge, of any provision of federal or state statute, rule or regulation applicable to the Company, the violation of which in the case of any of clauses (ii) through (v) could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, and other than Federal Cannabis Laws. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement; or (ii) an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company

or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to the Company which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

2.10 Agreements. Set forth on Section 2.10(a) of the Disclosure Schedule is a description of the Material Contracts (as hereinafter defined). Each such Material Contract (a) is in full force and effect and is binding upon and enforceable against the Company and, to the Company's Knowledge, each other Person that is a party thereto in accordance with its terms, (b) has not been otherwise amended or modified, and (c) is not in material default due to the action or inaction of the Company. The Company is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Material Contracts, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

2.11 For the purposes of this Section 2.10, "**Material Contract**" means, with respect to the Company, (i) each contract or agreement to which the Company is a party involving aggregate revenues payable to or consideration payable to or by the Company of $[***] or more, (ii) each contract or agreement under which the Company grants or receives any license or other right in respect of Intellectual Property (other than licenses to commercially available, off-the-shelf software) which is material to the Company, and (iii) all other contracts or agreements, the loss of which could reasonably be expected to result in a Material Adverse Effect.

2.12 Real Property. There is no real property ("**Real Property**") owned or leased by the Company.

2.13 Debt. Section 2.13 of the Disclosure Schedule sets forth, as of the date hereof, all Debt of the Company. Except as, individually or in the aggregate, as of the date of hereof, would not reasonably be expected to have a Material Adverse Effect, (i) each Debt contract is in full force and effect; (ii) the Company and its Subsidiaries, as applicable, are not in default under any Debt contract; (iii) none of the Debt contracts has been canceled by the other party; (iv) no other party is in breach or violation of, or material default under, any Debt contract; and (v) the Company has not received any written claim of default under any such Debt contract.

2.14 Solvency. Immediately prior to giving effect to the consummation of the transactions contemplated by this Agreement, the Company, taken as a whole, will be Solvent (as hereinafter defined). For purposes of this Section 2.14, "**Solvent**" means, with respect to Company and its Subsidiaries, taken as a whole, that:

(a) the fair saleable value (determined on a going concern basis) of the assets of the Company and its Subsidiaries, taken as a whole, shall be greater than the total amount of the Company's and its Subsidiaries' liabilities, taken as a whole; and

(b) the Company shall be able to pay its debts and obligations as they become due.

2.15 Employee Matters.

(a) To the Company's Knowledge, none of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would materially interfere with such employee's ability to promote the interest of the Company or that would conflict with the Company's business.

(b) The Company is not delinquent in material payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such employees, consultants or independent contractors. Except as set forth in Section 2.15(b) of the Disclosure Schedule, the Company has complied with all applicable state and federal equal employment opportunity laws and with other laws related to employment, including those related to wages, hours, worker classification and collective bargaining. The Company has withheld and paid to the appropriate Government Authority or is holding for payment not yet due to such Government Authority all material amounts required to be withheld from employees of the Company and is not liable for any arrears of material wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

2.16 Tax Returns and Payments. There are no material federal, state, county, local or foreign taxes due and payable by the Company which have not been timely paid. There are no accrued and unpaid material federal, state, country, local or foreign taxes of the Company which are due, whether or not assessed or disputed. There have been no examinations or audits of any tax returns or reports by any applicable federal, state, local or foreign governmental agency. The Company has duly and timely filed all material federal, state, county, local and foreign tax returns required to have been filed by it and there are in effect no waivers of applicable statutes of limitations with respect to taxes for any year.

2.17 Permits; Licenses. The Company has all permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could reasonably be expected to have a Material Adverse Effect. The Company is not in default in any material respect under any of such permits, licenses or other similar authority.

2.18 Environmental and Safety Laws. Except as could not reasonably be expected to have a Material Adverse Effect, and as except set forth Section 2.18 of the Disclosure Schedule to the Company's Knowledge (a) the Company is and has been in compliance with all Environmental Laws (as hereinafter defined); (b) there has been no release or to the Company's Knowledge, threatened release of any pollutant, contaminant or toxic or hazardous material, substance or waste or petroleum or any fraction thereof (each a "**Hazardous Substance**"), on, upon, into or from any site currently or heretofore owned, leased or otherwise used by the

Company; (c) there have been no Hazardous Substances generated by the Company that have been disposed of or come to rest at any site that has been included in any published U.S. federal, state or local "superfund" site list or any other similar list of hazardous or toxic waste sites published by any Government Authority in the United States; and (d) there are no underground storage tanks located on, no polychlorinated biphenyls ("**PCBs**") or PCB-containing equipment used or stored on, and no hazardous waste as defined by the Resource Conservation and Recovery Act, as amended, stored on, any site owned or operated by the Company, except for the storage of Hazardous Substances in compliance with Environmental Laws.

For purposes of this Section 2.18, "**Environmental Laws**" means any law, regulation, or other applicable requirement relating to (a) releases or threatened release of Hazardous Substance; (b) pollution or protection of employee health or safety, public health or the environment; or (c) the manufacture, handling, transport, use, treatment, storage, or disposal of Hazardous Substances.

2.19 Cannabis Regulations.

(a) State and/or Local Cannabis Regulations. Neither the Company, nor any officer, manager or employee of the Company (to the extent such Person is acting on behalf of the Company), has violated or is in violation of any State and/or Local Cannabis Regulations which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(b) Criminal History. To the Knowledge of the Company, no officer, manager or employee of the Company has any criminal history which would disqualify the Company from receiving a State and/or Local Cannabis License.

(c) Cannabis Compliance. The Company believes in good faith that it has adopted and implemented, written policies and procedures that are reasonably designed to ensure that the Company is in compliance with all applicable current State and/or Local Cannabis Regulations.

(d) Investigations and Proceedings. The Company is not the subject of any criminal, administrative, or regulatory investigation, action, or proceeding with respect to an alleged violation of State and/or Local Cannabis Regulations.

3. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company that the following representations are true and correct as of the date hereof and as of the T1 Closing Date and the T2 Closing Date:

3.1 Authorization. The Purchaser has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of

creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.2 Purchase Entirely for Own Account. This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the Securities to be acquired by the Purchaser will be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. The Purchaser is not party to any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Securities. The Purchaser has not been formed for the specific purpose of acquiring the Securities.

3.3 Disclosure of Information.

(a) The Purchaser has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Securities with the Company's management and has had an opportunity to review the Company's facilities. The Purchaser acknowledges and agrees that neither the Company nor any other Person acting on its behalf or any of their respective Affiliates or representatives has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Company (or its businesses or assets) or the Securities except as expressly set forth in this Agreement or as and to the extent required by this Agreement to be set forth in the Disclosure Schedule.

(b) The Purchaser further agrees that no Person will have or be subject to any liability to the Purchaser or any other Person, nor will the Purchaser or any other Person be entitled to make a claim resulting from the distribution or use by the Purchaser, any of its Affiliates or any of their respective agents, consultants, accountants, counsel or other representatives of any such information, and any legal opinions, memoranda, summaries or any other information, document or material made available to the Purchaser or its Affiliates or representatives in certain "data rooms," management presentations or any other form otherwise provided in expectation of the transactions contemplated by this Agreement. The Purchaser acknowledges and agrees that except for the representations and warranties of the Company expressly set forth in Section 2 hereof, the Securities are being acquired AS IS WITHOUT ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR INTENDED USE OR OTHER EXPRESSED OR IMPLIED WARRANTY.

(c) The Purchaser acknowledges and agrees that it has not received any Confidential Information Memorandum or other offering memorandum or similar document in connection with its decision to enter into this Agreement and to consummate the purchase of Securities pursuant to this Agreement.

(d) The Purchaser acknowledges and agrees that it is consummating the transactions contemplated by this Agreement without any representation or warranty, express or implied, by any Person, except for the representations and warranties of the Company, on behalf of itself and its Subsidiaries, expressly set forth in Section 2. The Purchaser acknowledges that it is relying on its own investigation and analysis in entering into the transactions contemplated hereby. The Purchaser is knowledgeable about the industries in which the Company operates and is capable of evaluating the merits and risks of the transactions contemplated by this Agreement and is able to bear the substantial economic risk of such investment for an indefinite period of time.

(e) The Purchaser has fully reviewed this Agreement, the Disclosure Schedule, the materials referenced therein and the materials in the "data room" relating to the transactions contemplated by this Agreement. The Purchaser does not have any knowledge that the representations and warranties of the Company in this Agreement and the Disclosure Schedule are not true and correct in all material respects and the Purchaser does not have any knowledge of any material errors in, or material omissions from, the Disclosure Schedule.

(f) The Purchaser acknowledges and understands that the Company and its Affiliates now possess and may hereafter possess certain material nonpublic information regarding the Company and the Other Companies (as hereinafter defined) not known to the Purchaser that may be material to an investment decision and impact the value of the Securities, including, without limitation, (y) information received by officers, directors and employees of Canopy in connection with Canopy's acquisition of certain assets that comprise the assets of the Company, and (z) information received on a privileged basis from the attorneys and financial advisers representing the Company (collectively, the "**Information**"). The Purchaser understands, based on its experience, sophistication and knowledge, the disadvantage to which the Purchaser is subject due to the disparity of information that may exist between the Company and its Affiliates, on the one hand, and the Purchaser, on the other hand. Notwithstanding that it is aware that the Information exists and notwithstanding such disparity, the Purchaser has deemed it appropriate to enter into this Agreement and to consummate the purchase of Securities pursuant to this Agreement.

(g) The Purchaser acknowledges and understands that the assets of the Company will consist primarily of securities of other companies (collectively, the "**Other Companies**"), and that neither the Company nor its Affiliates control the Other Companies. The Company and its Affiliates are, therefore, reliant on the Other Companies to provide the information upon which the Purchaser will make an investment decision. Accordingly, while the Company has no reason to believe that the information relating to the Other Companies set forth in certain "data rooms" and provided to the Purchaser is not accurate, it cannot independently confirm such information is accurate, and the Purchaser acknowledges that the Company makes no representation as to the accuracy of the information provided by the Other Companies.

(h) In connection with the Purchaser's investigation of the Company, the Purchaser has received from, or on behalf of the Company, certain projections, including projected

statements of operating revenues and income from operations of the Company and certain business plan information of the Company, which are based on information provided by the Other Companies. The Purchaser acknowledges that there are uncertainties inherent in attempting to make such estimates, projections, forecasts and plans, that the Purchaser is familiar with such uncertainties, that the Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections, forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such information), and that the Purchaser shall have no claim against any Person with respect thereto. Accordingly, the Company makes no representations or warranties whatsoever with respect to such estimates, projections, forecasts and plans (including the reasonableness of the assumptions underlying such information). The foregoing, however, does not limit or modify the representations and warranties of the Company and its Subsidiaries in Section 2 of this Agreement or the right of the Purchaser to rely thereon.

3.4 Restricted Securities. The Purchaser understands that the Securities and the Voting Shares underlying the T1 Issued Warrants, the T2 Issued Warrants and Options have not been, and may not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the *bona fide* nature of the investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser understands that the Securities and the Voting Shares underlying the T1 Issued Warrants, the T2 Issued Warrants and Options are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold such securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Purchaser acknowledges that the Company has no obligation to register or qualify the Securities and the Voting Shares underlying the T1 Issued Warrants, the T2 Issued Warrants and Options for resale. The Purchaser further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Securities and the Voting Shares underlying the T1 Issued Warrants, the T2 Issued Warrants and Options, and on requirements relating to the Company which are outside of the Purchaser's control, and which the Company is currently under no obligation and may not be able to satisfy.

3.5 No Public Market. The Purchaser understands that no public market now exists for the Voting Shares, and that the Company has made no assurances that a public market will ever exist for the Voting Shares.

3.6 Legends. The Purchaser understands that the Securities and the Voting Shares underlying the T1 Issued Warrants, the T2 Issued Warrants and Options may be notated with the following legend:

> "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION

WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

The Purchaser understands that the Securities and the Voting Shares underlying the T1 Issued Warrants, the T2 Issued Warrants and Options may also be notated with any legend required by the securities laws of any state to the extent such laws are applicable to the Shares represented by the certificate, instrument, or book entry so legended.

3.7 Accredited Investor. The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.8 Foreign Investors. If the Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Code), the Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities and the Voting Shares underlying the T1 Issued Warrants, the T2 Issued Warrants and Options or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of such securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of such securities. The Purchaser's subscription and payment for and continued beneficial ownership of the Securities will not violate any applicable securities or other laws of the Purchaser's jurisdiction.

3.9 CFIUS Foreign Person Status. The Purchaser is not a "foreign person" or a "foreign entity," as defined in Section 721 of the Defense Production Act of 1950, as amended, including all implementing regulations thereof (the "**DPA**"). The Purchaser is not controlled by a "foreign person" (as defined in the DPA). The Purchaser does not permit any foreign person affiliated with the Purchaser, whether affiliated as a limited partner or otherwise, to obtain through the Purchaser any of the following with respect to the Company: (i) access to any "material nonpublic technical information" (as defined in the DPA) in the possession of the Company; (ii) membership or observer rights on the Board or equivalent governing body of the Company or the right to nominate an individual to a position on the Board or equivalent governing body of the Company; (iii) any involvement, other than through the voting of shares, in the substantive decision-making of the Company regarding (x) the use, development, acquisition, or release of any "critical technology" (as defined in the DPA), (y) the use, development, acquisition, safekeeping, or release of "sensitive personal data" (as defined in the DPA) of U.S. citizens maintained or collected by the Company, or (z) the management, operation, manufacture, or supply of "covered investment critical infrastructure" (as defined in the DPA); or (iv) "control" of the Company (as defined in the DPA). The Purchaser is not included on any list of denied, disbarred or sanctioned persons or otherwise subject to such restrictions.

3.10 No General Solicitation. Neither the Purchaser, nor any of its trustees, beneficiaries, officers, directors, employees, agents, stockholders or partners has either directly or indirectly, including, through a broker or finder (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Securities.

3.11 Exculpation. The Purchaser acknowledges that it is not relying upon any Person, other than the Company and its officers and managers, in making its investment or decision to invest in the Company.

3.12 Residence. If the Purchaser is an individual, then the Purchaser resides in the state or province identified in the address of the Purchaser set forth on Exhibit A; if the Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of the Purchaser in which its principal place of business is located is identified in the address or addresses of the Purchaser set forth on the signature page of this Agreement.

3.13 Cannabis Ownership. Neither the Purchaser, nor, to the knowledge of the Purchaser, any trustee, beneficiary, member, stockholder, other equityholder, officer, director, manager, or agent of the Purchaser, has been deemed, by an unappealable determination by a Government Authority or court of competent jurisdiction opining on the topic of cannabis businesses and/or any State and/or Local Cannabis Licenses, unfit to have an ownership or economic interest in a cannabis business if such unfitness could be adverse to the issuance or maintenance of any State and/or Local Cannabis Licenses.

3.14 Source of Funds. The funds representing the Purchase Price which will be advanced by the Purchaser to the Company hereunder will not represent proceeds of crime for the purposes of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "**PATRIOT Act**"), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLTFA**") or the United Kingdom's *Proceeds of Crime Act 2002* (the "**POCA**"), and the Purchaser acknowledges that the Company may in the future be required by law to disclose the Purchaser's name and other information relating to this Agreement and the Purchaser's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act, the PCMLTFA or the POCA. To the best of its knowledge (a) none of the subscription funds to be provided by the Purchaser (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of the United States, Canada or any other jurisdiction, or (ii) are being tendered on behalf of a Person or entity who has not been identified to the Purchaser, and (b) the Purchaser shall promptly notify the Company if the Purchaser discovers that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith.

3.15 Sanctions. Neither the Purchaser, its trustee or beneficiaries are a person or entity identified in the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism, the United Nations Al- Qaida and Taliban Regulations, the Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea, the Regulations Implementing the United Nations Resolution on Iran, the United Nations Cote d'Ivoire Regulations, the United Nations Democratic Republic of the Congo Regulations, the

United Nations Liberia Regulations, the United Nations Sudan Regulations, the Special Economic Measures (Zimbabwe) Regulations or the Special Economic Measures (Burma) Regulations, the Special Economic Measures (Ukraine) Regulations, the Special Economic Measures (Russia) Regulations, or the Freezing Assets of Corrupt Foreign Officials Act (collectively, the "**Trade Sanctions**"). The Purchaser acknowledges that the Company may in the future be required by law to disclose the name and other information of the Purchaser related to the acquisition of the Securities hereunder pursuant to the Trade Sanctions.

3.16 Industry Specific Acknowledgements and Risks. The Purchaser acknowledges and agrees that the Company is and will continue to be subject to, among other things, the following risks and uncertainties:

(a) *Nature of the business model*. Since the cultivation, manufacturing, possession and distribution of cannabis for medical, adult-use (i.e., recreational) or otherwise, that is not related to research sanctioned by the United States federal government, is prohibited under Federal Cannabis Laws, it is possible that the Company may be forced to cease certain of the Company's proposed activities. The United States federal government, through, among others, the Department of Justice ("**DOJ**"), its sub-agency the Drug Enforcement Agency ("**DEA**"), and the Internal Revenue Service ("**IRS**"), have the right to actively investigate, audit and shutdown cannabis growing facilities, processors and retailers. The United States federal government may also attempt to seize property. Any action taken by the DOJ, the DEA and/or the IRS to impede, seize or shutdown the Company's future operations will have an adverse effect on the Company's business, operating results and financial condition.

(b) *Some of the Company's planned business activities, while believed to be compliant with State and/or Local Cannabis Regulations, are prohibited under Federal Cannabis Laws*. The Purchaser is cautioned that in the United States, medical and adult-use cannabis industry operations are largely regulated at the state and local levels. Although certain states and territories of the United States authorize medical and/or adult-use cannabis cultivation, manufacturing and distribution by operating entities licensed or registered under State and/or Local Cannabis Regulations, under Federal Cannabis Laws, the possession, cultivation, manufacturing and distribution of cannabis, for any purpose other than DEA-sanctioned research, and any related drug paraphernalia, is prohibited, and constitute criminal acts under Federal Cannabis Laws, including the Controlled Substances Act ("**CSA**"). A Purchaser's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, incarceration and/or forfeiture of his, her or its entire investment.

Violations of any Federal Cannabis Laws could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including but not limited to disgorgement of profits, cessation of business activities or divestiture. This could have a Material Adverse Effect on the Company, including the Company's reputation and ability to conduct business, the

Company's holding (directly or indirectly) of State and/or Local Cannabis Licenses, the Company's financial position, operating results, profitability or liquidity or the market price of the Voting Shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

In addition, since the possession, cultivation, manufacturing, and distribution of cannabis and any related drug paraphernalia is prohibited under Federal Cannabis Laws, the Company may be deemed to be aiding-and-abetting criminal activities through the contracts the Company has entered into and the products that the Company intends to distribute. The Company intends to cultivate and manufacture cannabis, and distribute cannabis products through operating dispensaries, and otherwise, lease intellectual property and/or real property in a number of states. As a result, law enforcement authorities, in their attempt to regulate the illicit distribution of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited to, aiding and abetting another's criminal activities. The federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease certain operations and the Purchaser could lose its entire investment. Such an action would have a Material Adverse Effect on the Company's business and operations.

State and/or Local Cannabis Regulations are relatively new and constantly evolving, so there are uncertainties as to how the state authorities will interpret and administer applicable regulatory requirements. Any determination that the Company fails to comply with State and/or Local Cannabis Regulations would require the Company either to significantly change or terminate lines of business, or the business as a whole, which would have a Material Adverse Effect on the Company's business.

(c) *Regulatory risks are inherent to the Company*. The activities of the Company are subject to regulation by Government Authorities. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these Government Authorities and obtaining all regulatory approvals, where necessary, for the distribution of products in each jurisdiction in which the Company proposes to operate. The Company cannot predict the time required to secure all appropriate regulatory approvals, or the extent of testing and documentation that may be required by Government Authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a Material Adverse Effect.

No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to cultivate, manufacture, or distribute cannabis. Amendments to current laws and regulations

governing the cultivation, manufacturing, or distribution of cannabis, or more stringent implementation thereof could have a Material Adverse Effect on the Company.

(d) *Regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital*. The Company's business activities are expected to rely on newly established and developing laws and regulations, including in a number of states. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny of the Food and Drug Administration (the "**FDA**"), the Alcohol and Tobacco Tax and Trade Bureau; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; Securities and Exchange Commission; DOJ; the Financial Industry Regulatory Advisory or other federal, state or other applicable state or non-governmental regulatory authorities or self-regulatory organizations that supervise or regulate the cultivation, manufacture, and distribution of cannabis for medical or adult-use purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of the Company's business or the ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

(e) *The size of the Company's target market is difficult to quantify and the Purchaser will be reliant on their own estimates on the accuracy of market data*. Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for the Purchaser to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, the Purchaser will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates will be accurate or that the market size is sufficiently large for its business to grow as projected or anticipated, which may negatively impact its financial results.

(f) *The Company may have difficulty accessing the service of banks and processing credit card payments in the United States, which may make it difficult for the Company to operate*. In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions are not comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any

time. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States and may have to operate the Company's business on an all-cash basis. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments in the United States may make it difficult for the Company to operate and conduct business as planned.

(g) *Federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of marijuana as a Schedule I controlled substance*. As long as marijuana remains illegal under Federal Cannabis Laws as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

(h) *The Company's contracts may not be legally enforceable in the United States*. Because certain of the Company's contracts involve cannabis and other activities that are not legal under Federal Cannabis Laws and in certain state jurisdictions including Delaware, the Company may face difficulties enforcing such contracts in federal and certain state courts.

(i) *There is uncertainty surrounding the policies of the United States federal government*. As a result of the conflict of laws that currently exists between Federal Cannabis Laws and the State and/or Local Cannabis Regulations, investments in cannabis business in the United States are subject to inconsistent laws and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored the Cole Memorandum (the "**Memorandum**"). The Memorandum was addressed to all U.S. Attorneys acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states enacted State and/or Local Cannabis Regulations for medical and adult-use purposes. The Memorandum outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. In particular, the Memorandum noted that in jurisdictions that enacted State and/or Local Cannabis Regulations and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those State and/or Local Cannabis Regulations is less likely to be a priority at the federal level. In light of limited investigative and prosecutorial resources, the Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where

State and/or Local Cannabis Regulations had been enacted were not characterized as a high priority.

On January 4, 2018, then U.S. Attorney General Jeff Sessions issued a memorandum to U.S. Attorneys which rescinded the Memorandum. With the Memorandum rescinded, U.S. federal prosecutors can exercise their discretion, without regard to the priorities enumerated in the Memorandum, in determining whether to prosecute cannabis-related operations that are compliant with State and/or Local Cannabis Regulations but that violate Federal Cannabis Laws.

On March 11, 2021, Merrick Garland was appointed as U.S. Attorney General. At his confirmation hearing, he said, "It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise". He has not yet reissued the Cole Memorandum, however, or issued substitute guidance. In the 2023 Consolidated Appropriations Act (the "**Act**"), Congress included the Rohrabacher-Farr amendment which prohibits the Department of Justice from spending funds authorized under the Act to interfere with the implementation of state laws that authorize the use, distribution, possession, or cultivation of medical cannabis until September 30, 2023.

Multiple legislative and executive administrative reforms related to cannabis and cannabis-related banking and taxation are currently being considered by the federal government in the United States. Examples include President Biden's mandate for administrative review of rescheduling cannabis to a lower schedule on the Controlled Substances Act ("CSA"); the States Reform Act; the Cannabis Administration and Opportunity Act; the Marijuana Opportunity, Reinvestment and Expungement Act; the Secure and Fair Enforcement (SAFE) Banking Act; and the Capital Lending and Investment for Marijuana Businesses (CLIMB) Act; H.R. 9702 to amend the Internal Revenue Code of 1986 to allow deductions and credits relating to expenditures in connection with marijuana sales conducted in compliance with State law. There can be no assurance that the administrative review of cannabis will result in rescheduling of cannabis under the CSA, or that any of the above pieces of legislation will be reintroduced in the 118th Congress or ultimately become law in the United States.

(j) *Due to the classification of marijuana as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes*. Because the cultivation, manufacture, and distribution of cannabis is prohibited under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Company may also be exposed to the foregoing risks. In the event that any of the Company's investments, or any proceeds

thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation.

(k) *Third-party service providers to the Company may withdraw or suspend their service under threat of prosecution*. Since under Federal Cannabis Laws the possession, cultivation, manufacturing, and distribution of cannabis and any related drug paraphernalia is prohibited, and any such acts are criminal acts under Federal Cannabis Laws, companies that provide goods and/or services to companies engaged in cannabis-related activities may, under threat of federal civil and/or criminal prosecution, suspend or withdraw their services. Any suspension of service and inability to procure goods or services from an alternative source, even on a temporary basis, that causes interruptions in the Company's operations could have a Material Adverse Effect on the Company's business.

(l) *FDA regulation of medical-use cannabis and the possible registration of facilities where cannabis is cultivated, manufactured, and/or distributed could negatively affect the medical-use cannabis industry, which would directly affect the Company's financial condition*. Should the federal government legalize cannabis for medical or adult-use use, it is possible that the FDA, would seek to regulate it under the Federal Food, Drug and Cosmetic Act. Additionally, the FDA may issue rules and regulations including, but not limited to, good manufacturing practice, related to the cultivation, manufacturing, advertising, and distribution of cannabis. Clinical trials may be needed to demonstrate efficacy and safety to support medical claims. It is also possible that the FDA would require that facilities where cannabis is cultivated, manufactured, and/or distributed register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, it is unknown what the impact would be on the cannabis industry, including what costs, requirements and possible prohibitions may be enforced. If the Company is unable to comply with the regulations or registration as prescribed by the FDA it may have a Material Adverse Effect on the Company's business, operating results and financial condition.

(m) *The Company is likely subject to Section 280E of the Code because of its business activities and the resulting disallowance of tax deductions could cause it to incur more than anticipated U.S. federal income tax*. Under Section 280E of the Code ("**Section 280E**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." Cannabis is classified under schedule I of the CSA. Consequently, this provision has been applied by the IRS to cannabis operations, prohibiting them from deducting ordinary business expenses directly associated with the sale of cannabis. Section 280E therefore has a significant impact on the retail side of cannabis operations, but a lesser

impact on cultivation and manufacturing operations. A result of Section 280E is that the effective tax rate on cannabis businesses may be extraordinarily high, and an otherwise profitable business may, in fact, operate at a loss, after taking into account its income tax expenses.

(n) *The Company's operations in the United States may become the subject of heightened scrutiny by regulators and other authorities*. The Company may be subject to significant direct and indirect interaction with public officials as a result of such heightened scrutiny. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the United States or any other jurisdiction. Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of medical-use and/or adult-use cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to regulate medical and/or adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a Material Adverse Effect.

(o)*Your investment in the Company may itself be illegal under U.S. federal law; changes in federal enforcement affecting the cannabis industry may cause adverse effects on the Company's business.* Overall, an investor's contribution to and involvement in the Company's activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

The Company is complying with state-regulated cannabis programs, regardless of its legal status under U.S. federal law, and your investment has been designed to be compliant with all applicable state laws and regulations to which the Company are subject; however, under U.S. federal law, such investments may be considered illegal under the CSA (particularly 21 U.S.C. § 854) or other indirect criminal liability theories such as aiding and abetting or conspiracy. Additionally, financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes (18 U.S.C. § 1956), the unlicensed money transmitter statute and the U.S. Bank Secrecy Act. If the federal government were to reverse its long-standing hands-off approach to the state legal cannabis markets and start more broadly enforcing federal laws regarding cannabis, investors or the Company itself could also face criminal liability; in the event that investors or the Company faces enforcement it would likely be unable to execute its business plan, and its business and financial results would be adversely affected.

(p)*The Company, Its Officers, Investors Or Other Stakeholders May Be Required To Disclose Personal Information To Government Or Regulatory Entities; Failing To Do So Could Negatively Impact The Company's Business, Financial Conditions Or Results Of Operations*. The Company intends to operate a U.S. state-licensed cannabis business. Acquiring

even a minimal or indirect interest in a U.S. state-licensed cannabis business can trigger requirements to disclose officers', investors' and other stakeholders' personal information. While these requirements vary by jurisdiction, some require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a specified percentage of equity of the applicant. While some states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If these regulations apply to the Company, investors, officers and other stakeholders are required to comply with such regulations, or face the possibility that any relevant cannabis license held by the Other Companies could be revoked or cancelled by the state licensing authority.

4. Conditions to the Purchaser's Obligations at Closings. The obligations of the Purchaser to purchase the Securities at the applicable Closing are subject to the satisfaction or waiver of the following conditions:

4.1 Representations and Warranties. The representations and warranties of the Company and its Subsidiaries contained in Section 2 (i) that are qualified by "materiality" or "Material Adverse Effect" shall be true and correct and (ii) that are not so qualified shall be true and correct in all material respects, in each case as of the T1 Closing and the T2 Closing, as applicable.

4.2 Performance. The Company and each Subsidiary shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before the T1 Closing and the T2 Closing, as applicable.

4.3 Closing Deliveries.

(a) At the T1 Closing:

(i) the Company shall deliver a certificate from the secretary or another officer of the Company certifying (i) the Certificate of Formation and Operating Agreement as in effect at the applicable Closing, and (ii) resolutions of the Board approving this Agreement and the transactions contemplated under this Agreement; and

(ii) the Company shall deliver the T1 Warrant Certificates representing the T1 Issued Warrants; and

(iii) the Company shall deliver a certificate from an officer of the Company certifying that the conditions set forth in Sections 4.1 and 4.2 have been fulfilled.

(b) At the T2 Closing:

(i) the Company shall deliver the T2 Warrant Certificates representing the T2 Issued Warrants;

(ii) the Company shall deliver a certificate from an officer of the Company certifying that the conditions set forth in Sections 4.1 and 4.2 have been fulfilled; and

(iii) the Company shall deliver a certificate from an officer of the Company certifying that the events of default set out in Section 1.5(o)(i), Section 1.5(o)(ii) and Section 1.5(o)(iii) have not occurred, have occurred, but have been cured or are otherwise not present as of the proposed T2 Closing Date (the "**EoD Certificate**").

4.4 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be obtained and effective as of the T1 Closing and the T2 Closing, as applicable.

4.5 Acreage. Prior to the T2 Closing, the Company shall have acquired, directly or indirectly, no less than a majority of the issued and outstanding shares of Acreage Holdings, Inc.

5. Conditions to the Company's Obligations at Closings. The obligations of Company to sell and issue the Securities at the applicable Closing are subject to the satisfaction or waiver of the following conditions:

5.1 Representations and Warranties. The representations and warranties of the Purchaser contained in Section 3 (i) that are qualified by "materiality" or "Material Adverse Effect" shall be true and correct and (ii) that are not so qualified shall be true and correct in all material respects, in each case as of T1 Closing and the T2 Closing, as applicable.

5.2 Performance. The Purchaser shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Purchaser on or before T1 Closing and the T2 Closing, as applicable.

5.3 Deliveries by the Purchaser at Closing. The Purchaser shall deliver, (i) prior to T1 Closing, the aggregate T1 Purchase Price for the T1 Shares; and (ii) prior to the T2 Closing, the aggregate T2 Purchase Price for the T2 Shares, to be purchased by such Purchaser in accordance with Section 1 hereof. In addition, at the T1 Closing and the T2 Closing, the Purchaser shall deliver a certificate from the Purchaser's trustee certifying that the conditions set forth in Sections 5.1 and 5.2 have been fulfilled.

6. Covenants.

6.1 Cannabis Compliance.

(a) The Company shall in good faith seek to maintain, enforce and update, as necessary, and cause its Subsidiaries to, in good faith, seek to, maintain, enforce and update as necessary, written policies and procedures that are reasonably designed to ensure compliance with all current and future State and/or Local Cannabis Regulations by the Company, its Subsidiaries and each of their respective employees, consultants, officers, directors, managers and board members.

(b) Neither the Company, nor any Subsidiary, shall, or shall cause any officer, director, manager or employee of the Company or any Subsidiary, or any agent whose activities are being directed by the Company or any Subsidiary, to commit a material violation of any current or future State and/or Local Cannabis Regulations.

6.2 Criminal History. If any officer, director, manager or board member or employee of the Company or any Subsidiary is convicted of a crime for which the Company or such Subsidiary reasonably anticipates or receives written notice from a Government Authority that such conviction jeopardizes any State and/or Local Cannabis License held by the Company or any Subsidiary, the Company will take remedial action in order to maintain such State and/or Local Cannabis Licenses.

6.3 Restrictions. The Company covenants and agrees that, for so long as the Purchaser holds 10% of the issued and outstanding Voting Shares, except: (i) as expressly required or permitted by the Protection Agreement; or (ii) with the prior written consent of the Purchaser; the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly incur Debt other than Permitted Debt (as defined in the Protection Agreement).

6.4 Information. The Purchaser shall use its reasonable best efforts to comply with, and shall use its reasonable best efforts to cause its Affiliates to comply with, all reasonable requests of the Company to provide information and documents as is necessary for the Company to comply with applicable State and/or Local Cannabis Regulations.

7. Share Restrictions & Rights.

7.1 Power of Attorney. The Purchaser does hereby constitute and appoint any officer or manager (the "**Officer**") of the Company as the true and lawful attorney for the Purchaser, and in the name, place and stead of the Purchaser, to execute and deliver any and all stock transfers, endorsements or other instruments required to be executed and delivered in connection with the exercise by the Company of its repurchase rights set forth herein. This power of attorney is hereby coupled with an interest and shall be irrevocable by the undersigned, subject to the termination provisions set forth herein.

7.2 Share Certificate. The Secretary of the Company shall hold the certificates representing the Shares.

7.3 Repurchase Rights. The Company shall have the right, but not the obligation, at any time on or before a Triggering Event (as defined below) or at any time after the 60 month

anniversary of the T1 Closing Date, to purchase all of the Voting Shares owned by the Purchaser (excluding, for greater certainty, any Warrants) (collectively, the "**Investment Shares**") at a purchase price per Investment Share equal to the Repurchase/Put Price (as hereinafter defined) which shall be payable in either cash or Canopy Shares, as determined in the sole discretion of the Company; provided, however, that, in the event that the Company exercises such purchase right on or before the earliest of: (i) the Company's acquisition, indirectly, of all of the issued and outstanding shares of Lemurian, Inc.; (ii) the Company's acquisition, indirectly, of all of the issued and outstanding membership interests of Mountain High Products, LLC; (iii) the Company's acquisition, indirectly, of all of the issued and outstanding membership interests of Wana Wellness, LLC; (iv) the Company's acquisition, indirectly, of all of the issued and outstanding membership interests of The Cima Group, LLC; and (v) the Acreage Acquisition (collectively, the "**Triggering Events**"), the Repurchase/Put Price shall be equal to the per Investment Share value at the applicable Closing and shall be paid in cash. The Company shall exercise such purchase rights by written notice ("**Exercise Notice**") given to the Purchaser and in the event such exercise occurs after the 60 month anniversary of the T1 Closing Date, the Company shall either pay to the Purchaser: (i) an amount in cash equal to the aggregate amount of the Repurchase/Put Price payable to such Purchaser by wire transfer of immediately available funds; or (ii) the Company shall cause Canopy to issue the number of Canopy Shares having an aggregate value equal to aggregate Repurchase/Put Price payable to such Purchaser to be determined by dividing such aggregate Repurchase/Put Price by the Fair Market Value of a Canopy Share measured as of the second Trading Day immediately preceding the date of issuance. In the event that (i) the Repurchase/Put Price is satisfied in Canopy Shares; (ii) the Purchaser sells such Canopy Shares within 10 days of the issuance of such Canopy Shares; (iii) the Purchaser provides the Company with evidence of the gross proceeds from the sale of such Canopy Shares; and (iv) the gross proceeds from the sale of such Canopy Shares are less than the Repurchase/Put Price, then, in such circumstances, the Company shall make a cash payment to the Purchaser equal to the difference between the gross proceeds from the sale of such Canopy Shares and the Repurchase/Put Price. The Company may assign its rights under this Section 7.3 to any Person; provided, that the assignee agrees to be bound by the terms of this Agreement and assumes all of the Company's obligations hereunder; provided further, that the Company remains primarily liable if the assignee does not perform under this Agreement. The closing of any such purchase and sale transaction shall occur within 30 days of the Company (or its assignee) delivering the Exercise Notice. The Purchaser agrees that it will perform its obligations hereunder and will ratify and confirm all that the Company may do or cause to be done pursuant to the foregoing. The Purchaser agrees that it shall execute and deliver all documents and agreements, and take all other actions, that the Company may reasonably request in order to consummate any repurchase as contemplated herein.

For purposes of this Section 7.3 and Section 7.4, "**Repurchase/Put Price**" means the fair market value of an Investment Share as determined through an appraisal, assuming that the Company was offered for sale in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price per Investment Share is not affected by undue stimulus at such time or any control or voting rights premium, all on the basis of the long-term value of the Company as opposed to being determined by short-term market conditions. Implicit in this definition is the consummation of a sale as of the

date of the Exercise Notice or Put Notice, as the case may be, and the passing of title from the seller to the buyer whereby: (i) the buyer and seller are typically motivated; (ii) both parties are well informed or well advised and acting in what they consider their own best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in cash; and (v) the price per Investment Share represents the normal consideration for the Company, on a per Investment Share basis, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale, but taking into account the assumption by the buyer of any financing to the extent that it may be assumed by the buyer. The buyer and seller shall jointly select an independent appraiser. In the event the buyer and seller are unable to agree upon an independent appraiser, the buyer and seller shall each select one independent appraiser who shall determine the Repurchase/Put Price. In the event that the appraisers' determinations of the Repurchase/Put Price differ by 15% or less compared to the lower of the two values, the Repurchase/Put Price shall be the average of the two. In the event that the appraisers' determinations of the Repurchase/Put Price differ by more than 15% compared to the lower of the two values, then the two appraisers shall jointly select a third appraiser. If the two appraisers are unable jointly to select a third appraiser, either the buyer or the seller may, upon written notice to the other, apply to the presiding judge of a court of competent jurisdiction for the selection of the third appraiser and who shall be selected from a list of names of independent appraisers submitted by the buyer and seller. Such third appraiser will independently determine the Repurchase/Put Price. If the third appraiser's determination of the Repurchase/Put Price is less than, or greater than, both of the first two values, the third appraiser's determination of the Repurchase/Put Price shall be disregarded and the Repurchase/Put Price will be the average of the first two appraisers' determinations of the Repurchase/Put Price; or is equal to one of the first two appraisers' determinations of the Repurchase/Put Price or in between the first two values, the Repurchase/Put Price will be the average of the three values. The cost of the appraiser (x) appointed the buyer shall be borne by the buyer, (y) appointed by seller shall be borne by the seller and (z) appointed by the two appraisers, if any, shall be shared equally by the buyer and the seller.

7.4 Put Right. The Purchaser shall have the right, but not the obligation, at any time after Canopy has converted its Exchangeable Shares into Class B Shares, to put all (and only all) of the Investment Shares owned by the Purchaser to the Company at the Repurchase/Put Price, which shall be payable in either cash or Canopy Shares, as determined in the sole discretion of the Company. The Purchaser shall exercise such put right by written notice ("**Put Notice**") given to the Company and the Company shall either pay to the Purchaser: (i) an amount in cash equal to the aggregate amount of the Repurchase/Put Price payable to the Purchaser by wire transfer of immediately available funds; or (ii) the Company shall cause Canopy to issue the number of Canopy Shares having an aggregate value equal to aggregate Repurchase/Put Price payable to the Purchaser to be determined by dividing such aggregate Repurchase/Put Price by the Fair Market Value of a Canopy Share measured as of the second Trading Day immediately preceding the date of issuance. The closing of any such purchase and sale transaction shall occur within 30 days of the Purchaser delivering the Put Notice. The Company agrees that they shall, and shall cause Canopy to, execute and deliver all documents and agreements, and take all other actions, that the Purchaser may reasonably request in order to consummate any sale as contemplated herein.

7.5 Transfer. The Purchaser may Transfer its Investment Shares in accordance with the terms of the Operating Agreement.

For purposes of this Section 7.5 "**Transfer**" means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Class A Shares owned by a Person or any interest (including a beneficial interest) in any Class A Shares owned by a Person.

7.6 Appointment Rights. For so long as the Purchaser owns 4.4% or more of the Company's issued and outstanding Voting Shares, the Purchaser shall have the right to appoint one (1) manager to the Board, provided that such appointee must be a resident of the United States and must comply with the reasonable requirements applicable to managers of the Company set forth in the Operating Agreement. For so long as the Purchaser owns 4.4% or more of the Company's issued and outstanding Voting Shares, the Purchaser shall have the right to appoint one (1) non-voting observer to the Board, provided that such appointee must comply with any reasonable requirements set by the Company for Board observers (including any policies with respect to limiting such observers' access to Board proceedings and materials).

8. Indemnification.

8.1 Survival. Unless otherwise set forth in this Agreement, the representations and warranties of the Company contained in or made pursuant to this Agreement shall survive the Closings for a period of six months following the T2 Closing.

8.2 Indemnification by the Company. The Company shall indemnify the Purchaser and its Affiliates and the successors and assigns of each of the foregoing (collectively, the "**Purchaser Indemnitees**") from and against any and all actual and direct Losses (as hereinafter defined) as a result of any inaccuracy in or breach of the of the representations or warranties of the Company or any Subsidiary set forth in Section 2 of this Agreement (subject to Section 8.1) or any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company under this Agreement. "**Losses**" means actually incurred, out of pocket losses, costs, damages, penalties and expenses (including reasonable attorneys' fees and expenses), but not including (a) indirect, special, speculative, incidental or consequential losses; (b) liabilities, damages or expenses incurred due to the interruption of the Purchaser Indemnitee's business or lost income, revenues or profits (such as multiples of earnings) or diminution in value; or (c) punitive damages except to the extent such punitive damages are actually awarded to a third party.

8.3 Limitations on Indemnification. Notwithstanding the foregoing, the Company shall not be liable to the Purchaser Indemnitees until the aggregate amount of all Losses in respect of indemnification under Section 8.2 exceeds [***]% of the aggregate Purchase Price (the "**Floor Amount**"). If the Floor Amount is exceeded, the Company shall be liable to the Purchaser Indemnitees under Section 8.2 for all such Losses that exceed the Floor Amount. The

aggregate amount of all Losses for which the Company shall be liable pursuant to Section 8.2 shall not exceed the aggregate Purchase Price.

9. Miscellaneous.

9.1 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided that the Purchaser may not assign its rights under this Agreement without the approval of the Company, not to be unreasonably withheld. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

9.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

9.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

9.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.5 Notices.

(a) General. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on the signature page or Exhibit A, or to such e-mail address or address as subsequently modified by written notice given in accordance with this Section 9.5.

(b) Consent to Electronic Notice. The Purchaser consents to the delivery of any member notice pursuant to the Delaware Limited Liability Company Act (the "**DLLCA**"), or the Operating Agreement, as either may be amended or superseded from time to time, by electronic transmission at the e-mail address set forth below the Purchaser's

name on the signature page or Exhibit A, as updated from time to time by notice to the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected e-mail address has been provided, and such attempted electronic notice shall be ineffective and deemed to not have been given. The Purchaser agrees to promptly notify the Company of any change in its e-mail address, and that failure to do so shall not affect the foregoing. The Purchaser acknowledges and agrees that they are not entitled to, and waives to the extent permitted under the DLLCA any right to, receive any financial reports of the Company.

9.6 No Finder's Fees; Costs and Expenses. The Purchaser represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. The Purchaser agrees to indemnify and to hold harmless the Company from any liability resulting from any commission or compensation in the nature of a finder's or broker's fee arising out of the Purchaser's involvement with this transaction (and the costs and expenses of defending against such liability or asserted liability) for which the Purchaser or any of its trustees, beneficiaries, officers, employees or representatives is responsible. Except as otherwise expressly provided in this Agreement, each party will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

9.7 Attorneys' Fees. If any action at law or in equity (including, arbitration) is necessary to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

9.8 Amendments and Waivers. Any term of this Agreement may be amended, terminated or waived only with the written consent of the Company and the Purchaser.

9.9 Paramountcy. In the event of a conflict between any term of this Agreement and the Operating Agreement, the provisions of the Operating Agreement shall prevail and govern.

9.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

9.11 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under

this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

9.12 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

9.13 Dispute Resolution.

(a) Subject to Section 9.14, any dispute, controversy, or claim arising out of, relating to, or in connection with, this Agreement or any breach, termination, or validity thereof (a "**Dispute**") shall be finally settled by arbitration. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of the arbitration, except as they may be modified herein or by mutual agreement of the parties. The seat of the arbitration shall be New York, New York.

(b) The arbitration shall be conducted by three arbitrators. The party initiating arbitration (the "**Claimant**") shall appoint its arbitrator in its request for arbitration (a "**Request**"). The other party (the "**Respondent**") shall appoint its arbitrator within 30 days of receipt of the Request and shall notify the Claimant of such appointment in writing. If the Respondent fails to appoint an arbitrator within such 30 day period, the arbitrator named in the Request shall decide the Dispute as the sole arbitrator. Otherwise, the two arbitrators appointed by the parties shall appoint a third arbitrator within 15 days after the Respondent has notified the Claimant of the appointment of the Respondent's arbitrator. When the arbitrators appointed by the parties have appointed a third arbitrator and the third arbitrator has accepted the appointment, the two arbitrators shall promptly notify the parties of such appointment. If the two arbitrators appointed by the parties fail or are unable to appoint a third arbitrator or to notify the parties of such appointment, then the third arbitrator shall be appointed by the President of the American Arbitration Association which shall promptly notify the parties of the appointment of the third arbitrator. The third arbitrator shall act as chairman of the panel.

(c) The arbitration award shall be in writing and shall be final and binding on the parties. The award may include an award of costs, including reasonable attorneys' fees and disbursements. Judgement upon award may be entered by any court having jurisdiction thereof or having jurisdiction over the parties or their assets.

9.14 Equitable Remedies. Each party hereto acknowledges that the other parties hereto would be irreparably damaged in the event of a breach or threatened breach by such party of any of its obligations under this Agreement and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to an injunction from a court of competent jurisdiction (without any requirement

to post bond) granting such parties specific performance by such party of its obligations under this Agreement. In the event that any party files a suit to enforce the covenants contained in this Agreement (or obtain any other remedy in respect of any breach thereof), the prevailing party in the suit shall be entitled to receive in addition to all other damages to which it may be entitled, the costs incurred by such party in conducting the suit, including reasonable attorneys' fees and expenses.

9.15 Publicity. The Purchaser shall treat and hold as confidential all of the terms and conditions of this Agreement and the transactions contemplated hereby; provided, however, that the Purchaser may disclose such information to its spouse, equity owners, directors, managers, trustees, officers, employees, legal counsels, accountants, financial planners and/or other advisors or representatives on an as-needed basis so long as any such Person is bound by a confidentiality obligation with respect thereto. For greater certainty, the Company may disclose such information to Canopy as is necessary for Canopy to disclose in order to comply with applicable law and the rules and regulations of the Toronto Stock Exchange, Nasdaq or such other stock exchange on which the Canopy Shares are trading at the applicable time. The Purchaser shall not issue any press release, filing, public announcement or other public disclosure relating to the subject matter of this Agreement without the prior written approval of the Company and Canopy.

9.16 Independent Legal Advice. The Purchaser acknowledges and agrees that (i) it has received independent legal advice from its own lawyers with respect to the terms of this Agreement before its execution or by executing this Agreement has expressly agreed to waive its right to do so; (ii) it has read this Agreement, understands it, and agrees to be bound by its terms and conditions; and (iii) it has received a copy of this Agreement.

9.17 Acknowledgment Regarding Federal Cannabis Laws. As used herein, "**Federal Cannabis Laws**" means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing. The parties acknowledge and agree that that no party makes, will make, or shall be deemed to make or have made any representation or warranty of any kind regarding the compliance of this Agreement, or the activities or the Company or any of its Subsidiaries, with any Federal Cannabis Laws. Each of the parties acknowledges and agrees on its own behalf and on behalf of any of its Affiliates, that the transactions contemplated by this Agreement do not violate public policy and, to the extent provided under applicable law, agrees to waive on such party's own behalf and on behalf of any of such party's Affiliates illegality as a defense to contractual claims arising out of this Agreement or in any other document, instrument, or agreement entered into in connection the transactions contemplated hereby or thereby.

9.18 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Share Purchase Agreement as of the date first written above.

COMPANY: Canopy USA, LLC

By: /s/ David Klein

Name: David Klein
(print)

Title: Manager

Address: [Omitted pursuant to Item 601(a)(6)]

[SIGNATURE PAGE TO SHARE PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Share Purchase Agreement as of the date first written above.

PURCHASER:

Huneeus 2017 Irrevocable Trust

By: /s/ Agustin Francisco Huneeus

Name: Agustin Francisco Huneeus

Title: Trustee

Address: [Omitted pursuant to Item 601(a)(6)]

DISCLOSURE SCHEDULE

The section numbers below correspond to the section numbers of the representations and warranties in the Agreement; provided, however, that any information disclosed in any section of the Disclosure Schedule shall qualify other sections in of the Disclosure Schedule only to the extent it is reasonably apparent from a reading of the disclosure that such disclosure is applicable to such other sections. Nothing in this Disclosure Schedule is intended to broaden the scope of any representation or warranty contained in the Agreement or to create any covenant. Inclusion of any item in this Disclosure Schedule (1) does not represent a determination that such item is material or establish a standard of materiality, (2) does not represent a determination that such item did not arise in the ordinary course of business, (3) does not represent a determination that the transactions contemplated by the Agreement require the consent of third parties, and (4) shall not constitute, or be deemed to be, an admission to any third party concerning such item. This Disclosure Schedule includes brief descriptions or summaries of certain agreements and instruments, copies of which are available upon reasonable request. Such descriptions do not purport to be comprehensive, and are qualified in their entirety by reference to the text of the documents described, true and complete copies of which have been provided to the Purchaser or its counsel.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Klein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Canopy Growth Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 9, 2023

By: /s/ David Klein
David Klein
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Judy Hong, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Canopy Growth Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 9, 2023

By: /s/ Judy Hong
Judy Hong
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Canopy Growth Corporation (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Klein, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 9, 2023

/s/ David Klein
David Klein
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Canopy Growth Corporation and will be retained by Canopy Growth Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Canopy Growth Corporation (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Judy Hong, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 9, 2023	/s/ Judy Hong
	Judy Hong *Chief Financial Officer* (Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Canopy Growth Corporation and will be retained by Canopy Growth Corporation and furnished to the Securities and Exchange Commission or its staff upon request.