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 September 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 November 7, 2023, there were 829,083,667 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 and 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)

	September 30, 2023	March 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 240,376	$ 667,693
Short-term investments	30,000	105,526
Restricted short-term investments	7,990	11,765
Amounts receivable, net	68,856	68,459
Inventory	87,470	83,230
Assets of discontinued operations	35,541	116,291
Prepaid expenses and other assets	23,462	24,290
Total current assets	493,695	1,077,254
Other financial assets	556,355	568,292
Property, plant and equipment	346,227	471,271
Intangible assets	148,765	160,750
Goodwill	83,858	85,563
Noncurrent assets of discontinued operations	20,366	56,569
Other assets	18,958	19,996
Total assets	$ 1,668,224	$ 2,439,695
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 22,724	$ 31,835
Other accrued expenses and liabilities	51,668	53,743
Current portion of long-term debt and convertible debentures	49,964	556,890
Liabilities of discontinued operations	18,627	67,624
Other liabilities	53,269	93,750
Total current liabilities	196,252	803,842
Long-term debt	631,228	749,991
Noncurrent liabilities of discontinued operations	1,962	3,417
Other liabilities	89,318	122,423
Total liabilities	918,760	1,679,673
Commitments and contingencies		
Canopy Growth Corporation shareholders' equity:		
Common shares - $nil par value; Authorized - unlimited number of shares; Issued - 829,083,667 shares and 517,305,551 shares, respectively	8,219,846	7,938,571
Additional paid-in capital	2,575,174	2,506,485
Accumulated other comprehensive loss	(24,799)	(13,860)
Deficit	(10,020,896)	(9,672,761)
Total Canopy Growth Corporation shareholders' equity	749,325	758,435
Noncontrolling interests	139	1,587
Total shareholders' equity	749,464	760,022
Total liabilities and shareholders' equity	$ 1,668,224	$ 2,439,695

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 September 30,		Six months ended September 30,	
	2023	2022 (As Restated)	2023	2022 (As Restated)
Revenue	$ 82,076	$ 100,437	$ 170,720	$ 205,411
Excise taxes	12,481	12,496	24,867	25,243
Net revenue	69,595	87,941	145,853	180,168
Cost of goods sold	46,169	88,552	108,665	184,604
Gross margin	23,426	(611)	37,188	(4,436)
Operating expenses				
Selling, general and administrative expenses	57,611	95,020	120,374	181,821
Share-based compensation	2,717	9,573	6,434	14,838
(Gain)/loss on asset impairment and restructuring	(29,895)	43,968	(27,961)	1,771,953
Total operating expenses	30,433	148,561	98,847	1,968,612
Operating loss from continuing operations	(7,007)	(149,172)	(61,659)	(1,973,048)
Other income (expense), net	(128,334)	(39,074)	(82,233)	(280,584)
Loss from continuing operations before income taxes	(135,341)	(188,246)	(143,892)	(2,253,632)
Income tax expense	(12,821)	(8,220)	(14,839)	(11,969)
Net loss from continuing operations	(148,162)	(196,466)	(158,731)	(2,265,601)
Discontinued operations, net of tax	(176,638)	(109,345)	(207,930)	(131,960)
Net loss	(324,800)	(305,811)	(366,661)	(2,397,561)
Net loss from continuing operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	(1,289)	-	(794)
Discontinued operations attributable to noncontrolling interests and redeemable noncontrolling interest	(14,786)	(12,352)	(18,526)	(18,154)
Net loss attributable to Canopy Growth Corporation	$ (310,014)	$ (292,170)	$ (348,135)	$ (2,378,613)
Basic and diluted loss per share				
Continuing operations	$ (0.21)	$ (0.41)	$ (0.25)	$ (5.21)
Discontinued operations	(0.22)	(0.21)	(0.30)	(0.26)
Basic and diluted loss per share	$ (0.43)	$ (0.62)	$ (0.55)	$ (5.47)
Basic and diluted weighted average common shares outstanding	716,294,433	471,592,150	633,830,000	435,229,653
Comprehensive income (loss):				
Net loss from continuing operations	$ (148,162)	$ (196,466)	$ (158,731)	$ (2,265,601)
Other comprehensive income (loss), net of income tax				
Fair value changes of own credit risk of financial liabilities	(26,648)	1,249	(12,470)	28,309
Foreign currency translation	(2,369)	9,015	(9,529)	9,773
Total other comprehensive income (loss), net of income tax	(29,017)	10,264	(21,999)	38,082
Comprehensive loss from continuing operations	(177,179)	(186,202)	(180,730)	(2,227,519)
Comprehensive loss from discontinued operations	(176,638)	(109,345)	(207,930)	(131,960)
Comprehensive loss	(353,817)	(295,547)	(388,660)	(2,359,479)
Comprehensive loss from continuing operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	(1,289)	-	(794)
Comprehensive loss from discontinued operations attributable to noncontrolling interests and redeemable noncontrolling interest	(14,786)	(12,352)	(18,526)	(18,154)
Comprehensive loss attributable to Canopy Growth Corporation	$ (339,031)	$ (281,906)	$ (370,134)	$ (2,340,531)

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
Private Placement, net of issuance costs	12,836	9,820	8,977	-	-	-	-	-	31,633
Other issuances of common shares and warrants	253,023	(80)	-	-	-	11,060	-	-	264,003
Exercise of Previous Equity Incentive Plan stock options	165	(165)	-	-	-	-	-	-	-
Share-based compensation	-	6,434	-	-	-	-	-	-	6,434
Issuance and vesting of restricted share units and performance share units	6,801	(6,801)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	-	(18,526)	-	-	18,526	-
Ownership changes relating to noncontrolling interests, net	-	-	-	-	70,018	-	-	(1,436)	68,582
Redemption of redeemable noncontrolling interest	8,450	-	-	(988)	-	-	-	(12)	7,450
Comprehensive income (loss)	-	-	-	-	-	(21,999)	(348,135)	(18,526)	(388,660)
Balance at September 30, 2023	$ 8,219,846	$ 507,358	$ 2,590,765	$ (522,949)	$ -	$ (24,799)	$ (10,020,896)	$ 139	$ 749,464

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 other comprehensive income (loss)			
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit	Noncontrolling interests	Total
Balance at March 31, 2022 (As Restated)	$ 7,482,809	$ 492,041	$ 2,581,788	$ (509,723)	$ (42,860)	$ (42,282)	$ (6,378,199)	$ 4,341	$ 3,587,915
Cumulative effect from adoption of ASU 2020-06	-	4,452	-	-	-	-	(729)	-	3,723
Other issuances of common shares and warrants	60,222	(353)	-	-	-	-	-	-	59,869
Exercise of Previous Equity Incentive Plan stock options	1,506	(1,236)	-	-	-	-	-	-	270
Share-based compensation	-	14,838	-	-	-	-	-	-	14,838
Issuance and vesting of restricted share units	8,287	(8,287)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	4,723	2,720	-	-	17,104	24,547
Ownership changes relating to noncontrolling interests, net	-	-	-	-	-	-	-	459	459
Redemption of redeemable noncontrolling interest	-	-	-	-	-	-	(15,675)	-	(15,675)
Settlement of unsecured senior notes	265,265	-	-	-	-	(29,507)	-	-	235,758
Comprehensive income (loss)	-	-	-	-	-	38,082	(2,378,613)	(18,948)	(2,359,479)
Balance at September 30, 2022 (As Restated)	$ 7,818,089	$ 501,455	$ 2,581,788	$ (505,000)	$ (40,140)	$ (33,707)	$ (8,773,216)	$ 2,956	$ 1,552,225

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)

	Six months ended September 30,	
	2023	2022 (As Restated)
Cash flows from operating activities:		
Net loss	$ (366,661)	$ (2,397,561)
Loss from discontinued operations, net of tax	(207,930)	(131,960)
Net loss from continuing operations	(158,731)	(2,265,601)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	16,568	29,554
Amortization of intangible assets	13,073	11,870
Share-based compensation	6,434	14,838
(Gain)/loss on asset impairment and restructuring	(25,986)	1,783,784
Income tax expense	14,839	11,969
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	44,438	231,704
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Amounts receivable	(12,903)	12,100
Inventory	(4,240)	2,393
Prepaid expenses and other assets	(250)	(11,259)
Accounts payable and accrued liabilities	(13,038)	(13,447)
Other, including non-cash foreign currency	(52,817)	(29,640)
Net cash used in operating activities - continuing operations	(172,613)	(221,735)
Net cash used in operating activities - discontinued operations	(54,709)	(52,180)
Net cash used in operating activities	(227,322)	(273,915)
Cash flows from investing activities:		
Purchases of and deposits on property, plant and equipment	(2,636)	(4,308)
Purchases of intangible assets	(803)	(938)
Proceeds on sale of property, plant and equipment	152,417	10,784
Redemption of short-term investments	81,015	211,092
Net cash proceeds on sale of subsidiaries	-	12,432
Investment in other financial assets	(472)	(29,205)
Other investing activities	(9,682)	7,143
Net cash provided by investing activities - operating activities	219,839	207,000
Net cash used in investing activities - discontinued operations	(17,122)	-
Net cash provided by investing activities	202,717	207,000
Cash flows from financing activities:		
Proceeds from issuance of common shares and warrants	33,795	856
Proceeds from exercise of stock options	-	270
Repayment of long-term debt	(415,185)	(423)
Other financing activities	(25,908)	(13,116)
Net cash used in financing activities	(407,298)	(12,413)
Effect of exchange rate changes on cash and cash equivalents	(2,129)	50,042
Net decrease in cash and cash equivalents	(434,032)	(29,286)
Cash and cash equivalents, beginning of period[1]	677,007	776,005
Cash and cash equivalents, end of period[2]	$ 242,975	$ 746,719

[1] Includes cash of our discontinued operations of $9,314 and $13,610 for March 31, 2023 and 2022, respectively.
[2] Includes cash of our discontinued operations of $2,599 and $4,864 for September 30, 2023 and 2022, respectively.

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)

	Six months ended September 30,	
	2023	2022
Supplemental disclosure of cash flow information		
Cash received during the period:		
Income taxes	$ 3,344	$ 4,709
Interest	$ 11,285	$ 13,092
Cash paid during the period:		
Income taxes	$ 1,290	$ 665
Interest	$ 58,881	$ 66,927
Noncash investing and financing activities		
Additions to property, plant and equipment	$ 199	$ 211

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.

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.

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 twelve 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 22.

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.

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 that were believed to facilitate the deconsolidation of 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.

On November 3, 2023, the Company received a letter from the staff of the SEC (the "Staff") in which the Staff indicated that, despite the Reorganization Amendments, it would object to the deconsolidation of Canopy USA once Canopy USA acquires Wana, Jetty or the Fixed Shares of Acreage. The Company is currently assessing additional structural amendments to Canopy USA that would facilitate the deconsolidation of Canopy USA from the financial results of Canopy Growth, and intends to maintain active discussions with the Staff on such changes.

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 September 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; on May 31, 2023 the Floating Share Arrangement Agreement was further amended to extend the Exercise Outside Date to August 31, 2023; on August 31, 2023, the Floating Share Arrangement Agreement was amended a third time to extend the Exercise Outside Date to October 31, 2023; and on October 31, 2023, the parties entered into a fourth amendment to the Floating Share Arrangement Agreement to extend the Exercise Outside Date to December 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 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. BIOSTEEL

On September 14, 2023, following a review of the strategic options for the BioSteel business unit, Canopy Growth ceased funding the operations of BioSteel Sports Nutrition Inc. ("BioSteel Canada") and commenced proceedings (the "CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (the "CCAA") in the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court") and sought and obtained recognition of that proceeding under Chapter 15 of the United States Bankruptcy Code. To assist with the sale process, the Court approved the appointment of a monitor.

As a result of the CCAA Proceedings, the most relevant activity of BioSteel Canada became the liquidation and sale of assets. Management concluded that Canopy Growth ceased to have the power to direct the relevant activity of BioSteel Canada because the liquidation and sale transactions required approval from the CCAA Court. Thus, Canopy Growth no longer has a controlling interest in BioSteel Canada and has deconsolidated the entity effective September 14, 2023. The deconsolidation of BioSteel Canada and related impairment charges are classified under losses from discontinued operations.

The strategic decisions made encompassed all operations of the BioSteel business unit, including those of BioSteel Canada. For this reason, the BioSteel segment results for all periods prior to the September 14, 2023 deconsolidation of BioSteel Canada, including costs to exit, are classified as discontinued operations.

	Three months ended		Six months ended	
	September 30, 2023	September 30, 2022 (As Restated)	September 30, 2023	September 30, 2022 (As Restated)
Net revenue	$ 23,970	$ 17,477	$ 56,438	$ 31,170
Cost of goods sold	103,432	24,821	143,725	40,275
Operating expenses	69,714	93,231	98,577	110,018
Operating loss	(149,176)	(100,575)	(185,864)	(119,123)
Other income (expense), net[1]	(28,398)	(8,770)	(23,002)	(12,837)
Income tax recovery	936	-	936	-
Net loss on discontinued operations, net of tax	$ (176,638)	$ (109,345)	$ (207,930)	$ (131,960)

[1] Included in Other income (expense), net for the three and six months ended September 30, 2023 is a loss on deconsolidation of $22,237.

Investment in BioSteel Canada

Canopy Growth continues to have a 90.4% ownership interest in BioSteel Canada, but has deconsolidated the entity because it no longer has a controlling interest. Since the estimated amount of BioSteel Canada's liabilities exceed the estimated fair value of the assets available for distribution to its creditors, the fair value of Canopy Growth's equity investment approximates zero.

Canopy Growth's Amounts Receivable from BioSteel Canada

Prior to Canopy Growth's deconsolidation of BioSteel Canada, Canopy Growth made significant secured loans to BioSteel Canada for purposes of funding its operations. The secured loans and corresponding interest were considered intercompany transactions and eliminated in Canopy Growth's consolidated financial statements prior to September 14, 2023, being the deconsolidation date. As of the deconsolidation date, the secured loans and corresponding interest are now considered related party transactions and have been recognized in Canopy Growth's consolidated financial statements at their estimated fair value of $29,000.

The Company determined the fair value and recoverability of the BioSteel business unit assets using various valuation techniques. The assets and liabilities are classified as discontinued operations and the major categories are as follows:

	September 30, 2023	March 31, 2023
Cash	$ 2,599	$ 9,314
Short-term investments	-	69
Amounts receivable, net	3,942	25,528
Receivable from BioSteel Canada	29,000	-
Inventory	-	65,671
Prepaid expenses and other assets	-	15,709
Equity investment in BioSteel Canada	-	-
Property, plant and equipment	20,366	28,195
Intangible assets	-	27,969
Other assets	-	405
Total assets of discontinued operations	$ 55,907	$ 172,860
Accounts payable	6,050	44,399
Other accrued expenses and liabilities	12,325	22,248
Other current liabilities	252	977
Deferred income tax liabilities	-	954
Other liabilities	1,962	2,463
Total liabilities of discontinued operations	$ 20,589	$ 71,041

5. (GAIN)/LOSS ON ASSET IMPAIRMENT AND RESTRUCTURING

In the six months ended September 30, 2023, the Company recorded a gain on the sale of its production facility at 1 Hershey Drive in Smiths Falls, Ontario. The gain is due to the sale proceeds exceeding the carrying value that was previously impaired at March 31, 2023. This reversal was partially offset by various incremental impairment losses and other costs associated with the restructuring of the Company's Canadian cannabis operations that were initiated in the three months ended March 31, 2023.

As a result, in the three and six months ended September 30, 2023, the Company recognized a gain on asset impairment and restructuring of $29,895 and $27,961, respectively (three and six months ended September 30, 2022 – loss of $43,968 and $1,771,953, respectively).

6. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	September 30, 2023	March 31, 2023
Cash	$ 183,000	$ 453,146
Cash equivalents	57,376	214,547
	$ 240,376	$ 667,693

7. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	September 30, 2023	March 31, 2023
Government securities	$ -	$ 60,157
Term deposits	30,000	30,000
Commercial paper and other	-	15,369
	$ 30,000	$ 105,526

The amortized cost of short-term investments at September 30, 2023 is $30,000 (March 31, 2023 – $107,661).

8. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	September 30, 2023	March 31, 2023
Accounts receivable, net	$ 54,537	$ 41,292
Indirect taxes receivable	6,579	11,544
Interest receivable	1,448	3,966
Other receivables	6,292	11,657
	$ 68,856	$ 68,459

Included in the accounts receivable, net balance at September 30, 2023 is an allowance for doubtful accounts of $10,661 (March 31, 2023 – $8,554).

9. INVENTORY

The components of inventory are as follows:

	September 30, 2023	March 31, 2023
Raw materials, packaging supplies and consumables	$ 20,137	$ 18,927
Work in progress	36,607	34,104
Finished goods	30,726	30,199
	$ 87,470	$ 83,230

In the three and six months ended September 30, 2023, the Company recorded write-downs related to inventory in cost of goods sold of $3,958 and $7,503, respectively (three and six months ended September 30, 2022 – $10,640 and $22,820, respectively).

10. PREPAID EXPENSES AND OTHER ASSETS

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

	September 30, 2023	March 31, 2023
Prepaid expenses	$ 14,179	$ 11,963
Deposits	1,869	1,522
Prepaid inventory	496	690
Other assets	6,918	10,115
	$ 23,462	$ 24,290

11. 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 23.

Entity	Instrument	Balance at March 31, 2023	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at September 30, 2023
Acreage[1]	Fixed Shares option and Floating Shares agreement	$ 55,382	$ -	$ 21,286	$ 332	$ -	$ 77,000
TerrAscend Exchangeable Shares	Exchangeable shares	93,000	-	33,076	924	-	127,000
TerrAscend - December 2022	Warrants	26,000		13,228	270	-	39,498
TerrAscend	Option	1,600	-	584	16	-	2,200
Wana	Option	239,078	-	(49,138)	939	-	190,879
Jetty	Options	75,014	-	(17,311)	339	-	58,042
Acreage Hempco[1]	Debenture	29,262	-	(17,894)	172		11,540
Acreage Debt Option Premium	Option	35,479	-	1,933	196	-	37,608
Acreage Tax Receivable Agreement	Other	3,109	-	(2,015)	(35)	-	1,059
Other - at fair value through net income (loss)	Various	1,870	2,156	(937)	6	-	3,095
Other - classified as held for investment	Loan receivable	8,498	-	-	-	(64)	8,434
		$ 568,292	$ 2,156	$ (17,188)	$ 3,159	$ (64)	$ 556,355

[1] See Note 27 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.

12. PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2023	March 31, 2023
Buildings and greenhouses	$ 305,750	$ 413,832
Production and warehouse equipment	69,717	76,760
Leasehold improvements	9,214	13,655
Office and lab equipment	11,243	13,636
Computer equipment	8,313	8,521
Land	5,312	16,781
Right-of-use-assets		
Buildings and greenhouses	34,419	35,167
Assets in process	1,112	3,229
	445,080	581,581
Less: Accumulated depreciation	(98,853)	(110,310)
	$ 346,227	$ 471,271

Depreciation expense included in cost of goods sold for the three and six months ended September 30, 2023 is $5,070 and $14,498, respectively (three and six months ended September 30, 2022 – $11,316 and $22,390, respectively). Depreciation expense included in selling, general and administrative expenses for the three and six months ended September 30, 2023 is $809 and $2,070, respectively (three and six months ended September 30, 2022 – $3,136 and $7,164, respectively).

13. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	September 30, 2023		March 31, 2023	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	$ 96,848	$ 50,693	$ 98,383	$ 56,333
Distribution channel	58,204	9,998	58,324	11,231
Operating licenses	24,400	17,488	24,400	19,012
Software and domain names	34,627	11,597	34,177	14,579
Brands	6,022	1,027	3,943	936
Amortizable intangibles in process	625	625	508	508
Total	$ 220,726	$ 91,428	$ 219,735	$ 102,599
Indefinite lived intangible assets				
Acquired brands		$ 57,337		$ 58,151
Total intangible assets		$ 148,765		$ 160,750

Amortization expense included in cost of goods sold for the three and six months ended September 30, 2023 is $13 and $28, respectively (three and six months ended September 30, 2022 – $15 and $29, respectively). Amortization expense included in selling, general and administrative expenses for the three and six months ended September 30, 2023 is $6,638 and $13,045, respectively (three and six months ended September 30, 2022 – $5,961, and $11,841, respectively).

14. 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	(1,705)
Balance, September 30, 2023	$ 83,858

The Company does not believe that an event occurred or circumstances changed during the six months ended September 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 September 30, 2023. The carrying value of goodwill associated with the Storz & Bickel reporting unit was $83,858 at September 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.

15. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	September 30, 2023	March 31, 2023
Employee compensation	$ 16,370	$ 27,322
Inventory	566	323
Professional fees	8,136	5,967
Taxes and government fees	13,031	5,734
Other	13,565	14,397
	$ 51,668	$ 53,743

16. DEBT

The components of debt are as follows:

	Maturity Date	September 30, 2023	March 31, 2023
Unsecured senior notes at 4.25% interest with semi-annual interest payments	July 15, 2023		
Principal amount		$ -	$ 337,380
Accrued interest		-	3,148
Non-credit risk fair value adjustment		-	26,214
Credit risk fair value adjustment		-	(35,492)
		-	331,250
Supreme convertible debentures	September 10, 2025	31,529	31,503
Accretion debentures	September 10, 2025	8,866	8,780
Credit facility	March 18, 2026	560,495	840,058
Equity-settled convertible debentures	February 28, 2028	-	93,228
Promissory note	December 31, 2024	78,731	-
Other revolving debt facility, loan, and financings		1,571	2,062
		681,192	1,306,881
Less: current portion		(49,964)	(556,890)
Long-term portion		$ 631,228	$ 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 agreed to purchase in the aggregate US$187,500 of principal indebtedness outstanding under the Credit Facility 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 under the Credit Facility 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 under the Credit Agreement by $125,606 (US$93,750). Additionally, on October 24, 2022, the Company and certain of its lenders agreed to make certain amendments to the Credit Agreement which, among other things, resulted in: (i) a reduction to the minimum liquidity covenant to no less than US$100,000 following completion of the second principal repurchase on April 17, 2023; (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.

On July 13, 2023, as part of the Company's balance sheet deleveraging initiatives, the Company entered into agreements with certain of its lenders under the Credit Agreement pursuant to which certain additional amendments were made to the Credit Agreement (the Credit Agreement, as amended as of July 13, 2023, is referred to herein as the "Amended Credit Agreement"). The Amended Credit Agreement required the Company to prepay or repurchase principal indebtedness under the Credit Facility in an amount equal to the US dollar equivalent of $93,000 at a discounted price of US$930 per US$1,000 (the "July 2023 Paydown"). In addition, the Amended Credit Agreement requires the Company to apply certain net proceeds from asset sales to prepay or repurchase principal indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, a discounted price of US$950 per US$1,000. The Amended Credit Agreement also includes, among other things, amendments to the minimum liquidity covenant such that the US$100,000 minimum liquidity covenant ceased to apply concurrently with the July 2023 Paydown. The Company made the July 2023 Paydown on July 21, 2023.

On each of August 11, 2023 and September 14, 2023, pursuant to the terms of the Amended Credit Agreement, the Company repurchased additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales (the "Second Quarter 2023 Paydowns"). The Second Quarter 2023 Paydowns resulted in an aggregate principal reduction of $73,313 (US$54,491) for a cash payment of $69,647 (US$51,766).

The Amended Credit Facility continues to mature on March 18, 2026 and through December 27, 2023 has an interest rate of LIBOR + 8.50%. After December 27, 2023 interest on amounts outstanding under the Amended Credit Facility will be calculated at either the applicable prime rate plus 7.50% per annum, subject to a prime rate floor of 2.00%, or adjusted term SOFR plus 8.50% per annum, subject to an adjusted term SOFR floor of 1.00%. 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 the assets of the Company and its material wholly-owned Canadian and U.S. subsidiaries, including material real property. The Credit Agreement contains representations and warranties, and affirmative and negative covenants.

Unsecured Senior Notes

On June 20, 2018, the Company issued the Canopy Notes with an aggregate principal amount of $600,000. The Canopy Notes bore 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 matured on July 15, 2023. The Canopy Notes were subordinated in right of payment to any existing and future senior indebtedness. The Canopy Notes ranked senior in right of payment to any future subordinated borrowings. The Canopy Notes were effectively junior to any secured indebtedness and the Canopy Notes were 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, had there been any conversions of Canopy Notes following the execution of the Second Supplemental Indenture these would have been settled entirely in cash, unless otherwise negotiated.

The Canopy Notes were initially recognized at fair value on the balance sheet and continue to be recorded at fair value until their repayment. All changes in fair value following initial recognition, excluding the impact of the change in fair value related to the Company's own credit risk, were recorded in other income (expense), net. The changes in fair value related to the Company's own credit risk were 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.

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") for: (i) a cash payment in the aggregate amount of approximately $101,000; (ii) the issuance of an aggregate of 90,430,920 Canopy Growth common shares; and (iii) the issuance of $40,380 aggregate principal amount of unsecured non-interest bearing convertible debentures (the "Debentures"). Following the Redemption, the Company settled the remaining aggregate principal amount owing under the outstanding Canopy Notes in cash and, as of the maturity date, there were no Canopy Notes outstanding.

The Debentures were issued pursuant to a debenture indenture dated July 14, 2023 between the Company and Odyssey Trust Company, in its capacity as trustee. The Debentures were 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 the Nasdaq threshold of 19.99% and TSX requirements of 25%, of the issued and outstanding Canopy Growth common shares (the "Shareholder Approval") until the maturity date of January 15, 2024, at a conversion price equal to $0.55, subject to adjustment in certain events.

The Company obtained Shareholder Approval at its Annual General and Special Meeting of shareholders held on September 25, 2023. As of September 30, 2023, all conversions pursuant to the Debentures had been completed and the amount outstanding under the Debentures was $nil.

The acquisition and cancellation of the Canopy Notes pursuant to the June 2023 Exchange Agreements, Redemption of the Canopy Notes and conversions of the Debentures each resulted in a release of accumulated other comprehensive income into other income (expense), net for the three and six months ended September 30, 2023 of $nil and $2,373, respectively. The related tax impact of $12,726 and $13,433, respectively, for the three and six months ended September 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 21.

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 September 30, 2023, the estimated fair value of the CBI Note was $78,731, measured using a discounted cash flow model. See Note 23 for additional details on how the fair value of the CBI Note is calculated on a recurring basis.

The overall change in fair value of the Canopy Notes during the three and six months ended September 30, 2023 was a decrease of $218,149 and $331,250, respectively (three and six months ended September 30, 2022 – a decrease of $173,288 and $242,830, respectively), which included contractual interest of $509 and $2,925, respectively (three and six months ended September 30, 2022 – $3,740 and $9,787, respectively) and principal redemption of $224,880 and $337,380, respectively (three and six months ended September 30, 2022 – $199,522 and $262,620, respectively). Upon redemption, the principal redeemed during the three and six months ended September 30, 2023 had a fair value of $224,880 and $334,005 (three and six months ended September 30, 2022 – $174,503 and $225,369, respectively). Refer to Note 23 for additional details on how the fair value of the Canopy Notes is calculated.

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 were completed and the amount outstanding under the Convertible Debentures was $nil.

17. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at September 30, 2023			As at March 31, 2023		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	$ 13,941	$ 70,029	$ 83,970	$ 28,421	$ 78,367	$ 106,788
Acquisition consideration and other investment related liabilities	15,786	11,853	27,639	25,945	30,323	56,268
Refund liability	6,522	-	6,522	6,434	-	6,434
Settlement liabilities and other	17,020	7,436	24,456	32,950	13,733	46,683
	$ 53,269	$ 89,318	$ 142,587	$ 93,750	$ 122,423	$ 216,173

The estimated deferred payments associated with the Wana financial instrument (the "Wana Deferred Payments") within acquisition consideration and other investment related liabilities at September 30, 2023 is $19,483 (March 31, 2023 – $26,370). See Note 23 for additional details on how the fair value of the Wana Deferred Payments is calculated on a recurring basis.

18. 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	(18,526)	(18,526)
Adjustments to redemption amount	18,526	18,526
As at September 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	1,050	(18,154)	(17,104)
Adjustments to redemption amount	(1,050)	(1,670)	(2,720)
As at September 30, 2022	$ 1,000	$ 11,676	$ 12,676

During the three months ended September 30, 2023, the Company issued 15,206,046 common shares relating to its acquisition of the Vert Mirabel redeemable noncontrolling interest which had closed in March 2023.

19. SHARE CAPITAL

CANOPY GROWTH

Authorized

An unlimited number of common shares.

(i) Equity financings

On September 18, 2023, the Company entered into subscription agreements (the "Subscription Agreements") with certain institutional investors. Pursuant to the terms of the Subscription Agreements, the Company issued 22,929,468 units of the Company (the "Units") to the Investors at a price per Unit of US$1.09 for aggregate gross proceeds of $33,745 (US$25,000) (the "Unit Offering"). Each Unit is comprised of one Canopy Growth common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one Canopy Growth common share at a price per share equal to US$1.35 for a period of five years from the date of issuance. The Unit Offering closed on September 19, 2023. The Investors also held an over-allotment option to acquire up to an additional 22,929,468 Units at a price per Unit of US$1.09 for aggregate gross proceeds of approximately US$25,000 at the discretion of the Investors at any time on or before November 2, 2023 (the "Over-Allotment Option").

The gross proceeds from the Unit Offering were allocated to the Canopy Growth common shares, Warrants, and Over-Allotment Option based on their relative fair values.

(ii) Other issuances of common shares

During the six months ended September 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	$ -
Settlement of Canopy Notes	114,773,660	57,084	-
Settlement of Debentures	73,418,178	87,754	-
Other issuances	64,265	130	(80)
Total	272,715,040	$ 253,023	$ (80)

During the six months ended September 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	$ -
Other issuances	237,802	1,209	(353)
Total	8,664,341	$ 60,222	$ (353)

(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
Issuance of warrants from private placement	22,929,468	1.83	8,977
Balance outstanding at September 30, 2023[1]	151,122,515	$ 49.51	$ 2,590,765

[1] This balance excludes the Tranche C Warrants (as defined below), which represent a derivative liability and have nominal value. See Note 27.

	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 September 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 27.

20. SHARE-BASED COMPENSATION

CANOPY GROWTH CORPORATION SHARE-BASED COMPENSATION PLAN

On September 25, 2023, the Company's shareholders approved a new Omnibus Equity Incentive Plan (the "Omnibus Equity Incentive Plan") pursuant to which the Company can issue share-based long-term incentives. The Omnibus Equity Incentive Plan replaces the Company's previous equity incentive plan, which was originally approved by the Company's shareholders on July 30, 2018 (the "Previous Equity Incentive Plan"). The approval of the Omnibus Equity Incentive Plan and replacement of the Previous Equity Incentive Plan are detailed in the Company's annual definitive proxy statement filed with the Securities and Exchange Commission on August 9, 2023.

All directors, employees and consultants of the Company are eligible to receive awards of common share purchase options ("Options"), restricted share units ("RSUs"), deferred share units or shares-based awards (collectively, the "Awards") under the Omnibus Equity Incentive Plan, subject to certain limitations. The Omnibus Equity Incentive Plan allows for a maximum term of each Option to be ten years from the date of grant and the maximum number of common shares available for issuance under the Omnibus Equity Incentive Plan remains at 10% of the issued and outstanding common shares from time to time, less the number of common shares issuable pursuant to other security-based compensation arrangements of the Company (including common shares reserved for issuance under the Previous Equity Incentive Plan).

The Omnibus Equity Incentive Plan was adopted on September 25, 2023. No further awards will be granted under the Previous Equity Incentive Plan and any new Awards will be issued by the Company pursuant to the terms of the Omnibus Equity Incentive Plan. However, outstanding and unvested awards granted under the Previous Equity Incentive Plan will continue to be governed in accordance with the terms of such plan.

The maximum number of common shares reserved for Awards is 82,908,367 at September 30, 2023. As of September 30, 2023, the only Awards issued have been Options, RSUs and PSUs under the Previous Equity Incentive Plan, and no Awards have been issued under the Omnibus Equity Incentive Plan.

The Omnibus Equity Incentive Plan is administered by the Corporate Governance, Compensation and Nominating Committee of the Board (the "CGC&N Committee") which establishes in its discretion, among other things, exercise prices, at not less than the Fair

Market Value (as defined in the Omnibus Equity Incentive Plan) at the date of grant, vesting terms and expiry dates (set at up to ten years from issuance) for Awards, subject to the limits contained in the Omnibus Equity Incentive 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 and six months ended September 30, 2023, 64,265 common shares were issued under the Purchase Plan (three and six months ended September 30, 2022 – 237,802). The Purchase Plan concluded in August 2023 as all of the common shares available have been purchased and the Company does not currently intend to reinstate the Purchase Plan at this time.

The following is a summary of the changes in the Options outstanding during the six months ended September 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 exercised	(6,429)	0.06
Options forfeited	(6,034,540)	18.70
Balance outstanding at September 30, 2023	31,749,152	$ 8.78

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

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at September 30, 2023	Weighted Average Remaining Contractual Life (years)	Exercisable at September 30, 2023	Weighted Average Remaining Contractual Life (years)
$0.06 - $24.62	25,533,013	5.53	1,443,161	3.69
$24.63 - $33.53	2,764,937	1.90	1,629,211	1.66
$33.54 - $36.80	918,896	1.19	918,896	1.19
$36.81 - $42.84	1,022,233	1.21	1,016,559	1.17
$42.85 - $67.64	1,510,073	1.35	1,510,073	1.35
	31,749,152	4.76	6,517,900	1.90

At September 30, 2023, the weighted average exercise price of the Options outstanding and Options exercisable was $8.78 and $33.82, respectively (March 31, 2023 – $27.12 and $37.28, respectively).

The Company recorded $1,897 and $4,966 in share-based compensation expense related to Options and Purchase Plan shares issued to employees and contractors for the three and six months ended September 30, 2023, respectively (three and six months ended September 30, 2022 – $3,008 and $3,385, respectively). The share-based compensation expense for the six months ended September 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 six months ended September 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 September 30, 2023 and 2022, on their measurement date by applying the following assumptions:

	September 30, 2023	September 30, 2022
Risk-free interest rate	-	2.94%
Expected life of options (years)	-	3 - 5
Expected volatility	-	77%
Expected forfeiture rate	-	20%
Expected dividend yield	-	nil
Black-Scholes value of each option	-	$2.17

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.

For the three and six months ended September 30, 2023, the Company recorded $820 and $1,468, respectively in share-based compensation expense related to RSUs and PSUs (for the three and six months ended September 30, 2022 – $6,565 and $11,453, respectively).

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

	Number of RSUs and PSUs
Balance outstanding at March 31, 2023	2,583,214
RSUs and PSUs granted	15,135,486
RSUs and PSUs released	(921,133)
RSUs and PSUs cancelled and forfeited	(1,418,747)
Balance outstanding at September 30, 2023	15,378,820

21. 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	-	11,060	11,060
Other comprehensive (loss) income	(9,529)	(12,470)	(21,999)
As at September 30, 2023	$ (39,790)	$ 14,991	$ (24,799)

	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	-	(29,507)	(29,507)
Other comprehensive income	9,773	28,309	38,082
As at September 30, 2022	$ (47,695)	$ 13,988	$ (33,707)

22. 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	(18,526)	-	(18,526)
Net loss attributable to redeemable noncontrolling interest	18,526	-	18,526
Share-based compensation	148	-	148
Ownership changes	(1,595)	(1)	(1,596)
As at September 30, 2023	$ -	$ 139	$ 139

	Vert Mirabel	BioSteel (As Restated)	Other non-material interests	Total
As at March 31, 2022	$ -	$ 2,497	$ 1,844	$ 4,341
Comprehensive income (loss)	1,050	(18,154)	(1,844)	(18,948)
Net (income) loss attributable to redeemable noncontrolling interest	(1,050)	18,154	-	17,104
Share-based compensation	-	459	-	459
As at September 30, 2022	$ -	$ 2,956	$ -	$ 2,956

23. 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
September 30, 2023				
Assets:				
Short-term investments	$ 30,000	$ -	$ -	$ 30,000
Restricted short-term investments	7,990	-	-	7,990
Other financial assets	1,408	-	546,513	547,921
Liabilities:				
Long-term debt	-	78,731	-	78,731
Other liabilities	-	-	19,483	19,483
March 31, 2023				
Assets:				
Short-term investments	$ 105,526	$ -	$ -	$ 105,526
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

24. REVENUE

Revenue is disaggregated as follows:

	Three months ended		Six months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Canada cannabis				
Canadian adult-use cannabis				
Business-to-business[1]	$ 24,016	$ 25,317	$ 48,205	$ 51,857
Business-to-consumer	-	12,772	-	25,207
	24,016	38,089	48,205	77,064
Canadian medical cannabis[2]	14,976	14,215	29,401	27,655
	$ 38,992	$ 52,304	$ 77,606	$ 104,719
Rest-of-world cannabis	$ 8,977	$ 10,552	$ 19,139	$ 24,333
Storz & Bickel	$ 11,991	$ 13,494	$ 30,064	$ 29,137
This Works	$ 7,074	$ 6,868	$ 13,091	$ 12,388
Other	2,561	4,723	5,953	9,591
Net revenue	$ 69,595	$ 87,941	$ 145,853	$ 180,168

[1]Canadian adult-use business-to-business net revenue during the three and six months ended September 30, 2023 reflects excise taxes of $10,829 and $21,855, respectively (three and six months ended September 30, 2022 – $11,366 and $22,957, respectively).
[2]Canadian medical cannabis net revenue for the three and six months ended September 30, 2023 reflects excise taxes of $1,652 and $3,012, respectively (three and six months ended September 30, 2022 – $1,130 and $2,286, respectively).

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 $570 and $1,507 for the three and six months ended September 30, 2023, respectively (three and six months ended September 30, 2022 – $888 and $2,104, respectively). As of September 30, 2023, the liability for estimated returns and price adjustments was $6,522 (March 31, 2023 – $6,434).

25. OTHER INCOME (EXPENSE), NET

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

	Three months ended		Six months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Fair value changes on other financial assets	$ (82,306)	$ (86)	$ (17,188)	$ (300,940)
Fair value changes on liability arising from Acreage Arrangement	-	-	-	47,000
Fair value changes on debt	(27,066)	(13,789)	(25,214)	(23,401)
Fair value changes on warrant derivative liability	-	864	-	26,229
Fair value changes on acquisition related contingent consideration and other	3,741	(16,285)	10,517	24,140
Gain and charges related to settlement of debt	(7,262)	14,480	(12,553)	(4,688)
Interest income	3,454	4,924	11,285	8,874
Interest expense	(27,415)	(30,471)	(59,600)	(57,372)
Foreign currency gain (loss)	4,737	1,911	4,598	1,043
Other income (expense), net	3,783	(622)	5,922	(1,469)
	$ (128,334)	$ (39,074)	$ (82,233)	$ (280,584)

26. INCOME TAXES

There have been no material changes to income tax matters in connection with normal course operations during the six months ended September 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.

27. 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 September 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 $77,000 (March 31, 2023 – $55,382 asset). At September 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 25. The fair value determination includes a high degree of subjectivity and judgment, which results in significant estimation uncertainty. See Note 23 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 11), and the Company has elected the fair value option under ASC 825 (see Note 23). At September 30, 2023, the estimated fair value of the Hempco Debenture issued to an affiliate of the Company by Acreage Hempco was $11,540 (March 31, 2023 – $29,262), measured using a discounted cash flow model (see Note 23). Refer to Note 11 for details on fair value changes, foreign currency translation adjustment, and anticipated interest to be 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 September 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 September 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 25. See Note 23 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 September 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.

28. 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 four 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 and hemp products internationally pursuant to applicable international legislation, regulations and permits. Priority markets include medical cannabis markets in Australia, Germany, Poland and Czech where the Company offers branded high-quality flower, oil and softgel extracts products under the well-known Spectrum Therapeutics brand (in Australia, Poland and Czech) and more recently the Canopy Medical brand in Germany;
- **Storz & Bickel** - includes the production, distribution and sale of vaporizers;
- **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		Six months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Segmented net revenue				
Canada cannabis	$ 38,992	$ 52,304	$ 77,606	$ 104,719
Rest-of-world cannabis	8,977	10,552	19,139	24,333
Storz & Bickel	11,991	13,494	30,064	29,137
This Works	7,074	6,868	13,091	12,388
Other	2,561	4,723	5,953	9,591
	$ 69,595	$ 87,941	$ 145,853	$ 180,168
Segmented gross margin:				
Canada cannabis	$ 14,121	$ (7,652)	$ 13,626	$ (20,186)
Rest-of-world cannabis	2,691	(1,332)	6,172	(1,492)
Storz & Bickel	3,918	6,002	11,625	11,623
This Works	3,386	2,303	6,281	4,950
Other	(690)	68	(516)	669
	23,426	(611)	37,188	(4,436)
Selling, general and administrative expenses	57,611	95,020	120,374	181,821
Share-based compensation	2,717	9,573	6,434	14,838
(Gain)/loss on asset impairment and restructuring	(29,895)	43,968	(27,961)	1,771,953
Operating loss	(7,007)	(149,172)	(61,659)	(1,973,048)
Other income (expense), net	(128,334)	(39,074)	(82,233)	(280,584)
Loss before incomes taxes	$ (135,341)	$ (188,246)	$ (143,892)	$ (2,253,632)

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		Six months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Canada	$ 41,168	$ 56,090	$ 82,700	$ 112,669
Germany	10,079	11,247	21,827	23,611
United States	6,128	8,783	17,768	20,378
Other	12,220	11,821	23,558	23,510
	$ 69,595	$ 87,941	$ 145,853	$ 180,168

Disaggregation of property, plant and equipment by geographic area:

	September 30, 2023	March 31, 2023
Canada	$ 291,831	$ 361,129
United States	3,963	58,226
Germany	50,358	51,341
Other	75	575
	$ 346,227	$ 471,271

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

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

29. SUBSEQUENT EVENTS

Fourth Amendment to Floating Share Arrangement Agreement

On October 31, 2023, the Company, Canopy USA and Acreage entered into a fourth amendment to the Floating Share Arrangement Agreement (the "Fourth Amendment"). Pursuant to the terms of the Fourth Amendment, the Company, Canopy USA, and Acreage agreed to amend the Exercise Outside Date (as defined in the Floating Share Arrangement Agreement) from October 31, 2023 to December 31, 2023.

Expiration of Constellation Brands, Inc. Warrants

On November 1, 2023, the Tranche A Warrants expired in accordance with their terms without having been exercised. In accordance with the terms of the Tranche B Warrants and Tranche C Warrants, the vesting of the remaining Tranche B Warrants and Tranche C Warrants, as applicable, are conditioned on the exercise, in full, of the Tranche A Warrants. Accordingly, the Tranche B Warrants and the Tranche C Warrants are not, and will not become, exercisable and are considered expired as of November 1, 2023.

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 second quarter of fiscal 2024 in comparison to the second quarter of fiscal 2023, and for the six months ended September 30, 2023 in comparison to the six months ended September 30, 2022.

- *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 Company's ability to deconsolidate the financial results of Canopy USA from the financial results of Canopy Growth upon Canopy USA's acquisition of Wana (as defined below), Jetty (as defined below) and the Fixed Shares (as defined below) of Acreage;

- expectations regarding the development and outcome of proceedings commenced by BioSteel Sports Nutrition Inc. ("BioSteel Canada") under the Companies' Creditors Arrangement Act (the "CCAA") in the Ontario Superior Court of Justice (the "CCAA Proceedings") and the recognition of that proceeding under Chapter 15 of the United States Bankruptcy Code;
- 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);
- 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 our common 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; and (ii) This Works Products Ltd. ("This Works") beauty, skincare, wellness and sleep products. Our core operations are in Canada, the United States, and priority growth markets internationally, including Australia, Germany, Poland and Czech.

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 which is primarily completed at our Smiths Falls facility. Our Canadian cannabis cultivation facilities are now

concentrated at our existing licensed facilities in Kincardine, Ontario and Kelowna, British Columbia. Our remaining products are manufactured through third-party sourcing and manufacturing 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. In addition, the commencement of the CCAA Proceedings resulted in the removal of one of our segments. We now report our financial results for the following four 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 and hemp products internationally pursuant to applicable international legislation, regulations and permits. Priority markets include medical cannabis markets in Australia, Germany, Poland and Czech where we offer branded high-quality flower, oil and softgel extracts products under the well-known Spectrum Therapeutics brand (in Australia, Poland and Czech) and more recently the Canopy Medical brand in Germany.

- **Storz & Bickel** - includes the production, distribution and sale of vaporizers; 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.

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 that were believed to facilitate the deconsolidation of 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.

On November 3, 2023, we received a letter from the staff of the SEC (the "Staff") in which the Staff indicated that, despite the Reorganization Amendments, it would object to the deconsolidation of Canopy USA once Canopy USA acquires Wana, Jetty or the Fixed Shares of Acreage. We are currently assessing additional structural amendments to Canopy USA that would facilitate the deconsolidation of Canopy USA from the financial results of Canopy Growth, and intends to maintain active discussions with the Staff on such changes.

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 September 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; on May 31, 2023 the Floating Share Arrangement Agreement was further amended to extend the Exercise Outside Date to August 31, 2023; on August 31, 2023, the Floating Share Arrangement Agreement was amended a third time to extend the Exercise Outside Date to October 31, 2023; and on October 31, 2023, the parties entered into a fourth amendment to the Floating Share Arrangement Agreement to extend the Exercise Outside Date to December 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 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 July 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 were completed and the amount outstanding under the Convertible Debentures was $nil.

Maturity of Canopy Notes Due in July 2023

On July 13, 2023, we entered into privately negotiated redemption agreements (collectively, the "Redemption Agreements") with certain Noteholders of our Canopy Notes, pursuant to which approximately $193 million aggregate principal amount of the outstanding Canopy Notes held by such Noteholders were redeemed (the "Redemption") on the applicable closing date for: (i) an aggregate cash payment of approximately $101 million; (ii) the issuance of 90,430,920 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"). Following the Redemption, we settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there were no Canopy Notes outstanding.

The Debentures were issued pursuant to a debenture indenture dated July 14, 2023 between us and Odyssey Trust Company, in its capacity as trustee. The Debentures were 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 the Nasdaq threshold of 19.99% and the TSX requirements of 25% 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") until the maturity date of January 15, 2024, at a conversion price equal to $0.55, subject to adjustment in certain events.

We obtained Shareholder Approval, at our Annual General and Special Meeting of shareholders held on September 25, 2023. As of September 30, 2023, all conversions pursuant to the Debentures have been completed and the amount outstanding under the 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 agreed to purchase in the aggregate US$187.5 million of the principal indebtedness outstanding under the Credit Facility at a discounted price of US$930 per US$1,000 or US$174.4 million in the aggregate. The first payment, which was oversubscribed, in the amount of $117.5 million (US$87.9 million) was made on November 10, 2022 to reduce the principal indebtedness under the Credit Facility by approximately $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 under the Credit Facility by $125.6 million (US$93.8 million). Additionally, on October 24, 2022 we and certain of our lenders agreed to make certain amendments to the Credit Agreement which, among other things, resulted in: (i) a reduction to the minimum liquidity covenant to no less than US$100.0 million following completion of the second principal repurchase on April 17, 2023; (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 certain additional amendments were made to the Credit Agreement (collectively, the Credit Agreement, as amended as of July 13, 2023, is referred to herein as the "Amended Credit Agreement"). The Amended Credit Agreement required us to prepay or repurchase principal indebtedness under the Credit Facility in an amount equal to the US dollar equivalent of $93,000 at a discounted price of US$930 per US$1,000 (the "July 2023 Paydown"). In addition, the Amended Credit Agreement requires us to apply certain net proceeds from asset sales to prepay or repurchase principal indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, a discounted price of US$950 per US$1,000. The Amended Credit Agreement also includes, among other things, amendments to the minimum liquidity covenant such that the US$100,000 minimum ceased to apply concurrently with the July 2023 Paydown. The July 2023 Paydown was made on July 21, 2023.

On each of August 11, 2023 and September 14, 2023, pursuant to the terms of the Amended Credit Agreement, the Company repurchased additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales (the "Second Quarter 2023 Paydowns"). The Second Quarter 2023 Paydowns resulted in an aggregate principal reduction of $73,313 (US$54,491) for a cash payment of $69,647 (US$51,766).

Private Placement – Unit Offering

On September 18, 2023, we entered into subscription agreements (the "Subscription Agreements") with certain institutional investors (the "Investors"). Pursuant to the terms of the Subscription Agreements, we issued 22,929,468 units of the Company (the "Units") to the Investors at a price per Unit of US$1.09 for aggregate gross proceeds of approximately US$25 million (the "Unit Offering"). Each Unit is comprised of one Canopy Growth common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one Canopy Growth common share at a price per share equal to US$1.35 for a period of five years from the date of issuance. The Unit Offering closed on September 19, 2023.The Investors also held an over-allotment option to acquire up to an additional 22,929,468 Units at a price per Unit of US$1.09 for aggregate gross proceeds of approximately US$25 million at the discretion of the Investors at any time on or before November 2, 2023 (the "Over-Allotment Option"). The Over-Allotment Option was not exercised by the Investors and expired on November 2, 2023.

Part 2 - Results of Operations

The results of operations presented below reports the financial performance of the continuing operations of Canopy Growth in the three and six month periods ending September 30, 2023. Further to Note 4 in the Company's accompanying financial statements, the BioSteel segment results for all periods prior to the September 14, 2023, being the effective date of deconsolidation as a result of the CCAA Proceedings, are classified as discontinued operations and therefore are excluded from continuing operations.

Discussion of Second Quarter of Fiscal 2024 Results of Operations

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Three months ended September 30, 2023	2022	$ Change	% Change
Selected consolidated financial information:				
Net revenue	$ 69,595	$ 87,941	$ (18,346)	(21%)
Gross margin percentage	34%	(1%)	-	3,500 bps
Net loss from continuing operations	$ (148,162)	$ (196,466)	$ 48,304	25%
Net loss from continuing operations attributable to Canopy Growth Corporation	$ (148,162)	$ (195,177)	$ 47,015	24%
Basic and diluted loss per share from continuing operations[1]	$ (0.21)	$ (0.41)	$ 0.20	49%

[1]For the three months ended September 30, 2023, the weighted average number of outstanding common shares, basic and diluted, totaled 716,294,433 (three months ended September 30, 2022 - 471,592,150).

Revenue

We report net revenue in four segments: (i) Canada cannabis; (ii) rest-of-world cannabis; (iii) Storz & Bickel; and (iv) 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 September 30, 2023 and 2022:

Revenue by Channel	Three months ended September 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Canada cannabis				
Canadian adult-use cannabis				
Business-to-business[1]	$ 24,016	$ 25,317	$ (1,301)	(5%)
Business-to-consumer	-	12,772	(12,772)	(100%)
	24,016	38,089	(14,073)	(37%)
Canadian medical cannabis[2]	14,976	14,215	761	5%
	$ 38,992	$ 52,304	$ (13,312)	(25%)
Rest-of-world cannabis[3]	$ 8,977	$ 10,552	$ (1,575)	(15%)
Storz & Bickel	$ 11,991	$ 13,494	$ (1,503)	(11%)
This Works	$ 7,074	$ 6,868	$ 206	3%
Other	2,561	4,723	(2,162)	(46%)
Net revenue	$ 69,595	$ 87,941	$ (18,346)	(21%)

[1] Reflects excise taxes of $10,829 and other revenue adjustments, representing our determination of returns and pricing adjustments, of $500 for the three months ended September 30, 2023 (three months ended September 30, 2022 - excise taxes of $11,366 and other revenue adjustments of $353).
[2] Reflects excise taxes of $1,652 for the three months ended September 30, 2023 (three months ended September 30, 2022 - $1,130).
[3] Reflects other revenue adjustments of $70 for the three months ended September 30, 2023 (three months ended September 30, 2022 - $535).

Net revenue was $69.6 million in the second quarter of fiscal 2024, a decrease of $18.3 million as compared to $87.9 million in the second quarter of fiscal 2023.

Canada cannabis

Net revenue from our Canada cannabis segment was $39.0 million in the second quarter of fiscal 2024, as compared to $52.3 million in the second quarter of fiscal 2023.

Canadian adult-use cannabis net revenue was $24.0 million in the second quarter of fiscal 2024, as compared to $38.1 million in the second quarter of fiscal 2023.

- Net revenue from the business-to-business channel was $24.0 million in the second quarter of fiscal 2024, as compared to $25.3 million in the second quarter of fiscal 2023. The year-over-year decrease is primarily attributable to the decline in the 7ACRES brand offset by the growth in the Tweed flower and pre-roll products.
- Revenue from the adult-use business-to-consumer channel was $nil in the second quarter of fiscal 2024, as compared to $12.8 million in the second quarter of fiscal 2023. The year-over-year decrease is attributable to the divestiture of our retail business in Canada in the third quarter of fiscal 2023.

Canadian medical cannabis net revenue was $15.0 million in the second quarter of fiscal 2024, as compared to $14.2 million in the second 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 $9.0 million in the second quarter of fiscal 2024, as compared to $10.6 million in the second quarter of fiscal 2023. The year-over-year decrease is attributable to:

- A decline in our U.S. CBD business, primarily due to the continuing impact of our strategy shift to re-focus and refine our portfolio of product and brand offerings on premium products; and
- Softness in the German medical cannabis market, offset by increased sales of medical cannabis in Australia.

Storz & Bickel

Revenue from Storz & Bickel was $12.0 million in the second quarter of fiscal 2024, as compared to $13.5 million in the second quarter of fiscal 2023. The year-over-year decrease is primarily attributable to timing of sales to distributors, partially offset by favorable foreign currency translations.

This Works

Revenue from This Works was $7.1 million in the second quarter of fiscal 2024, as compared to $6.9 million in the second 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, further supported by favorable foreign currency translations.

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 September 30, 2023 and 2022:

	Three months ended September 30,			
(in thousands of Canadian dollars except where indicated)	2023	2022	$ Change	% Change
Net revenue	$ 69,595	$ 87,941	$ (18,346)	(21%)
Cost of goods sold	$ 46,169	$ 88,552	$ (42,383)	(48%)
Gross margin	23,426	(611)	24,037	3,934%
Gross margin percentage	34%	(1%)	-	3,500 bps

Cost of goods sold was $46.2 million in the second quarter of fiscal 2024, as compared to $88.6 million in the second quarter of fiscal 2023. Our gross margin was $23.4 million in the second quarter of fiscal 2024, or 34% of net revenue, as compared to a gross margin of $(0.6) million and gross margin percentage of (1%) of net revenue in the second 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; (ii) a year-over-year decrease in write-downs of excess inventory; and (iii) opportunistic utilization of lower cost inputs;
- A year-over-year decrease in restructuring charges, from $4.8 million in the second quarter of fiscal 2023 to $nil in the second quarter of fiscal 2024. In the second quarter of fiscal 2023, restructuring charges related primarily to inventory write-downs resulting from: (i) the strategic changes to our business that were initiated in the fourth quarter of fiscal 2022, including the shift to a contract manufacturing model for certain product format; and (ii) amounts deemed excess based on current and projected demand; and
- Improvement in our Rest-of-world cannabis and This Works segments, primarily due to lower excess and obsolete inventory charges in the second quarter of fiscal 2024.

We report gross margin and gross margin percentage in four segments: (i) Canada cannabis; (ii) rest-of-world cannabis; (iii) Storz & Bickel; and (iv) 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 September 30, 2023 and 2022:

(in thousands of Canadian dollars except where indicated)	Three months ended September 30, 2023	2022	$ Change	% Change
Canada cannabis segment				
Net revenue	$ 38,992	$ 52,304	$ (13,312)	(25%)
Cost of goods sold	24,871	59,956	(35,085)	(59%)
Gross margin	14,121	(7,652)	21,773	285%
Gross margin percentage	36%	(15%)		5,100 bps
Rest-of-world cannabis segment				
Revenue	$ 8,977	$ 10,552	$ (1,575)	(15%)
Cost of goods sold	6,286	11,884	(5,598)	(47%)
Gross margin	2,691	(1,332)	4,023	302%
Gross margin percentage	30%	(13%)		4,300 bps
Storz & Bickel segment				
Revenue	$ 11,991	$ 13,494	$ (1,503)	(11%)
Cost of goods sold	8,073	7,492	581	8%
Gross margin	3,918	6,002	(2,084)	(35%)
Gross margin percentage	33%	44%		(1,100) bps
This Works segment				
Revenue	$ 7,074	$ 6,868	$ 206	3%
Cost of goods sold	3,688	4,565	(877)	(19%)
Gross margin	3,386	2,303	1,083	47%
Gross margin percentage	48%	34%		1,400 bps
Other				
Revenue	$ 2,561	$ 4,723	$ (2,162)	(46%)
Cost of goods sold	3,251	4,655	(1,404)	(30%)
Gross margin	(690)	68	(758)	(1,115%)
Gross margin percentage	(27%)	1%		(2,800) bps

Canada cannabis

Gross margin for our Canada cannabis segment was $14.1 million in the second quarter of fiscal 2024, or 36% of net revenue, as compared to $(7.7) million in the second quarter of fiscal 2023, or (15%) 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; (ii) a year-over-year decrease in write-downs of excess inventory; and (iii) opportunistic utilization of lower cost inputs;

Rest-of-world cannabis

Gross margin for our rest-of-world cannabis segment was $2.7 million in the second quarter of fiscal 2024, or 30% of net revenue, as compared to $(1.3) million in the second quarter of fiscal 2023, or (13%) of net revenue. The year-over-year increase in the gross margin percentage is primarily attributable to our U.S. CBD business, due primarily to the year-over-year decrease in restructuring charges, as we recorded charges of $3.7 million in the second quarter of fiscal 2023 relating to inventory write-downs resulting from strategic changes to our business. These charges decreased to $nil in the second quarter of fiscal 2024.

Storz & Bickel

Gross margin for our Storz & Bickel segment was $3.9 million in the second quarter of fiscal 2024, or 33% of net revenue, as compared to $6.0 million in the second quarter of fiscal 2023, or 44% of net revenue. The year-over-year decrease in the gross margin

percentage is driven primarily by lower revenues in the second quarter of fiscal 2024 as there is less variability in production costs for Storz & Bickel.

This Works

Gross margin for our This Works segment was $3.4 million in the second quarter of fiscal 2024, or 48% of net revenue, as compared to $2.3 million in the second quarter of fiscal 2023, or 34% of net revenue. The year-over-year increase in the gross margin percentage is primarily due to lower excess and obsolete inventory charges in the second quarter of fiscal 2024.

Operating Expenses

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

(in thousands of Canadian dollars)	Three months ended September 30, 2023	2022	$ Change	% Change
Operating expenses				
General and administrative	$ 19,024	$ 30,784	$ (11,760)	(38%)
Sales and marketing	19,601	35,698	(16,097)	(45%)
Research and development	1,105	5,489	(4,384)	(80%)
Acquisition, divestiture, and other costs	10,488	14,006	(3,518)	(25%)
Depreciation and amortization	7,393	9,043	(1,650)	(18%)
Selling, general and administrative expenses	57,611	95,020	(37,409)	(39%)
Share-based compensation expense	2,717	9,573	(6,856)	(72%)
(Gain)/loss on asset impairment and restructuring	(29,895)	43,968	(73,863)	(168%)
Total operating expenses	$ 30,433	$ 148,561	$ (118,128)	(80%)

Selling, general and administrative expenses

Selling, general and administrative expenses were $57.6 million in the second quarter of fiscal 2024, as compared to $95.0 million in the second quarter of fiscal 2023.

General and administrative expense was $19.0 million in the second quarter of fiscal 2024, as compared to $30.8 million in the second 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 second 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.

Sales and marketing expense was $19.6 million in the second quarter of fiscal 2024, as compared to $35.7 million in the second 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.

Research and development expense was $1.1 million in the second quarter of fiscal 2024, as compared to $5.5 million in the second 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 $10.5 million in the second quarter of fiscal 2024, as compared to $14.0 million in the second quarter of fiscal 2023. In the second quarter of fiscal 2024, costs were incurred primarily in relation to:

- Approximately $6.5 million of costs relating to the modification of the Credit Agreement that occurred in July 2023.
- Approximately $1.8 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; and
- The Reorganization, including the creation of Canopy USA, as described above under "Recent Developments".

Comparatively, in the second quarter of fiscal 2023, costs were incurred primarily in relation to the Reorganization, the planned divestiture of certain of our corporate-owned retail stores, and evaluating other potential acquisition opportunities.

Depreciation and amortization expense was $7.4 million in the second quarter of fiscal 2024, as compared to $9.0 million in the second 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.

Share-based compensation expense

Share-based compensation expense was $2.7 million in the second quarter of fiscal 2024, as compared to $9.6 million in the second quarter of fiscal 2023. The year-over-year decrease is primarily attributable to the impact of our previously-noted restructuring actions, which resulted in forfeitures of stock options, restricted share units and performance units and results in lower relative expenses in future periods. While 24.0 million stock options were granted in the first quarter of fiscal 2024 and 15.1 million restricted share units were granted in the second quarter of fiscal 2024, the associated expense relating to both items partially offset the decrease noted.

(Gain)/loss on asset impairment and restructuring

(Gain)/loss on asset impairment and restructuring recorded in operating expenses were $(29.9) million in the second quarter of fiscal 2024, as compared to $44.0 million in the second quarter of fiscal 2023.

Gain on asset impairment and restructuring recorded in the second quarter of fiscal 2024 were primarily related to a gain on the sale of our production facility at 1 Hershey Drive in Smiths Falls, Ontario. The gain is due to the sale proceeds exceeding the carrying value that was previously impaired at March 31, 2023. This reversal was partially offset by various incremental impairment losses and other costs associated with the restructuring of our Canadian cannabis operations that were initiated in the three months ended March 31, 2023.

Comparatively, in the second quarter of fiscal 2023, the loss on asset impairment and restructuring were primarily related to:
- Impairment losses associated with the planned divestiture of our Canadian retail operations, as we recorded write-downs of property, plant and equipment, operating licenses and brand intangible assets, right-of-use assets, and certain other assets due to the excess of their carrying values over their estimated fair values;
- Incremental costs primarily associated with the restructuring actions completed in fiscal 2022, including the closure of certain of our Canadian production facilities; and
- Goodwill impairment losses of $2.3 million associated with our This Works reporting unit, respectively (refer to "Impairment of Goodwill" in "Critical Accounting Policies and Estimates" section below), and asset impairment charges relating to certain acquired brand intangible assets.

Other

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

	Three months ended September 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Other income (expense), net	(128,334)	(39,074)	(89,260)	(228%)
Income tax expense	(12,821)	(8,220)	(4,601)	(56%)

Other income (expense), net

Other income (expense), net was an expense amount of $128.3 million in the second quarter of fiscal 2024, as compared to an expense amount of $39.1 million in the second quarter of fiscal 2023. The year-over-year change of $89.3 million is primarily attributable to:

- Change of $82.2 million related to non-cash fair value changes on our other financial assets, from an expense amount of $0.1 million in the second quarter of fiscal 2023 to an expense of $82.3 million in the second quarter of fiscal 2024. The expense amount recognized in the second quarter of fiscal 2024 is primarily attributable to fair value decreases relating to our investments in:
    - The Wana financial instrument, in the amount of $43.6 million, which was attributable primarily to changes in expectations of the future cash flows to be generated by Wana;
    - The Acreage financial instrument, in the amount of $23.4 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 decrease in the second quarter of fiscal 2024 is primarily attributable to an increase of approximately 106% in our share price during the second quarter of fiscal 2024, relative to an increase of approximately 191% in Acreage's share price during that same period. As a result, the model at September 30, 2023 reflects both a higher estimated value of the Canopy Growth common shares expected to be issued upon a Triggering Event, and a higher estimated value of the Acreage shares expected to be acquired at that time. In the second quarter of fiscal 2024, the relative share price movements resulted in a decrease in the value of the Acreage financial instrument;
    - The Acreage Hempco debenture, in the amount of $19.5 million, which was attributable primarily to changes in expected future cash flows to be received; and
    - The Jetty financial instrument, in the amount of $17.3 million, which was attributable primarily to changes in the expectations of the future cash flows to be generated by Jetty.

    These fair value decreases were partially offset by a fair value increases related to our investments in:
    - The TerrAscend Exchangeable Shares, in the amount of $13.2 million, primarily attributable to an increase of approximately 17% in TerrAscend's share price during the second quarter of fiscal 2024; and
    - The New Warrants, in the amount of $7.2 million, primarily attributable to an increase of approximately 17% in TerrAscend's share price during the second quarter of fiscal 2024.

Comparatively, the expense amount in the second quarter of fiscal 2023 was primarily attributable to fair value decreases relating to our investments in: (i) the TerrAscend Exchangeable Shares ($37.5 million); ii) the secured debentures issued by TerrAscend Canada and Arise Bioscience and associated Prior Warrants (totaling $6.6 million); and (iii) the TerrAscend Option ($1.1 million), which were all driven largely by a decrease of approximately 40% in TerrAscend's share price in the second quarter of fiscal 2023. This was offset by the increase in the fair value of our investment in: the Wana financial instrument of $34.8 million, due primarily to changes in expectations of the future cash flows to be generated by Wana; and the Acreage financial instrument of $12.0 million, due primarily to the relative share prices of Acreage and Canopy Growth.

- Decrease of $21.7 million related to charges associated with the settlement of our debt, from an income amount of $14.5 million in the second quarter of fiscal 2023 to an expense amount of $7.3 million in the second quarter of fiscal 2024. In the second quarter of fiscal 2024 we recognized charges of $7.3 million, primarily in connection with principal repayments on the Credit Facility. The Second Quarter 2023 Paydowns resulted in a principal reduction of $73,313 (US$54,491) for a cash payment of $69,647 (US$51,766) and included write-offs of the related deferred financing costs. Comparatively, in the second quarter of fiscal 2023, we recognized charges in the amount of $14.5 million in connection with the acquisition and cancellation, by Canopy Growth, of approximately $262.6 million of aggregate principal amount of Canopy Notes from certain Noteholders for an aggregate purchase price of $260.0 million, in exchange for Canopy Growth common shares (the "2022 Exchange Transaction"). These charges primarily include: (i) the recognition of a derivative liability in connection with the incremental Canopy Growth 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.

- Increase in expense of $13.3 million related to non-cash fair value changes on our debt, from $13.8 million in the second quarter of fiscal 2023 to $27.1 million in the second quarter of fiscal 2024. The year-over-year change is driven by the fair value change of the unsecured senior notes prior to redemption in July 2023, the fair value changes on the CBI Note, and the fair value changes on the unsecured non-interest bearing convertible debentures.

- Decrease in non-cash income of $0.9 million related to fair value changes on the warrant derivative liability associated with the warrants held by a wholly-owned subsidiary of 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 $0.9 million in the second quarter of fiscal

2023 to a fair value change of $nil in the second quarter of fiscal 2024. The fair value change of $nil in the second 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 second quarter of fiscal 2024 as our share price declined approximately 106% in the period. Comparatively, the income amount recognized in the second quarter of fiscal 2023 of $0.9 million, associated with a decrease in the fair value of the warrant derivative liability, was primarily attributable to our share price increasing by approximately 2% during the second 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.

- Increase in non-cash income of $20.0 million related to fair value changes on acquisition related contingent consideration and other, from an expense amount of $16.3 million in the second quarter of fiscal 2023 to an income amount of $3.7 million in the second 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.

Income tax expense

Income tax expense in the second quarter of fiscal 2024 was $12.8 million, compared to income tax expense of $8.2 million in the second quarter of fiscal 2023. In the second quarter of fiscal 2024, income tax expense consisted of deferred income tax expense of $12.5 million (compared to an expense of $6.4 million in the second quarter of fiscal 2023) and current income tax expense of $0.3 million (compared to an expense of $1.8 million in the second quarter of fiscal 2023).

The increase of $6.1 million in the deferred income tax expense is primarily a result of (i) increase in the amount of settlements of the Canopy Notes, and (ii) 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 $1.5 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.

Net Loss from Continuing Operations

The net loss in the second quarter of fiscal 2024 was $148.2 million, as compared to a net loss of $196.5 million in the second quarter of fiscal 2023. The year-over-year decrease in the net loss is primarily attributable to: (i) the year-over-year change from a loss on asset impairment and restructuring to a gain on asset impairment and restructuring; (ii) the year-over-year change in other income (expense), net, of $89.3 million; and (iii) the decrease in selling, general and administrative expenses. 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; (gain)/loss on asset impairment and restructuring; 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 September 30, 2023 and 2022:

(in thousands of Canadian dollars)	Three months ended September 30, 2023	2022	$ Change	% Change
Net loss from continuing operations	$ (148,162)	$ (196,466)	$ 48,304	25%
Income tax expense	12,821	8,220	4,601	56%
Other (income) expense, net	128,334	39,074	89,260	228%
Share-based compensation	2,717	9,573	(6,856)	(72%)
Acquisition, divestiture, and other costs	10,488	14,006	(3,518)	(25%)
Depreciation and amortization[1]	12,530	20,427	(7,897)	(39%)
(Gain)/loss on asset impairment and restructuring	(29,895)	43,968	(73,863)	(168%)
Restructuring costs recorded in cost of goods sold	(689)	4,822	(5,511)	(114%)
Adjusted EBITDA	$ (11,856)	$ (56,376)	$ 44,520	79%

[1] From Consolidated Statements of Cash Flows.

The Adjusted EBITDA loss in the second quarter of fiscal 2024 was $11.9 million, as compared to an Adjusted EBITDA loss of $56.4 million in the second quarter of fiscal 2023. The year-over-year decrease in 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.

Discussion of Results of Operation for the Six Months Ended September 30, 2023

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Six months ended September 30, 2023	2022	$ Change	% Change
Selected consolidated financial information:				
Net revenue	$ 145,853	$ 180,168	$ (34,315)	(19%)
Gross margin percentage	25%	(2%)	-	2,700 bps
Net loss	$ (158,731)	$ (2,265,601)	$ 2,106,870	93%
Net loss attributable to Canopy Growth Corporation	$ (158,731)	$ (2,264,807)	$ 2,106,076	93%
Basic and diluted loss per share[1]	$ (0.25)	$ (5.21)	$ 4.96	95%

[1]For the six months ended September 30, 2023, the weighted average number of outstanding common shares, basic and diluted, totaled 633,830,000 (six months ended September 30, 2022 - 435,229,653).

Revenue

We report net revenue in four segments: (i) Canada cannabis; (ii) rest-of-world cannabis; (iii) Storz & Bickel; and (iv) 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 six months ended September 30, 2023 and 2022:

Revenue by Channel	Six months ended September 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Canada cannabis				
Canadian adult-use cannabis				
Business-to-business[1]	$ 48,205	$ 51,857	$ (3,652)	(7%)
Business-to-consumer	-	25,207	(25,207)	(100%)
	48,205	77,064	(28,859)	(37%)
Canadian medical cannabis net revenue[2]	29,401	27,655	1,746	6%
	$ 77,606	$ 104,719	$ (27,113)	(26%)
Rest-of-world cannabis[3]	$ 19,139	$ 24,333	$ (5,194)	(21%)
Storz & Bickel	$ 30,064	$ 29,137	$ 927	3%
This Works	$ 13,091	$ 12,388	$ 703	6%
Other	5,953	9,591	(3,638)	(38%)
Net revenue	$ 145,853	$ 180,168	$ (34,315)	(19%)

[1]Reflects excise taxes of $21,855 and other revenue adjustments, representing our determination of returns and pricing adjustments, of $1,370 for the six months ended September 30, 2023 (six months ended September 30, 2022 - excise taxes of $22,957 and other revenue adjustments of $903).
[2] Reflects excise taxes of $3,012 for the six months ended September 30, 2023 (six months ended September 30, 2022 - $2,286).
[3] Reflects other revenue adjustments of $137 for the six months ended September 30, 2023 (six months ended September 30, 2022 - $1,201).

Net revenue was $145.9 million in the six months ended September 30, 2023, a decrease of $34.3 million as compared to $180.2 million in the six months ended September 30, 2022.

Canada cannabis

Net revenue from our Canada cannabis segment was $77.6 million in the six months ended September 30, 2023, as compared to $104.7 million in the six months ended September 30, 2022.

Canadian adult-use cannabis net revenue was $48.2 million in the six months ended September 30, 2023, as compared to $77.1 million in the six months ended September 30, 2022.

- Net revenue from the business-to-business channel was $48.2 million in the six months ended September 30, 2023, as compared to $51.9 million in the six months ended September 30, 2022. 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. For the premium category, the decrease is primarily attributable to supply chain constraints and shortages of in-demand flower. 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 six months ended September 30, 2023, as compared to $25.2 million in the six months ended September 30, 2022. The year-over-year decrease is attributable to the divestiture of our retail business in Canada in the third quarter of fiscal 2023.

Canadian medical cannabis net revenue was $29.4 million in the six months ended September 30, 2023, as compared to $27.7 million in the six months ended September 30, 2022. 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 $19.1 million in the six months ended September 30, 2023, as compared to $24.3 million in the six months ended September 30, 2022. 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;
- Bulk cannabis sales, predominantly to Israel, in the amount of $4.2 million recognized in the first six months of fiscal 2023, which did not recur in the first six months of fiscal 2024; and
- Softness in the German medical cannabis market, offset by increased sales of medical cannabis in Australia.

Storz & Bickel

Revenue from Storz & Bickel was $30.1 million in the six months ended September 30, 2023, as compared to $29.1 million in the six months ended September 30, 2022. The year-over-year increase is primarily attributable to the expansion of our distribution and retail channels in the United States, helped by favorable foreign currency translation and partially offset by timing of sales to distributors.

This Works

Revenue from This Works was $13.1 million in the six months ended September 30, 2023, as compared to $12.4 million in the six months ended September 30, 2022. 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, further supported by favorable foreign currency translations.

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 six months ended September 30, 2023 and 2022:

	Six months ended September 30,			
(in thousands of Canadian dollars except where indicated)	2023	2022	$ Change	% Change
Net revenue	$ 145,853	$ 180,168	$ (34,315)	(19%)
Cost of goods sold	$ 108,665	$ 184,604	$ (75,939)	(41%)
Gross margin	37,188	(4,436)	41,624	938%
Gross margin percentage	25%	(2%)	-	2,700 bps

Cost of goods sold was $108.7 million in the six months ended September 30, 2023, as compared to $184.6 million in the six months ended September 30, 2022. Our gross margin was $37.2 million in the six months ended September 30, 2023, or 25% of net revenue, as compared to a gross margin of $(4.4) million and gross margin percentage of (2%) of net revenue in the six months ended September 30, 2022. 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; (ii) a year-over-year decrease in write-downs of excess inventory; and (iii) capturing of value from previously identified excess inventory;
- A year-over-year decrease in restructuring charges, from $8.1 million in the first quarter of fiscal 2023 to $nil in the first quarter of fiscal 2024. In the first six months of fiscal 2023, restructuring charges related primarily to inventory write-downs resulting from: (i) the strategic changes to our business that were initiated in the fourth quarter of fiscal 2022, including the shift to a contract manufacturing model for certain product format; and (ii) amounts deemed excess based on current and projected demand; and
- Improvement in our Rest-of-world cannabis and This Works segments, primarily due to lower excess and obsolete inventory charges in the second quarter of fiscal 2024.

The factors above, resulting in a year-over-year increase in our gross margin percentage, 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 six months ended September 30, 2022 to $nil in the six months ended September 30, 2023.

We report gross margin and gross margin percentage in four segments: (i) Canada cannabis; (ii) rest-of-world cannabis; (iii) Storz & Bickel; and (iv) 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 six months ended September 30, 2023 and 2022:

(in thousands of Canadian dollars except where indicated)	Six months ended September 30, 2023	2022	$ Change	% Change
Canada cannabis segment				
Net revenue	$ 77,606	$ 104,719	$ (27,113)	(26%)
Cost of goods sold	63,980	124,904	(60,924)	(49%)
Gross margin	13,626	(20,185)	33,811	168%
Gross margin percentage	18%	(19%)		3,700 bps
Rest-of-world cannabis segment				
Revenue	$ 19,139	$ 24,333	$ (5,194)	(21%)
Cost of goods sold	12,967	25,825	(12,858)	(50%)
Gross margin	6,172	(1,492)	7,664	514%
Gross margin percentage	32%	(6%)		3,800 bps
Storz & Bickel segment				
Revenue	$ 30,064	$ 29,137	$ 927	3%
Cost of goods sold	18,439	17,514	925	5%
Gross margin	11,625	11,623	2	0%
Gross margin percentage	39%	40%		(100) bps
This Works segment				
Revenue	$ 13,091	$ 12,388	$ 703	6%
Cost of goods sold	6,810	7,438	(628)	(8%)
Gross margin	6,281	4,950	1,331	27%
Gross margin percentage	48%	40%		800 bps
Other				
Revenue	$ 5,953	$ 9,591	$ (3,638)	(38%)
Cost of goods sold	6,469	8,923	(2,454)	(28%)
Gross margin	(516)	668	(1,184)	(177%)
Gross margin percentage	(9%)	7%		(1,600) bps

Canada cannabis

Gross margin for our Canada cannabis segment was $13.6 million in the six months ended September 30, 2023, or 18% of net revenue, as compared to $(20.2) million in the six months ended September 30, 2022, or (19%) 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; (ii) a year-over-year decrease in write-downs of excess inventory; and (iii) capturing of value from previously identified 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 six months ended September 30, 2022 to $nil in the six months ended September 30, 2023.

Rest-of-world cannabis

Gross margin for our rest-of-world cannabis segment was $6.2 million in the six months ended September 30, 2023, or 32% of net revenue, as compared to $(1.5) million in the six months ended September 30, 2022, or (6%) 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 the year-over-year decrease in restructuring charges, as we recorded charges of $7.0 million in the six months ended September 30, 2022 relating to inventory write-downs resulting from strategic changes to our business. These charges decreased to $nil in the six months ended September 30, 2023 and 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 six months ended September 30, 2022 resulting from higher sales in lower-margin geographies relative to the six months ended September 30, 2022.

Storz & Bickel

Gross margin for our Storz & Bickel segment was $11.6 million in the six months ended September 30, 2023, or 39% of net revenue, as compared to $11.6 million in the six months ended September 30, 2022, or 40% of net revenue. Gross margins were broadly consistent on a year-over-year basis.

This Works

Gross margin for our This Works segment was $6.3 million in the six months ended September 30, 2023, or 48% of net revenue, as compared to $5.0 million in the six months ended September 30, 2022, or 40% of net revenue. The year-over-year increase in the gross margin percentage is primarily due to lower excess and obsolete inventory charges in the six months ended September 30, 2023.

Operating Expenses

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

	Six months ended September 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Operating expenses				
General and administrative	$ 43,164	$ 58,555	$ (15,391)	(26%)
Sales and marketing	40,352	73,723	(33,371)	(45%)
Research and development	2,457	12,442	(9,985)	(80%)
Acquisition-related costs	19,392	18,199	1,193	7%
Depreciation and amortization	15,009	18,902	(3,893)	(21%)
Selling, general and administrative expenses	120,374	181,821	(61,447)	(34%)
Share-based compensation expense	6,434	14,838	(8,404)	(57%)
(Gain)/loss on asset impairment and restructuring	(27,961)	1,771,953	(1,799,914)	(102%)
Total operating expenses	$ 98,847	$ 1,968,612	$ (1,869,765)	(95%)

Selling, general and administrative expenses

Selling, general and administrative expenses were $120.4 million in the six months ended September 30, 2023, as compared to $181.8 million in the six months ended September 30, 2022.

General and administrative expense was $43.2 million in the six months ended September 30, 2023, as compared to $58.6 million in the six months ended September 30, 2022. 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 six months ended September 30, 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 $2.9 million received in the six months ended September 30, 2022 to $nil in the six months ended September 30, 2023.

Sales and marketing expense was $40.4 million in the six months ended September 30, 2023, as compared to $73.7 million in the six months ended September 30, 2022. 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.

Research and development expense was $2.5 million in the six months ended September 30, 2023, as compared to $12.4 million in the six months ended September 30, 2022. 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 $19.4 million in the six months ended September 30, 2023, as compared to $18.2 million in the six months ended September 30, 2022. In the six months ended September 30, 2023, costs were incurred primarily in relation to:

- Approximately $6.5 million of costs relating to the modification of the Credit Agreement that occurred in July 2023.
- Approximately $6.8 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; and
- The Reorganization, including the creation of Canopy USA, as described above under “Recent Developments”.

Comparatively, in the six months ended September 30, 2022, costs were incurred primarily in relation to the Reorganization and the planned divestiture of certain of our corporate-owned retail stores, and evaluating other potential acquisition opportunities.

Depreciation and amortization expense was $15.0 million in the six months ended September 30, 2023, as compared to $18.9 million in the six months ended September 30, 2022. 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.

Share-based compensation expense

Share-based compensation expense was $6.4 million in the six months ended September 30, 2023, as compared to $14.8 million in the six months ended September 30, 2022. The year-over-year decrease is primarily attributable to the impact of our previously-noted restructuring actions, which resulted in forfeitures of stock options, restricted share units and performance units and results in lower relative expenses in future periods. While 24.0 million stock options were granted in the first quarter of fiscal 2024 and 15.1 million restricted share units were granted in the second quarter of fiscal 2024, the associated expense relating to both items partially offset the decrease noted. However, the impact was limited because the stock options and restricted share units were only issued part-way through the period.

(Gain)/loss on asset impairment and restructuring

(Gain)/loss on asset impairment and restructuring recorded in operating expenses were $(28.0) million in the six months ended September 30, 2023, as compared to $1.8 billion in the six months ended September 30, 2022.

Gain on asset impairment and restructuring recorded in the six months ended September 30, 2023 were primarily related a gain on the sale of our production facility at 1 Hershey Drive in Smiths Falls, Ontario. The gain is due to the sale proceeds exceeding the carrying value that was previously impaired at March 31, 2023. This reversal was partially offset by various incremental impairment losses and other costs associated with the restructuring of our Canadian cannabis operations that were initiated in the three months ended March 31, 2023.

Comparatively, in the six months ended September 30, 2022, the loss on asset impairment and restructuring were primarily related to:

- Goodwill impairment losses of $1.8 billion, substantially of which was associated with our cannabis operations reporting unit in the global cannabis segment. Refer to “Impairment of Goodwill” in “Critical Accounting Policies and Estimates” section below;
- Impairment losses associated with the planned divestiture of our Canadian retail operations, as we recorded write-downs of property, plant and equipment, operating license and brand intangible assets, right-of-use assets, and certain other assets due to the excess of their carrying values over their estimated fair value; and
- 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 recreational 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 for the six months ended September 30, 2023 and 2022:

	Six months ended September 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Other income (expense), net	(82,233)	(280,584)	198,351	71%
Income tax expense	(14,839)	(11,969)	(2,870)	(24%)

Other income (expense), net

Other income (expense), net was an expense amount of $82.2 million in the six months ended September 30, 2023, as compared to an expense amount of $280.6 million in the six months ended September 30, 2022. The year-over-year change of $198.4 million is primarily attributable to:

- Change of $283.8 million related to non-cash fair value changes on our other financial assets, from an expense amount of $300.9 million in the six months ended September 30, 2022 to $17.2 million in the six months ended September 30, 2023. The expense amount recognized in the six months ended September 30, 2023 is primarily attributable to fair value decreases relating to our investments in:
    - The Wana financial instrument, in the amount of $49.1 million, primarily attributable to changes in expectations of future cash flows to be generated by Wana;
    - The Jetty financial instrument, in the amount of $17.3 million, primarily attributable to changes in expectations of future cash flows to be generated by Jetty; and
    - The Acreage Hempco debenture, in the amount of $17.9 million, primarily attributable to changes in expectations of future cash flows to be received.

  These fair value decreases were partially offset by fair value increases primarily attributable to our investments in:
    - The Acreage financial instrument, in the amount of $21.3 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 six months ended September 30, 2023 is primarily attributable to a decrease of approximately 56% in our share price during the six months ended September 30, 2023, relative to a decrease of approximately 29% in Acreage's share price during that same period. As a result, the model at September 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 six months ended September 30, 2023, 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 $33.1 million, primarily attributable to an increase of approximately 35% in TerrAscend's share price during the six months ended September 30, 2023; and
    - The New Warrants, in the amount of $13.2 million, primarily attributable to an increase of approximately 35% in TerrAscend's share price during the six months ended September 30, 2023.

  Comparatively, the expense amount in the six months ended September 30, 2022 was primarily attributable to fair value decreases relating to our investments in: (i) the TerrAscend Exchangeable Shares ($175.5 million); (ii) the secured debentures issued by TerrAscend Canada and Arise Bioscience and associated Prior Warrants (totaling $68.6 million); and (iii) the TerrAscend Option ($4.9 million), which were all driven largely by a decrease of approximately 75% in TerrAscend's share price in the six months ended September 30, 2022. Additionally, the fair value of our investment in the Wana financial instrument decreased $119.2 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 $72.0 million, as described below in our discussion of the fair value changes on the liability arising from the Acreage Amended Arrangement.

- Increase of $7.9 million related to charges associated with the settlement of our debt, from $4.7 million expense in the six months ended September 30, 2022 to $12.6 million expense in the six months ended September 30, 2023. In the six months ended September 30, 2023 we recognized charges of $12.6 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 and the Second Quarter 2023 Paydowns which resulted in a principal reduction of $73,313 (US$54,491) for a cash payment of $69,647 (US$51,766) and included write-offs of the related deferred financing costs. 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 six months ended September 30, 2022, we recognized charges in the amount of $4.7 million in connection with the Exchange Transaction. These charges primarily include: (i) the recognition of, and fair value changes through to the Final Closing on, a derivative liability in connection with the incremental common shares that were potentially issuable as at June 30, 2022 at the Averaging Price on the Final Closing, pursuant to the Exchange Agreements; and (ii) professional fees associated with the Exchange Transaction. These charges were partially offset by 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 Notes that were acquired and cancelled in June and July 2022.

- Change of $1.8 million related to non-cash fair value changes on our debt, from an expense amount of $23.4 million in the six months ended September 30, 2022 to an expense amount of $25.2 million in the six months ended September 30, 2023. The year-over-year change, is primarily attributable to the fair value changes on the unsecured non-interest bearing convertible debentures, partially offset by the fair value changes on the CBI Note, and the fair value change of the unsecured senior notes prior to redemption in July 2023; compared to the fair value change of the unsecured senior notes in the six months ended September 30, 2022.

- Decrease in non-cash income of $26.2 million related to fair value changes on the warrant derivative liability associated with the Tranche B Warrants, from an income amount of $26.2 million in the six months ended September 30, 2022 to a fair value change of $nil in the six months ended September 30, 2023. The fair value change of $nil in the six months ended September 30, 2023 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 as of September 30, 2023 as our share price declined approximately 56% in the six months ended September 30, 2023. Comparatively, the income amount recognized in the six months ended September 30, 2022 of $26.2 million, associated with a decrease in the fair value of the warrant derivative liability, was primarily attributable to a decrease of approximately 60% in our common share price during the six months ended September 30, 2022, 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 $13.6 million related to fair value changes on acquisition related contingent consideration and other, from $24.1 million in the six months ended September 30, 2022 to $10.5 million in the six months ended September 30, 2023. 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 six months ended September 30, 2022 to a fair value change of $nil in the six months ended September 30, 2023. The fair value change of $nil associated with the Acreage financial instrument in the six months ended September 30, 2023 is a result of the change from a liability amount to an asset amount recorded in other financial assets; in the six months ended September 30, 2023, 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 six months ended September 30, 2022, associated with a decrease in the liability arising from the Acreage Amended Arrangement to $nil, was primarily attributable to a decrease of approximately 60% in our share price in the six months ended September 30, 2022, 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 September 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 six months ended September 30, 2022, this resulted in a change from a liability amount to an asset amount.

Income tax expense

Income tax expense in the six months ended September 30, 2023 was $14.8 million, compared to income tax expense of $12.0 million in the six months ended September 30, 2022. In the six months ended September 30, 2023, income tax expense consisted of

deferred income tax expense of $14.0 million (compared to an expense of $8.8 million in the six months ended September 30, 2022) and current income tax expense of $0.8 million (compared to an expense of $3.1 million in the six months ended September 30, 2022).

The increase of $5.2 million in the deferred income tax expense is primarily a result of (i) an increase due to the settlements of the Canopy Notes; and (ii) 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 $2.4 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.

Net Loss from Continuing Operations

The net loss in the six months ended September 30, 2023 was $158.7 million, as compared to a net loss of $2.3 billion in the six months ended September 30, 2022. The year-over-year decrease in the net loss is primarily attributable to: (i) the year-over-year change from a loss on asset impairment and restructuring with respect to goodwill impairment losses of $1.7 billion recorded in the six months ended September 30, 2022 to a gain on asset impairment and restructuring; (ii) the year-over-year change in other income (expense), net, of $198.4 million; and (iii) the decrease in selling, general and administrative expenses. 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; (gain)/loss on asset impairment and restructuring; 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 six months ended September 30, 2023 and 2022:

	Six months ended September 30,			
(in thousands of Canadian dollars)	2023	2022	$ Change	% Change
Net loss from continuing operations	$ (158,731)	$ (2,265,601)	$ 2,106,870	93%
Income tax expense	14,839	11,969	2,870	24%
Other (income) expense, net	82,233	280,584	(198,351)	(71%)
Share-based compensation[1]	6,434	14,838	(8,404)	(57%)
Acquisition-related costs	19,392	18,199	1,193	7%
Depreciation and amortization[1]	29,641	41,424	(11,783)	(28%)
(Gain)/loss on asset impairment and restructuring	(27,961)	1,771,953	(1,799,914)	(102%)
Restructuring costs recorded in cost of goods sold	(689)	8,122	(8,811)	(108%)
Adjusted EBITDA	$ (34,842)	$ (118,512)	$ 83,670	71%

[1] From Statements of Cash Flows.

The Adjusted EBITDA loss in the six months ended September 30, 2023 was $34.8 million, as compared to an Adjusted EBITDA loss of $118.5 million in the six months ended September 30, 2022. 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.

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 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.

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 completed the following debt financings:

- On March 18, 2021, we entered into a term loan credit agreement with the lenders party thereto and Wilmington Trust, National Association, as administrative agent and collateral agent for the lenders (the "Credit Agreement") providing for a five-year, first lien senior secured term loan facility 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 under the Credit Facility pursuant to which we agreed to purchase in the aggregate US$187.5 million of the principal indebtedness outstanding under the Credit Facility at a discounted price of US$930 per $1,000 or US$174,375 in the aggregate. The first payment, which was oversubscribed, in the amount of approximately $117.5 million (US$87.9 million) was made on November 10, 2022 to reduce the principal indebtedness under the Credit Facility 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 under the Credit Facility by approximately $125.6 million (US$93.8 million). Additionally, on October 24, 2022, we and certain of our lenders agreed to make certain amendments to the Credit Agreement which, among other things, resulted in: (i) a reduction to the minimum liquidity covenant to no less than US$100.0 million following completion of the second principal repurchase on April 17, 2023; (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 agreements with certain of our lenders under the Credit Agreement pursuant to which certain additional amendments were made to the Credit Agreement (collectively, the Credit Agreement, as amended as of July 13, 2023, is referred to herein as the “Amended Credit Agreement”). The Amended Credit Agreement required us to prepay or repurchase principal indebtedness under the Credit Facility in an amount equal to the US dollar equivalent of $93,000 at a discounted price of US$930 per US$1,000 (the “July 2023 Paydown”). In addition, the Amended Credit Agreement requires us to apply certain net proceeds from asset sales to prepay or repurchase principal indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, a discounted price of US$950 per US$1,000. The Amended Credit Agreement also includes, among other things, amendments to the minimum liquidity covenant such that the US$100,000 minimum ceased to apply concurrently with the July 2023 Paydown. The July 2023 Paydown was made on July 21, 2023.

- As described above under "Recent Developments," on each of August 11, 2023 and September 14, 2023, we repurchased additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales (the "Second Quarter 2023 Paydowns"). The Second Quarter 2023 Paydowns resulted in an aggregate principal reduction of $73,313 (US$54,491) for a cash payment of $69,647 (US$51,766).

- 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 were completed and the amount outstanding under the Convertible Debentures was $nil.

- 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.

- 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.

- On July 13, 2023, we entered into the Redemption Agreements with certain Noteholders, pursuant to which approximately $193 million aggregate principal amount of the outstanding Canopy Notes held by such Noteholders were redeemed by us on the applicable closing date for: (i) an aggregate cash payment of approximately $101 million; (ii) the issuance of an aggregate 90,430,920 Canopy Growth common shares; and (iii) the issuance of approximately $40.4 million aggregate principal amount of Debentures. Following the Redemption, we settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there were no Canopy Notes outstanding. As of September 30, 2023, all conversions pursuant to the Debentures have been completed and the amount outstanding under the Debentures was $nil.

On September 18, 2023, we entered into subscription agreements with certain institutional investors (the “Investors”) pursuant to which we issued 22,929,468 units (the "Units") to the Investors at a price per Unit of US$1.09 for aggregate gross proceeds of US$25,000 (the “Unit Offering”). Each Unit is comprised of one common share of Canopy Growth and one common share purchase warrant that entitles the holder to acquire one common share of Canopy Growth at a price per common share equal to US$1.35 for a period of five years from the date of issuance. The Unit Offering closed on September 19, 2023. The Investors also held an over-allotment option to acquire up to an additional 22,929,468 Units at a price per Unit of US$1.09 for aggregate gross proceeds of approximately US$25,000 at the discretion of the Investors at any time on or before November 2, 2023 (the “Over-Allotment Option”).

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 six months ended September 30, 2023 and 2022:

(in thousands of Canadian dollars)	Six months ended September 30, 2023	2022
Net cash (used in) provided by:		
Operating activities[1]	$ (227,322)	$ (273,915)
Investing activities[2]	$ 202,717	207,000
Financing activities	$ (407,298)	(12,413)
Effect of exchange rate changes on cash and cash equivalents	$ (2,129)	50,042
Net decrease in cash and cash equivalents	$ (434,032)	(29,286)
Cash and cash equivalents, beginning of period[3]	$ 677,007	776,005
Cash and cash equivalents, end of period[4]	$ 242,975	$ 746,719

[1] Includes net cash used in operating activities from discontinued operations of $(54,709) and $(52,180) for the six months ended September 30, 2023 and 2022, respectively.
[2] Includes net cash used in investing activities from discontinued operations of $(17,122) and $nil for the six months ended September 30, 2023 and 2022 respectively.
[3] Includes cash of our discontinued operations of $9,314 and $13,610 for March 31, 2023 and 2022, respectively.
[4] Includes cash of our discontinued operations of $2,599 and $4,864 for September 30, 2023 and 2022, respectively.

Operating activities

Cash used in operating activities totaled $227.3 million in the six months ended September 30, 2023, as compared to cash used of $273.9 million in the six months ended September 30, 2022. The decrease in the cash used in operating activities is primarily due to: (i) the year-over-year decrease in our working capital spending, resulting from our 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) a reduction in the cash interest paid resulting from a reduction in our debt balances.

Investing activities

The cash provided by investing activities totaled $202.7 million in the six months ended September 30, 2023, as compared to cash provided of $207.0 million in the six months ended September 30, 2022.

In the six months ended September 30, 2023, purchases of property, plant and equipment were $2.6 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 six months ended September 30, 2022, we invested $4.3 million in improvements at certain of our Canadian cultivation and production activities.

In the six months ended September 30, 2023, 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 six months ended September 30, 2022, 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 six months ended September 30, 2023 were $81.0 million, as compared to net redemptions of $211.1 million in the six months ended September 30, 2022. 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 September 30, 2023, we had short-term investments remaining of $30.0 million.

Additional cash inflows during the six months ended September 30, 2023 include proceeds of $152.4 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 $9.7 million in the six months ended September 30, 2023, 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 six months ended September 30, 2023 was $407.3 million, as compared to cash used of $12.4 million in the six months ended September 30, 2022. In the six months ended September 30, 2023, we made repayments of long-term debt in the amount of $415.2 million. These repayments primarily related to the second payment made pursuant to the Paydown, the July 2023 Paydown, the Second Quarter 2023 Paydowns and settlement of Canopy Notes.

Other financing activities resulted in a cash outflow of $25.9 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. In addition, debt extinguishment and issuance costs, and share issue costs contributed to the cash outflow.

The cash used in financing activities were offset by proceeds from the Unit Offering, which contributed to cash inflows of $31.8 million.

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 and six months ended September 30, 2023, and 2022:

	Three months ended September 30,		Six months ended September 30,	
(in thousands of Canadian dollars)	2023	2022	2023	2022
Net cash used in operating activities - continuing operations	$ (66,393)	$ (96,832)	$ (172,613)	$ (221,735)
Purchases of and deposits on property, plant and equipment - continuing operations	(690)	(2,015)	(2,636)	(4,308)
Free cash flow[1] - continuing operations	$ (67,083)	$ (98,847)	$ (175,249)	$ (226,043)

[1]Free cash flow is a non-GAAP measure, and is calculated as net cash provided by (used in) operating activities, less purchases of and deposits on property, plant and equipment.

Free cash flow in the three months ended September 30, 2023 was an outflow of $67.1 million, as compared to an outflow of $98.8 million in the three months ended September 30, 2022. The year-over-year decrease in the free cash outflow primarily reflects the decrease in cash used in operating activities, as described above.

Free cash flow for the six months ended September 30, 2023 was an outflow of $175.2 million, as compared to an outflow of $226.0 million in the six months ended September 30, 2022. The year-over-year decrease in the free cash outflow primarily reflects the decrease 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 September 30, 2023 was $681.2 million, a decrease from $1.3 billion as of March 31, 2023. The total principal amount owing, which excludes fair value adjustments related to the CBI Note, was $702.5 million at September 30, 2023, a decrease from $1.3 billion at March 31, 2023, which excludes fair value adjustments related to the Canopy Notes. 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; (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; (iv) the July 13, 2023 Redemption Agreements, pursuant to which $193 million aggregate principal amount was redeemed for a combination of cash, shares and the Debentures with an aggregate principal amount of approximately $40.4 million; (v) the maturity of the remaining Canopy Notes due in July 2023 where the

remaining $31.9 million in aggregate principal was settled in cash; and (vi) settlement of the $40.4 million of Debentures with Canopy Growth common shares.

Credit Facility

The Credit Agreement provides for the Credit Facility in the aggregate principal amount of US$750.0 million.

The Company had the ability to obtain up to an additional US$500.0 million of incremental senior secured debt pursuant to the Credit Agreement. 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 under the Credit Agreement pursuant to which we agreed to purchase in the aggregate US$187.5 million of the principal amount outstanding under the Credit Facility 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 approximately $117.5 million (US$87.9 million) was made on November 10, 2022 to reduce the principal indebtedness under the Credit Facility 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 under the Credit Facility by approximately $125.6 million (US$93.8 million). Additionally, on October 24, 2022, we and certain of our lenders agreed to make certain amendments to the Credit Agreement which, among other things, resulted in: (i) a reduction to the minimum liquidity covenant to no less than US$100.0 million following completion of the second principal repurchase on April 17, 2023; (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. Pursuant to the Amended Credit Agreement we were required to make the July 2023 Paydown. In addition, pursuant to the Amended Credit Agreement we agreed to apply certain net proceeds from asset sales to prepay or repurchase principal indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, a discounted price of US$950 per US$1,000. The Amended Credit Agreement also includes, among other things, amendments to the minimum liquidity covenant such that the US$100,000 minimum ceased to apply concurrently with the July 2023 Paydown. The July 2023 Paydown was made on July 21, 2023.

On each of August 11, 2023 and September 14, 2023, pursuant to the terms of the Amended Credit Agreement, the Company repurchased additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales. The Second Quarter 2023 Paydowns resulted in an aggregate principal reduction of $73,313 (US$54,491) for a cash payment of $69,647 (US$51,766).

The Credit Facility matures on March 18, 2026. Borrowings under the Credit Facility are available by either prime rate advances or SOFR advances. Prime rate advances bear interest at the applicable prime rate plus 7.50% per annum and are subject to a prime rate floor of 2.00%. SOFR advances bear interest at the adjusted term SOFR rate plus 8.50% per annum and are subject to an adjusted term SOFR rate floor of 1.00%. Our obligations under the Credit Facility are guaranteed by our material wholly-owned Canadian and U.S. subsidiaries. The Credit Facility is secured by substantially all of our assets and our material wholly-owned Canadian and U.S. subsidiaries, including material real property. The Credit Agreement contains representations and warranties, and affirmative and negative covenants.

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 matured 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 were issued pursuant to 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 until the maturity date of January 15, 2024, at a conversion price equal to $0.55, subject to adjustment in certain events. Following the Redemption, we settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there were no Canopy Notes outstanding.

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

Supreme Cannabis 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 were 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 second 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 September 30, 2023. The carrying value of goodwill associated with the Storz & Bickel reporting unit was $83,858 at September 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 September 30, 2023, would affect the carrying value of net assets by approximately $58.5 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 September 30, 2023, would affect the carrying value of net assets by approximately $24.1 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 September 30, 2023, our cash and cash equivalents, and short-term investments consisted of $87 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	
	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023	September 30, 2023	March 31, 2023
Unsecured senior notes	$ -	$ 337,380	$ -	$ 331,250	$ -	$ (1,552)
Promissory note	100,000	-	78,731	-	(765)	-
Fixed interest rate debt	41,966	135,573	N/A	N/A	N/A	N/A
Variable interest rate debt	560,495	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 23 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 September 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 a remediation plan to address the previously disclosed material weaknesses for which we implemented process and control improvements.

IT General Controls

Management has completed the remediation plan for all IT general control individual deficiencies that corresponded to the material weakness. The completed remediation actions include:

- Performing a review of all in-scope systems for privileged user access;
- Performing a review of the tools and improved the process relied upon to ensure users terminations or transfers are timely updated in systems;
- Improved the access approval requirements to ensure all access requests are properly approved and documented prior to granting/modifying user access;
- 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; and
- Improved the retention of evidence for testing and approval of system changes.

BioSteel business-to-business sales

During September 2023, BioSteel Sports Nutrition Inc. obtained an initial order of creditor protection from the Ontario Superior Court of Justice under the *Companies' Creditors Arrangement Act*. Management is currently assessing the impact of these proceedings on the material weakness remediation.

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. On November 3, 2023, the Ontario Superior Court of Justice heard 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. Except as set forth below, there have been no material changes to the risk factors previously disclosed in Part I, Item 1A in our Annual Report.

The proceedings commenced by BioSteel Sports Nutrition Inc. ("BioSteel Canada") under the Companies' Creditors Arrangement Act in the Ontario Superior Court of Justice (the "CCAA Proceedings") and the recognition of that proceeding under Chapter 15 of the United States Bankruptcy Code to give full force and effect to orders made in the CCAA Proceedings in the United States, including a stay of proceedings will require a significant amount of time and cost.

The CCAA Proceedings could adversely affect the Company's business and operations. As long as the CCAA Proceedings continue, personnel from the Company will be required to spend a significant amount of time and effort dealing with the CCAA Proceedings instead of focusing exclusively on business operations. So long as the CCAA Proceedings continue, the Company will be required to incur substantial costs for professional fees and other expenses associated with the CCAA Proceedings.

Adverse publicity related to the CCAA Proceedings may affect the Company's business.

Following the implementation of the CCAA Proceedings, there can be no assurance that negative publicity or uncertainty regarding the perceived financial condition of our business may not adversely affect the Company's business, results from operations, relationships with customers and access to additional financing, which could adversely affect the Company's working capital position.

The CCAA Proceedings may not improve the financial condition of the Company.

Management believes that the CCAA Proceedings will enhance the Company's liquidity and provide it with continued operating flexibility. However, such belief is based on certain assumptions, including, without limitation, that the Company's financial condition will not be materially adversely affected while the CCAA Proceedings are underway and that it will be stable or will improve

following the completion of the CCAA Proceedings. Should any of those assumptions prove false, the financial position of the Company may be materially adversely affected and the Company may not be able to pay its debts as they become due.

Unless we are able to deconsolidate Canopy USA upon its acquisition of Wana, Jetty or the Fixed Shares of Acreage, Canopy USA's acquisition of these assets may be delayed.

Our listings on the TSX and Nasdaq prohibit us from investing in, or acquiring, state regulated, but federally illegal, businesses in the United States cannabis market until a change in United States federal law occurs or we delist our common shares from either or both of the TSX and Nasdaq and list on an alternative exchange that does not prohibit investments in "leaf touching" cannabis businesses operating in the United States.

We previously expected to consolidate the financial statements of Canopy USA in accordance with U.S. GAAP, including the financial statements of Acreage, Wana and Jetty once those acquisitions have been completed by Canopy USA. However, on December 7, 2022, we received a letter from Nasdaq Regulation requesting certain information and stating, among other things, its position that companies that consolidate "the assets and revenues generated from activities in violation under federal law cannot continue to list on Nasdaq." Accordingly, as previously disclosed, on May 19, 2023, Canopy Growth and Canopy USA restructured Canopy Growth's interests in Canopy USA (the "Structural Amendments") to ensure that Canopy Growth would be able to deconsolidate the financial results of Canopy USA from Canopy Growth's financial statements in accordance with U.S. GAAP upon Canopy USA's acquisition of Wana, Jetty or the Fixed Shares of Acreage (collectively, the "THC Investments"). On November 3, 2023, we received a letter from the staff of the SEC (the "Staff") in which the Staff indicated that, despite the Structural Amendments, it would object to the deconsolidation of Canopy USA once Canopy USA acquires the THC Investments.

We are currently assessing additional structural amendments to Canopy USA that would facilitate the deconsolidation of Canopy USA from the financial results of Canopy Growth, and intend to maintain active discussions with the SEC on such changes. While we expect to further restructure our interests in Canopy USA to allow Canopy Growth to deconsolidate Canopy USA once Canopy USA acquires the THC Investments, there is no guarantee that the Staff will agree with any subsequent structural amendments to allow for the deconsolidation of Canopy USA once Canopy USA acquires the THC Investments.

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 September 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	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 18, 2023).
10.1	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).
10.2	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).
10.3+	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).
10.4	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).
10.5*+	Agreement of Purchase and Sale, dated as of August 15, 2023, by and among the Canopy Growth Corporation, Tweed Inc. and Hershey Canada Inc.
10.6	Third Amendment to Arrangement Agreement, dated August 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 September 1, 2023).
10.7	Fourth Amendment to Arrangement Agreement, dated October 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 November 1, 2023).
10.8+	Form of Subscription Agreement, dated September 18, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 18, 2023).
10.9+	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on September 18, 2023).
10.10*#	Canopy Growth Corporation Omnibus Equity Incentive Plan
10.11*#	Form of Option Grant Agreement (U.S. and Canadian Employees)
10.12*#	Form of Option Grant Agreement (International Employees)
10.13*#	Form of Restricted Stock Unit Grant Agreement (U.S. Employees) (For Settlement in Common Shares Only)
10.14*#	Form of Restricted Stock Unit Grant Agreement (Non-U.S. Employees) (For Settlement in Common Shares Only)
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.
# This document has been identified as a management contract or compensatory plan or arrangement.

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: November 9, 2023

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

Date: November 9, 2023

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

Exhibit 10.5

***** 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. *****

AGREEMENT OF PURCHASE AND SALE

BETWEEN

HERSHEY CANADA INC.

- AND -

CANOPY GROWTH CORPORATION AND TWEED INC.

1 Hershey Drive,
Smiths Falls, Ontario

August 15, 2023

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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of the 15th day of August, 2023 (the "**Effective Date**").

BETWEEN:

HERSHEY CANADA INC.

(hereinafter referred to as the "**Purchaser**")

OF THE FIRST PART;

- and -

CANOPY GROWTH CORPORATION and TWEED INC.

(hereinafter, collectively, referred to as the "**Vendor**")

OF THE SECOND PART:

WHEREAS the Vendor has agreed to sell the Purchased Assets to the Purchaser and the Purchaser has agreed to purchase the Purchased Assets from the Vendor on the terms and subject to the conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set out in this Agreement and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

The terms defined herein shall have, for all purposes of this Agreement, the following meanings, unless the context expressly or by necessary implication otherwise requires:

(a) "**Agent**" means the Vendor's Solicitors, in their capacity as escrow agent in accordance with the terms and conditions of the Escrow Agreement.

(b) "**Acceptance Notice**" has the meaning ascribed to it in Section 4.2.

(c) "**Adjustments**" means the adjustments to the Purchase Price for the Purchased Assets provided for and determined pursuant to Section 3.4.

(d) "**Agreement**" means this agreement of purchase and sale and the attached Schedules, as amended from time to time, and "Article", "Section" and "Schedule" mean the specified article, section or schedule, as the case may be, of this Agreement.

(e) "**Alternative Transaction**" has the meaning ascribed to it in Section 9.3.

(f) "**Applicable Laws**" means, with respect to any Person, property, transaction or event, all laws, by-laws, rules, regulations, orders, judgments, decrees, decisions

or other requirements having the force of law relating to or applicable to such Person, property, transaction or event.

(g) "**Assignment and Assumption of Assumed Contracts**" means an assignment by the Vendor, and an assumption by the Purchaser, from and after the Closing Date, of the Vendor's right, title, interest, obligations, duties and liabilities in and under the Assumed Contracts.

(h) "**Assignment and Assumption of Permitted Encumbrances**" means an assignment by the Vendor, and an assumption by the Purchaser, from and after the Closing Date, of the Vendor's right, title, interest, obligations, duties and liabilities in and under the Permitted Encumbrances, including a covenant by the Purchaser to assume all obligations of the Vendor under the Permitted Encumbrances from and including the Closing Date and to indemnify the Vendor in respect thereof and a covenant by the Vendor to indemnify the Purchaser for any matters relating to the Permitted Encumbrances during the period prior to the Closing Date.

(i) "**Assignment of Rights**" means an assignment by the Vendor, from and after the Closing Date, of the Vendor's right, title, interest and benefit in and under the Rights, to the extent they are assignable.

(j) "**Assignment of Warranties**" means an assignment by the Vendor, from and after the Closing Date of the Vendor's right, title, interest and benefit in and under any Warranties, to the extent they are assignable.

(k) "**Assumed Contracts**" means those service and maintenance contracts (i) delivered or made available to the Purchaser with the Vendor Deliveries and (ii) which the Purchaser notifies the Vendor, in writing, during the Due Diligence Period (or the Extended Due Diligence Period, if and as applicable) that it wishes to assume on Closing.

(l) "**Building**" means the building constructed on the Purchased Lands and all other structures and improvements located on, in or under the Purchased Lands.

(m) "**Business Day**" means any day other than a Saturday, Sunday, or statutory holiday in the Province of Ontario.

(n) "**Chattels**" means all equipment, Fixtures, and other chattels of the Vendor located on the Property as at the Effective Date (which for the avoidance of doubt, shall include but shall not be limited to, all material handling equipment (including batteries and charging equipment), racking, security and environmental systems, office furnishings), and all other equipment, Fixtures and other chattels subsequently purchased by the Vendor in replacement or substitution therefor during the Interim Period (but explicitly excluding the Excluded Chattels), as set out in further detail within the Final List of Chattels.

(o) "**Claim**" means any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

(p) "**Closing**" means the closing of the transaction of purchase and sale of the Purchased Assets contemplated by this Agreement, including the satisfaction of the Purchase Price and the delivery of the Closing Documents for the Purchased Assets, on the Closing Date.

(q) "**Closing Date**" means the earlier of (a) the first Thursday which is at least thirty (30) calendar days following the earlier of (i) the delivery of the Acceptance Notice and (ii) the waiver of the Purchaser's Due Diligence Condition (or the Purchaser's Extended Due Diligence Condition, if and as applicable); and (b) the last Business Day in the month of September, 2023, subject to the Sections 10.2 and 10.4.

(r) "**Closing Documents**" means the agreements, instruments and other documents to be delivered by the Vendor to the Purchaser or the Purchaser's Solicitors pursuant to Section 8.1 and the agreements, instruments and other documents to be delivered by the Purchaser to the Vendor or the Vendor's Solicitors pursuant to Section 8.2.

(s) "**Confidential Information**" has the meaning ascribed to it in Section 11.10.

(t) "**Confidentiality Agreement**" means the confidentiality agreement entered into between the Purchaser and Canopy Growth Corporation dated March 23, 2023 (the "**Confidentiality Agreement**").

(u) "**Consultants**" has the meaning ascribed to it in Section 2.4.

(v) "**Decommissioning Report**" has the meaning ascribed to it in Section 7.1(b).

(w) "**Deposits**" means the First Deposit, the Second Deposit, the Extension Deposit (if and as applicable), and the Third Deposit.

(x) "**Due Diligence Condition**" has the meaning ascribed to it in Section 4.1.

(y) "**Due Diligence Date**" has the meaning ascribed to it in Section 4.2.

(z) "**Due Diligence Period**" has the meaning ascribed to it in Section 4.1.

(aa) "**Encumbrance**" means any pledge, lien, charge, security agreement, security interest, lease, sublease, title retention agreement, mortgage, encumbrance, easement, right-of-way, restrictive covenant, encroachment, option, right of first refusal or adverse Claim of any kind or character whatsoever.

(bb) "**Environmental Laws**" means all Applicable Laws concerning pollution or protection of the natural environment or otherwise relating to the environment or health or safety matters, including Applicable Laws pertaining to (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Substances, and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Substances.

(cc) "**Escrow Agreement**" means the escrow agreement dated June 8, 2023 executed between the Vendor, the Purchaser and the Agent.

(dd) "**Excluded Chattels**" means: (i) equipment of the Vendor located on the Property that is unique to cannabis production, as set out in further detail within the Final List of Excluded Chattels; and (ii) Remaining Vendor Confidential Documents.

(ee) "**Exclusivity Period**" has the meaning ascribed to it in Section 9.3.

(ff) "**Extended Due Diligence Condition**" has the meaning ascribed to it in Section 4.3.

(gg) "**Extended Due Diligence Date**" has the meaning ascribed to it in Section 4.4.

(hh) "**Extended Due Diligence Notice**" has the meaning ascribed to it in Section 4.3.

(ii) "**Extended Due Diligence Period**" has the meaning ascribed to it in Section 4.3.

(jj) "**Extension Deposit**" has the meaning ascribed to it in Section 3.2(c).

(kk) "**Final List of Chattels**" means the itemized list of chattels that shall be prepared by the Vendor and reviewed and approved by the Purchaser during the Due Diligence Period (and/or Extended Due Diligence Period, if and as applicable).

(ll) "**Final List of Excluded Chattels**" means the itemized list of excluded chattels that shall be prepared by the Vendor and reviewed and approved by the Purchaser during the Due Diligence Period (and/or Extended Due Diligence Period, if and as applicable).

(mm) "**First Deposit**" has the meaning ascribed to it in Section 3.2(a).

(nn) "**Fixtures**" means, as applicable, fixtures, appurtenances and attachments, including systems of a mechanical nature and without limiting the generality of the foregoing, heating, lighting, air-conditioning, plumbing, electrical, ventilation, water, elevator, mechanical and drainage systems, parking equipment and systems, and window coverings, awnings, fixed carpeting, boilers and fittings owned by the Vendor.

(oo) "**Governmental Authority**" means any government, regulatory authority, governmental department, agency, commission, board, tribunal or court or other law, rule or regulation-making entity having jurisdiction on behalf of any nation, province or state or other subdivision thereof or any municipality, district or other subdivision thereof.

(pp) "**Hazardous Substances**" means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws, including contaminants, pollutants, dangerous substances, dangerous goods, liquid wastes, industrial wastes, hauled liquid wastes, radioactive wastes, toxic substances, hazardous wastes, hazardous materials or hazardous substances as defined in any Environmental Laws.

(qq) "**HST**" means the goods and services tax and/or the harmonized sales tax payable pursuant to the *Excise Tax Act* (Canada).

(rr) "**HST Certificate and Indemnity**" means the certificate and indemnity to be delivered in accordance with Section 6.4.

(ss) "**including**" means including without limitation.

(tt) "**Interim Period**" means the period between the Effective Date and the Closing Date.

(uu) "**Internal Approval Condition**" has the meaning ascribed to it in Section 4.1.

(vv) "**Irradiation Equipment**" means the electron beam irradiation system owned and provided by Mevex Corporation to Canopy Growth Corporation pursuant to the terms of that services agreement dated as of March 28, 2018.

(ww) "**Key Employees**" has the meaning ascribed to it in Schedule F hereto.

(xx) "**List of Key Employees**" has the meaning ascribed to it in Schedule F hereto.

(yy) "**LOI**" means the Letter of Intent dated May 12, 2023 executed between the parties in relation to the transaction contemplated herein.

(zz) "**Minimum Service Standards**" has the meaning ascribed to it in Schedule F hereto.

(aaa) "**Open Permits**" means building permit #2019-043 for a renovation and building permit #2020-025 for an emergency standby power system.

(bbb) "**Outside Severance Date**" has the meaning ascribed to it in Section 10.2.

(ccc) "**Permitted Encumbrances**" means, collectively, (i) those Encumbrances and other matters affecting title to the Property as set out in Schedule D hereto, and (ii) any other Encumbrance which has been consented to by the Purchaser in writing.

(ddd) "**Person**" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

(eee) "**Planning Act**" means the *Planning Act* (Ontario).

(fff) "**Planning Act Compliance**" means that the Vendor has either (i) completed the Town Lands Conveyance; or (ii) obtained the Severance Consent.

(ggg) "**Planning Act Compliance Deadline**" has the meaning ascribed to it in Section 7.1(c).

(hhh) "**Property**" means the Purchased Lands and the Building.

(iii) "**Purchase Price**" means the purchase price for the Purchased Assets as set out in Section 3.1.

(jjj) "**Purchased Assets**" means, collectively, all of the right, title and interest of the Vendor in the Purchased Lands, the Building, the Chattels, the Assumed Contracts, the Warranties and the Rights.

(kkk) "**Purchased Lands**" means that portion of the Vendor's Lands, as described and illustrated in Schedule B hereto.

(lll) "**Purchaser's Broker**" means Jones Lang LaSalle, 110 Matheson Blvd. W., Suite 107, Mississauga, ON Attn: Kathy Kolodziej, SVP Industrial.

(mmm) "**Purchaser's Solicitors**" means Miller Thomson LLP, attention: Aaron Atcheson.

(nnn) "**Release**" has the meaning given to it under any applicable Environmental Laws, including any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage or placement.

(ooo) "**Remainder Lands**" means the balance of the Vendor's Lands excluding the Purchased Lands (and, if the Town Lands Conveyance has not been completed, including the Town Lands), which lands will be retained by the Vendor following the conveyance of the Purchased Lands.

(ppp) "**Reliance Letters**" has the meaning ascribed to it in Section 2.4.

(qqq) "**Remaining Vendor Confidential Documents**" has the meaning ascribed to it in Section 8.6.

(rrr) "**Representative**" means a director, officer, employee, agent, potential partners, potential investors, solicitor, accountants or other advisor or representative.

(sss) "**Requisite Deliveries**" has the meaning ascribed to it in Section 8.5.

(ttt) "**Rights**" means all rights and benefits pertaining to the Property and not otherwise the subject of the Assignment and Assumption of Assumed Contracts and the Assignment of Warranties, and including the interest of the Vendor in any permits or licences for the use and operation of the Property, to the extent the same are assignable.

(uuu) "**Sale of the Vendor's Business**" has the meaning ascribed to it in Section 9.3.

(vvv) "**Severance Consent**" means a consent from the relevant Governmental Authority pursuant to Part VI of the *Planning Act* with respect to the severance and conveyance of the Purchased Lands separate from the balance of the Vendor's Lands, approved in final form, which means that the relevant Governmental Authority has issued a final, binding and registrable certificate of consent for the Purchased Lands with all conditions of such consent pre-approved by the Purchaser and satisfied in accordance with Article 10 and which is not subject to any appeals and cannot be further appealed.

(www) "**Second Deposit**" has the meaning ascribed to it in Section 3.2(b).

(xxx) "**Tax Bills**" has the meaning ascribed to it in Section 3.4(e).

(yyy) "**Third Deposit**" has the meaning ascribed to it in Section 3.2(d).

(zzz) "**Town**" means the Corporation of the Town of Smiths Falls.

(aaaa) "**Town Lands**" means that portion of the Vendor's Lands, as described and illustrated in Schedule B-1 hereto.

(bbbb) "**Town Lands Conveyance**" means the conveyance of the Town Lands by the Vendor to the Town, such that the Purchased Lands do not abut any other part of the Vendor's Lands;

(cccc) "**Transition Services Agreement**" has the meaning ascribed to it in Section 8.4.

(dddd) "**TSA Contracts**" means those service and maintenance contracts (i) delivered or made available to the Purchaser with the Vendor Deliveries and (ii) which the Purchaser notifies the Vendor, in writing, during the Due Diligence Period (or the Extended Due Diligence Period, if and as applicable) that it wishes the Vendor to maintain through the Term of the Transition Services Agreement, in accordance with the terms of the Transition Services Agreement.

(eeee) "**TSA Services"** has the meaning ascribed to it in Schedule F hereto.

(ffff) "**Unacceptable Conditions**" has the meaning ascribed to it in Section 10.1(c).

(gggg) "**Vendor Deliveries**" means true and complete copies of all material Purchased Assets-related documents and agreements, copies of operating statements, reports prepared within the 2 calendar years immediately preceding the Effective Date, or such longer time period as specified in Schedule C hereto (including all such environmental, structural and engineering reports), plans and specifications, any existing survey, and all other material documents relating to the ownership, operation, maintenance and condition of the Property which are in the Vendor's possession or control, including, but not limited to, those items more particularly set out in Schedule C hereto which are in the Vendor's possession or control, but explicitly excluding documents and agreements unique to cannabis production.

(hhhh) "**Vendor's Lands**" means the real property municipally known as 1 Hershey Drive, Smiths Falls, Ontario, and legally described in Schedule A hereto.

(iiii) "**Vendor's Solicitors**" means Cassels Brock & Blackwell LLP, attention: Andrew Salem.

(jjjj) "**Warranties**" means all existing warranties and guarantees, if any, remaining in existence, for the construction and the existing operation of the Building and the Chattels, to the extent the same are assignable.

1.2 Business Days

Where anything is required to be done under this Agreement on a day that is not a Business Day, then the day for such thing to be done shall be the next following Business Day.

1.3 Schedules and Addendum

The following Schedules are attached to and form part of this Agreement:

Schedule A Legal Description of Vendor's Lands

Schedule B Illustration of Purchased Lands

Schedule B-1 Description of Town Lands

Schedule C Vendor Deliveries

Schedule D Permitted Encumbrances

Schedule E Access Agreement

Schedule F Transition Services Agreement Key Terms

1.4 Interpretation

(a) Headings and Table of Contents. The division of this Agreement into Articles and Sections, the insertion of headings, and the provision of any table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

(b) Number and Gender. Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

(c) Entire Agreement. This Agreement and all of the Schedules to this Agreement, constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as stated in this Agreement and any of the Schedules to this Agreement, contains all of the representations, undertakings and agreements of the parties. This Agreement supersedes all prior negotiations or agreements between the parties, whether written or verbal, with respect to the subject matter of this Agreement, excepting only the Confidentiality Agreement which is incorporated herein by reference.

(d) Currency. All references to money shall refer to Canadian funds. All certified cheques or bank drafts to be tendered pursuant to this Agreement shall be drawn on one of the six largest Schedule I Canadian chartered banks.

(e) Severability. If any provision contained in this Agreement or its application to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected, and each provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

(f) Statute References. Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

(g) Time. Time shall be of the essence of this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. The time limited for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties or by their respective solicitors.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the applicable laws of Canada.

(i) Liability of Officer. If any statement is made in this Agreement or in any document or instrument contemplated to be delivered in this Agreement by any individual who is an officer of any party hereto, such statement shall be deemed to have been made in his or her capacity as an officer of such party and shall be made without personal liability to that individual.

ARTICLE 2
AGREEMENT OF PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

The Vendor hereby agrees to sell, transfer, assign, set over and convey the Purchased Assets to the Purchaser, and the Purchaser hereby agrees to purchase and acquire the Purchased Assets from the Vendor for the Purchase Price on the Closing Date, on and subject to the terms and conditions of this Agreement.

2.2 Vendor Deliveries

No later than five (5) Business Days following the Effective Date, to the extent not already delivered or made available to the Purchaser, the Vendor shall deliver to the Purchaser, the Vendor Deliveries. The Vendor will promptly notify the Purchaser should the Vendor become aware of any of any change in any information contained in the Vendor Deliveries provided to the Purchaser under this Agreement. Upon request of the Purchaser, from time to time after the Effective Date, the Vendor shall make available or deliver to the Purchaser, within two (2) Business Days after such request, or such other period of time as may be reasonably requested by the Vendor or required given the nature of the request, such further information and documentation relating to the Property in the possession or control of the Vendor as the Purchaser may reasonably require in order to conduct its due diligence with respect to the construction, ownership, management, operation or development of the Property.

2.3 Access by Purchaser and Release of Information

(a) Access. During the Due Diligence Period (and the Extended Due Diligence period, if and as acceptable), the Purchaser and its Representatives shall be entitled to have access to the Property for the purpose of making any inspections, investigations or tests (including soil tests), comprehensive environmental audits or assessments (including but not limited to a Phase I and Phase II environmental assessment) and surveys in respect of the Property that the Purchaser considers to be necessary or desirable, including, without limitation, physical and structural inspections, in accordance with, and on the terms and conditions contained in the Access Agreement dated May 12, 2023, between Tweed Inc. and the Purchaser, a copy of which is appended hereto as Schedule E. The Vendor represents and warrants to the Purchaser that it has the necessary authority to grant the right of access hereinbefore set out to the Purchaser and its Representatives. The parties confirm and agree that notwithstanding that Canopy Growth Corporation is not a party to the Access Agreement, Canopy Growth Corporation shall abide and be jointly and severally bound by the provisions of the Access Agreement applicable to Tweed Inc. contained therein as if it had been an original party to the Access

Agreement. The parties further confirm and agree that a termination of the Access Agreement by the Vendor, except for a termination as a result of Purchaser or its Agents (as such term is defined in the Access Agreement) breach of their respective covenants under the Access Agreement, prior to the termination of this Agreement shall be considered a Vendor default under this Agreement and entitle Purchaser to avail to the remedies set out in Section 9.4(a) of this Agreement at its option.

(b) Release of Information. The Vendor hereby consents to the release to the Purchaser and its Representatives by all appropriate Governmental Authorities of all information relating to the Purchased Assets and the Vendor further agrees to execute such written consents, in a form satisfactory to the Purchaser, acting reasonably, within three (3) calendar days of request therefor. Such consents shall expressly state that they do not authorize any inspections of the Property by Governmental Authorities.

(c) The exercise of any right of access, examination or inspection by or on behalf of the Purchaser contained herein shall be carried out at the Purchaser's expense, but shall not affect, reduce, lessen or mitigate any of the representations, warranties or covenants made by the Vendor or any condition to the Purchaser's obligation to proceed with or complete the transaction of purchase and sale of the Purchased Assets herein contemplated, all of which shall continue in full force and effect notwithstanding.

2.4 Reliance Letters

Upon request of the Purchaser, the Vendor will undertake commercially reasonable efforts to provide such consents as may be required by the authors of any Vendor Deliveries authored or issued by or on behalf of those counterparties who are contracting with the Vendor or affiliates of the Vendor ("**Consultants**") for such Consultants to provide reliance letters and like privity-creating documentation addressed to the Purchaser and allowing the Purchaser to rely on same (the "**Reliance Letters**"), at the Purchaser's sole expense. The Vendor shall have no obligation to obtain any Reliance Letters from Consultants or provide any Reliance Letters to the Purchaser.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The purchase price for the Purchased Assets shall be Fifty-Three Million and One Hundred Thousand Dollars (CAD$53,100,000.00) (the "**Purchase Price**").

3.2 Payment of Purchase Price

The Purchase Price payable by the Purchaser on the Closing Date for the Purchased Assets, subject to the Adjustments, shall be paid and satisfied in the following manner:

(a) The parties confirm and agree that an initial deposit of **FIVE HUNDRED THOUSAND DOLLARS (CAD$500,000.00)** (the "**First Deposit**") has been remitted by the Purchaser in accordance with the terms and conditions of the LOI, and is and shall continue to be held "in trust" by the Agent pending completion or

other termination of this Agreement and to be credited on account of the Purchase Price on Closing;

(b) Within five (5) Business Days of mutual execution of this Agreement, the Purchaser shall remit an additional deposit of **ONE MILLION DOLLARS (CAD$1,000,000.00)** (the "**Second Deposit**"), to be held "in trust" by the Agent pending completion or other termination of this Agreement and to be credited on account of the Purchase Price on Closing;

(c) Within five (5) Business Days of delivery of the Extended Due Diligence Notice as set out in Section 4.3 (if applicable), the Purchaser shall remit an additional deposit of **FIVE HUNDRED THOUSAND DOLLARS (CAD$500,000.00)** (the "**Extension Deposit**"), to be held "in trust" by the Agent pending completion or other termination of this Agreement and to be credited on account of the Purchase Price on Closing;

(d) Within five (5) Business Days of the Due Diligence Date (or Extended Due Diligence Date, if and as applicable), the Purchaser shall remit an additional deposit of **FIVE HUNDRED THOUSAND DOLLARS (CAD$500,000.00)** (the "**Third Deposit**"), to be held "in trust" by the Agent pending completion or other termination of this Agreement and to be credited on account of the Purchase Price on Closing; and

(e) On Closing, the Purchaser shall pay the balance of the Purchase Price (subject to all Adjustments provided for in this Agreement), by certified cheque or wire transfer of immediately available funds in favour of the Vendor or as the Vendor may direct in writing.

3.3 Interest on Deposit

Subject to the terms of this Agreement and the Escrow Agreement, each of the Deposits will be held in an interest-bearing account or term deposit receipt with a Schedule "I" Canadian chartered bank, and the interest will accrue to the Purchaser's benefit up to and including Closing and shall at the option of the Purchaser either be credited to the Purchaser on the statement of Adjustments or paid to the Purchaser as soon as possible following Closing, unless the Purchaser forfeits the Deposits pursuant to the terms of this Agreement, in which event the Vendor will be entitled to the interest.

3.4 Adjustments

(a) Adjustment Date. Adjustments for the Purchased Assets shall be made as of the Closing Date. Except as otherwise provided in this Agreement, the Vendor shall be responsible for all expenses and shall be entitled to all revenues accrued with respect to the Purchased Assets for the period ending on the day before the Closing Date. Except as otherwise provided in this Agreement, the Purchaser shall be responsible for all expenses and shall be entitled to all revenues accruing with respect to the Purchased Assets for the period from and including the Closing Date. The Closing Date shall be for the account of the Purchaser.

(b) Adjustment Items. The Adjustments for the Purchased Assets shall include, if applicable, realty taxes, local improvement rates and charges, water and assessment rates, prepaid amounts under the Assumed Contracts, current

amounts payable under the Assumed Contracts, operating costs, utilities, utility deposits, fuel, licenses necessary for the operation of the Property, and all other items normally adjusted between a vendor and purchaser in respect of the sale of property similar to the Property. The Adjustments for the Purchased Assets shall also include the other matters referred to in this Agreement stated to be the subject of adjustment and, notwithstanding the foregoing, shall exclude the other matters referred to in this Agreement stated not to be the subject of adjustment.

(c) Statement of Adjustments. A statement of Adjustments shall be delivered to the Purchaser by the Vendor at least five (5) Business Days prior to the Closing Date. Upon request by the Purchaser, the Vendor shall give the Purchaser such backup materials as are reasonably required in order to verify the statement of Adjustments.

(d) Readjustment. If the final cost or amount of an item which is to be adjusted has not been determined at Closing, then an initial calculation or adjustment for such item shall be made at Closing, such amount to be estimated by the Vendor, acting reasonably, as of the Closing Date on the basis of the best evidence available at Closing as to what the final cost or amount of such item will be. In each case, when such cost or amount is determined (such determination to be made as soon as possible and in any event prior to the first anniversary of Closing), the Vendor or the Purchaser shall, within thirty (30) calendar days of determination, provide a complete statement thereof to the other party and within thirty (30) calendar days thereafter, the Vendor and the Purchaser shall make a final adjustment as of the Closing Date for the item in question. All claims for re-adjustments must be made within twelve (12) months following Closing; provided, however, that after the expiry of such period, the Adjustments made by the parties shall be final and binding. In the absence of agreement by the parties, the final cost or amount of an item shall be determined by independent auditors, acceptable to the Vendor and the Purchaser, acting reasonably, with the cost of such auditors' determination being shared equally between the Vendor and the Purchaser.

(e) Readjustments re Realty Taxes. Notwithstanding the foregoing Section 3.4(d), the parties confirm and agree that following the Closing and due to the severance of the Purchased Lands from the Vendor Lands as contemplated herein, the Purchased Lands and the Remainder Lands will continue to be assessed together until such time as the Purchased Lands are separately assessed, and the Vendor will therefore continue to receive realty tax bills which will include realty tax amounts for both the Purchased Lands and the Remainder Lands (the "**Tax Bills**"). The parties therefore confirm and agree that following the Closing Date and until such time as the Purchased Lands and Remainder Lands are separately assessed for realty taxes, the parties' respective proportionate shares of the realty taxes shall be calculated in accordance with the following proportionate shares, calculated based on current use of the Purchased Lands and Remainder Lands as at the Effective Date:

(i) Proportionate Share of Tax Bills attributable to the Remainder Lands = 27.6%

(ii) Proportionate Share of Tax Bills attributable to the Purchased Lands = 72.4%,

subject only to any increase in the taxes due to a change in use or tax class as a direct result of the Purchaser's purchase of the Purchased Lands, due to a change to or increase in use of the Remainder Lands by the Vendor or due to a change to or increase in use of the Purchased Lands. For clarity, neither party shall be liable for any increase in taxes due an increase in value, change in use, or change in tax class of the other Party's lands.

The Vendor covenants and agrees that following the Closing Date and until such time as the Purchased Lands and the Remainder Lands are separately assessed for realty taxes, it shall provide to the Purchaser, promptly upon receipt, true copies of all Tax Bills, together with any correspondence and any other documentation relating thereto which comes into the possession or control of the Vendor following the Closing Date. The parties covenant and agree with the other that on or before the due date for each instalment of realty taxes, each party will remit their proportionate share of realty taxes owing directly to the appropriate Governmental Authority as provided for on each Tax Bill.

The provisions of this Section 3.4 shall not merge on, but shall survive Closing.

3.5 Allocation of Purchase Price

The Vendor and the Purchaser agree in good faith to use reasonable efforts to agree, by the Closing Date, upon the allocation of the Purchase Price among the Purchased Assets. If no such agreement is reached by Closing, each of the Vendor and the Purchaser shall be free to make its own allocation.

3.6 Realty Tax Appeals & Efforts to Reduce Taxes

(a) To the extent the Purchaser receives payment of any refund or reassessment of realty taxes for any period up to but not including the Closing Date, the Purchaser shall hold such refund or reassessment payment in trust for the Vendor and shall deliver to the Vendor such payment cheques forthwith upon receipt. Similarly to the extent the Purchaser is reassessed and is required to pay an increase in taxes for any period up to but not including the Closing Date, the Vendor shall be responsible for and shall pay such tax increase.

(b) The Vendor agrees to cooperate in good faith with the Purchaser during the period from the Effective Date until such time as the Purchased Lands and the Remainder Lands are separately assessed, with respect to any efforts of the Purchaser to reduce the taxes owing with respect of the Purchased Assets, including but not limited to: (i) providing current and historical tax-related information or materials relating to the Purchased Assets within the possession of the Vendor to the Purchaser upon request; and (ii) consenting to, and cooperating with, the Purchaser in filing an appeal to the Assessment Review Board or an application to the relevant Court, should the Purchaser deem such an appeal or application necessary in order to seek the lowest possible assessment and property tax position possible for the Purchased Lands, provided that (x) all reasonable out of pocket expenses actually incurred by the Vendor in connection with its obligations under (ii) shall be reimbursed by the Purchaser, and (y) the Vendor shall not be obligated to authorize, consent or cooperate in any appeal or application if the Vendor determines, acting reasonably, that there is a reasonable probability that

such appeal or application will result in material adverse tax consequences for the Vendor (including the Vendor's capacity as owner of the Remainder Lands).

(c) The Vendor further agrees to cooperate in good faith with the Purchaser to provide information, as reasonably requested by the Purchaser from time to time, to the Municipal Property Assessment Corporation (MPAC) as required in order for MPAC to separately assess the Purchased Lands and the Remainder Lands as soon as practicable following the severance of the Purchased Lands.

The provisions of this Section 3.6 shall not merge on, but shall survive Closing.

ARTICLE 4
DUE DILIGENCE AND INSPECTIONS

4.1 Due Diligence Period

The Purchaser and its Representatives shall have up to 5 pm ET on the first Business Day that is thirty (30) calendar days following the Effective Date (the "**Due Diligence Period**") to: (a) obtain any necessary internal approvals for the Purchaser to consummate the transaction contemplated herein, including approval from The Hershey Company's Board of Directors (the "**Internal Approval Condition**"); (b) finalize the Final List of Chattels and Final List of Excluded Chattels; and (c) examine the Purchased Assets, conduct searches, verify compliance with Applicable Laws and zoning, conduct tests, review financial information and other documents or information relating to the Purchased Assets (including the Vendor Deliveries and the Decommissioning Report) and otherwise satisfy itself, in its sole and absolute discretion, with the Purchased Assets (together with the Internal Approval Condition, the "**Due Diligence Condition**").

During the Due Diligence Period, the Purchaser may elect to cancel this Agreement in accordance with Section 4.2.

4.2 Cancellation during Due Diligence Period

If the Purchaser is not satisfied, in its absolute discretion, with any aspect of the Purchased Assets or with the results of its review of the Vendor Deliveries or of any test, review or inspection carried out in respect of any part of the Purchased Assets, the Purchaser may elect to cancel this Agreement at any time before the last day of the Due Diligence Period (the "**Due Diligence Date**") by delivery of written notice from the Purchaser or its solicitors to the Vendor or the Vendor's Solicitors to this effect, without liability to the Purchaser for such termination save and except for its obligation to repair and indemnify pursuant to the Access Agreement.

Upon delivery of a termination notice within the Due Diligence Period in accordance with this Section, the First Deposit and the Second Deposit paid by the Purchaser, together with all interest earned or accrued thereon, will be immediately returned to the Purchaser without deduction or set-off, and the Purchaser's termination will be without liability to the Purchaser, save and except for its obligation to repair and indemnify pursuant to the Access Agreement. If the Purchaser is satisfied, in its sole and absolute discretion, with the results of its review of the Purchased Assets, it will deliver written notice to the Vendor or its solicitors (the "**Acceptance Notice**") to this effect or otherwise waive the condition in its favour contained in Section 7.1(a) below on or before the Due Diligence Date. If no such Acceptance Notice or waiver is delivered to the Vendor on or before the Due Diligence Date, the Purchaser will be deemed to have elected to terminate this Agreement and the First Deposit and the Second Deposit, together with interest

earned or accrued thereon, will be immediately returned to the Purchaser without deduction or set-off, and the Purchaser's termination will be without liability to the Purchaser, save and except for its obligation to repair and indemnify pursuant to the Access Agreement.

4.3 Extended Due Diligence Period

Notwithstanding the foregoing Sections 4.1 and 4.2, in the event that prior to the expiration of the Due Diligence Period, the Purchaser provides the Vendor with written notice confirming that it has determined, acting in good faith and in consultation with its consultants, that it requires additional time to complete its due diligence, finalize the Final List of Chattels and Final List of Excluded Chattels, or obtain the Internal Approval Condition (the "**Extended Due Diligence Notice**"), and provided that the Purchaser provides the Extension Deposit to the Agent in accordance with Section 3.2(c), Purchaser shall have up to thirty (30) additional calendar days, subject to the balance of this paragraph (the "**Extended Due Diligence Period**") following the Due Diligence Date to continue to examine the Purchased Assets, conduct searches, verify compliance with Applicable Laws and zoning, conduct tests, review financial information and other documents or information relating to the Purchased Assets, finalize the Final List of Chattels and Final List of Excluded Chattels, and otherwise satisfy itself, in its sole and absolute discretion, with the Purchased Assets and to the extent necessary, obtain the Internal Approval Condition (the "**Extended Due Diligence Condition**"). Notwithstanding the foregoing, the Purchaser confirms and agrees that the Extended Due Diligence Period may not be extended past the last Business Day in the month of September, 2023 and therefore the latest possible Extended Due Diligence Date would be the last Business Day in the month of September, 2023.

For the avoidance of doubt, Purchaser's waiver or satisfaction of the Extended Due Diligence Condition shall be deemed to be a waiver of the Due Diligence Condition.

4.4 Cancellation During Extended Due Diligence Period

If the Purchaser is not satisfied, in its absolute discretion, with any aspect of the Purchased Assets or with the results of its review of the Vendor Deliveries or of any test, review or inspection carried out in respect of any part of the Purchased Assets, the Purchaser may elect to cancel this Agreement at any time during the Extended Due Diligence Period by delivery of written notice from the Purchaser or its solicitors to the Vendor or the Vendor's Solicitors to this effect, without liability to the Purchaser for such termination save and except for its obligation to repair and indemnify pursuant to the Access Agreement.

Upon delivery of a termination notice within the Extended Due Diligence Period in accordance with this Section, the First Deposit, the Extension Deposit and the Second Deposit paid by the Purchaser, together with all interest earned or accrued thereon, will be immediately returned to the Purchaser without deduction or set-off, and the Purchaser's termination will be without liability to the Purchaser, save and except for its obligation to repair and indemnify pursuant to the Access Agreement. If the Purchaser is satisfied, in its sole and absolute discretion, with the results of its review of the Purchased Assets, it will deliver an Acceptance Notice to this effect or otherwise waive the condition in its favour contained in Section 7.1(a) below on or before the expiration of the Extended Due Diligence Period (the "**Extended Due Diligence Date**"). If no such Acceptance Notice or waiver is delivered to the Vendor on or before the Extended Due Diligence Date, the Purchaser will be deemed to have elected to terminate this Agreement and the First Deposit, the Extension Deposit and the Second Deposit, together with interest earned or accrued thereon, will be immediately returned to the Purchaser without

deduction or set-off, and the Purchaser's termination will be without liability to the Purchaser, save and except for its obligation to repair and indemnify pursuant to the Access Agreement.

4.5 Title Examination and Requisitions

On Closing, title to the Property will be good and free from all Encumbrances, except for the Permitted Encumbrances. The Purchaser will be allowed until the Due Diligence Date (or the Extended Due Diligence Date, if and as applicable) to examine the title to the Property at the Purchaser's expense. If, during that time, any valid objection to title is made in writing to the Vendor which the Vendor is unable to remove or satisfy and which the Purchaser will not waive, this Agreement will, notwithstanding any intermediate acts or negotiations in respect of such objections, be terminated, save and except for the Purchaser's obligation to repair and indemnify pursuant to the Access Agreement, and the First Deposit, the Extension Deposit (if and as applicable), and the Second Deposit, together with interest that has been earned or accrued thereon will be immediately returned to the Purchaser without deduction. Notwithstanding the period of time limited in this Section for the examination of title, the Purchaser's right to make further requisitions on title and submit any valid objections with respect to title is reserved if any document is registered against title to the Property after the Purchaser completes its examination thereof after the Effective Date and save for any objection going to the root of title or Encumbrances arising after the expiration of the Due Diligence Date (or the Extended Due Diligence Date, if and as applicable).

ARTICLE 5
REPRESENTATIONS, WARRANTIES AND COVENANTS

5.1 Representations and Warranties of Vendor

The Vendor represents and warrants to and in favour of the Purchaser that, as of the Effective Date and as of the Closing Date:

(a) Title. The Vendor is the registered owner of the Property, free and clear of all Encumbrances, save and except the Permitted Encumbrances;

(b) Enforceability of Obligations. This Agreement has been validly executed and delivered by the Vendor and is a valid and legally binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms;

(c) Residence. The Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);

(d) *Family Law Act*. Neither the Property nor any part thereof have ever been occupied by the Vendor or by an officer, director or shareholder of the Vendor or by any of their respective spouses as a matrimonial home within the meaning of the *Family Law Act* (Ontario);

(e) No Bankruptcy. The Vendor (i) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act* (Canada), (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, (iii) has not had any petition for a receiving order presented in respect of it, and (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution;

(f) Construction Liens. The Vendor will not, as of the Closing Date, have any outstanding indebtedness, including for labour or materials, to any person which might by operation of law or otherwise constitute a construction lien against the Property or any part thereof;

(g) Leases. No Person (except for the Purchaser) has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, for (i) the purchase from the Vendor, or, to the knowledge of the Vendor, any predecessor in title, of the Purchased Assets, or any part thereof; or (ii) the lease of the Purchased Assets, or any part thereof;

(h) Proceedings. To the Vendor's knowledge, there are no appeals, suits, audits, investigations, requests for information or similar proceedings for realty taxes now pending or threatened against the Vendor with respect to the Property, except as disclosed to the Purchaser with the Vendor Deliveries;

(i) Assumed Contracts & TSA Contracts. The Assumed Contracts and the TSA Contracts are made between the Vendor and arm's length third parties and the Vendor is not in default of any of its payment or other material obligations thereunder and to the best of the Vendor's knowledge and belief, the Assumed Contracts and the TSA Contracts are in good standing and there is no default by the other parties thereunder for any payments or other material obligations;

(j) Environmental.

(A) Copies of all existing assessments, audits and reports and the written results of any investigations, tests and/or inspections relating to the environmental condition of the Property (and including but not limited to any investigations, tests and/or inspections relating to the Irradiation Equipment) in the possession or control of the Vendor have been delivered to the Purchaser as part of the Vendor Deliveries;

(B) The Vendor is not aware that (i) any underground storage tanks are now located on the Property, and (ii) the Property has ever been used as a landfill site or to store, either above or below ground, gasoline, oil or any other Hazardous Substance;

(C) The Vendor has not received any written notice from any Governmental Authority of non-compliance with Environmental Laws;

(D) The Vendor has not used the Property, or permitted it to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, deposit, transfer, produce or process Hazardous Substances except in compliance, in all material respects, with all Environmental Laws;

(E) In connection with the Property the Vendor has never been convicted of an offence for non-compliance with any Environmental Laws or been fined or otherwise sentenced or settled such prosecution short of conviction;

(F) The Vendor has not defaulted, in any material respect, in making any report required by any Environmental Law to any Governmental Authority on the happening of a substantial occurrence relating to the Property;

(G) In connection with the Property, the Vendor has not caused or permitted, and has no knowledge of, the Release of any Hazardous Substances on the Property. All wastes and other materials and substances disposed of, treated or stored on or off site at the Property by the Vendor, whether hazardous or non-hazardous, have been disposed of, treated and stored in compliance, in all material respects, with all Environmental Laws;

(H) In connection with the Property the Vendor has not received any written notice nor does it have knowledge of any notice that it is a potentially responsible party for a federal, provincial, municipal or local clean-up site or correction action under any Environmental Law;

(I) The Vendor has maintained all environmental and operating documents and records relating to the Property substantially in the manner and for the time periods required by any Environmental Laws and has no knowledge of an environmental audit being conducted of the Property. For purposes of this clause, an environmental audit shall mean any evaluation, assessment, study or test performed at the request of or on behalf of a Governmental Authority, including, but not limited to, a public liaison committee; and

(J) Prior to Closing, the Irradiation Equipment will have been removed from the Purchased Lands in accordance with all Environmental Laws and all other Applicable Laws.

(k) No Employees. There will be no salaried or contract employees of the Vendor for whom the Purchaser will be required to assume any responsibility or liability on the Closing Date.

(l) No Litigation. There is no litigation outstanding or, to the Vendor's knowledge, threatened against the Vendor with respect to the Property;

(m) No Expropriation. The Vendor has not received notice of any expropriation or condemnation affecting the Property;

(n) Financial Records. The operating statements provided to the Purchaser in the Vendor Deliveries have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the revenues and expenses relating to the Property for the period to which they relate;

(o) Brokers. The Vendor has not engaged any real estate agent or broker in connection with this Agreement or the Property;

(p) Chattels. On Closing, the Chattels will be clear of any encumbrances;

(q) Excluded Chattels. All Excluded Chattels, except for Remaining Vendor Confidential Documents, will have been removed from the Property prior to Closing and any damage caused by such removal will have been repaired by Vendor;

(r) Work Orders & Open Permits. To the Vendor's knowledge, there are no outstanding work orders, open permits, deficiency notices or other notices from any competent Governmental Authority requiring work to be done, or money to be spent on the Property, other than the Open Permits. The Vendor covenants and agrees to arrange for the Open Permits to be closed prior to Closing.

(s) Closure of Work Orders & Open Permits. If any other work order or open permit arises prior to Closing, the Vendor covenants and agrees to clear such order(s) and close such permit(s) prior to Closing; and

(t) Disclosure. The Vendor has not deliberately withheld any information relating to the Purchased Assets for the purposes of misleading the Purchaser.

5.2 Indemnity Re Construction Liens

The Vendor shall indemnify and hold harmless the Purchaser from and in respect of any and all Claims for work or services or for liens or deficiencies in holdbacks required to be retained under the *Construction Act* (Ontario) affecting the Vendor's interest in the Property with respect to any work or services provided to the Property contracted before or performed before the Closing Date.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES AND COVENANTS OF PURCHASER

6.1 Representations and Warranties of Purchaser

The Purchaser represents and warrants to and in favour of the Vendor, as of the Effective Date and as of the Closing Date:

(a) Corporate Status. The Purchaser is a corporation duly incorporated and subsisting under the laws of the jurisdiction under which it was incorporated and has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements contemplated by this Agreement and to perform its obligations under this Agreement and all other agreements contemplated by this Agreement;

(b) Authorization. The execution and delivery of this Agreement and all other agreements contemplated by this Agreement by the Purchaser and the consummation of the transaction contemplated by this Agreement by the Purchaser have been or will be as at the Closing Date duly authorized by all necessary corporate action on the part of the Purchaser;

(c) No Breach of Instruments or Laws. Neither the entering into nor the delivery of this Agreement nor the completion by the Purchaser of the transactions contemplated hereby will conflict with, or constitute a default under, or result in a material violation

of (i) any of the provisions of the constating documents or by-laws of the Purchaser, or (ii) any Applicable Laws;

(d) Enforceability of Obligations. This Agreement has been validly executed and delivered by the Purchaser and is a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;

(e) No Bankruptcy. The Purchaser (i) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act* (Canada), (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, (iii) has not had any petition for a receiving order presented in respect of it, and (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution;

(f) HST. The Purchaser is or will be before Closing a HST registrant under the *Excise Tax Act* (Canada) and will provide its registration number to the Vendor on or before the Closing Date;

(g) Brokers. The Purchaser has not engaged any real estate agent or broker in connection with this Agreement or the Property, except the Purchaser's Broker; and

(h) Regulatory Approvals and Consents. No approval or consent of any Governmental Authority is required in connection with the execution, delivery and performance of this Agreement by the Purchaser.

6.2 Non-Waiver

No investigations made by or on behalf of the Vendor or the Purchaser at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the other party pursuant to this Agreement. Prior to Closing, each party covenants to give written notice to the other party if it becomes aware of any breach of any representation or warranty given by the other party contained in this Agreement, and if such party completes the transactions contemplated by this Agreement, it will have been deemed to have waived the condition in Section 7.1(h) in the case of a Vendor's representation or warranty or the condition in Section 7.2(b) in the case of a Purchaser's representation or warranty. No waiver of any condition or other provision contained in this Agreement, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

6.3 Survival

The representations and warranties contained in this Agreement, shall remain in full force and effect for the benefit of the Purchaser and the Vendor, respectively, for a period of one (1) year following the Closing Date and shall be of no further force and effect thereafter, except to the extent that written notice of a Claim has been made thereunder prior to the expiry of such one (1) year period.

6.4 HST

The Purchaser covenants and agrees that it will be responsible for and pay any HST payable in connection with the transaction contemplated hereunder. If HST is exigible on the transaction contemplated hereunder then, subject as is herein provided, it is the Vendor's obligation to collect the HST, and the Purchaser's obligation to pay the HST, on Closing. Notwithstanding the foregoing, the Vendor shall not collect the HST from the Purchaser in respect of the portion of the Purchase Price for which the Purchaser is entitled to self-assess in accordance with the provisions of the *Excise Tax Act* (Canada) with respect to such HST, provided the Purchaser shall indemnify and save harmless the Vendor with respect to the payment of HST and provided further that the Purchaser shall deliver, prior to Closing, its certificate confirming that (i) the Purchaser is a registrant under the *Excise Tax Act* (Canada), together with its HST registration number, (ii) such registered number is in good standing and has not been varied or revoked, (iii) the Property is being purchased by the Purchaser as principal for its own account and is not being purchased by the Purchaser as an agent, trustee or otherwise on behalf of or for another Purchaser, (iv) the Purchaser shall be liable for, shall self-assess and shall remit to the appropriate Governmental Authority all HST payable in respect of the transaction contemplated herein; and (v) the Purchaser will indemnify and save harmless the Vendor and its shareholders, directors, officers, employees, advisors and agents from any HST, penalty, interest or other amount which may be payable by or be assessed against the Vendor under the *Excise Tax Act* (Canada) as a result of or in connection with the Vendor's failure to collect and remit any HST applicable on the sale and conveyance of the Purchased Assets to the Purchaser by the Vendor. This Section shall survive and not merge on Closing.

6.5 Employees

Except as provided in the Transition Services Agreement or as mutually agreed upon between the parties, the Purchaser shall not, directly or indirectly, solicit for employment any person who is employed by the Vendor, or who performs functions on behalf of the Vendor that are similar to those ordinarily performed by employees, and that, in each case, becomes known to the Purchaser in connection with arrangements contemplated under this Agreement or the Transition Services Agreement, or to whom the Purchaser otherwise comes into contact with in connection with the arrangements contemplated under this Agreement or the Transition Services Agreement; provided that the foregoing shall not apply to the solicitation of employment of any person where contact with the Purchaser is initiated by such person in response to an advertisement published by the Purchaser in a newspaper, magazine, trade publication or other publication or by electronic means, such as posting on the Internet, and that is available to the general public, or any other solicitation by a recruiting firm or agency that is not specifically targeted at any one or more employees or consultants of the Vendor. This provision shall not merge but shall survive Closing for a period ending on the later of: (i) six (6) months or (ii) the end of the term of the Transition Services Agreement..

ARTICLE 7
CONDITIONS AND CONSENTS

7.1 Conditions of the Purchaser

The obligations of the Purchaser to complete the transaction contemplated by this Agreement on Closing shall be subject to the following conditions:

(a) Due Diligence Date (or Extended Due Diligence Date). By the expiry of the Due Diligence Period (or the Extended Due Diligence Period, if and as applicable), the

Purchaser shall be satisfied, in its absolute discretion, with its review of the Vendor Deliveries, title to the Property, the Final List of Chattels and Final List of Excluded Chattels, and the results of such searches, inspections and tests that the Purchaser conducted, in its sole discretion with respect to the Purchased Assets and the Purchaser shall have obtained the internal approvals described in Section 4.1(a);

(b) Irradiation Equipment. On or before Closing:

(i) the Irradiation Equipment shall have been removed from the Purchased Lands in accordance with all Applicable Laws; and

(ii) the Purchaser shall have received a copy of the decommissioning report from Mevex Corporation, addressed to the Vendor, in form and substance satisfactory to the Purchaser in its sole and absolute discretion, confirming that the Irradiation Equipment was removed in compliance with all Applicable Laws (the "**Decommissioning Report**").

(c) Planning Act Compliance. On or before the date which is ten (10) Business Days prior to the Closing Date (the "**Planning Act Compliance Deadline**"), the Vendor shall have obtained Planning Act Compliance.

(d) Title. On the Closing Date, title to the Property shall be free and clear of all Encumbrances other than the Permitted Encumbrances;

(e) Consents. On or before the Closing Date, all material consents, approvals and assumptions required under the Assumed Contracts, the Permitted Encumbrances or under any other agreement affecting the Purchased Assets shall have been obtained and delivered to the Purchaser and entered into by all necessary parties. Notwithstanding the foregoing, to the extent a consent for an assignment of any Assumed Contract is required but not obtained by the Closing Date, the Vendor shall provide the services provided under such Assumed Contract to the Purchaser pursuant to the Transition Services Agreement until such time as the applicable consent is obtained or the Purchaser enters into a separate agreement with the applicable service provider, except in the case of any Consent required under any Assumed Contracts, Permitted Encumbrances or any other agreement affecting the Purchased Assets that (i) is required for Purchaser to occupy the Property on the Closing Date in accordance with all Applicable Laws; and/or (ii) is required in order for the Purchaser to obtain title insurance coverage with respect to the applicable Assumed Contract, Permitted Encumbrance or other agreement affecting the Purchased Assets, and in either case such Consent shall be obtained and delivered to the Purchaser prior to the Closing Date;

(f) Termination of Non-Assumed Contracts. On or before the Closing Date, the Vendor, at its own cost and expense, having terminated, all contracts and operating agreements in respect of the Property, including, but without limitation, all service and management agreements relating to the operation of the Property together with all guarantees, warranties and indemnities in connection therewith, other than the Assumed Contracts and the TSA Contracts;

(g) Performance of Obligations. On the Closing Date, all of the material terms, covenants and conditions of this Agreement to be complied with or performed by

the Vendor shall have been complied with or performed in all material respects on or before the times contemplated in this Agreement;

(h) Representations and Warranties. On the Closing Date, the representations and warranties of the Vendor set out in Section 5.1 shall be true and accurate in all material respects and the Vendor shall have delivered to the Purchaser a certificate of a senior officer of the Vendor, dated the Closing Date, to this effect.

The conditions set out in this Section 7.1 are for the sole benefit of the Purchaser and may be waived in whole or in part by the Purchaser, in its sole discretion, by written notice to the Vendor.

7.2 Conditions of the Vendor

The obligation of the Vendor to complete the transactions contemplated by this Agreement on Closing shall be subject to the following conditions:

(a) Performance of Obligations. On the Closing Date, all of the material terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser shall have been complied with or performed in all material respects on or before the times contemplated in this Agreement; and

(b) Representations and Warranties. On the Closing Date, the representations and warranties of the Purchaser set out in Article 6 shall be true and accurate in all material respects and the Purchaser shall have delivered to the Vendor a certificate of the Purchaser, executed by a senior officer of the Purchaser, dated the Closing Date, to this effect.

The conditions set out in this Section 7.2 are for the sole benefit of the Vendor, and may be waived in whole or in part by the Vendor, in its sole discretion, by written notice to the Purchaser.

7.3 Non-Satisfaction of Conditions

(a) Closing Conditions for the Benefit of the Purchaser. If any of the conditions set out in Section 7.1 are not satisfied or waived on or before the Closing Date or such earlier date as provided for in Section 7.1, the Purchaser may terminate this Agreement by notice in writing to the Vendor, given on or before the Closing Date or such earlier date, as the case may be, in which event this Agreement shall be null and void and of no further force or effect whatsoever and the Purchaser shall be released from all of its liabilities and obligations under this Agreement (other than pursuant to the Access Agreement). However, the Purchaser may waive compliance with any of the conditions set out in Section 7.1 in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition contained in Section 7.1 in whole or in part or to its rights to recover damages for the breach of any representation or warranty in accordance with this Agreement.

(b) Closing Conditions for the Benefit of the Vendor. If any of the conditions set out in Section 7.2 are not satisfied or waived on or before the Closing Date, the Vendor may terminate this Agreement by notice in writing to the Purchaser given on or before the Closing Date, in which event this Agreement shall be null and void and

of no further force or effect whatsoever and the Vendor shall be released from all of its liabilities and obligations under this Agreement. The Vendor may waive compliance with any of the conditions set out in Section 7.2 in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition contained in Section 7.2 in whole or in part or to its rights to recover damages for the breach of any representation or warranty in accordance with this Agreement.

(c) Closing Conditions. All conditions to be satisfied on Closing shall be deemed to be satisfied if Closing occurs.

7.4 Satisfaction of Conditions

Each party agrees to proceed in good faith and with promptness and reasonable diligence to attempt to satisfy those conditions contained in Section 7.1 and Section 7.2 that are within its control, acting reasonably.

7.5 Not Conditions Precedent

The conditions set out in Section 7.1 and Section 7.2 are conditions to the obligations of the parties to this Agreement and are not conditions precedent to the existence or enforceability of this Agreement.

ARTICLE 8
PREPARATION OF CLOSING DOCUMENTS

8.1 Vendor's Closing Documents

On or before Closing, subject to the provisions of this Agreement, the Vendor shall cause to be prepared and the Vendor shall execute or cause to be executed and shall deliver or cause to be delivered to the Purchaser the following items:

(a) a registrable transfer/deed(s) of land for the Property transferring the Property to the Purchaser, or as it may direct in accordance with this Agreement, and containing the statements by the Vendor and its solicitors contemplated by Sections 50(22)(a) and (b) of the *Planning Act* (Ontario);

(b) a general conveyance with respect of the Chattels;

(c) the indemnity contemplated in Section 5.2;

(d) a certificate of an officer of the Vendor having personal knowledge of the facts declared wherein he or she certifies on behalf of the Vendor (and without personal liability) that, at Closing: (i) the Vendor is not a non-resident of Canada within the meaning and intended purpose of section 116 of the *Income Tax Act* (Canada), failing which the Purchaser will be credited against the Purchase Price with the amount necessary to pay to the Minister of National Revenue to satisfy the Purchaser's liability under the *Income Tax Act* (Canada) for tax payable; (ii) the Vendor's representations, warranties, contained in this Agreement are true and complete in all material respects; (iii) the Permitted Encumbrances have been complied with in all material respects; and (iv) such other matters relating to title

that are typically addressed in certificates or declarations of possession historically given in real estate transactions in the Province of Ontario;

(e) the Assignment and Assumption of Assumed Contracts;

(f) the Assignment and Assumption of Permitted Encumbrances;

(g) the Assignment of Rights;

(h) the Assignment of Warranties;

(i) the Transition Services Agreement;

(j) an assignment of the Vendor Deliveries made available by the Vendor to the Purchaser during the Due Diligence Period (and Extended Due Diligence Period, if and as applicable) including, but not limited to, environmental reports and soil studies;

(k) To the extent not previously delivered to the Purchaser pursuant to Section 2.2 or otherwise, all material documents and agreements of the Vendor pertaining to the ownership, operation and development of the Property in the Vendor's possession and control (including, without limitation operation and maintenance manuals, but excluding any books, files and records unique to cannabis production), along with all keys and access and alarm codes for the Property or any part thereof;

(l) directions to the other parties under the Assumed Contracts respecting the performance of obligations under such Assumed Contracts from and after the Closing Date;

(m) an undertaking by the Vendor to readjust the Adjustments;

(n) discharges of all Encumbrances which are not Permitted Encumbrances;

(o) a non-merger agreement with respect to the Vendor's representations, warranties and covenants that are stated to survive Closing, as set out herein this Agreement;

(p) the Decommissioning Report; and

(q) such other transfers, assignments and documents relating to the completion of the transactions contemplated by this Agreement as the Purchaser may reasonably require to transfer title to the Purchased Assets from the Vendor to the Purchaser,

all in form and substance satisfactory to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of the Closing Documents shall contain covenants, representations or warranties that are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement.

8.2 Purchaser's Closing Documents

On or before Closing, subject to the provisions of this Agreement, the Purchaser shall execute or cause to be executed and shall deliver or cause to be delivered to the Vendor the following items:

(a) the balance of the Purchase Price in the manner specified in Section 3.2(e);

(b) the Assignment and Assumption of Assumed Contracts;

(c) the Assignment and Assumption of Permitted Encumbrances;

(d) the Assignment of Rights;

(e) the Assignment of Warranties;

(f) the Transition Services Agreement;

(g) the HST Certificate and Indemnity;

(h) a certificate of the Purchaser executed by a senior officer of the Purchaser certifying that the representations and warranties of the Purchaser set out in this Agreement are true and accurate in all material respects as of the Closing Date;

(i) an undertaking by the Purchaser to readjust the Adjustments;

(j) a non-merger agreement with respect to any Purchaser's representations, warranties and covenants that are stated to survive Closing, as set out herein this Agreement; and

(k) such further documentation relating to the completion of this Agreement as the Vendor may reasonably require,

all in form and substance satisfactory to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of the Closing Documents shall contain covenants, representations or warranties that are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement.

8.3 Registration and Other Costs

The Vendor and the Purchaser shall each be responsible for the costs of their respective solicitors. The Purchaser shall be responsible for and pay all land transfer taxes payable on the transfer of the Property to the Purchaser, all registration fees payable in connection with the registration of the deeds or transfers or other documents or instruments referred to in Sections 8.1 and 8.2. The Purchaser shall be responsible for any title insurance and title endorsements obtained in connection with this transaction.

8.4 Transition Services Agreement

In order to facilitate an orderly transition of management services, security protocols and certain other services concerning the Property from the Vendor to the Purchaser, the Vendor agrees to provide transition services to the Purchaser commencing on the Closing Date, on terms and conditions to be set forth in a transition services agreement (the "**Transition Services Agreement**") to be executed between the parties on or before the Closing Date. Purchaser and Vendor shall cooperate in good faith to negotiate the form of Transition Services Agreement as soon as reasonably practicable and no later than thirty (30) calendar days prior to the Closing Date, both parties acting with due dispatch. Purchaser's counsel shall prepare the initial draft of the Transition Services Agreement and shall use its reasonable commercial efforts to provide the Vendor with a first draft of the Transition Services Agreement within seven (7) Business Days

following the Effective Date. The Transition Services Agreement shall contain the key terms as set out in Schedule F.

8.5 Single Transaction

All documents and cheques shall be delivered in escrow on the Closing Date pending registration of the Closing Documents as reasonably required by the Purchaser's Solicitors and the Vendor's Solicitors. This transaction shall be completed electronically and in escrow according to the *Land Registration Reform Act* (Ontario) and the *Electronic Registration Act* (Ontario). Each party shall prepare its own portion of the electronic transfer/deed of land, at its own expense and shall pay the cost of registration and taxes on its own documents and in accordance with Section 8.3.

Where the transaction will be completed by electronic registration pursuant to Part III of the *Land Registration Reform Act* (Ontario), as well as the *Electronic Registration Act* (Ontario), inclusive of any amendments thereto, the Vendor and the Purchaser agree that the exchange of closing funds, non-registrable Closing Documents, as well as other items (the "**Requisite Deliveries**") and the release thereof to the Vendor and Purchaser will (a) not occur at the same time as the electronic registration of the transfer/deed of land and any other documents intended and/or required to be registered in connection with the completion of the transaction contemplated herein, and (b) be subject to conditions whereby the Vendor's Solicitors and the Purchaser's Solicitors receiving any of the Requisite Deliveries shall be required to hold same in escrow and not release same except in accordance with the terms of a document registration agreement between such solicitors, the form of which shall be as recommended from time to time by the Law Society of Ontario, with such amendments as may be reasonably required and agreed to by the Purchaser's Solicitors and the Vendor's Solicitors. Such exchange of the Requisite Deliveries shall occur at such location as may be agreeable to the Purchaser's Solicitors and the Vendor's Solicitors.

8.6 Remaining Vendor Confidential Documents

The Vendor and the Purchaser acknowledge that there may be documents or materials located at the Property after Closing which contain proprietary or non-public information relating to the Vendor or its businesses and which were not removed from the Property prior to Closing, despite the Vendor using all reasonable efforts to remove same prior to Closing ("**Remaining Vendor Confidential Documents**"). Upon becoming aware of any such Remaining Vendor Confidential Documents located at the Property after Closing, the Purchaser shall notify the Vendor and the Vendor and its Representatives will be entitled to attend at the Property after Closing, at reasonable times and without interfering with the Purchaser's use and enjoyment of the Property to retrieve same. In addition, upon the Vendor's request, the Purchaser shall permit the Vendor and its Representatives to attend at the Property after Closing at reasonable times within the period that is sixty (60) days following the Closing Date, without interfering with the Purchaser's use and enjoyment of the Property, to search for and retrieve any Remaining Vendor Confidential Documents which the Vendor reasonably believes are still located at the Property.

The Vendor acknowledges and agrees that notwithstanding Section 11.10, the Confidentiality Agreement or any other provision contained herein:

(d) the Purchaser shall be under no obligation to search the Property for Remaining Vendor Confidential Documents after Closing nor to review every piece of paperwork remaining at the Property on Closing to identify any potential Remaining Vendor Confidential Documents located therein;

(e) following Closing, the Purchaser will have third party contractors and other parties on site who may come across Remaining Vendor Confidential Documents, and notwithstanding any other provision contained herein, the Purchaser shall not be liable for any Remaining Vendor Confidential Documents falling into the hands of, being disposed by, or being otherwise dealt with by any such third party contractors or other parties on site after the Closing Date;

(f) while the Purchaser will make reasonable commercial efforts to identify Remaining Vendor Confidential Documents and notify the Vendor of same, the Purchaser is not privy to the business operations of the Vendor nor knowledgeable on cannabis production and therefore shall not be liable for misidentifying, misfiling, misplacing, disposing or otherwise dealing with the Remaining Vendor Confidential Documents; and

(g) the Vendor shall indemnify and hold the Purchaser harmless from and in respect of any and all Claims relating to (i) the Remaining Vendor Confidential Documents remaining at the Property following Closing; and (ii) the Vendor's access to the Property in order to collect any Remaining Vendor Confidential Documents as provided for herein this Section 8.6.

The provisions of this Section 8.6 shall not merge on, but shall survive Closing, and shall be incorporated into the Transitional Services Agreement.

ARTICLE 9
OPERATION UNTIL CLOSING

9.1 Operation Until Closing

(a) Continued Management. During the Interim Period, the Vendor shall cause the Property to be maintained as would a prudent owner of a similar property having regard to the age of the Building and other relevant factors. During the Interim Period, the Vendor shall continue in force all policies of insurance currently maintained with respect to the Property and shall give all notices and present claims under all insurance policies in a timely fashion.

(b) Future Agreements. During the Due Diligence Period (and the Extended Due Diligence Period, if and as applicable) and/or the Interim period, the Vendor will not enter into any agreements or contracts relating to the Property or any agreements to lease or leases or subleases (collectively, for the purposes of this Section 9.1(b), the "**New Agreements**") which will survive Closing without first obtaining the prior written approval of the Purchaser, which approval will not be unreasonably withheld. For the purposes of this Section 9.1(b), the Vendor will promptly deliver to the Purchaser a copy of all New Agreements affecting the Property as are from time to time proposed to be executed and all correspondence relating thereto, including sufficient financial information relating to any proposed tenant and/or contracting party to enable the Purchaser to make an informed consent decision. The Vendor will keep the Purchaser informed of all material developments in respect of the Purchased Assets, including any material requests received by the Vendor from any Governmental Authority.

(c) Termination of Agreements. The Vendor acknowledges and agrees that it will terminate, effective on the Closing Date, all contracts and operating agreements

in respect of the Property, including, but without limitation, all service and management agreements relating to the operation of the Property together with all guarantees, warranties and indemnities in connection therewith, other than the Assumed Contracts and the TSA Contracts. The Purchaser will not assume or bear any costs associated with the termination of any such agreements.

(d) No Disclaimer or Competing Sale. In the event the Vendor initiates any proceeding with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution, the Vendor shall not make any attempt to disclaim this Agreement or seek approval for any other competing sale transaction in connection to the Purchased Assets. This provision shall not merge but shall survive Closing for a period of two (2) years.

(e) Key Employees. The Vendor acknowledges and agrees that it shall not terminate the employment of any Key Employees, as set out in the List of Key Employees from time to time, without providing the Purchaser with a minimum of two (2) weeks prior written notice.

9.2 Risk

The Property shall be at the risk of the Vendor until completion of the transaction contemplated by this Agreement. If any loss or damage to the Property, in the aggregate of, in excess of $5,000,000, occurs on or before the Closing Date or if the Property or a material part of the Property is expropriated by a Governmental Authority, the Purchaser shall have the right, exercisable at its option, by notice in writing delivered to the Vendor within five (5) Business Days of notice being given by the Vendor to the Purchaser of the damage or expropriation or before the Closing Date, whichever is the earlier, to either terminate this Agreement or close this transaction in accordance with the provisions hereof. If the Purchaser fails to deliver such notice within such period, the Purchaser shall be deemed to have elected to proceed with the transaction in accordance with the provisions hereof. If the Purchaser terminates this Agreement, save and except in connection with the Purchaser's obligation to repair and indemnify contained in the Access Agreement: (i) the Deposits, together with interest earned or accrued thereon, will be returned to the Purchaser without deduction or set-off; (ii) this Agreement shall be null and void and of no further force or effect whatsoever, (iii) the Purchaser and Vendor shall be released from all of their liabilities and obligations under this Agreement. If the Purchaser elects to close the transaction in accordance with the provisions hereof, or if any loss or damage is not in excess of $5,000,000, or if any expropriation of the Property is not material, the Purchaser shall be entitled to receive the full amount of any insurance proceeds in respect of any loss or damage to any Property and all expropriation proceeds, and the Vendor shall so assign and release its interest in any such insurance proceeds and expropriation proceeds. In addition, the Purchase Price for the Property, as the case may be, shall be reduced by an amount equal to any deductible under the applicable insurance coverage if such deductible is not paid by the Vendor.

9.3 Exclusivity

In consideration of the time, effort and expenses to be undertaken by Purchaser in connection with the pursuit of the transaction contemplated herein, the parties agree that the Vendor shall deal exclusively with the Purchaser, its affiliates and each of their successors and assigns from the Effective Date and until the Closing Date ("**Exclusivity Period**"). During the Exclusivity Period, the Vendor shall not, and shall not authorize or permit any of its Representatives to, directly or indirectly: (i) solicit, initiate or take any action with the primary intent

to facilitate or encourage any inquiries or the making of any proposal from a person or group of persons other than the Purchaser and its affiliates that may constitute, or could reasonably be expected to lead to, any direct or indirect acquisition of the Purchased Assets (an "**Alternative Transaction**"); (ii) enter into or participate in any discussions or negotiations with any person or group of persons other than Purchaser and its affiliates regarding an Alternative Transaction; or (iii) enter into an Alternative Transaction or any agreement, arrangement or understanding, including, without limitation, any letter of intent, term sheet, memorandum of understanding or other similar document, relating to an Alternative Transaction. The Vendor confirms that prior to the Effective Date and in accordance with the terms of the LOI, it has caused its Representatives to terminate all pre-existing discussions or negotiations with any person or group of persons other than Purchaser and its affiliates regarding an Alternative Transaction. Nothing herein shall prohibit or otherwise prevent the Vendor from discussing, entering into or consummating a transaction for all of or a majority of, the common shares of either Vendor or all or substantially all of the assets of the Vendor (either individually or collectively) (in either case, a "**Sale of the Vendor's Business**"), provided that (i) such Sale of the Vendor's Business is not entered into primarily as a means to diminish, defeat or otherwise circumvent the exclusivity obligations of the Vendor set forth herein; and (ii) any Sale of the Vendor's Business shall be conditional upon the acquirer agreeing to be bound by the terms and conditions of this Agreement, as if the acquirer was the original vendor party to same.

9.4 Default

For clarity and notwithstanding any other provision contained herein:

(a) Vendor's Default. If Vendor fails or refuses to perform its obligations under this Agreement, and such failure or refusal is not cured within ten (10) Business Days after Vendor's receipt of notice of such failure from Purchaser, such period of time in no event to extend beyond the Closing Date, then Purchaser shall be entitled to the return of the Deposits, without restricting the exercise by Purchaser of any other legal or equitable right or remedy that Purchaser may have against Vendor as a result of Vendor's default (including but not limited to specific performance and injunction).

(b) Purchaser's Default. If Purchaser fails or refuses to perform its obligations under this Agreement, and such failure or refusal is not cured within ten (10) Business Days after Purchaser's receipt of notice of such failure from Vendor, then Vendor shall as its sole and exclusive remedy (by providing written notice thereof to Purchaser) retain the Deposits as full, complete and final liquidated damages, and not as a penalty. Vendor and Purchaser hereby agree that it would be difficult, if not impossible, to ascertain the damages accruing to Vendor as a result of a default by Purchaser under this Agreement, but that the parties have agreed upon the Deposits paid prior to the default as a reasonable estimate thereof. The payment of said liquidated damages, therefore, shall constitute Vendor's sole and exclusive remedy against Purchaser at law and in equity and shall be in lieu of the exercise by Vendor of any other legal or equitable right or remedy that Vendor may have against Purchaser as a result of Purchaser's default.

ARTICLE 10
PLANNING ACT COMPLIANCE

10.1 Planning Act Compliance

(a) This Agreement is entered into subject to the express condition that it is to be effective only if the provisions of Section 50 of the *Planning Act,* as may be amended, are complied with.

(b) The Vendor confirms that it has entered into negotiations with the Town with respect to the Town Lands Conveyance and from and after the Effective Date, the Vendor shall diligently pursue the completion of the Town Lands Conveyance, at its own expense. The Vendor shall keep the Purchaser updated on the status of such negotiations.

(c) In the event that the Town Lands Conveyance has not been completed by August 21, 2023 (the "**Apply for Consent Date**")**,** the Vendor, at its own expense, shall apply for and thereafter diligently pursue (including the preparation of any necessary reference plans) a consent to sever the Purchased Lands from the relevant Governmental Authority pursuant to Part VI of the Planning Act, including the satisfaction of all conditions imposed by any Governmental Authority in respect of such consent, except for conditions which are not pre-approved by the Purchaser, acting reasonably ("**Unacceptable Conditions**"), provided that the Vendor shall, unless otherwise agreed upon by the Purchaser in writing, also diligently continue to pursue the completion of the Town Lands Conveyance in accordance with Section 10.1(b) after the Apply for Consent Date, and if the Town Lands Conveyance is obtained, the Vendor shall not have any obligation to apply for and pursue such consent under the Planning Act. The Purchaser is not acting unreasonably in this Section if it does not pre-approve a condition that would materially impede or interfere with the Purchaser's intended use of the Purchased Lands. Where any pre-approved condition gives the Vendor options in the manner of fulfillment, the Purchaser will be given the opportunity to determine which option is selected. For clarity, the Vendor shall be obliged to make timely appeal of any refusal of consent or failure to make a decision by any Governmental Authority, defend any appeal at its expense, redraft and resubmit the severance application, and take all such other actions as required in order to obtain the Severance Consent. The Vendor shall keep the Purchaser informed as to the status of the application for Severance Consent and all related proceedings, and shall provide the Purchaser with the opportunity to attend at any hearings or preliminary planning meetings with the Governmental Authority, and to otherwise actively participate in the Severance Consent application process to the extent desired by the Purchaser. All materials prepared and submitted to the relevant Governmental Authority (including but not limited to any necessary reference plans) shall first be provided to the Purchaser for review and approval, acting reasonably.

10.2 Extension of the Closing Date

In the event that Planning Act Compliance has not been obtained by the Planning Act Compliance Deadline, then each of the Vendor and the Purchaser shall have the right to unilaterally extend the Planning Act Compliance Deadline and the Closing Date, one or more times, in each instance by a minimum of thirty (30) and maximum of ninety (90) calendar days, in

order to facilitate obtaining Planning Act Compliance. Notwithstanding the foregoing, the Closing Date shall not be extended past September 30, 2024 (the "**Outside Severance Date**").

10.3 Purchaser Self-Help Right

At any time after December 31, 2023, if: (a) the Town Lands Conveyance has not been completed and the Vendor has not obtained the Severance Consent; and (b) in the opinion of the Purchaser, acting reasonably, the Vendor is not diligently pursuing the Severance Consent, the Purchaser shall provide the Vendor with written notice setting out the basis for the Purchaser's concerns. If after ten (10) calendar days following Vendor's receipt of such notice, the Purchaser is not satisfied, acting reasonably, that the Vendor has addressed its noted concerns and recommenced diligent pursuit of the Severance Consent, then the Purchaser may at its option take over carriage of the severance consent application, and in such case the Vendor shall cooperate by providing the Purchaser with all severance consent materials in its possession, completing any and all required authorizations and assignment documentation required, and otherwise taking all steps necessary in order to give effect to the foregoing. For clarity, for the purposes of Section 53(1.1) of the Planning Act, as amended, this clause constitutes the Purchaser's authorization in the above-described circumstances to make or continue the application for the Severance Consent. In such event, the Purchaser's reasonable costs incurred in pursuing and obtaining the Severance Consent shall be deducted from the Purchase Price as an adjustment in favour of the Purchaser on the Statement of Adjustments on Closing.

10.4 Planning Act Compliance Not Obtained

Notwithstanding any other provision contained herein this Agreement,

(a) if by the Outside Severance Date, Planning Act Compliance has not been obtained, or is not expected to be obtained by the Outside Severance Date, in the reasonable opinion of the Purchaser, then the parties confirm and agree that the Purchaser shall at its option be entitled to cancel this Agreement by delivery of written notice from the Purchaser or its solicitors to the Vendor or the Vendor's Solicitors to this effect, without liability to the Purchaser for such termination save and except for its obligation to repair and indemnify pursuant to the Access Agreement; and

(b) if Planning Act Compliance has not been obtained by the Apply for Consent Date, the parties will thereafter use commercially reasonable efforts to negotiate an agreement pursuant to which the Purchaser will have the option to purchase the whole of the Vendor's Lands and lease back the Remainder Lands in the event that Planning Act Compliance is not obtained by the Outside Severance Date or is not expected to be obtained by the Outside Severance Date, in the reasonable opinion of the Purchaser. The parties acknowledge that any such agreement will be subject to the approval of the board of directors of the Vendor and the board of directors of the Purchaser.

ARTICLE 11
GENERAL

11.1 Joint and Several Liability of Vendor

Each of Canopy Growth Corporation and Tweed Inc. confirm and agree that they are each jointly and severally liable for the Vendor obligations provided for herein this Agreement.

11.2 Obligations as Covenants

Each agreement and obligation of the parties contained in this Agreement, even though not expressed as a covenant, shall be considered for all purposes to be a covenant.

11.3 Amendment of Agreement

No modification or amendment of this Agreement shall be binding unless executed in writing by the parties in the same manner as the execution of this Agreement.

11.4 Further Assurances

Each of the parties shall from time to time hereafter and upon any reasonable request of the other party, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

11.5 Waiver

No waiver of any default, breach or non-compliance under this Agreement shall be effective unless in writing and signed by the party to be bound by the waiver or its solicitor. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

11.6 Subdivision Control

This Agreement shall only be effective to create an interest in the Property if the subdivision control provisions of the *Planning Act* (Ontario), as amended, are complied with by the Vendor on or before the Closing Date.

11.7 Solicitors as Agents

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated by this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors on behalf of the Purchaser and by the Vendor's Solicitors on behalf of the Vendor, and any tender of Closing Documents and the balance of the Purchase Price may be made upon the Purchaser's Solicitors and the Vendor's Solicitors, as the case may be.

11.8 Non-Merger

Subject to any provision of this Agreement specifically stated to survive Closing or termination of this Agreement, all of the provisions of this Agreement shall merge on the Closing of the transaction contemplated herein.

11.9 Public Announcements

Subject to the requirements of any Applicable Laws, neither party will make any public announcement or statement with respect to this Agreement or the transaction contemplated hereby without the consent of the other party.

11.10 Confidentiality

"**Confidential Information**" means confidential information, including the terms and existence of this Agreement, any information that the Purchaser or Vendor makes available to the other in connection with this Agreement, including all of the Vendor Deliverables, and any other proprietary or non-public information. Each party shall keep the other party's Confidential Information in strict confidence, and shall not disclose any Confidential Information, other than to its directors, officers, employees, attorneys, agents, and Representatives who need to know the Confidential Information for purposes of this Agreement, or discussing the transaction contemplated herein. Confidential Information does not include information that is: (a) otherwise public, so long as it did not become public due to a breach hereof; (b) known by the receiving party before the other party discloses it; (c) independently developed by the receiving party; or (d) disclosed by a source who does not have an obligation to treat the information as confidential. The parties each may disclose the other's Confidential Information to the extent the parties are required to by law, regulation, or court or governmental order; but first, the party who is being required to disclose shall give the other party prompt and reasonable prior written notice of the disclosure, use reasonable efforts to resist disclosing the Confidential Information, and cooperate with the other party to limit such disclosure. This confidentiality provision survives termination of the Agreement, until such information is not considered confidential pursuant to the terms of this Agreement.

In addition to and without limiting the generality of the foregoing, the parties confirm and agree that this Agreement is subject to the Confidentiality Agreement, which continues in full force and effect regardless of any termination of this Agreement. The confidentiality obligations set forth in this Section 11.10 shall be in addition to and not in substitution of the obligations set forth in the Confidentiality Agreement, provided that in the event of an inconsistency between the Confidentiality Agreement and the terms herein this Agreement, the terms of the Confidentiality Agreement shall prevail. The parties confirm and agree that notwithstanding that Tweed Inc. is not a party to the Confidentiality Agreement, Tweed Inc. shall abide and be jointly and severally bound by the provisions of the Confidentiality Agreement applicable to Canopy Growth Corporation contained therein as if it had been an original party to the Confidentiality Agreement.

11.11 Expenses & Broker Commissions

Each party shall be responsible for its own legal and other expenses incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement. Notwithstanding the foregoing, the Vendor confirms and agrees that it is responsible (under separate agreement) to pay the Purchaser's Broker any fees or commissions owing in respect of the purchase and sale of the Purchase Assets and to indemnify the Purchaser in respect of any Claims or demands thereof. The Purchaser represents and warrants to the Vendor that it has not engaged any real estate agent or broker in connection with this Agreement or the Property other than the Purchaser's Broker and agrees to indemnify and save harmless the Vendor in respect of any Claims or demands for commission or fees made by any other agent or broker other than the Purchaser's Broker claiming to have been so engaged by or on behalf of the Purchaser. The Vendor represents and warrants to the Purchaser that it has not engaged any real estate agent or broker in connection with this Agreement or the Property and agrees to indemnify and save harmless the Purchaser in respect of any Claims or demands for commission or fees made by any other agent or broker claiming to have been so engaged by or on behalf of the Vendor. Such indemnities shall survive the Closing hereof.

11.12 Assignment

The Purchaser shall not be entitled to assign this Agreement. Notwithstanding the foregoing, the Purchaser may assign this Agreement without the consent of the Vendor to an affiliate (as such term is defined in the *Canada Business Corporations* Act) of the Purchaser provided that contemporaneously with any assignment the Purchaser and the assignee deliver evidence satisfactory to the Vendor (acting reasonably) that the assignee is an affiliate (as such term is defined in the *Canada Business Corporations* Act) of the Purchaser and the assignee agrees in writing with the Vendor to assume and be bound by this Agreement, as purchaser, and the covenants and obligations of the Purchaser herein. In the event of any such assignment, on Closing, the Purchaser shall be released of any obligations in connection with this Agreement.

11.13 Successors and Assigns

All of the covenants and agreements contained in this Agreement shall be binding upon the parties and their respective successors and permitted assigns and shall enure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns pursuant to the terms and conditions of this Agreement.

11.14 Notices

Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service, or (iii) sent by email, in each case to the applicable address set out below:

Purchaser:

Hershey Canada Inc.
5750 Explorer Drive, S. 500
Mississauga, ON
L4W 0B1

with a copies to:

Hershey Canada Inc.
19 East Chocolate Ave.
Attn: Legal Department
Hershey, PA 17033.

Email: legalnotices@hersheys.com
Attention: General Counsel

Miller Thomson LLP
One London Place
255 Queens Avenue, Suite 2010
London, Ontario N6A 5R8

Email: aatcheson@millerthomson.com
Attention: Aaron Atcheson

Vendor:

c/o Canopy Growth Corporation
1 Hershey Drive
Smiths Falls, ON
K7A 0A8

Email: contracts@canopygrowth.com
Attention: Chief Legal Officer

with a copy to:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario, M5H 3C2

Email: asalem@cassels.com
Attention: Andrew Salem

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by email, provided that such day in either event is a Business Day and the communication is so delivered or sent prior to 5:00 p.m. (Toronto Time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any party may from time to time change its address under this Section by notice to the other party given in the manner provided by this Section.

11.15 Email and Counterparts

The parties agree that this Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. This Agreement may be executed and delivered by electronic means and each of the parties may rely on such electronic execution as though it were an original hand-written signature.

[Signature page follows]

IN WITNESS WHEREOF the parties have executed this Agreement as at the Effective Date.

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HERSHEY CANADA INC.

Per: /s/ Bjork Hupfeld

Name: Bjork Hupfeld

Title: Treasurer

Per: _____

Name:

Title:

I/We have the authority to bind the corporation

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)

CANOPY GROWTH CORPORATION

Per: /s/ Christelle Gedeon

Name: Christelle Gedeon

Title: Chief Legal Officer

I have the authority to bind the corporation

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)

TWEED INC.

Per: /s/ Christelle Gedeon

Name: Christelle Gedeon

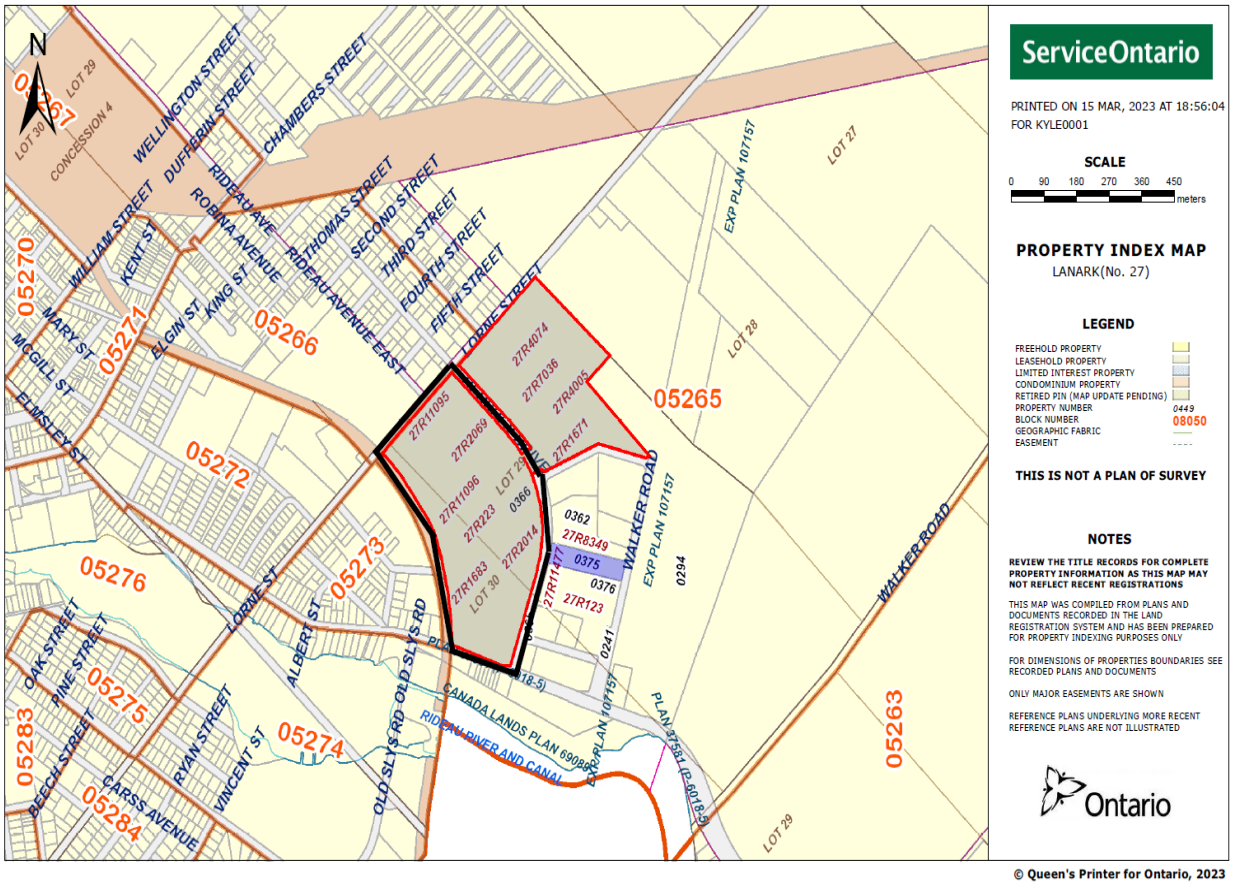
Title: Director

I have the authority to bind the corporation

SCHEDULE
LEGAL DESCRIPTION OF VENDOR'S LANDS

Municipal Address:	1 Hershey Drive, Smiths Falls, Ontario, K7A 0A8
PIN:	05265-0366 (LT)
Legal Description:	FIRSTLY: LOTS 78 TO 85 INCLUSIVE, PART OF LOT 86, PLAN 407 LANARK S MONTAGUE; PART OF LOTS 29 & 30, CONCESSION 3 MONTAGUE AS IN RS83599 & RS120713; SAVE & EXCEPT PART 2, RS65444 SECONDLY: PART OF LOT 29, CONCESSION 3 MONTAGUE AS IN RS154494; S/T MT7292, MT8964, RS116607; THIRDLY: PART OF LOT 29, CONCESSION 3 MONTAGUE DESIGNATED AS PARTS 1 & 2, 27R-1683, PARTS 2, 3, 4 & 5, 27R-1671; S/T RS90794 PARTIALLY RELEASED BY RS90796; S/T RS90795; FOURTHLY: PART OF LOT 29, CONCESSION 3 MONTAGUE DESIGNATED AS PART 1, 27R-11095; TOWN OF SMITHS FALLS

SCHEDULE
PURCHASED LANDS



Parties hereto agree that the above is an approximation and serves as a visual reference only.

SCHEDULE B-1
TOWN LANDS

PIN:	Part of PIN 05265-0366 (LT)
Legal Description:	PART OF LOT 29, CONCESSION 3, GEOGRAPHIC TOWNSHIP OF MONTAGUE,TOWN OF SMITHS FALLS, COUNTY OF LANARK, DESIGNATED AS PART 1 ON PLAN 27R-11095

SCHEDULE
VENDOR DELIVERIES

[***]

SCHEDULE
PERMITTED ENCUMBRANCES

General Encumbrances

1. The exceptions and qualifications contained in Section 44(1) of the *Land Titles Act*, R.S.O 1990, and any amendments thereto or any successor legislation, except paragraph 11.

2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown.

3. Any registered easements or rights of way in favour of any Governmental Authority or public utility provided that none of the foregoing interfere in any material adverse respect with the current use of the Property and provided that there is no default thereunder known to the Vendor.

4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies that have accrued but are not yet due and owing.

5. All registered agreements for utilities and services for hydro, water, heat, power, sewer, telephone or communications services serving the Property, provided none of the foregoing interfere in any material adverse respect with the current use of the Property, and provided that there is no default thereunder known to the Vendor.

6. Any unregistered easements, rights-of-way or other unregistered interests or claims not disclosed by registered title in respect of the provision of utilities or communications services to the Property.

7. Any encumbrance or registration attributable to the Purchaser.

8. Encumbrances respecting minor encroachments from the Property over neighbouring lands or by improvements on neighbouring lands and/or permitted under agreements with the owners of such other lands, provided they do not materially adversely affect the Property.

9. Title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use, operation or marketability of the Property.

Specific Encumbrances

1. Instrument No. BLS548 - Bylaw of the Town registered October 29, 1969 to designate an area of subdivision control.

2. Instrument No. RS110799 - Notice of Site Plan Control Agreement with the Town registered October 29, 1987, provided that the Vendor is not in default thereunder.

3. Instrument No. RS118479 - Notice of Site Plan Control Agreement with the Town registered October 29, 1987, provided that the Vendor is not in default thereunder.

4. Instrument No. RS194987 - Easement Agreement with the Town registered September 10, 1998, provided that the Vendor is not in default thereunder.

5. Instrument No. LC186478 - Notice of Site Plan Control Agreement with the Town registered June 4, 2018, provided that the Vendor is not in default thereunder.

6. Instrument No. LC195550 - Notice of Site Plan Agreement with the Town registered March 29, 2019, provided that the Vendor is not in default thereunder.

SCHEDULE
ACCESS AGREEMENT

See Attached.

ACCESS AGREEMENT

ACCESS AGREEMENT ("**Agreement**") between Tweed Inc. ("**Tweed**") and Hershey Canada Inc. (the "**Purchaser**").

RECITALS

A. Tweed is the owner of the real property located at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8 ("1 Hershey").

B. Tweed and the Purchaser, among others, have been in discussions with respect to the Purchaser's possible acquisition of that portion of 1 Hershey indicated in black outline on Schedule A, attached hereto (the "**Property**").

C. The Purchaser wishes to conduct, either directly or indirectly through its Agents (as defined hereinafter), potentially intrusive testing of air quality, building materials, soils and groundwater at the Property or such other testing as Purchaser deems reasonably appropriate for property evaluation purposes (as further provided for herein, the "Testing").

In consideration of the foregoing and the mutual promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Tweed and the Purchaser agree as follows:

1. **Access to Premises**. Tweed hereby grants the Purchaser and its Agents, including without limitation its environmental and building condition consultants, access to the Property for the purposes of allowing the Testing to be conducted. The Testing shall be conducted at the Purchaser's sole expense and may include making and/or maintaining borings and monitoring wells and taking and analyzing soil and groundwater samples from the Property, and the taking and analyzing of air quality samples and sampling of building materials. Prior to conducting any Testing activities, the Purchaser shall engage with Tweed in respect of scheduling of the Testing or any ancillary activities on the Property, both parties acting reasonably in the scheduling of same. The Purchaser and its Agents, while on the Property, will comply with applicable laws and generally accepted safety procedures (including procedures and security requirements specific to the Property) and will not unreasonably interfere with the operations or any applicable occupancy of Tweed, its employees and agents at the Property. For the purpose of this Agreement, "Agents" shall mean Purchaser's affiliates and each of its and their directors, officers, employees, contractors, consultants, agents, representatives and other professionals so retained or engaged in connection with the Testing or otherwise, and any sub-contractors of such Agents.

2. **Term of Access**. Either Tweed or the Purchaser may terminate this Agreement for any reason, upon five (5) business days' prior written notice to the other party.

3. **Waste Handling and Disposal**. The Purchaser and/or its agents will characterize, handle, store, and properly dispose of any wastes that are generated by the Purchaser and its agents as a result of the Testing activities.

4. **Assumption of Risk**.

PURCHASER IS AWARE AND UNDERSTANDS THAT THE TESTING AND GENERAL ACCESS TO THE PROPERTY MAY INVOLVE RISKS, DANGERS AND HAZARDS, INCLUDING BUT NOT LIMITED TO THE RISK OF SERIOUS INJURY, DEATH OR PROPERTY DAMAGE. PURCHASER ACKNOWLEDGES THAT IT AND ITS AGENTS ARE VOLUNTARILY

PARTICIPATING IN THE ACTIVITIES. PURCHASER FREELY ACCEPTS AND FULLY ASSUMES ANY AND ALL OF THE RISKS, DANGERS AND HAZARDS INVOLVED AND THE POSSIBILITY OF INJURY, DEATH OR PROPERTY DAMAGE, EXCEPTING ONLY ANY INJURY, DEATH OR PROPERTY DAMAGE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TWEED OR ITS RELEASEES.

Purchaser hereby expressly waives and releases any and all claims which it has or may have in the future against Tweed or Releasees arising out of or attributable to the Testing or its access to the Property due to any cause whatsoever, excepting only in the case of gross negligence or willful misconduct of Tweed or other Releasee, or a breach of any statutory or other duty of care which may be owed under occupiers liability legislation or otherwise. Purchaser covenants not to make or bring any such claim against Tweed or any other Releasee.

Purchaser expressly acknowledges the foregoing waiver: /s/ BH

5. **Indemnification**. The Purchaser hereby agrees to defend, indemnify and hold harmless Tweed and its affiliates and its and their shareholders, directors, officers, employees, agents and each of their respective successors and assigns (collectively, the "Releasees"), from and against any and all non-de minimis i) losses; ii) costs; iii) claims; iv) damages; or v) expenses, in each case arising out of, in connection with or resulting from the Testing and the Purchaser's and its Agents access to the property, including but not limited to any actual or alleged injury, death, damage to the Property or any other claim, suit, action or proceeding brought by a third-party or any of Purchaser's Agents (including Purchaser's own employees and employees of its Agents), excepting only where such claim, loss, damage or expense arose as a result of Tweed or its affiliate's gross negligence or willful misconduct.

6. **Damage to Property**. Purchaser further agrees that should it or any of its Agents destroy or damage the Property while accessing the Property or performing the Testing, Purchaser shall be solely responsible for such damage or destruction caused therein and shall promptly, at Tweed's election, promptly make such repairs at Purchaser's sole cost and expense, or promptly pay to Tweed the reasonably estimated costs for Tweed to make such repairs or replacements to the Property, as needed and evidenced by third party quotes or final invoices. In the event the closing of the contemplated purchase transaction occurs, Purchaser shall not be responsible for any such damage caused in connection with the Testing.

7. **Successors and Assigns**. This Agreement is binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns.

8. **Governing Law**. This Agreement will be interpreted under the laws of the Province of Ontario.

9. **Counterparts**. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement.

IN WITNESS WHEREOF, Tweed and the Purchaser have executed this Agreement on this 12 day of May, 2023.

TWEED INC.

Per: /s/ Christelle Gedeon
Name: Christelle Gedeon
Title: Chief Legal Officer

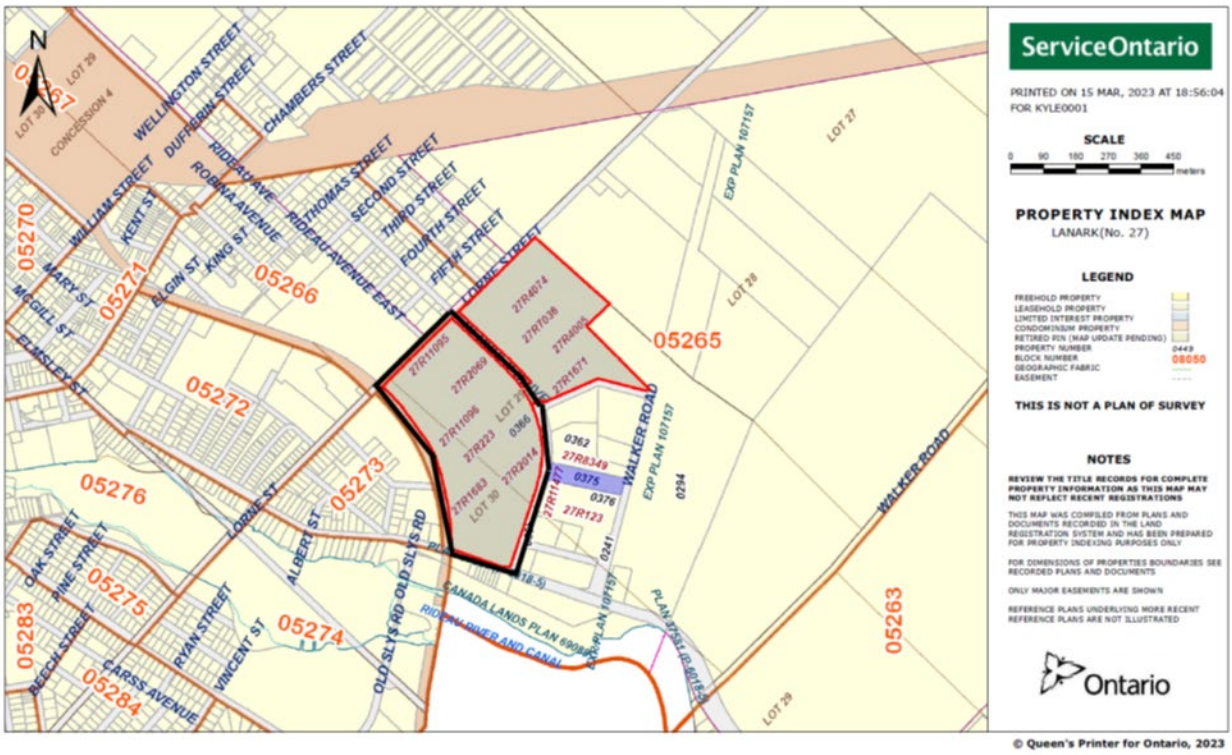
I have the authority to bind the corporation

HERSHEY CANADA INC.

Per: /s/ Bjork Hupfeld
Name: Bjork Hupfeld
Title: Treasurer

I have the authority to bind the corporation

Schedule A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PROPERTY INDEX MAP
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LEGEND
FREEHOLD PROPERTY
LEASEHOLD PROPERTY
LIMITED INTEREST PROPERTY
CONDOMINIUM PROPERTY
RETIRED PIN (MAP UPDATE PENDING)
PROPERTY NUMBER 0449
BLOCK NUMBER 08050
GEOGRAPHIC FABRIC
EASEMENT
THIS IS NOT A PLAN OF SURVEY
NOTES
REVIEW THE TITLE RECORDS FOR COMPLETE PROPERTY INFORMATION AS THIS MAP MAY NOT REFLECT RECENT REGISTRATIONS
THIS MAP WAS COMPILED FROM PLANS AND DOCUMENTS RECORDED IN THE LAND REGISTRATION SYSTEM AND HAS BEEN PREPARED FOR PROPERTY INDEXING PURPOSES ONLY
FOR DIMENSIONS OF PROPERTIES BOUNDARIES SEE RECORDED PLANS AND DOCUMENTS
ONLY MAJOR EASEMENTS ARE SHOWN
REFERENCE PLANS UNDERLYING MORE RECENT REFERENCE PLANS ARE NOT ILLUSTRATED
Ontario
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DUFFERIN STREET
CHAMBERS STREET
RIDEAU AVE
ROSINA AVENUE
RIDEAU AVENUE EAST
SECOND STREET
THIRD STREET
FOURTH STREET
FIFTH STREET
LORNE STREET
WILLIAM STREET
KENT ST
KING ST
ELGIN ST
MARY ST
McGILL ST
ELMSLEY ST
ALBERT ST
OLD SLYS RD
OAK STREET
PINE STREET
BEECH STREET
RYAN STREET
VINCENT ST
CARSS AVENUE
LORNE ST
WALKER ROAD
EXP PLAN 107157
CANADA LANDS PLAN 69
RIDEAU RIVER AND CANAL
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27R4005
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[***]

Exhibit 10.10

CANOPY GROWTH CORPORATION

OMNIBUS EQUITY INCENTIVE PLAN

September 25, 2023

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OMNIBUS EQUITY INCENTIVE PLAN

ARTICLE 1
PURPOSE

1.1 Purpose

The purpose of this Omnibus Equity Incentive Plan (this "**Plan**") is to attract, retain and reward those employees, directors and other individuals who are expected to contribute significantly to the success of Canopy Growth Corporation (the "**Corporation**") and its Related Entities (as defined below), to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Corporation's shareholders and, in general, to further the best interests of the Corporation and its shareholders. This Plan is intended to comply with Section 409A and Section 422 of the Code (as defined below), with respect to U.S. Taxpayers participating in this Plan, if and when applicable.

ARTICLE 2
INTERPRETATION

2.1 Definitions

When used herein, unless the context otherwise requires, the following terms have the indicated meanings, respectively:

"**Affiliate**" means a corporation or other entity, which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Corporation (each as defined in Section 424 of the Code), direct or indirect;

"**Award**" means any Option, Restricted Share Unit, Deferred Share Unit or Share-Based Awards granted under this Plan which may be denominated or settled in Shares, cash or in such other form as provided herein;

"**Award Agreement**" means a signed, written agreement between a Participant and the Corporation, in physical or electronic format in the form or any one of the forms approved by the Plan Administrator, evidencing the terms and conditions on which an Award has been granted under this Plan and which need not be identical to any other such agreements;

"**Board**" means the board of directors of the Corporation as it may be constituted from time to time;

"**Business Day**" means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Toronto are open for commercial business during normal banking hours;

"**Canadian Exchange**" means the TSX or such other national securities exchange or trading system on which the Corporation's shares are listed in Canada;

"**Canadian Taxpayer**" means a Participant that is resident of Canada for purposes of the Tax Act;

"**Cash Fees**" has the meaning set forth in Subsection 6.1(a);

"**Cashless Exercise**" has the meaning set forth in Subsection 4.5(b);

"**Cause**" means, with respect to a particular Participant:

(a) "cause" (or any similar term) as such term is defined in the employment or other written agreement between the Corporation or a Related Entity and the Employee;

(b) in the event there is no written or other applicable employment or other agreement between the Corporation or a Related Entity or "cause" (or any similar term) is not defined in such agreement, "cause" as such term is defined in the Award Agreement;

(c) in the event neither (a) nor (b) apply, then the statutory definition of just cause as defined under applicable employment standards or labour standards legislation as amended from time to time ("Employment Standards") in the province in which the Employee is employed;

(d) in the event neither (a), (b) nor (c) apply, then "cause" shall mean:

(i) the Participant's willful failure to perform any of the Participant's material duties;

(ii) the Participant's material violation of a Corporation or Related Entity policy;

(iii) any act of dishonesty, theft, misappropriation of the property of the Corporation or Related Entity, or fraud by the Participant;

(iv) the Participant's gross misconduct in the performance of the Participant's duties that results in material harm to the Corporation or Related Entity;

(v) the Participant's conviction of, or plead of guilty or no contest (or its equivalent) to, a felony;

(vi) the Participant's material breach of the Participant's employment agreement with the Corporation or Related Entity; or

(vii) any other grounds which constitute cause at common law.

"**Change in Control**" means the occurrence of any one or more of the following events:

(a) any individual, entity or group of individuals or entities acting jointly or in concert (other than the Corporation, its Affiliates or an employee benefit plan or trust maintained by the Corporation or its Affiliates, or any company owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of Shares of the Corporation) acquiring beneficial ownership, directly or indirectly, of more than 50% of the combined voting power of the Corporation's then outstanding securities (excluding any "person" who becomes such a beneficial owner in connection with a transaction described in paragraph (b) of this definition);

(b) the consummation of a merger or consolidation of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power or the total fair market value of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person (other than those covered by the exceptions in paragraph (a) of this definition) acquires more than 50% of the combined voting power of the Corporation's then outstanding securities shall not constitute a Change in Control; or

(c) a complete liquidation or dissolution of the Corporation or the consummation of any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Corporation; other than such liquidation, sale or disposition to a person or persons who beneficially own, directly or indirectly, more than 50% of the combined voting power of the outstanding voting securities of the Corporation at the time of the sale.

Notwithstanding the foregoing, with respect to any Award that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event constitutes a change in ownership or control of the Company, or a change in ownership of the Company's assets in accordance with Section 409A of the Code;

"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time. Any reference to a Section of the Code shall be deemed to include a reference to any regulations promulgated thereunder;

"**Committee**" has the meaning set forth in Section 3.2;

"**Consultant**" means any natural person (or an entity of such natural person as permitted by U.S. Securities Act regulations relating to a registration statement on Form S-8) who is an independent contractor who provides bona fide services to the Corporation or its Related Entities, provided that such services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the securities of the Corporation or its Related Entities;

"**Control**" means the relationship whereby a Person is considered to be "controlled" by a Person if:

(a) when applied to the relationship between a Person and a corporation, the beneficial ownership by that Person, directly or indirectly, of voting securities or other interests in such corporation entitling the holder to exercise control and direction in fact over the activities of such corporation;

(b) when applied to the relationship between a Person and a partnership, limited partnership, trust or joint venture, means the contractual right to direct the affairs of the partnership, limited partnership, trust or joint venture; and

(c) when applied in relation to a trust, the beneficial ownership at the relevant time of more than 50% of the property settled under the trust, and the words "**Controlled by**", "**Controlling**" and similar words have corresponding meanings; provided that a Person who controls a corporation, partnership, limited partnership or joint venture will be deemed to Control a corporation, partnership, limited partnership, trust or joint venture which is Controlled by such Person and so on;

"**Corporation**" has the meaning set forth in Section 1.1;

"**Date of Grant**" means, for any Award, the date specified by the Plan Administrator at the time it grants the Award or if no such date is specified, the date upon which the Award was granted;

"**Deferred Share Unit**" or "**DSU**" means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 6;

"**Director**" means a director of the Corporation who is not an Employee;

"**Director Fees**" means the total compensation (including annual retainer and meeting fees, if any) paid by the Corporation to a Director in a calendar year for service on the Board;

"**Disabled**" or "**Disability**" means (a) for U.S. Taxpayers, permanent and total disability as defined in Section 22(e)(3) of the Code;

"**Effective Date**" means the effective date of this Plan, being September 25, 2023, subject to the approval of the shareholders of the Corporation;

"**Elected Amount**" has the meaning set forth in Subsection 6.1(a);

"**Electing Person**" means a Participant who is, on the applicable Election Date, a Director or an Employee;

"**Election Date**" means the date on which the Electing Person files an Election Notice in accordance with Subsection 6.1(b);

"**Election Notice**" has the meaning set forth in Subsection 6.1(b);

"**Employee**" means any employee of the Corporation or of a Related Entity (including, without limitation, an employee who is also serving as an officer or director of the Corporation or a Related Entity), designated by the Plan Administrator to be eligible to be granted one or more Awards under the Plan;

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;

"**Exercise Notice**" means a notice in writing, signed by a Participant and stating the Participant's intention to exercise a particular Option;

"**Exercise Price**" means the price at which an Option Share may be purchased pursuant to the exercise of an Option;

"**Expiry Date**" means the expiry date specified in the Award Agreement (which shall not be later than the tenth anniversary of the Date of Grant) or, if not so specified, means the tenth anniversary of the Date of Grant;

"**Fair Market Value**" of a Share means the following, provided that with respect to a U.S. Taxpayer the Fair Market Value will be determined in a manner that complies with Section 409A of the Code:

(a) if the common shares of the Corporation are listed on a U.S. Exchange, the higher of (i) the volume weighted average trading price of the common shares of the Corporation on the U.S. Exchange for the five (5) trading days ending on the last trading day immediately prior to the applicable date or (ii) the closing price of the common shares on the U.S. Exchange on the applicable date, and if such applicable date is not a trading day, the last market trading day prior to such date;

(b) if the common shares of the Corporation are not listed on a U.S. Exchange, but are listed on a Canadian Exchange, the higher of (i) the volume weighted average trading price of the common shares of the Corporation on the Canadian Exchange for the five (5) trading days ending on the last trading day immediately prior to the applicable date or (ii) the closing price of the common shares on the Canadian Exchange on the applicable date, and if such applicable date is not a trading day, the last market trading day prior to such date

(c) if the common shares of the Corporation are not listed on a U.S. Exchange or a Canadian Exchange, but are traded on the over-the-counter market and sales prices are regularly reported for the common shares, the closing or, if not applicable, the last price of the common shares on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date;

(d) if the common shares of the Corporation are not traded on a U.S. Exchange or a Canadian Exchange but are traded on the over-the-counter market and sales prices are not regularly reported for the common shares for the applicable trading day, and if bid and asked prices for the common shares are regularly reported, the mean between the bid and the asked price for the common shares at the close of trading in the over-the-counter market for the most recent trading day on which common shares were traded on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date; and

(e) if the common shares of the Corporation are neither listed on a U.S. Exchange nor a Canadian Exchange nor traded in the over-the-counter market, such value as the Plan Administrator, in good faith, shall determine in compliance with applicable laws.

"**In-the-Money Amount**" has the meaning set forth in Subsection 4.5(b);

"**Insider**" means an "insider" as defined in the rules of the Canadian Exchange from time to time;

"**ISO**" means a stock option intended to qualify as an incentive stock option under Section 422 of the Code.

"**Non-Qualified Option**" means a stock option which is not intended to qualify as an ISO.

"**Option**" means an ISO or Non-Qualified Option granted under the Plan.

"**Option Shares**" means Shares issuable by the Corporation upon the exercise of outstanding Options;

"**Participant**" means a Director, Employee or Consultant to whom an Award has been granted under this Plan. As used herein, "Participant" shall include a Participant's survivor(s) where the context requires;

"**Performance Goals**" means performance goals expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Corporation, a Related Entity of the Corporation, a division of the Corporation or a Related Entity, or an individual, or may be applied to the performance of the Corporation or a Related Entity relative to a market index, a group of other companies or a combination thereof, or on any other basis, all as determined by the Plan Administrator in its discretion;

"**Person**" means an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

"**Plan**" has the meaning set forth in Section 1.1;

"**Plan Administrator**" means the Board, or if the administration of this Plan has been delegated by the Board to the Committee or sub-delegated to a member of the Committee or officer of the Corporation pursuant to Section 3.2, the Committee or sub-delegate, as the case may be;

"**Related Entity**" means an entity (i) that is an Affiliate or (ii) in which the Corporation has an equity or other interest and is designated by the Plan Administrator, from time to time, for purposes of this Plan to be a Related Entity;

"**Restricted Share Unit**" or "**RSU**" means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 5;

"**Section 409A of the Code**" or "**Section 409A**" means Section 409A of the Code and all regulations, guidance, compliance programs, and other interpretive authority issued thereunder;

"**Securities Laws**" means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject;

"**Security Based Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, officers, Employees and/or service providers of the Corporation or any Related Entity, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;

"**Separation from Service**" means a separation from service within the meaning of Section 409A of the Code;

"**Share**" means one common share in the capital of the Corporation as constituted on the Effective Date or any share or shares issued in replacement of such common share in compliance with Canadian law or other applicable law, and/or one share of any additional class of common shares in the capital of the Corporation as may exist from time to time, or after an adjustment contemplated by Article 11, such other shares or securities to which the holder of an Award may be entitled as a result of such adjustment;

"**Share-Based Award**" means other types of equity-based or equity-related Awards that may be authorized for issuance and issued pursuant to Article 7;

"**Tax Act**" has the meaning set forth in Subsection 4.5(d);

"**Termination Date**" means, subject to applicable law which cannot be waived:

(a) in the case of an Employee whose employment with the Corporation or a Related Entity terminates, (i) the date designated by the Employee and the Corporation or Related Entity as the "Termination Date" (or similar term) in a written agreement between the Employee and the Corporation or Related Entity, or (ii) if no such written agreement exists, the date designated by the Corporation or Related Entity on which the Employee ceases to perform work for the Corporation or the Related Entity, provided that the "Termination Date" shall be adjusted to include any statutory notice period during which the Corporation or Related Entity may be required by statute to continue and maintain the Participant's Awards, notwithstanding any pay in lieu of notice of termination, severance pay or other damages paid or payable to the Participant, but shall exclude any other period that follows or ought to have followed any statutory notice period whether that period arises from a contractual or common law right;

(b) in the case of a Consultant whose agreement or arrangement with the Corporation or a Related Entity terminates, (i) the date designated by the Corporation or Related Entity as the "Termination Date" (or similar term) or expiry date in a written agreement between the Consultant and the Corporation or Related Entity, or (ii) if no such written agreement exists, the date designated by the Corporation or Related

Entity on which the Consultant ceases to be a Consultant or a service provider to the Corporation or the Related Entity or on which the Participant's agreement or arrangement is terminated, provided that the "Termination Date" shall be determined without including any required applicable statutory notice period; and

(c) in the case of a Director, the date such individual ceases to be a Director,

in each case, unless the individual continues to be a Participant in another capacity.

Notwithstanding the foregoing, in the case of a U.S. Taxpayer, a Participant's "Termination Date" will be the date the Participant experiences a Separation from Service. In addition, except as required by law or as set forth in an Award Agreement, Awards shall not be affected by any change of a Participant's status within or among the Corporation and any Related Entities, so long as the Participant continues to be an Employee, Director or Consultant of the Corporation or any Related Entity;

"**Termination Notice**" has the meaning set forth in Subsection 6.1(d);

"**TSX**" means the Toronto Stock Exchange and at any time the Shares are not listed and posted for trading on the TSX, shall be deemed to mean such other stock exchange or trading platform in Canada upon which the Shares trade and which has been designated by the Plan Administrator;

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**U.S. Exchange**" means the Nasdaq Stock Market, New York Stock Exchange or such other national securities exchange or trading system on which the Corporation's shares are listed in the United States;

"**U.S. Person**" shall mean a "**U.S. person**" as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act (the definition of which includes, but is not limited to, (i) any natural person resident in the United States, (ii) any partnership or corporation organized or incorporated under the laws of the United States, (iii) any partnership or corporation organized outside of the United States by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized, or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts, and (iv) any estate or trust of which any executor or administrator or trustee is a U.S. Person);

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**U.S. Taxpayer**" shall mean a Participant who, with respect to an Award, is subject to taxation under applicable U.S. tax laws.

2.2 Interpretation

(a) Whenever the Plan Administrator exercises discretion in the administration of this Plan, the term "discretion" means the sole and absolute discretion of the Plan Administrator.

(b) As used herein, the terms "Article", "Section", "Subsection" and "clause" mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.

(c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.

(d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.

(e) Unless otherwise specified, all references to money amounts are to Canadian currency.

(f) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

ARTICLE 3
ADMINISTRATION

3.1 Administration

This Plan shall be administered by the Plan Administrator and the Plan Administrator has sole and complete authority, in its discretion, to:

(a) determine the individuals to whom grants under the Plan may be made;

(b) make grants of Awards under the Plan relating to the issuance of Shares (including any combination of Options, Restricted Share Units or Deferred Share Units) in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:

(i) the time or times at which Awards may be granted;

(ii) the conditions under which:

(A) Awards may be granted to Participants;

(B) Awards shall become vested, including any conditions relating to the attainment of specified Performance Goals; or

(C) Awards may be forfeited to the Corporation, including any conditions relating to the attainment of specified Performance Goals;

(iii) the number of Shares to be covered by any Award; provided, however, that in no event shall the aggregate grant date fair value (determined in accordance with ASC 718) of Awards to be granted and other cash compensation paid to any non-employee Director in any calendar year, exceed $750,000, increased to $1,000,000 in the year in which such non-employee Director initially joins the Board;

(iv) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;

(v) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any; and

(vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;

(c) establish the form or forms of Award Agreements;

(d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;

(e) construe and interpret this Plan and all Award Agreements;

(f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and

(g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

3.2 Delegation to Committee

(a) The initial Plan Administrator shall be the Board.

(b) To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the "**Committee**") all or any of the powers conferred on the Plan Administrator pursuant to this Plan, including the power to sub-delegate to any member(s) of the Committee or any specified officer(s) of the Corporation all or any of the powers delegated by the Board. In such event, the Committee or any sub-delegate will exercise the powers delegated to it in the manner and on the terms authorized by the delegating party. Any decision made or action taken by the Committee or any sub-delegate arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive and binding on the Corporation and all Related Entities of the Corporation, all Participants and all other Persons.

3.3 Determinations Binding

Any decision made or action taken by the Board, the Committee or any sub-delegate to whom authority has been delegated pursuant to Section 3.2 arising out of or in connection with the administration or interpretation of this Plan is final, conclusive and binding on the Corporation, the affected Participant(s), their legal and personal representatives and all other Persons.

3.4 Eligibility

All Directors, Employees and Consultants are eligible to participate in the Plan, subject to Subsection 9.1(c). Participation in the Plan is voluntary and eligibility to participate does not confer upon any Director, Employee or Consultant any right to receive any grant of an Award pursuant to the Plan. The extent to which any Director, Employee or Consultant is entitled to receive a grant of an Award pursuant to the Plan will be determined in the sole and absolute discretion of the Plan Administrator.

3.5 Plan Administrator Requirements

Any Award granted under this Plan shall be subject to the requirement that, if at any time the Plan Administrator shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Award upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of any securities exchange or any securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, such Award may not be accepted or exercised, as applicable, in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Plan Administrator. Without limiting the generality of the foregoing, all Awards shall be issued pursuant to the registration requirements of the U.S. Securities Act, or pursuant an exemption or exclusion from such registration requirements. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval. Participants shall, to the extent applicable, cooperate with the Corporation in complying with such legislation, rules, regulations and policies.

3.6 Total Shares Subject to Awards

(a) Subject to adjustment as provided for in Article 10 and any subsequent amendment to this Plan, the aggregate number of Shares reserved for issuance from treasury pursuant to Awards granted under this Plan and under any other Security Based Compensation Arrangement shall not exceed 10% of the Corporation's total issued and outstanding Shares from time to time. This Plan is considered an "evergreen" plan, since the shares covered by Awards which have been settled, exercised or terminated shall be available for subsequent grants under the Plan and the number of Awards available to grant increases as the number of issued and outstanding Shares increases.

(b) To the extent any Awards (or portion(s) thereof) under this Plan terminate or are cancelled for any reason prior to exercise in full, or are surrendered or settled by the Participant, any Shares subject to such Awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Awards granted under this Plan.

(c) Any Shares issued by the Corporation through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of Awards granted under this Plan.

3.7 Limits on Grants of Awards

Notwithstanding anything in this Plan, the aggregate number of Shares:

(a) issuable to Insiders at any time, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed 10% of the Corporation's issued and outstanding Shares; and

(b) issued to Insiders within any one-year period, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed 10% of the Corporation's issued and outstanding Shares,

provided that the acquisition of Shares by the Corporation for cancellation shall be disregarded for the purposes of determining non-compliance with this Section 3.7 for any Awards outstanding prior to such purchase of Shares for cancellation.

3.8 Award Agreements

Each Award under this Plan will be evidenced by an Award Agreement. Each Award Agreement will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Agreement to a Participant granted an Award pursuant to this Plan.

3.9 Non-Transferability of Awards

Except as permitted by the Plan Administrator and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect. To the extent that certain rights to exercise any portion of an outstanding Award pass to a beneficiary or legal representative upon death of a Participant, the period in which such Award can be exercised by such beneficiary or legal representative shall not exceed one year from the Participant's death.

ARTICLE 4
OPTIONS

4.1 Granting of Options

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Options to any Participant. The terms and conditions of each Option grant shall be evidenced by an Award Agreement.

4.2 Exercise Price

The Plan Administrator will establish the Exercise Price at the time each Option is granted, which Exercise Price must in all cases be not less than the Fair Market Value on the Date of Grant.

4.3 Term of Options

Subject to any accelerated termination as set forth in this Plan, each Option expires on its Expiry Date. The term of each Option shall be fixed by the Plan Administrator, but shall not exceed 10 years from the Date of Grant.

4.4 Vesting and Exercisability

(a) The Plan Administrator shall have the authority to determine the vesting terms applicable to grants of Options.

(b) Once an Option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator, or as may be otherwise set forth in any written employment agreement, Award Agreement or other written agreement between the Corporation or a Related Entity and the Participant. Each vested Option may be exercised at any time or from time to time, in whole or in part, for up to the total number of Option Shares with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any Option becomes exercisable.

(c) Subject to the provisions of this Plan and any Award Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Corporation.

(d) The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in this Section 4.4, such as vesting conditions relating to the attainment of specified Performance Goals.

4.5 Payment of Exercise Price

(a) Unless otherwise specified by the Plan Administrator at the time of granting an Option and set forth in the particular Award Agreement, the Exercise Notice must be accompanied by payment of the Exercise Price. The Exercise Price must be fully paid by certified cheque, wire transfer, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Plan Administrator, which may include (i) through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation) whereby payment of the Exercise Price is accomplished with the proceeds of the sale of Shares deliverable upon the exercise of the Option, (ii) through the cashless exercise process set out in Subsection 4.5(b), or (iii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Securities Laws, or any combination of the foregoing methods of payment.

(b) Unless otherwise specified by the Plan Administrator and set forth in the particular Award Agreement, a Participant may, but only if permitted by the Plan Administrator, in lieu of exercising an Option pursuant to an Exercise Notice, elect to surrender such Option to the Corporation (a "**Cashless Exercise**") in consideration for an amount from the Corporation equal to (i) the Fair Market Value of the Shares issuable on the exercise of such Option (or portion thereof) as of the date such Option (or portion thereof) is exercised, less (ii) the aggregate Exercise Price of the Option (or portion thereof) surrendered relating to such Shares (the "**In-the-Money Amount**"), by written notice to the Corporation indicating the number of Options such Participant wishes to exercise using the Cashless Exercise, and such other information that the Corporation may require. Subject to Section 8.3, the Corporation shall satisfy payment of the In-the-Money Amount by delivering to the Participant such number of Shares (rounded down to the nearest whole number) having a fair market value equal to the In-the-Money Amount.

(c) No Shares will be issued or transferred until full payment therefor has been received by the Corporation, or arrangements for such payment have been made to the satisfaction of the Plan Administrator.

(d) If a Participant surrenders Options through a Cashless Exercise pursuant to Subsection 4.5(b), to the extent that such Participant would be entitled to a deduction under Subparagraph 110(1)(d) of the *Income Tax Act* (Canada) (the "**Tax Act**") in respect of such surrender if the election described in Subsection 110(1.1) of the Tax Act were made and filed (and the other procedures described therein were undertaken) on a timely basis after such surrender, the Corporation will cause such election to be so made and filed (and such other procedures to be so undertaken).

ARTICLE 5
RESTRICTED SHARE UNITS

5.1 Granting of RSUs

(a) The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any Participant, including in respect of a bonus or similar payment in respect of services rendered by the applicable

Participant in a taxation year. The terms and conditions of each RSU grant may be evidenced by an Award Agreement. Each RSU will consist of a right to receive a Share upon the settlement of such RSU.

(b)The number of RSUs (including fractional RSUs) granted in respect of a bonus or similar payment at any particular time pursuant to this Article 5 will be calculated by dividing (i) the amount of any bonus or similar payment that is to be paid in RSUs, as determined by the Plan Administrator, by (ii) the greater of (A) the Fair Market Value of a Share on the Date of Grant; and (B) such amount as determined by the Plan Administrator in its sole discretion.

5.2 RSU Account

All RSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant.

5.3 Vesting of RSUs

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs, including vesting conditions relating to the attainment of specified Performance Goals, provided that the terms comply with Section 409A, with respect to a U.S. Taxpayer.

5.4 Settlement of RSUs

Subject to Section 11.6(d) below and except as otherwise provided in an Award Agreement, on the settlement date for any RSU, the Participant shall redeem each vested RSU for one fully paid and non-assessable Share issued from treasury to the Participant. The Plan Administrator shall have the sole authority to determine any other settlement terms applicable to the grant of RSUs, provided that with respect to a U.S. Taxpayer the terms comply with Section 409A to the extent it is applicable. For greater certainty, settlement shall occur no later than December 31 of the fifth calendar year following the calendar year in which the Date of Grant occurred in respect of the corresponding RSU Award Agreement.

ARTICLE 6
DEFERRED SHARE UNITS

6.1 Granting of DSUs

(a)A portion of the Director Fees may be payable in the form of DSUs. In addition, each Electing Person is given, subject to the conditions stated herein, the right to elect in accordance with Subsection 6.1(b) to participate in the grant of additional DSUs pursuant to this Article 6. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 6 shall receive their Elected Amount (as that term is defined below) in the form of DSUs. The "**Elected Amount**" shall be an amount, as elected by the Director, in accordance with applicable tax law, between 0% and 100% of any Director Fees that would otherwise be paid in cash (the "**Cash Fees**").

(b)Each Electing Person who elects to receive their Elected Amount in the form of DSUs will be required to file a notice of election in the form attached as Schedule "A" hereto (the "**Election Notice**") with the Chief Financial Officer of the Corporation: (i) in the case of an existing Electing Person, by December 31st in the year prior to the year to which such election is to apply, and (ii) in the case of a newly appointed Electing Person who is not a U.S. Taxpayer, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. In the case of the first year in which a newly appointed Electing Person who is a U.S. Taxpayer first becomes an Electing Person under the Plan (or any plan required to be aggregated with the Plan under Section 409A), an initial Election Notice may be filed

within 30 days of such appointment only with respect to compensation paid for services to be performed after the end of the 30-day election period. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Cash Fees in cash.

(c) Subject to Subsection 6.1(b), the election of an Electing Person who is not a U.S. Taxpayer under Subsection 6.1(b) shall be deemed to apply to all Cash Fees paid subsequent to the filing of the Election Notice. An Electing Person who is not a U.S. Taxpayer is not required to file another Election Notice for subsequent calendar years. An Electing Person who is a U.S. Taxpayer must make a new election with respect to Director Fees prior to the start of each year to which the election is to apply; an Election Notice in effect for a prior year will not remain in effect for any subsequent year.

(d) Each Electing Person who is not a U.S. Taxpayer is entitled once per calendar year to terminate his or her election to receive DSUs by filing with the Chief Financial Officer of the Corporation a termination notice (the "**Termination Notice**") in the form attached as Schedule "B" hereto. Such termination shall be effective immediately upon receipt of the Termination Notice, provided that the Corporation has not imposed a "blackout" on trading. Thereafter, any portion of such Electing Person's Cash Fees payable or paid in the same calendar year and, subject to complying with Subsection 6.1(b), all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates his or her participation in the grant of DSUs pursuant to this Article 6, he or she shall not be entitled to elect to receive the Elected Amount, or any other amount of his or her Cash Fees in DSUs again until the calendar year following the year in which the Termination Notice is delivered. An election by a U.S. Taxpayer to receive the Elected Amount in DSUs for any calendar year (or portion thereof) is irrevocable for that calendar year after the expiration of the election period for that year.

(e) Any DSUs granted pursuant to this Article 6 prior to the delivery of a Termination Notice pursuant to Subsection 6.1(d) shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.

(f) The number of DSUs (including fractional DSUs) granted at any particular time pursuant to this Article 6 will be calculated by dividing (i) the amount of Director Fees that are to be paid as DSUs, as determined by the Plan Administrator or Director Fees that are to be paid in DSUs (including any Elected Amount), by (ii) the Fair Market Value of a Share on the Date of Grant.

(g) In addition to the foregoing, the Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant DSUs to any Participant.

6.2 DSU Account

All DSUs received by a Participant (which, for greater certainty includes Electing Persons) shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant. The terms and conditions of each DSU grant shall be evidenced by an Award Agreement.

6.3 Vesting of DSUs

Except as otherwise determined by the Plan Administrator or as set forth in the particular Award Agreement, DSUs shall vest immediately upon grant.

6.4 Settlement of DSUs

(a) DSUs shall be settled on the date established in the Award Agreement; provided, however that if there is no Award Agreement or the Award Agreement does not establish a date for the settlement of the DSUs, then, for a Participant who is not a U.S. Taxpayer the settlement date shall be the date determined by the Participant (which date shall not be earlier than the Termination Date or later than the end of the first calendar year commencing after the Termination Date), and for a Participant who is a U.S. Taxpayer, the settlement date shall be the date determined by the Participant in accordance with the Election Notice (which date shall not be earlier than the "**separation from service**" (within the meaning of Section 409A)). On the settlement date for any DSU, the Participant shall redeem each vested DSU for:

(i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or

(ii) at the election of the Participant and subject to the approval of the Plan Administrator, a cash payment.

(b) Any cash payments made under this Section 6.4 by the Corporation to a Participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Fair Market Value per Share as at the settlement date.

(c) Payment of cash to Participants on the redemption of vested DSUs may be made through the Corporation's payroll or in such other manner as determined by the Corporation.

6.5 No Additional Amount or Benefit

For greater certainty, neither a Participant to whom DSUs are granted nor any person with whom such Participant does not deal at arm's length (for purposes of the Tax Act) shall be entitled, either immediately or in the future, either absolutely or contingently, to receive or obtain any amount or benefit granted or to be granted for the purpose of reducing the impact, in whole or in part, of any reduction in the Fair Market Value of the Shares to which the DSUs relate.

ARTICLE 7
SHARE-BASED AWARDS

7.1 Share-Based Awards

The Plan Administrator may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, including, but not limited to, being subject to performance criteria, or in satisfaction of such obligations, as the Plan Administrator shall determine. Such Awards may involve the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares. To the extent an Award is settled in cash, settlement shall occur no later than December 31 of the third calendar year following the calendar year in which the Date of Grant occurs in respect of the relevant Award Agreement.

ARTICLE 8
ADDITIONAL AWARD TERMS

8.1 Dividend Equivalents

(a) Unless otherwise determined by the Plan Administrator or as set forth in the particular Award Agreement, an Award of RSUs and DSUs shall include the right for such RSUs and DSUs be credited with dividend equivalents in the form of additional RSUs and DSUs, respectively, as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs and DSUs, as applicable, held by the Participant on the record date for the payment of such dividend, by (b) the Fair Market Value at the close of the first Business Day immediately following the dividend record date, with fractions computed to three decimal places. Dividend equivalents credited to a Participant's account shall vest in proportion to the RSUs and DSUs to which they relate, and shall be settled in accordance with Sections 5.4 and 6.4, respectively.

(b) The foregoing does not obligate the Corporation to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

8.2 Blackout Period

In the event that an Award expires or vests at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of the Corporation exists, the expiry or settlement of such Award will be delayed (in a manner and to the extent such delay complies with Section 409A of the Code with respect to any U.S. Taxpayer) until the earlier of (i) the date that is 2 Business Days after which such scheduled blackout terminates or (2) there is no longer such undisclosed material change or material fact.

8.3 Withholding Taxes

Notwithstanding any other terms of this Plan, the granting, vesting or settlement of each Award under this Plan is subject to the condition that if at any time the Plan Administrator determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant, vesting or settlement, such action is not effective unless such withholding has been effected to the satisfaction of the Plan Administrator. In such circumstances, the Plan Administrator may require that a Participant pay to the Corporation the maximum amount the Corporation or Related Entity is obliged to withhold or remit to the relevant taxing authority in respect of the granting, vesting or settlement of the Award. Any such additional payment is due no later than the date on which such amount with respect to the Award is required to be remitted to the relevant tax authority by the Corporation or a Related Entity, as the case may be. Alternatively, and subject to any requirements or limitations under applicable law, the Corporation or any Related Entity may (a) withhold such amount from any remuneration or other amount payable by the Corporation or any Related Entity to the Participant, (b) require the sale, on behalf of the applicable Participant, of a number of Shares issued upon exercise, vesting, or settlement of such Award and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy such amount, or (c) enter into any other suitable arrangements for the receipt of such amount. By participating in the Plan, the Participant consents to such sale and authorizes the Plan Administrator to undertake any of the foregoing in respect of the Shares on behalf of a Participant and to remit the appropriate amount to the applicable governmental authorities. Neither the Plan Administrator, the Corporation nor any Related Entity shall be responsible for obtaining any particular price for the Shares nor shall the Plan Administrator, Corporation or any Related Entity be required to issue any Shares under this Plan unless the Participant has made suitable

arrangements with the Plan Administrator, Corporation and any applicable Related Entity to fund any withholding obligation.

8.4 Recoupment

Notwithstanding any other terms of this Plan, Awards may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Corporation or the relevant Related Entity, or as set out in the Participant's employment agreement, Award Agreement or other written agreement, or as otherwise required by law or the rules of the U.S. Exchange or the Canadian Exchange. In the event of termination for Cause or as otherwise set forth in the Company's clawback policy, as amended from time to time, the Plan Administrator may seek to recoup any exercised Options or settled Awards, or adjust or reduce any unvested or vested Options or Awards. Notwithstanding section 3 of the Company's clawback policy, all references to "Covered Executive" in the Company's clawback policy shall include all Participants under this Plan. A copy of the Company's clawback policy may be found on the Company's website. The Plan Administrator may at any time waive the application of this Section 8.4 to any Participant or category of Participants.

ARTICLE 9
TERMINATION OF EMPLOYMENT OR SERVICES

9.1 Termination of Employee, Consultant or Director

Subject to Section 9.2, unless otherwise determined by the Plan Administrator or as set forth in an employment agreement, Award Agreement or other written agreement:

(a) where a Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a Related Entity for Cause, then any Option or other Award held by the Participant that has not been exercised, surrendered or settled as of the Termination Date shall be immediately forfeited and cancelled as of the Termination Date;

(b) where a Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a Related Entity without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), or by reason of resignation by the Participant, or on account of his or her becoming Disabled, or by reason of the death of the Participant, there will be no further vesting of any unvested Options or other Awards after the Termination Date. It is understood and agreed that Participants will have no right to damages in lieu of the opportunity to vest options after the Termination Date. Any vested Options may be exercised by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Option; and (B) the date that is three months after the Termination Date. If an Option remains unexercised upon the earlier of (A) or (B), the Option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested Award other than an Option, that is held by a Participant who is not a U.S. Taxpayer, such Award will be settled within 90 days after the Termination Date. In the case of vested Awards of a U.S. Taxpayer, vested RSUs will be settled within 90 days after the Termination Date, vested DSUs will be settled in accordance with the Participant's DSU Election Notice (Schedule "A" hereto), provided that in all cases such RSUs will be settled by March 15th of the year following the year of the applicable vesting event;

(c) a Participant's eligibility to receive further grants of Options or other Awards under this Plan ceases as of:

(i) the Termination Date; or

(ii) the date of the death of the Participant;

(d) notwithstanding Subsection 9.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, but with due regard for Section 409A, Options or other Awards are not affected by a change of employment or consulting agreement or arrangement, or directorship within or among the Corporation or a Related Entity for so long as the Participant continues to be a Director, Employee or Consultant, as applicable, of the Corporation or a Related Entity; and

(e) for greater clarity, except as otherwise provided in an applicable Award Agreement or employment agreement, and notwithstanding any other provision of this Section 9.1, in the case of an Award (other than an Option or DSU) that is granted to a U.S. Taxpayer and that becomes vested (in whole or in part) pursuant to this Section 9.1 upon the Participant's Termination Date, such Award will, subject to Subsection 11.6(d), be settled as soon as administratively practicable following the Participant's Termination Date but in no event later than 90 days following the Participant's Termination Date, provided that if such Award is an RSU, settlement will occur no later than March 15th of the year following the year of the applicable vesting event. In the case of an Award (other than an Option or DSU) granted to a U.S. Taxpayer that remains eligible to vest (in whole or in part) following a Participant's termination of service based upon the achievement of one or more Performance Goals, such Award will be settled at the earlier of (i) the originally scheduled settlement date at the end of the performance period (to the extent Performance Goals are achieved) and (ii) the date on which performance vesting conditions are waived, or are deemed satisfied pursuant to the terms of the Applicable Award Agreement. DSUs will be settled in accordance with the U.S. Taxpayer's DSU Election Notice (Schedule "A" hereto).

9.2 Discretion to Permit Acceleration

Notwithstanding the provisions of Section 9.1, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in such Section, or in an employment agreement, Award Agreement or other written agreement between the Corporation or a Related Entity and the Participant, permit the acceleration of vesting of any or all Awards or waive termination of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator, taking into consideration the requirements of Section 409A of the Code, to the extent applicable, with respect to Awards of U.S. Taxpayers.

ARTICLE 10
EVENTS AFFECTING THE CORPORATION

10.1 General

The existence of any Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Article 10 would have an adverse effect on this Plan or on any Award granted hereunder.

10.2 Change in Control

Except as may be set forth in an employment agreement, Award Agreement or other written agreement between the Corporation or a Related Entity and the Participant:

(a) Subject to this Section 10.2, but notwithstanding anything else in this Plan or any Award Agreement, the Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause (i) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value, as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control, (ii) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control, (iii) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights, then such Award may be terminated by the Corporation without payment), (iv) the replacement of such Award with other rights or property selected by the Board in its sole discretion where such replacement would not adversely affect the holder, or (v) any combination of the foregoing. In taking any of the actions permitted under this Subsection 10.2(a), the Plan Administrator will not be required to treat all Awards similarly in the transaction. Notwithstanding the foregoing, in the case of Options held by a Canadian Taxpayer, the Plan Administrator may not cause the Canadian Taxpayer to receive (pursuant to this Subsection 10.2(a)) any property in connection with a Change in Control other than rights to acquire shares or units of a "mutual fund trust" (as defined in the Tax Act), of the Corporation or a "qualifying person" (as defined in the Tax Act) that does not deal at arm's length (for purposes of the Tax Act) with the Corporation, as applicable, at the time such rights are issued or granted.

(b) Notwithstanding Section 9.1, and except as otherwise provided in a written employment or other agreement between the Corporation or a Related Entity and a Participant, if the Participant is an executive officer or director of the Corporation, within 18 months following the completion of a transaction resulting in a Change in Control, a Participant's employment or directorship is terminated by the Corporation or a Related Entity without Cause:

(i) any unvested Awards held by such Participant at the Termination Date shall immediately vest, with any Awards that vest based on Performance Goals vesting at their specified target level of attainment; and

(ii) any vested Awards of such Participants may be exercised, surrendered or settled by such Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the date that is three months after the Termination Date, provided that any vested Awards (other than Options) granted to U.S. Taxpayers will be settled within 90 days of the Participant's Termination Date, provided that if such Award is an RSU, settlement will occur no later than March 15th of the year following the year of the applicable vesting event. Any Award that has not been exercised, surrendered or settled at the end of such period will be immediately forfeited and cancelled.

(c) Notwithstanding Subsection 10.2(a) and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on the U.S. Exchange, the Canadian Exchange or any other exchange upon which the Shares may then be listed, then the Corporation may terminate all of the Awards, other than an Option held by a Canadian Taxpayer for the purposes of the Tax

Act, granted under this Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Award equal to the fair market value of the Award held by such Participant as determined by the Plan Administrator, acting reasonably, provided that any vested Awards granted to U.S. Taxpayers will be settled within 90 days of the Change in Control.

(d)It is intended that any actions taken under this Section 10.2 will comply with the requirements of Section 409A of the Code with respect to Awards granted to U.S. Taxpayers.

10.3 Reorganization of Corporation's Capital

Should the Corporation effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that does not constitute a Change in Control and that would warrant the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the U.S. Exchange or the Canadian Exchange, as required, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

10.4 Other Events Affecting the Corporation

In the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Corporation and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control and that warrants the amendment or replacement of any existing Awards in order to adjust the number and/or type of Shares that may be acquired, or by reference to which such Awards may be settled, on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the U.S. Exchange and the Canadian Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

10.5 Immediate Acceleration of Awards

In taking any of the steps provided in Sections 10.3 and 10.4, the Plan Administrator will not be required to treat all Awards similarly and where the Plan Administrator determines that the steps provided in Sections 10.3 and 10.4 would not preserve proportionately the rights, value and obligations of the Participants holding such Awards in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may, but is not required to, permit the immediate vesting of any unvested Awards, provided that any such adjustments or acceleration of vesting undertaken pursuant to Sections 10.3, 10.4 or 10.5 shall be undertaken only to the extent they will not result in adverse tax consequences under Section 409A of the Code.

10.6 Issue by Corporation of Additional Shares

Except as expressly provided in this Article 10, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Awards.

10.7 Fractions

No fractional Shares will be issued pursuant to an Award. Accordingly, if, as a result of any adjustment under this Article 10 or a dividend equivalent, a Participant would become entitled to a fractional Share, the Participant has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

ARTICLE 11
U.S. TAXPAYERS

11.1 Granting of Options to U.S. Taxpayers

Options granted under this Plan to U.S. Taxpayers may be Non-Qualified Options or ISOs. Each Option shall be designated in the Award Agreement as either an ISO or a Non-Qualified Option. If an Award Agreement fails to designate an Option as either an ISO or Non-Qualified Option, the Option will be a Non-Qualified Option. The Corporation shall not be liable to any Participant or to any other Person if it is determined that an Option intended to be an ISO does not qualify as an ISO. Options will be granted to a U.S. Taxpayer only if (i) such U.S. Taxpayer performs services for the Corporation or any corporation or other entity in which the Corporation has a direct or indirect controlling interest or otherwise has a significant ownership interest, as determined under Section 409A, such that the Option will constitute an option to acquire "service recipient stock" within the meaning of Section 409A, or (ii) such option otherwise is exempt from Section 409A.

11.2 ISOs

Subject to any limitations in Section 3.6, the aggregate number of Shares reserved for issuance in respect of granted ISOs shall not exceed 100,000,000 Shares, and the terms and conditions of any ISOs granted to a U.S. Taxpayer on the Date of Grant hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code, and the terms, conditions, limitations and administrative procedures established by the Plan Administrator from time to time in accordance with this Plan. At the discretion of the Plan Administrator, ISOs may only be granted to an individual who is an employee of the Corporation, or of an Affiliate, who is deemed to be a resident of the United States for tax purposes.

11.3 ISO Grants to 10% Shareholders

Notwithstanding anything to the contrary in this Plan, if an ISO is granted to a person who owns shares representing more than 10% of the voting power of all classes of shares of the Corporation or of an Affiliate, on the Date of Grant, the term of the Option shall not exceed five years from the time of grant of such Option and the Exercise Price shall be at least 110% of the Fair Market Value of the Shares subject to the Option.

11.4 Limitation on Yearly Vesting for ISOs

To the extent that aggregate Fair Market Value (determined on the date each ISO is granted) of the Shares with respect to which ISOs are exercisable for the first time by the Participant in any calendar year (under all plans of the Corporation and any Affiliate) exceeds US$100,000, such Options shall be treated as Non-Qualified Options even if denominated ISOs at grant.

11.5 Disqualifying Dispositions

Each person awarded an ISO under this Plan shall notify the Corporation in writing immediately after the date such person makes a disposition or transfer of any Shares acquired pursuant to the exercise of such ISO if such disposition or transfer is made (a) within two years from the Date of Grant or (b) within one year after the date such person acquired the Shares. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the person in such disposition or other transfer. The Corporation may, if determined by the Plan Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable person until the end of the later of the periods described in (a) or (b) above, subject to complying with any instructions from such person as to the sale of such Shares.

11.6 Section 409A of the Code

(a) This Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. Any reference in this Plan to Section 409A of the Code shall also include any regulation promulgated thereunder or any other formal guidance issued by the Internal Revenue Service with respect to Section 409A of the Code. Each Award shall be construed and administered such that the Award either (i) qualifies for an exemption from the requirements of Section 409A of the Code, or (ii) satisfies the requirements of Section 409A of the Code. If an Award is subject to Section 409A of the Code, (A) distributions shall only be made in a manner and upon an event permitted under Section 409A of the Code, (B) payments to be made upon a termination of employment or service shall only be made upon a "separation from service" under Section 409A of the Code, (C) unless the Award specifies otherwise, each installment payment shall be treated as a separate payment for purposes of Section 409A of the Code, and (D) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Section 409A of the Code. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code. Payment of any Award that is intended to be exempt from Section 409A of the Code as a short-term deferral shall in all events be paid by no later than March 15th of the year following the year of the applicable vesting event. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code. In no event will the Corporation or any of its Related Entities be liable for any tax, interest or penalties that may be imposed on a Participant under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

(b) All terms of the Plan that are undefined or ambiguous must be interpreted in a manner that complies with Section 409A of the Code if necessary to comply with Section 409A of the Code.

(c) The Plan Administrator, in its sole discretion, may permit the acceleration of the time or schedule of payment of a U.S. Taxpayer's vested Awards in the Plan under circumstances that constitute permissible acceleration events under Section 409A of the Code.

(d) Notwithstanding any provisions of the Plan to the contrary, in the case of any "specified employee" within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non–qualified deferred compensation under Section 409A of the Code made in connection with a "separation from service" within the meaning set forth in Section 409A of the Code may not be made prior to the date which is six months after the date of separation from service (or, if earlier, the date of death of the U.S.

Taxpayer). Any amounts subject to a delay in payment pursuant to the preceding sentence shall be paid as soon practicable following such six-month anniversary of such separation from service.

11.7 Section 83(b) Election

If a Participant makes an election pursuant to Section 83(b) of the Code with respect to an Award of Shares subject to vesting or other forfeiture conditions, the Participant shall be required to promptly file a copy of such election with the Corporation.

11.8 Application of Article 11 to U.S. Taxpayers

For greater certainty, the provisions of this Article 11 shall only apply to U.S. Taxpayers.

ARTICLE 12
AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

12.1 Amendment, Suspension, or Termination of the Plan

The Plan will terminate on June 20, 2033, the date which is ten years from the earlier of the date of its adoption by the Board and the date of its approval by the shareholders of the Corporation. The Plan may be terminated at an earlier date by vote of the shareholders or the Board; provided, however, that any such earlier termination shall not affect any Award Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Awards theretofore granted. The Plan Administrator may from time to time, without notice, or upon notice in accordance with and limited to any applicable Employment Standards, and without approval of the holders of voting shares of the Corporation, amend, modify, change, suspend or terminate the Plan or any Awards granted pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that:

(a) no such amendment, modification, change, suspension or termination of the Plan or any Awards granted hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any requirements under applicable Securities Laws or any requirements of the U.S. Exchange or the Canadian Exchange; and

(b) any amendment that would cause an Award held by a U.S. Taxpayer to be subject to income inclusion under Section 409A of the Code shall be null and void *ab initio* with respect to the U.S. Taxpayer unless the consent of the U.S. Taxpayer is obtained.

12.2 Shareholder Approval

Notwithstanding Section 12.1 and subject to any rules and additional requirements of the U.S. Exchange or the Canadian Exchange, shareholder approval shall be required for any amendment, modification or change that:

(a) reduces the exercise price or purchase price of an Award benefiting an Insider of the Corporation;

(b) extends the term of an Award benefiting an Insider of the Corporation;

(c) increases the percentage or number of Shares reserved for issuance under the Plan, except pursuant to the provisions under Article 10, which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;

(d) increases or removes the 10% limits on Shares issuable or issued to Insiders as set forth in Section 3.7;

(e) reduces the exercise price of an Option Award (for this purpose, a cancellation or termination of an Option Award of a Participant prior to its Expiry Date for the purpose of reissuing an Option Award to the same Participant with a lower exercise price or any other action that is treated as a repricing under generally accepted accounting principles shall be treated as an amendment to reduce the exercise price of an Option Award) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;

(f) extends the term of an Option Award beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Participant or within 10 Business Days following the expiry of such a blackout period);

(g) permits an Option Award to be exercisable beyond 10 years from its Date of Grant (except where an Expiry Date would have fallen within a blackout period of the Corporation);

(h) permits Awards to be transferred to a Person in circumstances other than those specified under Section 3.9;

(i) changes the eligible participants of the Plan; or

(j) deletes or reduces the range of amendments which require approval of shareholders under this Section 12.2.

12.3 Permitted Amendments

Without limiting the generality of Section 12.1, but subject to Section 12.2, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

(a) making any amendments to the general vesting provisions of each Award;

(b) making any amendments to the provisions set out in Article 9;

(c) making any amendments to add covenants of the Corporation for the protection of Participants, as the case may be, provided that the Plan Administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;

(d) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Plan Administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants; or

(e) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical

omission or mistake or manifest error, provided that the Plan Administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

ARTICLE 13
MISCELLANEOUS

13.1 Legal Requirement

The Corporation is not obligated to grant any Awards, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its sole discretion, such action would constitute a violation by a Participant or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of the U.S. Exchange, the Canadian Exchange or any other exchange upon which the Shares may then be listed.

13.2 No Other Benefit

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

13.3 Rights of Participant

No Participant has any claim or right to be granted an Award and the granting of any Award is not to be construed as giving a Participant a right to remain as an Employee, Consultant or Director. No Participant has any rights as a shareholder of the Corporation in respect of Shares issuable pursuant to any Award until the allotment and issuance to such Participant, or as such Participant may direct, of certificates representing such Shares.

13.4 Corporate Action

Nothing contained in this Plan or in an Award shall be construed so as to prevent the Corporation from taking corporate action which is deemed by the Corporation to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or any Award.

13.5 Conflict

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of the Plan shall govern. In the event of any conflict between or among the provisions of this Plan or any Award Agreement, on the one hand, and a Participant's employment agreement with the Corporation or a Related Entity, as the case may be, on the other hand, the provisions of this Plan and the Award Agreement shall prevail.

13.6 Participant Information

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Participant acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties, and may be disclosed to such persons (including persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. To the extent allowed by applicable law, each Participant

consents to such disclosure and authorizes the Corporation to make such disclosure on the Participant's behalf.

13.7 Participation in the Plan

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or engagement nor a commitment on the part of the Corporation to ensure the continued employment or engagement of such Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Shares. The Corporation does not assume responsibility for the income or other tax consequences for the Participants and they are advised to consult with their own tax advisors.

13.8 International Participants

With respect to Participants who reside or work outside Canada and the United States, the Plan Administrator may, in its sole discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the provisions of local law, and the Plan Administrator may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

13.9 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Corporation and its Related Entities.

13.10 General Restrictions or Assignment

Except as required by law, the rights of a Participant under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant unless otherwise approved by the Plan Administrator.

13.11 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

13.12 Notices

All written notices to be given by a Participant to the Corporation shall be delivered personally, e-mail or mail, postage prepaid, addressed as follows:

Canopy Growth Corporation
1 Hershey Drive
Smith Falls, Ontario
K7A 0A8

Attention: Chief Legal Officer

All notices to a Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally or by e-mail, on the date of delivery, and if sent by mail, on the fifth Business Day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

13.13 Indemnity

Neither the Board nor the Plan Administrator, nor any members of either, nor any employees of the Corporation or any Related Entity, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to this Plan, and the Corporation hereby agrees to indemnify the members of the Board, the members of the Committee, and the employees of the Corporation and its Related Entities in respect of any claim, loss, damage, or expense (including reasonable counsel fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law.

13.14 Governing Law

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without any reference to conflicts of law rules.

13.15 Submission to Jurisdiction

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including, without limitation, with respect to the grant of Awards and any issuance of Shares made in accordance with the Plan.

13.16 Unfunded Obligations

The Corporation's obligations under the Plan are unfunded, and no Participant will have any right to specific assets of the Corporation in respect of any award under the Plan. Participants will be general unsecured creditors of the Corporation with respect to any amounts due or payable under the Plan.

SCHEDULE "A"

CANOPY GROWTH CORPORATION

OMNIBUS EQUITY INCENTIVE PLAN
(THE "PLAN")

ELECTION NOTICE

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Pursuant to the Plan, I hereby elect to participate in the grant of DSUs pursuant to Article 6 of the Plan and to receive ____% of my Cash Fees in the form of DSUs.

If I am a U.S. Taxpayer, I hereby further elect for any DSUs subject to this Election Notice to be settled on the later of (i) my "separation from service" (within the meaning of Section 409A) or
(ii) .

I confirm that:

(a) I have received and reviewed a copy of the terms of the Plan and agreed to be bound by them.

(b) I have reviewed and understood my rights at termination under Article 9 of the Plan.

(c) I recognize that when DSUs credited pursuant to this election are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Corporation will make all appropriate withholdings as required by law at that time.

(d) The value of DSUs is based on the value of the Shares of the Corporation and therefore is not guaranteed.

(e) To the extent I am a U.S. taxpayer, I understand that this election is irrevocable for the calendar year to which it applies.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the Plan's text.

Date:

(Name of Participant)

(Signature of Participant)

SCHEDULE "B"

CANOPY GROWTH CORPORATION

OMNIBUS EQUITY INCENTIVE PLAN
(THE "PLAN")

ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUS FOR NON-U.S. TAXPAYERS

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule "A" to the Plan, I hereby elect that no portion of the Cash Fees accrued after the date hereof shall be paid in DSUs in accordance with Article 6 of the Plan.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them. For certainty, I confirm that I have reviewed and understood my rights at termination under Article 9 of the Plan.

Date:

(Name of Participant)

(Signature of Participant)

Note: An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.

Exhibit 10.11

OPTION GRANT AGREEMENT
(U.S. AND CANADIAN EMPLOYEES)

###GRANT_DATE###

###PARTICIPANT_NAME###

PERSONAL AND CONFIDENTIAL

BY EMAIL

Dear ###PARTICIPANT_NAME###

I am pleased to confirm that you have been granted options (the "Options") to purchase common shares ("Common Shares") in the capital of Canopy Growth Corporation ("Canopy Growth") under Canopy Growth's Omnibus Equity Incentive Plan, as the same may be amended from time to time (the "Plan").

This letter agreement shall constitute an "Award Agreement" as defined under the Plan. Other than as set out herein, the Options shall be subject in all respects to the terms and conditions of the Plan, a copy of which you have received, and which is available to you via Shareworks. We encourage you to review the Plan in detail.

Number of Common Shares subject to the Options:	###TOTAL_AWARDS### (the "Option Shares")
Date of Grant:	###GRANT_DATE### (the "Grant Date")
Exercise Price (per Common Share):	###GRANT_PRICE### (the "Exercise Price")
Vesting:	Subject always to the right of Canopy Growth to cancel such Options on earlier dates in accordance with the provisions of the Plan, the Options will vest and be exercisable in tranches representing 1/3 of the total grant on the following dates:

###VEST_SCHEDULE_TABLE###

Options will vest as set forth in the table above, unless:

(a) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity for Cause (as defined in the Plan), in which case any portion of this Option that has not been exercised, surrendered or settled as of the Termination Date (as defined in the Plan) shall be immediately forfeited and cancelled as of the Termination Date.

(b) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), or by reason of resignation by you, or on account of you becoming Disabled, or by reason of death, there will be no further vesting of any unvested Options after the Termination Date.

"Disabled" means for U.S. Taxpayers, permanent and total disability as defined in Section 22(e)(3) of the Code.

Exercise Rights:

Options shall only be exercisable with respect to vested Option Shares, and shall be subject to the following additional restrictions:

If your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), or by reason of resignation by you, or on account of you becoming Disabled, or by reason of death, any vested Options may be exercised by you at any time during the period that terminates on the earlier of: (A) the Expiry Date of the Option; and (B) the date that is three months after the Termination Date.

	In the event that the Option expires at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of Canopy Growth exists, the expiry of the Option will be delayed (in a manner and to the extent such delay complies with Section 409A of the Code with respect to any U.S. Taxpayer) until the earlier of (i) the date that is 2 Business Days after which such scheduled blackout terminates or (2) there is no longer such undisclosed material change or material fact.
Expiry Date:	###EXPIRY_DATE###
Confidentiality:	The terms of this Options grant are confidential, and we expect that you will maintain the confidentiality of the grant and not disclose details to other members of the Canopy Growth team or anyone outside Canopy Growth.

All awards issued pursuant to the Plan are administered by Shareworks, or another awards administrator as may be designated by Canopy Growth from time to time. The exercise of vested Options must be completed through your Shareworks account and according to the instructions provided by Shareworks or any other awards administrator that Canopy Growth may designate from time to time. Upon the payment of the Exercise Price in respect of the selected number of vested Options, according to the instructions provided by Shareworks, you will be issued the corresponding number of Common Shares.

Section 10.2 of the Plan (Change in Control) shall not apply to any Awards (including the Options) granted hereunder unless otherwise determined by the Plan Administrator (as such term is defined in the Plan).

As a condition to the grant of your Options, you are required to indicate your acceptance of this Award Agreement and the terms and conditions of the Plan by signing the acknowledgement electronically at the foot of this letter. If there is any inconsistency between the terms of this Award Agreement and the Plan, you acknowledge that the terms of the Plan shall govern. Canopy Growth may require, as a condition to the issuance of Common Shares pursuant to the exercise of the Options, that in addition to the exercise price you also pay to Canopy Growth any federal, provincial/state or local withholding taxes required by law to be withheld in respect of the exercise of the Options.

The Options are intended to provide you with an opportunity to share in the potential future growth of Canopy Growth. It recognizes your value and the significant impact that your ideas, enthusiasm, and hard work will have in making Canopy Growth a success.

It is through working together as a team that we can make Canopy Growth a leader in our field.

Yours very truly,

CANOPY GROWTH CORPORATION

By:

###SIGNATURECEO###

Name: David Klein
Title: CEO

I accept the Options on the terms described in this Award Agreement and understand and agree that my Options are subject in all respects to the terms and conditions of the Award Agreement and the Plan. I have read, understood, and agree to comply with the terms of this Award Agreement and the Plan.

###PARTICIPANT_NAME### ###HOME_ADDRESS######ACCEPTANCE_DATE###

Signature Address Accepted

Exhibit 10.12

OPTION GRANT AGREEMENT
(INTERNATIONAL EMPLOYEES)

###GRANT_DATE###

###PARTICIPANT_NAME###

PERSONAL AND CONFIDENTIAL

BY EMAIL

Dear ###PARTICIPANT_NAME###

I am pleased to confirm that you have been granted options (the "Options") to purchase common shares ("Common Shares") in the capital of Canopy Growth Corporation ("Canopy Growth") under Canopy Growth's Omnibus Equity Incentive Plan, as the same may be amended from time to time (the "Plan").

This letter agreement shall constitute an "Award Agreement" as defined under the Plan. Other than as set out herein, the Options shall be subject in all respects to the terms and conditions of the Plan, a copy of which you have received, and which is available to you via Shareworks. We encourage you to review the Plan in detail.

Number of Common Shares subject to the Options:	###TOTAL_AWARDS### (the "Option Shares")
Date of Grant:	###GRANT_DATE### (the "Grant Date")
Exercise Price (per Common Share):	###GRANT_PRICE### (the "Exercise Price")
Vesting:	Subject always to the right of Canopy Growth to cancel such Options on earlier dates in accordance with the provisions of the Plan, the Options will vest and be exercisable in tranches representing 1/3 of the total grant on the following dates:

###VEST_SCHEDULE_TABLE###

	Options will vest as set forth in the table above, unless: (a) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity for Cause (as defined in the Plan), in which case any portion of this Option that has not been exercised, surrendered or settled as of the Termination Date (as defined in the Plan) shall be immediately forfeited and cancelled as of the Termination Date. (b) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), or by reason of resignation by you, or on account of you becoming Disabled, or by reason of death, there will be no further vesting of any unvested Options after the Termination Date.
Exercise Rights:	Options shall only be exercisable with respect to vested Option Shares, and shall be subject to the following additional restrictions: If your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), or by reason of resignation by you, or on account of you becoming Disabled, or by reason of death, any vested Options may be exercised by you at any time during the period that terminates on the earlier of: (A) the Expiry Date of the Option; and (B) the date that is three months after the Termination Date. In the event that the Option expires at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of Canopy Growth exists, the expiry of the Option will be delayed until the earlier of (i) the date that is 2 Business Days after which such scheduled blackout terminates or (2) there is no longer such undisclosed material change or material fact.

Expiry Date:	###EXPIRY_DATE###
Confidentiality	The terms of this Options grant are confidential, and we expect that you will maintain the confidentiality of the grant and not disclose details to other members of the Canopy Growth team or anyone outside Canopy Growth.

All awards issued pursuant to the Plan are administered by Shareworks, or another awards administrator as may be designated by Canopy Growth from time to time. The exercise of vested Options must be completed through your Shareworks account and according to the instructions provided by Shareworks or any other awards administrator that Canopy Growth may designate from time to time. Upon the payment of the Exercise Price in respect of the selected number of vested Options, according to the instructions provided by Shareworks, you will be issued the corresponding number of Common Shares.

Section 10.2 of the Plan (Change in Control) shall not apply to any Awards (including the Options) granted hereunder unless otherwise determined by the Plan Administrator (as such term is defined in the Plan).

As a condition to the grant of your Options, you are required to indicate your acceptance of this Award Agreement and the terms and conditions of the Plan by signing the acknowledgement electronically at the foot of this letter. If there is any inconsistency between the terms of this Award Agreement and the Plan, you acknowledge that the terms of the Plan shall govern. Canopy Growth may require, as a condition to the issuance of Common Shares pursuant to the exercise of the Options, that in addition to the exercise price you also pay to Canopy Growth any federal, provincial/state or local withholding taxes required by law to be withheld in respect of the exercise of the Options.

The Options are intended to provide you with an opportunity to share in the potential future growth of Canopy Growth. It recognizes your value and the significant impact that your ideas, enthusiasm and hard work will have in making Canopy Growth a success.

It is through working together as a team that we can make Canopy Growth a leader in our field.

Yours very truly,

CANOPY GROWTH CORPORATION

By:

###SIGNATURECEO###

Name: David Klein

Title: CEO

I accept the Options on the terms described in this Award Agreement and understand and agree that my Options are subject in all respects to the terms and conditions of the Award Agreement and the Plan. I have read, understood and agree to comply with the terms of this Award Agreement and the Plan.

###PARTICIPANT_NAME### ###HOME_ADDRESS### ###ACCEPTANCE_DATE###

Signature Address Accepted

Exhibit 10.13

RESTRICTED STOCK UNIT GRANT AGREEMENT
(U.S. EMPLOYEES)

(FOR SETTLEMENT IN COMMON SHARES ONLY)

To: ###PARTICIPANT_NAME###
Date:###GRANT_DATE###

I am pleased to confirm that, in connection with services to be rendered by you over the period that includes the vesting dates outlined in the table below, you have been granted Restricted Share Units (the "**RSUs**") of Canopy Growth Corporation ("**Canopy Growth**") under Canopy Growth's Omnibus Equity Incentive Plan, as the same may be amended from time to time (the "**Plan**"). All capitalized terms that are not defined herein shall be as defined in the Plan. This letter agreement shall constitute an "Award Agreement" under the Plan and sets forth the terms and conditions of the RSUs.

###VEST_SCHEDULE_TABLE###

As soon as practicable following the vesting of RSUs, and in any event no later than March 15 of the year following the year in which an RSU vests (such March 15 date, the "**Payment Deadline**"), you will be issued one common share in the capital of Canopy Growth (a "**Common Share**") in settlement of each vested RSU. Settlement is subject to you making arrangements acceptable to Canopy Growth to satisfy applicable withholding. Failure to do so by the Payment Deadline shall result in your forfeiture of the applicable RSUs to otherwise be settled.

All awards issued pursuant to the Plan are administered by Shareworks, or another awards administrator as may be designated by Canopy Growth from time to time. The withdrawal of Common Shares issued pursuant to the settlement of vested RSUs must be completed through your Shareworks account and according to the instructions provided by Shareworks or any other awards administrator that Canopy Growth may designate from time to time.

RSUs will vest as set forth in the table above, unless:
(a) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity for Cause (as defined in the Plan), in which case any portion of this RSU that has not vested as of the Termination Date (as defined in the Plan) shall be immediately forfeited and cancelled as of the Termination Date.

(b) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity without Cause (whether such termination occurs with or without any or adequate

reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), or by reason of resignation by you, or on account of you becoming Disabled, or by reason of death, there will be no further vesting of any unvested RSUs after the Termination Date.

"Disabled" means for U.S. Taxpayers, permanent and total disability as defined in Section 22(e)(3) of the Code.

Notwithstanding the vesting dates outlined in the table above, these vesting dates may be automatically adjusted if they would otherwise: (i) be a date that is not a business day; or (ii) be a date that is prior to Canopy Growth being in receipt of your executed copy of this Award Agreement, which confirms your agreement to comply with the terms and conditions of the Award Agreement and the Plan. In case of any of the foregoing, the vesting date of the applicable RSUs is deemed to be adjusted to the business day immediately following the date of the event set out in (i) or (ii), described above, as the case may be.

In the event that the RSU vests at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of Canopy Growth exists, the vesting of the RSU will be delayed (in a manner and to the extent such delay complies with Section 409A of the Code with respect to any U.S. Taxpayer) until the earlier of (i) the date that is 2 Business Days after which such scheduled blackout terminates or (2) there is no longer such undisclosed material change or material fact.

Section 10.2 of the Plan (Change in Control) shall not apply to any Awards (including the RSUs) granted hereunder unless otherwise determined by the Plan Administrator.

The terms of this RSU grant are confidential and we expect that you will maintain the confidentiality of the grant and not disclose details to other members of the Canopy Growth team or anyone outside Canopy Growth.

This Award Agreement and your acceptance thereof are subject to the Plan. You acknowledge having received a copy of the Plan. If there is any inconsistency between the terms of this Award Agreement and the Plan, you acknowledge that the terms of the Plan shall govern. Canopy Growth may require, as a condition to the issuance of Common Shares pursuant to the settlement of vested RSUs, that you sell a sufficient number of Common Shares required to pay any federal, provincial/state or local withholding taxes required by law.

As a condition to the grant of your RSUs, you are required to indicate your agreement to comply with the terms and conditions of the Plan and this Award Agreement by electronically signing the acknowledgement at the foot of this letter.

Yours very truly,

CANOPY GROWTH CORPORATION

By:

###SIGNATURECEO###

Name: David Klein
Title: CEO

I accept the RSUs on the terms described in this Award Agreement and understand and agree that my RSUs are subject in all respects to the terms and conditions of the Award Agreement and the Plan. I have read, understood and agree to comply with the terms of this Award Agreement and the Plan.

###PARTICIPANT_NAME### ###HOME_ADDRESS### ###ACCEPTANCE_DATE###

Signature Address Accepted

Exhibit 10.14

RESTRICTED STOCK UNIT GRANT AGREEMENT
(NON-U.S. EMPLOYEES)

(FOR SETTLEMENT IN COMMON SHARES ONLY)

To: ###PARTICIPANT_NAME###
Date:###GRANT_DATE###

I am pleased to confirm that, in connection with services to be rendered by you over the period that includes the vesting dates outlined in the table below, you have been granted Restricted Share Units (the "**RSUs**") of Canopy Growth Corporation ("**Canopy Growth**") under Canopy Growth's Omnibus Equity Incentive Plan, as the same may be amended from time to time (the "**Plan**"). All capitalized terms that are not defined herein shall be as defined in the Plan. This letter agreement shall constitute an "Award Agreement" under the Plan and sets forth the terms and conditions of the RSUs.

###VEST_SCHEDULE_TABLE###

As soon as practicable following the vesting of RSUs, and in any event no later than March 15 of the year following the year in which an RSU vests (such March 15 date, the "**Payment Deadline**"), you will be issued one common share in the capital of Canopy Growth (a "**Common Share**") in settlement of each vested RSU. Settlement is subject to you making arrangements acceptable to Canopy Growth to satisfy applicable withholding. Failure to do so by the Payment Deadline shall result in your forfeiture of the applicable RSUs to otherwise be settled.

All awards issued pursuant to the Plan are administered by Shareworks, or another awards administrator as may be designated by Canopy Growth from time to time. The withdrawal of Common Shares issued pursuant to the settlement of vested RSUs must be completed through your Shareworks account and according to the instructions provided by Shareworks or any other awards administrator that Canopy Growth may designate from time to time.

RSUs will vest as set forth in the table above, unless:
(a) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity for Cause (as defined in the Plan), in which case any portion of this RSU that has not vested as of the Termination Date (as defined in the Plan) shall be immediately forfeited and cancelled as of the Termination Date.

(b) Your employment, consulting agreement or arrangement is terminated by Canopy Growth or a Related Entity without Cause (whether such termination occurs with or without any or adequate

reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice), or by reason of resignation by you, or on account of you becoming Disabled, or by reason of death, there will be no further vesting of any unvested RSUs after the Termination Date.

Notwithstanding the vesting dates outlined in the table above, these vesting dates may be automatically adjusted if they would otherwise: (i) be a date that is not a business day; or (ii) be a date that is prior to Canopy Growth being in receipt of your executed copy of this Award Agreement, which confirms your agreement to comply with the terms and conditions of the Award Agreement and the Plan. In case of any of the foregoing, the vesting date of the applicable RSUs is deemed to be adjusted to the business day immediately following the date of the event set out in (i) or (ii), described above, as the case may be.

In the event that the RSU vests at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of Canopy Growth exists, the vesting of the RSU will be delayed until the earlier of (i) the date that is 2 Business Days after which such scheduled blackout terminates or (2) there is no longer such undisclosed material change or material fact.

Section 10.2 of the Plan (Change in Control) shall not apply to any Awards (including the RSUs) granted hereunder unless otherwise determined by the Plan Administrator.

The terms of this RSU grant are confidential and we expect that you will maintain the confidentiality of the grant and not disclose details to other members of the Canopy Growth team or anyone outside Canopy Growth.

This Award Agreement and your acceptance thereof are subject to the Plan. You acknowledge having received a copy of the Plan. If there is any inconsistency between the terms of this Award Agreement and the Plan, you acknowledge that the terms of the Plan shall govern. Canopy Growth may require, as a condition to the issuance of Common Shares pursuant to the settlement of vested RSUs, that you sell a sufficient number of Common Shares required to pay any federal, provincial/state or local withholding taxes required by law.

As a condition to the grant of your RSUs, you are required to indicate your agreement to comply with the terms and conditions of the Plan and this Award Agreement by electronically signing the acknowledgement at the foot of this letter.

Yours very truly,

CANOPY GROWTH CORPORATION

By:

###SIGNATURECEO###

Name: David Klein
Title: CEO

I accept the RSUs on the terms described in this Award Agreement and understand and agree that my RSUs are subject in all respects to the terms and conditions of the Award Agreement and the Plan. I have read, understood and agree to comply with the terms of this Award Agreement and the Plan.

###PARTICIPANT_NAME### ###HOME_ADDRESS### ###ACCEPTANCE_DATE###

Signature Address Accepted

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: November 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: November 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 September 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.

November 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 September 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.

November 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.