CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025
(IN CANADIAN DOLLARS)

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CANOPY GROWTH CORPORATION
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

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

	December 31, 2025	March 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 371,322	$ 113,811
Short-term investments	-	17,656
Restricted short-term investments	5,034	6,410
Amounts receivable, net	32,536	52,780
Inventory	105,555	96,373
Prepaid expenses and other assets	10,219	7,544
Total current assets	524,666	294,574
Other investments	155,150	179,977
Property, plant and equipment	285,039	293,523
Intangible assets	76,168	87,200
Goodwill	47,525	46,042
Other assets	17,644	16,385
Total assets	$ 1,106,192	$ 917,701
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 19,963	$ 26,099
Other accrued expenses and liabilities	43,755	38,613
Current portion of long-term debt	-	4,258
Other liabilities	34,576	25,434
Total current liabilities	98,294	94,404
Long-term debt	224,989	299,811
Other liabilities	24,736	36,273
Total liabilities	348,019	430,488
Commitments and contingencies		
Canopy Growth Corporation shareholders' equity:		
Share capital		
Common shares - $nil par value; Authorized - unlimited; Issued and outstanding - 368,284,639 shares and 183,865,295 shares, respectively. Exchangeable shares - $nil par value; Authorized - unlimited; Issued and outstanding - 26,261,474 shares and 26,261,474 shares, respectively.	9,169,947	8,796,406
Additional paid-in capital	2,615,588	2,618,417
Accumulated other comprehensive income	6,576	535
Deficit	(11,033,938)	(10,928,145)
Total shareholders' equity	758,173	487,213
Total liabilities and shareholders' equity	$ 1,106,192	$ 917,701

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

	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Revenue	$ 90,391	$ 86,244	$ 262,137	$ 235,985
Excise taxes	15,850	11,483	48,779	32,021
Net revenue	74,541	74,761	213,358	203,964
Cost of goods sold	53,075	50,663	151,949	134,997
Gross margin	21,466	24,098	61,409	68,967
Operating expenses				
Selling, general and administrative expenses	44,437	41,476	118,841	131,174
Share-based compensation	888	5,159	2,798	14,531
Loss on asset impairment and restructuring	2,491	1,285	5,638	22,135
Total operating expenses	47,816	47,920	127,277	167,840
Operating loss from continuing operations	(26,350)	(23,822)	(65,868)	(98,873)
Other income (expense), net	(35,909)	(97,758)	(39,052)	(276,952)
Loss from continuing operations before income taxes	(62,259)	(121,580)	(104,920)	(375,825)
Income tax expense	(368)	(316)	(873)	(6,812)
Net loss from continuing operations	(62,627)	(121,896)	(105,793)	(382,637)
Discontinued operations, net of income tax	-	-	-	5,310
Net loss attributable to Canopy Growth Corporation	$ (62,627)	$ (121,896)	$ (105,793)	$ (377,327)
Basic and diluted loss per share				
Continuing operations	$ (0.18)	$ (1.11)	$ (0.39)	$ (4.15)
Discontinued operations	-	-	-	0.06
Basic and diluted loss per share	$ (0.18)	$ (1.11)	$ (0.39)	$ (4.09)
Basic and diluted weighted average common shares outstanding	345,534,979	110,306,430	269,588,323	92,172,660
Comprehensive income (loss):				
Net loss from continuing operations	$ (62,627)	$ (121,896)	$ (105,793)	$ (382,637)
Other comprehensive income (loss), net of income tax				
Foreign currency translation	(7,443)	(1,162)	6,041	3,586
Total other comprehensive income (loss), net of income tax	(7,443)	(1,162)	6,041	3,586
Comprehensive loss from continuing operations	(70,070)	(123,058)	(99,752)	(379,051)
Comprehensive income from discontinued operations	-	-	-	5,310
Comprehensive loss attributable to Canopy Growth Corporation	$ (70,070)	$ (123,058)	$ (99,752)	$ (373,741)

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)

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

	Nine months ended December 31, 2025						
		Additional paid-in capital					
	Share capital	Share-based reserve	Warrants	Ownership changes	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at March 31, 2025	$ 8,796,406	$ 513,229	$ 2,628,137	$ (522,949)	$ 535	$ (10,928,145)	$ 487,213
Common shares issued from February 2025 ATM Program	38,261	-	-	-	-	-	38,261
Other issuances of common shares and share issue costs	(1,585)	-	-	-	-	-	(1,585)
Share-based compensation	-	(99)	-	-	-	-	(99)
Issuance and vesting of restricted share units and performance share units	3,449	(3,449)	-	-	-	-	-
Comprehensive income (loss)	-	-	-	-	6,713	(41,527)	(34,814)
Balance at June 30, 2025	$ 8,836,531	$ 509,681	$ 2,628,137	$ (522,949)	$ 7,248	$ (10,969,672)	$ 488,976
Common shares issued from February 2025 ATM Program	200,118	-	-	-	-	-	200,118
Common shares issued from August 2025 ATM Program	43,137	-	-	-	-	-	43,137
Other issuances of common shares and share issue costs	(3,359)	-	-	-	-	-	(3,359)
Share-based compensation	-	2,009	-	-	-	-	2,009
Issuance and vesting of restricted share units and performance share units	1,910	(1,910)	-	-	-	-	-
Comprehensive income (loss)	-	-	-	-	6,771	(1,639)	5,132
Balance at September 30, 2025	$ 9,078,337	$ 509,780	$ 2,628,137	$ (522,949)	$ 14,019	$ (10,971,311)	$ 736,013
Common shares issued from February 2025 ATM Program	92,655	-	-	-	-	-	92,655
Other issuances of common shares and share issue costs	(1,313)	-	-	-	-	-	(1,313)
Share-based compensation	-	888	-	-	-	-	888
Issuance and vesting of restricted share units and performance share units	268	(268)	-	-	-	-	-
Comprehensive loss	-	-	-	-	(7,443)	(62,627)	(70,070)
Balance at December 31, 2025	$ 9,169,947	$ 510,400	$ 2,628,137	$ (522,949)	$ 6,576	$ (11,033,938)	$ 758,173

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

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

	Nine months ended December 31, 2024							
		Additional paid-in capital			Accumulated other comprehensive income (loss)			
	Share capital	Share-based reserve	Warrants	Ownership changes		Deficit	Noncontrolling interests	Total
Balance at March 31, 2024	$ 8,244,301	$ 514,578	$ 2,610,519	$ (522,949)	$ (16,051)	$ (10,330,030)	$ 139	$ 500,507
Common shares issued from June 2024 ATM Program	46,291	-	-	-	-	-	-	46,291
Other issuances of common shares and share issue costs	(3,189)	-	-	-	-	-	-	(3,189)
Exercise of warrants	10,265	-	(2,702)	-	-	-	-	7,563
Share-based compensation	-	4,151	-	-	-	-	-	4,151
Issuance and vesting of restricted share units and performance share units	2,596	(2,596)	-	-	-	-	-	-
Extinguishment of promissory note and issuance of exchangeable shares	81,220	8,005	-	-	(15,127)	-	-	74,098
Canopy USA Transaction	12,452	-	-	-	10,398	-	(139)	22,711
Supreme debt settlement	-	-	8,697	-	-	-	-	8,697
Comprehensive loss	-	-	-	-	(768)	(127,138)	-	(127,906)
Balance at June 30, 2024	$ 8,393,936	$ 524,138	$ 2,616,514	$ (522,949)	$ (21,548)	$ (10,457,168)	$ -	$ 532,923
Common shares issued from June 2024 ATM Program	92,185	-	-	-	-	-	-	92,185
Other issuances of common shares and share issue costs	(1,522)	-	-	-	-	-	-	(1,522)
Exercise of warrants	1,207	-	(316)	-	-	-	-	891
Exercise of Previous Equity Incentive Plan stock options	238	(126)	-	-	-	-	-	112
Share-based compensation	-	5,221	-	-	-	-	-	5,221
Issuance and vesting of restricted share units and performance share units	1,991	(1,991)	-	-	-	-	-	-
Supreme debt settlement	2,635	-	-	-	-	-	-	2,635
Comprehensive income (loss)	-	-	-	-	5,516	(128,293)	-	(122,777)
Balance at September 30, 2024	$ 8,490,670	$ 527,242	$ 2,616,198	$ (522,949)	$ (16,032)	$ (10,585,461)	$ -	$ 509,668
Common shares issued from June 2024 ATM Program	117,513	-	-	-	-	-	-	117,513
Other issuances of common shares, warrants and share issue costs	62,059	-	11,939	-	-	-	-	73,998
Exercise of Previous Equity Incentive Plan stock options	70	(70)	-	-	-	-	-	-
Share-based compensation	-	5,159	-	-	-	-	-	5,159
Issuance and vesting of restricted share units and performance share units	182	(182)	-	-	-	-	-	-
Disposal and liquidation of consolidated entities	-	-	-	-	8,195	-	-	8,195
Comprehensive loss	-	-	-	-	(1,162)	(121,896)	-	(123,058)
Balance at December 31, 2024	$ 8,670,494	$ 532,149	$ 2,628,137	$ (522,949)	$ (8,999)	$ (10,707,357)	$ -	$ 591,475

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

	Nine months ended December 31, 2025	Nine months ended December 31, 2024
Cash flows from operating activities:		
Net loss	$ (105,793)	$ (377,327)
Gain from discontinued operations, net of income tax	-	5,310
Net loss from continuing operations	(105,793)	(382,637)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	14,281	15,570
Amortization of intangible assets	13,539	16,081
Share-based compensation	2,798	14,531
Loss on asset impairment and restructuring	710	18,971
Income tax expense	873	6,812
Non-cash fair value adjustments and charges related to settlement of long-term debt	19,246	223,591
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Amounts receivable	19,606	(3,163)
Inventory	(8,751)	(12,924)
Prepaid expenses and other assets	(3,158)	(641)
Accounts payable and accrued liabilities	(2,178)	(17,000)
Other, including non-cash foreign currency	3,275	(11,789)
Net cash used in operating activities	(45,552)	(132,598)
Cash flows from investing activities:		
Purchases of and deposits on property, plant and equipment	(4,333)	(7,724)
Purchases of intangible assets	(511)	(409)
Proceeds on sale of property, plant and equipment	5	4,932
Redemption of short-term investments	19,001	16,950
Net cash outflow on sale or deconsolidation of subsidiaries	-	(6,968)
Net cash inflow on loan receivable	153	28,353
Investment in other financial assets	-	(95,335)
Other investing activities	6,981	-
Net cash provided by (used in) investing activities - continuing operations	21,296	(60,201)
Net cash provided by investing activities - discontinued operations	-	13,414
Net cash provided by (used in) investing activities	21,296	(46,787)
Cash flows from financing activities:		
Proceeds from issuance of common shares and warrants	374,171	255,989
Proceeds from exercise of stock options	-	112
Proceeds from exercise of warrants	-	8,454
Issuance of long-term debt and convertible debentures	-	68,255
Repayment of long-term debt	(71,660)	(148,249)
Other financing activities	(16,712)	(19,943)
Net cash provided by financing activities	285,799	164,618
Effect of exchange rate changes on cash and cash equivalents	(4,032)	6,376
Net increase/(decrease) in cash and cash equivalents	257,511	(8,391)
Cash and cash equivalents, beginning of period	113,811	170,300
Cash and cash equivalents, end of period	$ 371,322	$ 161,909

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)

	Nine months ended December 31,	
	2025	2024
Supplemental disclosure of cash flow information		
Cash received during the period:		
Income taxes	$ 325	$ 101
Interest	$ 6,232	$ 2,040
Cash paid during the period:		
Income taxes	$ 371	$ 476
Interest	$ 24,732	$ 53,193
Noncash investing and financing activities		
Additions to property, plant and equipment	$ 313	$ 339

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 is federally lawful, permissible and regulated, and the Company, through its subsidiaries, operates in Australia, Germany, and certain other European markets. Additionally, the Company produces, distributes and sells vaporizers and similar cannabis accessories in various global markets, including the United States.

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, 2025 (the "Annual Report") and have been prepared on a basis consistent with the accounting policies as described in the Annual Report.

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

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

Principles of consolidation

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.

Variable interest entities

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

Equity method investments

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

The Company can also elect to account for certain equity method investments at fair value where a valuation technique and various inputs are used in determining the fair value of the equity method investments each period. The fair value changes are recorded in other income (expense), net.

Use of estimates

The preparation of these condensed interim consolidated financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates. Financial statement areas that require significant judgments and estimates are as follows:

Allowance for credit losses - The assessment involves judgment and incorporates estimates of loss based on available information relevant to considering the collectability and includes consideration of economic and business conditions, default trends and other internal and external factors. The amount is subject to change based on experience and new information which could result in outcomes that require adjustment to the carrying amounts affecting future periods.

Inventory reserves - The Company records inventory reserves based on the Company's estimated forecast of product demand, production requirements, market conditions and regulatory environment. Actual losses may differ from management's estimates.

Estimated useful lives, impairment considerations, and amortization of property, plant and equipment and intangible assets - Amortization of capital and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Goodwill and indefinite lived intangible asset impairment testing requires management to make estimates in the impairment testing model. On at least an annual basis, the Company tests whether goodwill and indefinite lived intangible assets are impaired. The reporting unit's fair value is determined using a discounted future cash flow model, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

Impairment of long-lived assets is influenced by judgment in defining an asset group and determining the indicators of impairment, and estimates used to measure impairment losses.

Legal proceedings - Judgment is used in determining the probability of incurring a loss in addition to determining the estimated amount. Amounts recorded are based on management's judgment and actual amounts recorded may not be realized.

Fair value measurement of financial instruments - The use of various valuation approaches described in Note 21 may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Consolidation of variable interest entities - The determination of whether the Company is the primary beneficiary of a variable interest entity requires significant judgment. The assessment requires a qualitative analysis of power and benefits of the variable interest entity.

New accounting policies

Accounting Guidance Not Yet Adopted

Income Taxes

In December 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which enhances income tax disclosures, primarily through changes to the rate reconciliation and disaggregation of income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2023-09 for its fiscal year ending March 31, 2026.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"), which requires the disclosure of additional information related to certain costs and expenses, including amounts of inventory purchases, employee compensation, and depreciation and amortization included in each income statement line item. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2024-03 for its fiscal year ending March 31, 2028.

3. CANOPY USA

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 U.S.-domiciled holding company wherein, as of October 24, 2022, Canopy USA holds certain U.S. cannabis investments previously held by Canopy Growth.

On May 19, 2023, the Company and Canopy USA entered into the First A&R Protection Agreement (as defined below) and amended and restated Canopy USA's limited liability company agreement (the "A&R LLC Agreement"). Pursuant to the A&R LLC Agreement, the share capital of Canopy USA was amended to, among other things, (a) create a new class of Canopy USA Class B Shares (as defined below), which may not be issued prior to the conversion of the Non-Voting Shares (as defined below) or the Class A shares of Canopy USA (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, in no circumstances will the Company, at the time of such conversions, own more than 90% of the Canopy USA Class B Shares.

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 (as defined below). On April 26, 2024, Canopy USA completed the first tranche closing of the Trust Transaction. As of December 31, 2025, the Trust holds an aggregate of 28,571,429 Canopy USA Common Shares and warrants to acquire up to 85,714,284 Voting Shares (as defined in the A&R LLC Agreement) expiring on April 26, 2031. Subject to the terms of the Trust SPA, the Trust has been granted options to acquire additional Voting Shares 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 (as defined below) and the terms of the option agreements to acquire Wana (as defined below) 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 April 30, 2024, Canopy USA and its members entered into a second amended and restated limited liability company agreement (the "Second A&R LLC Agreement"). In accordance with the terms of the Second A&R LLC Agreement, the terms of the Non-Voting Shares have been amended such that the Non-Voting Shares are only convertible into Canopy USA Class B Shares following the date that the NASDAQ Stock Market or The New York Stock Exchange permit the listing of companies that consolidate the financial statements of companies that cultivate, distribute or possess marijuana (as defined in 21 U.S.C 802) in the United States (the "Stock Exchange Permissibility Date"). Based on the Company's discussions with the Office of the Chief Accountant of the Securities and Exchange Commission ("SEC"), the Company believes that the staff of the SEC would not object to the deconsolidation of the financial results of Canopy USA from the Company's financial statements in accordance with U.S. GAAP.

On May 6, 2024, Canopy USA exercised the options (the "Wana Options") to acquire Mountain High Products, LLC, Wana Wellness, LLC and The Cima Group, LLC (collectively, "Wana"), a leading cannabis edibles brand in North America, and subsequently closed the transactions to acquire Wana Wellness, LLC and The Cima Group, LLC. On October 8, 2024, Canopy USA closed the acquisition of Mountain High Products, LLC. In addition, Canopy USA exercised the options (the "Jetty Options") to acquire Lemurian, Inc. ("Jetty") a California-based producer of high-quality cannabis extracts and pioneer of clean vape technology and subsequently completed the first tranche closing to acquire Jetty. On June 4, 2024, the option to acquire the issued and outstanding Class E subordinate voting shares (the "Fixed Shares") of Acreage Holdings, Inc. ("Acreage"), 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 (the "Acreage Option") was exercised and on December 9, 2024, Canopy USA completed the acquisition of all of the issued and outstanding Fixed Shares and Class D subordinate voting shares (the "Floating Shares") of Acreage (the "Acreage Acquisition"). Certain entities controlled by Canopy USA (the "Canopy USA LPs") also hold direct 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 and the Canopy USA LPs currently hold an ownership interest in the following assets, among others:

- **Wana** – Canopy USA holds 100% of the membership interests of Wana.
- **Jetty** – Canopy USA holds approximately 77% of the shares of Jetty.

- **Acreage** – Canopy USA holds 100% of the issued and outstanding shares of Acreage.
- **TerrAscend** – the Canopy USA LPs hold an aggregate of 64,564,487 TerrAscend common shares (the "TerrAscend Common Shares") on an as-converted basis and 22,474,130 TerrAscend Common Share purchase warrants with a weighted average exercise price of $6.07 per TerrAscend Common Share and expiring on December 31, 2032 (the "TerrAscend Warrants"). Assuming full exercise of the TerrAscend Warrants, the Canopy USA LPs will hold an aggregate of 87,038,617 TerrAscend Common Shares on an as-converted basis assuming conversion of the TerrAscend exchangeable shares held by the Canopy USA LPs.

Canopy USA was determined to be a variable interest entity pursuant to ASC 810 - *Consolidations* ("ASC 810"). In accordance with ASC 810, Canopy Growth consolidated the financial results of Canopy USA up to April 30, 2024.

Ownership of U.S. Cannabis Investments

The shares and interests in Acreage, Wana and Jetty are held, directly or indirectly, by Canopy USA and the shares and warrants in TerrAscend are held directly by the Canopy USA LPs, and Canopy Growth no longer holds a direct interest in any shares or interests in such entities. Canopy Growth holds non-voting and non-participating shares (the "Non-Voting Shares") in the capital of Canopy USA and an interest in the Canopy USA LPs. The Non-Voting Shares do not carry voting rights, rights to receive dividends or other rights upon dissolution of Canopy USA. The Non-Voting Shares are convertible into Class B shares of Canopy USA (the "Canopy USA Class B Shares"), provided that such conversion shall only be permitted following the Stock Exchange Permissibility Date. 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").

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 and on April 30, 2024, 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 were 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, on April 30, 2024, (i) Canopy USA issued 60,955,929 Canopy USA Common Shares and (ii) Canopy Growth issued 1,086,279 Canopy Growth common shares to the shareholders of Wana.

As of December 31, 2025, the Trust holds 28,571,429 Canopy USA Common Shares, the shareholders of Wana collectively hold 60,955,929 Canopy USA Common Shares and a wholly-owned subsidiary of the Company holds all of the issued and outstanding Non-Voting Shares in the capital of Canopy USA, representing approximately 84.4% of the issued and outstanding shares in Canopy USA on an as-converted basis.

Canopy Growth and Canopy USA are also party to 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, provided that, such conversion shall only be permitted following the Stock Exchange Permissibility Date, 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 on May 19, 2023 (the "First A&R Protection Agreement") and on April 30, 2024 (the "Second A&R Protection Agreement" and together with the First A&R Protection Agreement, the "A&R Protection Agreement").

Until such time as Canopy Growth converts its Non-Voting Shares into Canopy USA Class B Shares following the Stock Exchange Permissibility Date, Canopy Growth will have no economic or voting interest in Canopy USA or the Canopy USA LPs. Canopy USA 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 Canopy USA acquired all of the issued and outstanding Floating Shares by way of a court-approved plan of arrangement (the "Floating Share Arrangement").

The Floating Share Arrangement was implemented on December 9, 2024 in connection with the closing of the Acreage Acquisition.

On June 4, 2024, the Acreage Option was exercised 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"). Concurrently with the closing of the acquisition of the Fixed Shares pursuant to the exercise of the Acreage Option, on December 9, 2024, the Fixed Shares were issued to Canopy USA upon closing of the Acreage Acquisition. Accordingly, Canopy Growth does not hold any Fixed Shares or Floating Shares. For additional details, see "Acreage Acquisition" below.

On June 3, 2024, a wholly-owned subsidiary of the Company (the "Optionor") acquired certain outstanding debt of Acreage (the "Debt Acquisition").

The Optionor entered into various agreements in connection with the Debt Acquisition in order to acquire approximately $136,567 (US$99,837) of Acreage's outstanding debt (the "Acquired Debt") in exchange for $95,460 (US$69,786) in cash and the release of approximately $41,107 (US$30,051) that was held in escrow.

The Optionor subsequently transferred approximately $2,972 (US$2,173) of the Acquired Debt and entered into a series of agreements, including an amended and restated credit agreement (the "First ARCA"), which provided for, among other things, the Acquired Debt, certain interest payments to be paid-in-kind, revisions to certain financial covenants and, following certain events, an extension to the maturity date.

On September 13, 2024, the Optionor entered into a series of transactions with, among others, an arm's length third-party lender (the "ARCA Lender"). Pursuant to such transactions, the Optionor, the ARCA Lender and Acreage, among others, amended and restated the First ARCA pursuant to a second amended and restated credit agreement dated as of September 13, 2024 (the "Second ARCA"). Pursuant to the Second ARCA and an agreement among lenders entered into on September 13, 2024 between, among others, the Optionor and the ARCA Lender, all interest owing to the Optionor under the Second ARCA is, subject to the consent of the ARCA Lender, to be paid-in-kind and not in cash.

On July 29, 2025, the Company entered into the Third Paydown Agreement (as defined below) in order to permit the Company to grant Canopy USA certain consents (the "Acreage Financing Consent") in order to allow Canopy USA to secure from the ARCA Lender an additional US$22,000 in financing for Acreage and its subsidiaries (the "Acreage Financing"). In connection with the Acreage Financing, the Optionor, the ARCA Lender and Acreage, among others, amended and restated the Second ARCA pursuant to a third amended and restated credit agreement dated as of July 29, 2025 (the "Third ARCA" and such amounts owing under the Third ARCA, the "Acreage and Wana Debt"). In connection with the Third ARCA, each of Canopy Elevate I LLC, Canopy Elevate II LLC and Canopy Elevate III LLC (each a wholly-owned subsidiary of Canopy USA and collectively, "Elevate") entered into a limited recourse pledge agreement pursuant to which such entities pledged, as security for the obligations under the Third ARCA, each of their respective equity interests in each of the Wana entities. In addition, as security for the obligations under the Third ARCA, each of the Wana entities provided guarantees and security over substantially all of their respective assets.

As of December 31, 2025, the aggregate principal amount of the Acreage and Wana Debt owing to the Optionor was approximately $166,473 (US$121,460) and the aggregate principal amount of the Acreage and Wana Debt owing to the ARCA Lender was approximately $108,335 (US$79,042). Acreage is currently in default under the Third ARCA. The portion of the Acreage and Wana Debt owing to the ARCA Lender ranks in priority to the portion of the Acreage and Wana Debt owing to the Company and may be exercised by the ARCA Lender over the assets pledged as security under the Acreage and Wana Debt. See "Risk Factors – In the event Acreage or Wana, as guarantor, cannot satisfy the debt obligations as they become due, the Acreage and Wana Debt may not be repaid and the Company may lose the entirety of its investment in the Acreage and Wana Debt, and, in the event Acreage or Wana are unable to continue as a going concern, which may occur in the event that the ARCA Lender enforces its security over the Acreage and Wana Debt, there would be a negative impact on Canopy USA's business, financial results and operations and have an adverse impact on the Company's U.S. strategy, and, potentially, negatively affect the share price of the Canopy Shares," in Item 1A of Part II of this Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2025 (the "Quarterly Report").

Deconsolidation of Canopy USA

As of April 30, 2024, as a result of the series of transactions described above (the "Canopy USA Transaction"), Canopy Growth has deconsolidated the financial results of Canopy USA and has a non-controlling interest in Canopy USA as of such date. The deconsolidation of Canopy USA occurred after completion of the following structural amendments: (i) execution of the Second A&R LLC Agreement, (ii) execution of the Second A&R Protection Agreement and (iii) completion of the initial tranche closing of the Trust Transaction, which included the election of a third member to the Canopy USA Board such that the Canopy USA Board is comprised of an appointee of the Trust, Ms. Whiteman, and the Company.

Canopy Growth's deconsolidation of Canopy USA resulted in recognition of equity method investments (see Note 10) and a loan receivable recorded at fair value (see Note 10). The deconsolidation of Canopy USA from the financial results of Canopy Growth resulted in the derecognition of the following assets and liabilities:

Cash	$	6,968
Other financial assets		386,045
Other assets		1,315
Other liabilities		(20,067)
Cumulative translation adjustment		10,398
Net assets disposed	$	384,659
Derecognition of non-controlling interest in Canopy USA	$	139
Equity method investments	$	227,119
Elevate loan receivable		174,864
Total retained non-controlling interest in the former subsidiaries	$	401,983
Issuance of common shares	$	(12,452)
Consideration received in cash	$	-
Total consideration	$	-
Gain on disposal of consolidated entity	$	5,011

The gain on derecognition of Canopy USA is the differences between the carrying amounts of the derecognized assets, liabilities and non-controlling interest, value of common shares issued, and the fair value of the retained non-controlling interest in Canopy USA, being the equity method investments and the Elevate loan receivable (together with the Acreage and Wana Debt, the "Canopy USA Loans Receivable"). The gain on derecognition is reflected in other income (expense), net.

Acreage Acquisition

On December 9, 2024, Canopy USA completed the Acreage Acquisition and now owns 100% of the issued and outstanding shares of Acreage. In aggregate, Canopy Growth issued 5,888,291 common shares to former shareholders of Acreage.

In addition, Canopy Growth: (i) issued 5,118,426 common shares of the Company pursuant to the tax receivable bonus plans of High Street Capital Partners, LLC, as subsidiary of Acreage; and (ii) 306,151 common shares of the Company were issuable in connection with Canopy USA's acquisition of the minority interests of certain subsidiaries of Acreage, of which 268,057 common shares of the Company have been issued as of December 31, 2025.

Immediately following the closing of the Acreage Acquisition, Canopy Growth issued an aggregate of 1,315,553 common shares and 1,197,658 common share purchase warrants to certain securityholders of Acreage in order to satisfy an outstanding liability. Each common share purchase warrant entitles the holder thereof to acquire one Canopy Growth common share at an exercise price of US$3.66 until June 6, 2029.

In exchange for the issuances of Canopy Growth common shares, warrants and other replacement securities in connection with the Acreage Acquisition, Canopy Growth received additional Non-Voting Shares with a value of $50,786 and Canopy USA delivered guarantees in respect of the obligations owing pursuant to the Elevate loan receivable. Refer to Note 10 for more information on Canopy USA investment balances and refer to Note 17 for more information on the share and warrant issuances as part of the Acreage Acquisition.

4. LOSS ON ASSET IMPAIRMENT AND RESTRUCTURING

In the three and nine months ended December 31, 2025, the Company recorded a loss on asset impairment and restructuring which primarily related to employee restructuring costs.

As a result, in the three and nine months ended December 31, 2025, the Company recognized a loss on asset impairment and restructuring of $2,491 and $5,638, respectively (three and nine months ended December 31, 2024 – loss of $1,285 and $22,135, respectively).

5. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	December 31, 2025	March 31, 2025
Cash	$ 202,325	$ 113,681
Cash equivalents	168,997	130
	$ 371,322	$ 113,811

6. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	December 31, 2025	March 31, 2025
Term Deposits	$ -	$ 17,656
	$ -	$ 17,656

The amortized cost of short-term investments at December 31, 2025 is $nil (March 31, 2025 – $17,656).

7. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	December 31, 2025	March 31, 2025
Accounts receivable, net	$ 29,005	$ 47,514
Indirect taxes receivable	2,139	2,211
Interest receivable	1,392	219
Other receivables	-	2,836
	$ 32,536	$ 52,780

Included in the accounts receivable, net balance at December 31, 2025 is an allowance for doubtful accounts of $677 (March 31, 2025 – $1,212).

8. INVENTORY

The components of inventory are as follows:

	December 31, 2025	March 31, 2025
Raw materials, packaging supplies and consumables	$ 22,057	$ 16,268
Work in progress	50,033	46,944
Finished goods	33,465	33,161
	$ 105,555	$ 96,373

In the three and nine months ended December 31, 2025, the Company recorded write-downs related to inventory in cost of goods sold of $2,719 and $5,701, respectively (three and nine months ended December 31, 2024 – $1,225 and $3,130, respectively).

9. PREPAID EXPENSES AND OTHER ASSETS

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

	December 31, 2025	March 31, 2025
Prepaid expenses	$ 5,041	$ 5,363
Deposits	163	152
Other assets	5,015	2,029
	$ 10,219	$ 7,544

10. OTHER INVESTMENTS

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

Entity	Instrument	Balance at March 31, 2025	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at December 31, 2025
Canopy USA Loans Receivable	Loan receivable	$ 144,683	$ -	$ (30,273)	$ (6,529)	$ -	$ 107,881
Canopy USA LPs	Equity method investment	33,144	-	12,294	(234)	-	45,204
Other	Various	2,150	-	-	-	(85)	2,065
		$ 179,977	$ -	$ (17,979)	$ (6,763)	$ (85)	$ 155,150

Equity Method Investments

Through its ownership in the Non-Voting Shares, the Company has a non-participating interest in Canopy USA and an interest in the Canopy USA LPs, and classifies such interests in Canopy USA and the Canopy USA LPs as equity method investments. The Company has elected to account for its investments in Canopy USA and the Canopy USA LPs at fair value. Refer to Note 21 for information on the valuation technique and inputs used in determining the fair value of the Canopy USA and the Canopy USA LPs investments and Note 23 for information on fair value movements.

Canopy USA Loans Receivable

Acreage and Wana Debt

On June 3, 2024, the Optionor closed the Debt Acquisition.

The Optionor entered into various agreements in connection with the Debt Acquisition in order to acquire the Acquired Debt in exchange for $95,460 (US$69,786) in cash and the release of approximately $41,107 (US$30,051) that was held in escrow.

The Optionor subsequently transferred approximately $2,972 (US$2,173) of the Acquired Debt and entered into a series of agreements, including the First ARCA, which provided for, among other things, the Acquired Debt, certain interest payments to be paid-in-kind, revisions to certain financial covenants and, following certain events, an extension to the maturity date.

On September 13, 2024, the Optionor entered into a series of transactions with, among others, the ARCA Lender. Pursuant to such transactions, the Optionor, the ARCA Lender and Acreage, among others, entered into the Second ARCA. Pursuant to the Second ARCA and an agreement among lenders entered into on September 13, 2024 between, among others, the Optionor and the ARCA Lender, all interest owing to the Optionor under the Second ARCA is, subject to the consent of the ARCA Lender, to be paid-in-kind and not in cash.

On July 29, 2025, the Company entered into the Third Paydown Agreement in order to permit the Company to grant Canopy USA the Acreage Financing Consent in order to allow Canopy USA to secure from the ARCA Lender an additional US$22,000 pursuant to the Acreage Financing. In connection with the Acreage Financing, the Optionor, the ARCA Lender and Acreage, among others, amended and restated the Second ARCA pursuant to the Third ARCA. In connection with the Third ARCA, each of the Elevate entities entered into a limited recourse pledge agreement pursuant to which such entities pledged, as security for the obligations under the Third ARCA, each of their respective equity interests in each of the Wana entities. In addition, as security for the obligations under the Third ARCA, each of the Wana entities provided guarantees and security over substantially all of their respective assets.

As of December 31, 2025, the aggregate principal amount of the Acreage and Wana Debt owing to the Optionor was approximately $166,473 (US$121,460) and the aggregate principal amount of the Acreage and Wana Debt owing to the ARCA Lender was approximately $108,335 (US$79,042).

Acreage is currently in default under the Third ARCA. The portion of the Acreage and Wana Debt owing to the ARCA Lender ranks in priority to the portion of the Acreage and Wana Debt owing to the Company and may be exercised by the ARCA Lender over the assets pledged as security under the Acreage and Wana Debt. See "Risk Factors – In the event Acreage or Wana, as guarantor, cannot satisfy the debt obligations as they become due, the Acreage and Wana Debt may not be repaid and the Company may lose the entirety of its investment in the Acreage and Wana Debt, and, in the event Acreage or Wana are unable to continue as a going concern, which may occur in the event that the ARCA Lender enforces its security over the Acreage and Wana Debt, there would be a negative impact on Canopy USA's business, financial results and operations and have an adverse impact on the Company's U.S. strategy, and, potentially, negatively affect the share price of the Canopy Shares," in Item 1A of Part II of the Quarterly Report.

Elevate Loan Receivable

Prior to Canopy Growth's deconsolidation of Canopy USA, intercompany loans (collectively the "Elevate loan") existed between subsidiaries and the Elevate loan was eliminated in Canopy Growth's consolidated financial statements. Upon deconsolidation of Canopy USA, the Elevate loan is now considered a related party loan and has been recognized in Canopy Growth's consolidated financial statements at fair value. See Note 3, for the initial value of the Elevate loan receivable upon deconsolidation of Canopy USA.

On December 9, 2024, Canopy USA delivered guarantees in respect of the obligations owing pursuant to the Elevate loan receivable. Upon delivery thereof, each guarantee is now factored into the fair value consideration of the Elevate loan receivable. Refer to Note 21 for information on the valuation technique and other inputs used in determining the fair value.

As of December 31, 2025, the aggregate principal and interest amount owing to Canopy Growth is $236,718 (US$172,711) and $68,039 (US$49,642), respectively.

11. PROPERTY, PLANT AND EQUIPMENT

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

	December 31, 2025	March 31, 2025
Buildings and greenhouses	$ 304,805	$ 304,891
Production and warehouse equipment	67,810	64,096
Leasehold improvements	3,849	3,177
Office and lab equipment	12,295	11,043
Computer equipment	7,171	7,006
Land	5,037	4,987
Right-of-use-assets		
Buildings and greenhouses	9,449	9,648
Production and warehouse equipment	986	-
Assets in process	721	643
	412,123	405,491
Less: Accumulated depreciation	(127,084)	(111,968)
	$ 285,039	$ 293,523

Depreciation expense included in cost of goods sold for the three and nine months ended December 31, 2025 is $4,118 and $12,527, respectively (three and nine months ended December 31, 2024 – $4,298 and $13,554, respectively). Depreciation expense included in selling, general and administrative expenses for the three and nine months ended December 31, 2025 is $632 and $1,754, respectively (three and nine months ended December 31, 2024 – $644 and $2,016, respectively).

12. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	December 31, 2025		March 31, 2025	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	$ 90,742	$ 26,562	$ 87,770	$ 32,301
Distribution channel	46,212	1,314	46,210	2,093
Operating licenses	24,400	10,634	24,400	12,925
Software and domain names	33,173	822	33,159	1,763
Brands	14,422	5,183	14,499	7,469
Amortizable intangibles in process	166	166	194	194
Total	$ 209,115	$ 44,681	$ 206,232	$ 56,745
Indefinite lived intangible assets				
Acquired brands		$ 31,487		$ 30,455
Total intangible assets		$ 76,168		$ 87,200

Amortization expense included in cost of goods sold for the three and nine months ended December 31, 2025 is $4 and $10, respectively (three and nine months ended December 31, 2024 – $5 and $29, respectively). Amortization expense included in selling, general and administrative expenses for the three and nine months ended December 31, 2025 is $4,151 and $13,529, respectively (three and nine months ended December 31, 2024 – $5,367 and $16,052, respectively).

13. GOODWILL

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

Balance, March 31, 2024	$ 43,239
Foreign currency translation adjustments	2,803
Balance, March 31, 2025	$ 46,042
Foreign currency translation adjustments	1,483
Balance, December 31, 2025	$ 47,525

The Company does not believe that an event occurred or circumstances changed during the nine months ended December 31, 2025 that would, more likely than not, reduce the fair value of the Storz & Bickel® (“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 December 31, 2025. The carrying value of goodwill associated with the Storz & Bickel reporting unit was $47,525 at December 31, 2025.

The Company is required to perform its next annual goodwill impairment analysis on March 31, 2026, or earlier should there be an event that occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

14. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	December 31, 2025	March 31, 2025
Employee compensation	$ 12,686	$ 13,729
Taxes and government fees	15,927	13,073
Professional fees	4,866	2,699
Other	10,276	9,112
	$ 43,755	$ 38,613

15. DEBT

The components of debt are as follows:

	Maturity Date	December 31, 2025	March 31, 2025
Credit facility	September 18, 2027		
Principal amount		137,899	216,686
Accrued interest		-	-
Deferred financing costs		(2,576)	(5,566)
		135,323	211,120
Supreme convertible debentures	September 10, 2025	-	2,311
Accretion debentures	September 10, 2025	-	163
May 2024 Convertible Debenture	May 14, 2029	89,666	90,231
Other revolving debt facility, loan, and financings		-	244
		224,989	304,069
Less: current portion		-	(4,258)
Long-term portion		$ 224,989	$ 299,811

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, in connection with the balance sheet actions completed as part of the creation of Canopy USA, the Company entered into agreements with certain of its lenders under the Credit Agreement to tender US$187,500 of the principal amount outstanding thereunder at a discounted price of US$930 per US$1,000 or US$174,375 in the aggregate. 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.

On April 29, 2024 and June 28, 2024, the Company repurchased additional outstanding principal amounts under the Credit Facility (the "First Quarter 2025 Paydowns"). The First Quarter 2025 Paydowns resulted in an aggregate principal reduction of $11,159 (US$8,165) for a cash payment of $11,159 (US$8,165).

On August 8, 2024, the Company entered into an amendment (the "Amending Agreement") with all of the lenders to the Credit Facility under the Credit Agreement dated March 18, 2021, as amended on October 24, 2022 and July 13, 2023, among the Company and 11065220 Canada Inc., as borrowers, the lenders party thereto and Wilmington Trust, National Association, as administrative and collateral agent. Pursuant to the terms of the Amending Agreement, the maturity date of the Credit Facility was extended to December 18, 2026 and a mandatory US$97,500 prepayment of the Credit Facility at 97.5% of par thereby reducing the outstanding amount of the Credit Facility by US$100,000 was required to be made by December 31, 2024. In addition, the Amending Agreement provided for a further extension to the maturity date of the Credit Facility to September 18, 2027 if an optional prepayment on the same terms was made on or before March 31, 2025 (the "Optional Prepayment"). The Amending Agreement also included changes to certain negative covenants, repayment provisions in the event of divestitures and events of default.

Through August 8, 2024, the Credit Facility matured on March 18, 2026 and through December 26, 2023, had an interest rate of LIBOR + 8.50%. After August 8, 2024, the Credit Facility matured on December 18, 2026, and after December 26, 2023, interest on amounts outstanding under the Credit Facility was 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 were guaranteed by material wholly-owned Canadian and U.S. subsidiaries of the

Company. The Credit Facility was 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 Amended Credit Agreement contained representations and warranties, and affirmative and negative covenants.

On September 27, 2024, the Company repurchased additional outstanding principal amounts under the Credit Facility (the "Second Quarter 2025 Paydown"). The Second Quarter 2025 Paydown resulted in an aggregate principal reduction of $1,148 (US$851) for a cash payment of $1,148 (US$851).

In accordance with the Amending Agreement, on October 16, 2024, the Company made an early prepayment under its Credit Facility in an aggregate principal amount equal to US$100,000 of the principal amount outstanding thereunder at a discounted price of US$97,500 (the "Third Quarter 2025 Paydown"). The Third Quarter 2025 Paydown resulted in an aggregate principal reduction of $137,710 (US$100,000) for a cash payment of $134,267 (US$97,500).

On March 31, 2025, the Company made the Optional Prepayment and, as a result, the maturity date under the Credit Agreement was extended to September 18, 2027. The Optional Prepayment resulted in an aggregate principal reduction of $143,870 (US$100,000) for a cash payment of $140,273 (US$97,500).

On July 29, 2025, the Company entered into an agreement (the "Third Paydown Agreement") with certain lenders under its Credit Facility. Pursuant to the Third Paydown Agreement, the Company was required to make the following prepayments: (i) US$25,000 at par on or prior to July 31, 2025; (ii) US$10,000 at par on or prior to December 31, 2025; and (iii) US$15,000 at par on or prior to March 31, 2026. In accordance with the terms of the Third Paydown Agreement, on July 31, 2025, the Company made the first of the three required prepayments in the aggregate amount of US$25,000 to reduce the principal balance of the Credit Facility (the "First Prepayment").

On September 12, 2025, the Company made an early prepayment of US$25,000 at par (the "Early Prepayment") to reduce the outstanding principal balance of the Credit Facility. The Early Prepayment satisfies the remainder of the Company's prepayment obligations associated with the Third Paydown Agreement. The First Prepayment and the Early Prepayment resulted in an aggregate principal reduction of $69,230 (US$50,000) for a cash payment of $69,230 (US$50,000).

In connection with the Loan Transaction (as defined below) on January 8, 2026, the Company repaid all amounts outstanding under the Credit Facility. Refer to Note 28 for more information on the Loan Transaction.

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 $2.85.

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 accreted 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. As of September 9, 2023, the principal amount of the Accretion Debentures was finalized as $10,434. The Accretion Debentures were payable in cash, but do not bear cash interest and were not convertible into the common shares of Supreme Cannabis (the "Supreme Shares"). The principal amount of the Accretion Debentures amortized, or would 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 remained outstanding as securities of Supreme Cannabis, which, upon conversion entitled 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 $385.90 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 were 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 Supreme Debentures outstanding, provided that the Accretion Debentures have already been redeemed in full.

On May 2, 2024, the Company entered into the Exchange and Subscription Agreement (as defined below) where approximately $27,563 of aggregate principal amount of outstanding Supreme Debentures and Accretion Debentures were settled.

On August 20, 2024, the Company entered into an exchange and subscription agreement with a single institutional investor (the "August 2024 Investor") pursuant to which, among other things, the August 2024 Investor delivered to the Company approximately $2,664 of aggregate principal amount of outstanding Supreme Debentures held by the August 2024 Investor in exchange for 291,351 common shares of the Company and $29 in cash for accrued interest.

During the three and nine months ended December 31, 2025, principal payments on the Accretion Debentures totaled $nil and $165, respectively (three and nine months ended December 31, 2024 - $530 and $1,207, respectively) and principal payments on the Supreme Debentures totaled $nil and $2,014, respectively (three and nine months ended December 31, 2024 – $nil and $nil, respectively). As of December 31, 2025, the Supreme Debentures and the Accretion Debentures have been fully settled and are no longer outstanding.

May 2024 Convertible Debenture

On May 2, 2024, the Company entered into an exchange and subscription agreement (the "Exchange and Subscription Agreement") with a single institutional investor (the "May 2024 Investor") pursuant to which, among other things, the May 2024 Investor delivered to the Company approximately $27,563 aggregate principal amount of outstanding Supreme Debentures and Accretion Debentures held by the May 2024 Investor and paid the Company $68,255 (US$50,000) in exchange for the Company issuing to the May 2024 Investor (i) a new senior unsecured convertible debenture of the Company (the "May 2024 Convertible Debenture") with an aggregate principal amount of $96,358 maturing five years from the closing date (the "Closing Date") of the transaction and (ii) 3,350,430 common share purchase warrants (the "May 2024 Investor Warrants") of the Company. Each May 2024 Investor Warrant entitles the holder to acquire one Canopy Growth common share at an exercise price equal to $16.18 per Canopy Growth common share for a period of five years from the Closing Date. Interest on amounts outstanding under the May 2024 Convertible Debenture was calculated at a rate of 7.50% per annum, payable in semi-annual payments in cash or, at the option of the Company, in Canopy Growth common shares for the first four semi-annual interest payments after the Closing Date, subject to satisfaction of certain conditions, including the prior approval of the Toronto Stock Exchange (the "TSX").

The May 2024 Convertible Debenture was convertible into Canopy Growth common shares at the option of the May 2024 Investor at a conversion price equal to $14.38 per share. The May 2024 Convertible Debenture was subject to a forced conversion feature upon notice from the Company in the event that the average closing trading price of the Canopy Growth common shares on the TSX exceeds $21.57 for a period of 10 consecutive trading days. In addition, pursuant to the terms of the May 2024 Convertible Debenture, for so long as the principal amount under the May 2024 Convertible Debenture remains outstanding (the "2024 Debenture ROFR Term"), the Company granted the May 2024 Investor a right of first refusal to subscribe for, and to be issued, as an investor in any debt or equity financing that the Company wishes to complete during the 2024 Debenture ROFR Term (the "Proposed Financing"); provided, however, that the May 2024 Investor shall subscribe for 25% of the Proposed Financing on the same terms and conditions contemplated in the Proposed Financing (the "2024 Debenture ROFR").

In connection with the Exchange Transaction (as defined below) on January 8, 2026, the May 2024 Investor exchanged the May 2024 Convertible Debenture with the Company for (A) (i) the January 2026 Convertible Debentures (as defined below), (ii) the January 2026 Investor Warrants (as defined below) and (iii) the Exchange Shares (as defined below); and (B) a cash payment in the aggregate amount of $10,500. As a result, the May 2024 Convertible Debenture is no longer outstanding and the 2024 Debenture ROFR has been terminated. See Note 28 for additional details.

16. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at December 31, 2025			As at March 31, 2025		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	$ 12,861	$ 17,275	$ 30,136	$ 16,542	$ 27,786	$ 44,328
Acquisition consideration and other investment related liabilities	-	4,532	4,532	-	4,439	4,439
Refund liability	2,534	-	2,534	2,661	-	2,661
Settlement liabilities and other	19,181	2,929	22,110	6,231	4,048	10,279
	$ 34,576	$ 24,736	$ 59,312	$ 25,434	$ 36,273	$ 61,707

Included in the settlement liabilities and other balance at December 31, 2025 is a litigation accrual. For the three months ended December 31, 2025, a new litigation provision was recorded as a result of legal proceeding developments during the period.

17. SHARE CAPITAL

CANOPY GROWTH

Authorized

An unlimited number of common shares and exchangeable shares (the "Exchangeable Shares").

(i) Equity financings

On February 28, 2025, the Company established an at-the-market equity program that allowed it to issue and sell up to US$200,000 of common shares of the Company to the public from time to time at the Company's discretion (the "February 2025 ATM Program") pursuant to an equity distribution agreement (as amended, the "February 2025 Equity Distribution Agreement") entered into among the Company and BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent (together, the "Agents"). As of December 31, 2025, the February 2025 ATM Program has been completed and a total of 150,674,856 common shares have been sold for gross proceeds of $276,694 (US$200,000). The February 2025 Equity Distribution Agreement replaced the equity distribution agreement dated June 6, 2024, among the Company and the Agents that established the Company's previously completed at-the-market equity program (the "June 2024 ATM Program").

During the three and nine months ended December 31, 2025, the Company sold nil and 127,505,498 common shares, respectively, for gross proceeds of $nil and $238,379 (US$173,278), respectively, under the February 2025 ATM Program.

On August 29, 2025, the Company established a new at-the-market equity program (the "August 2025 ATM Program") that allows it to issue and sell up to US$200,000 of common shares of the Company to the public from time to time at the Company's discretion in concurrent public offerings in the United States (the "U.S. Offering") and Canada; provided, however; that (i) sales of common shares in the August 2025 ATM Program in Canada is limited to aggregate gross sales proceeds to the Company of up to US$50,000 (or its Canadian dollar equivalent) (the "Canadian Offering"); and (ii) in no event will the combined gross sales proceeds of the August 2025 ATM Program in the United States and Canada exceed US$200,000. The Company established the August 2025 ATM Program pursuant to an equity distribution agreement (the "August 2025 Equity Distribution Agreement") entered into among the Company and the Agents.

The August 2025 ATM Program will be effective until the earlier of (A) June 5, 2027; (B) the issuance and sale of common shares having an aggregate offering price of US$200,000 on the terms and subject to the conditions set forth in the August 2025 Equity Distribution Agreement; (C) the date on which the Company's registration statement, as amended, filed with the SEC (the "Registration Statement") has ceased to be useable for sales of Shelf Securities (as defined in the August 2025 Equity Distribution Agreement) pursuant to General Instruction I.B.1 of Form S-3; (D) the date on which the Company receives notice from the SEC that the Registration Statement has ceased to be effective; and (E) the date on which the August 2025 Equity Distribution Agreement is terminated by the parties. Notwithstanding the foregoing, the Canadian Offering will automatically terminate on the earlier of (i) July 5, 2026; (ii) the date on which the issuance and sale of common shares in the Canadian Offering equals US$50,000 (or its Canadian dollar equivalent); (iii) the date on which the Company receives notice from the Ontario Securities Commission that the Company's Canadian short form base shelf prospectus dated June 5, 2024 has ceased to be effective; or (iv) the date on which the August 2025 Equity Distribution Agreement is terminated pursuant to clauses (A) through (E) above; provided, however, that a termination of the Canadian Offering as contemplated by clauses (i), (ii) and (iii) above will in no case affect the U.S. Offering and the August 2025 Equity Distribution Agreement will continue in full force and effect with respect to the U.S. Offering. The August 2025 Equity Distribution Agreement replaced the February 2025 Equity Distribution Agreement.

During the three and nine months ended December 31, 2025, the Company sold 35,898,598 and 56,206,101 common shares, respectively, for gross proceeds of $92,655 (US$67,026) and $135,792 (US$98,040), respectively, under the August 2025 ATM Program.

During the three and nine months ended December 31, 2024, the Company sold 22,713,177 and 39,519,029 common shares, respectively, for gross proceeds of $117,513 (US$84,844) and $255,989 (US$186,401), respectively, under the June 2024 ATM Program.

(ii) Other issuances of common shares and share capital transactions

During the nine months ended December 31, 2025, the Company had the following other issuances and share capital transactions:

	Number of common shares	Share capital	Share and warrant reserve
Other issuances and share issue costs	30,375	$ (6,257)	$ -
Total	30,375	$ (6,257)	$ -

During the nine months ended December 31, 2024, the Company had the following other issuances and share capital transactions:

	Number of common shares	Share capital	Share based reserve
Settlement of Acreage Acquisition	12,559,230	$ 63,915	$ 11,939
Other issuances and share issue costs	-	(6,567)	-
Total	12,559,230	$ 57,348	$ 11,939

(iii) Warrants

	Number of whole warrants	Average exercise price	Warrant value
Balance outstanding at March 31, 2025	15,483,580	$ 10.47	$ 2,628,137
Issuance of warrants	-	-	-
Balance outstanding at December 31, 2025	15,483,580	$ 10.14	$ 2,628,137

	Number of whole warrants	Average exercise price	Warrant value
Balance outstanding at March 31, 2024	10,451,457	$ 9.12	$ 2,610,519
Issuance of warrants	4,548,088	13.31	13,525
Issuance of replacement warrants resulting from the Acreage Acquisition	1,845,843	10.72	7,111
Exercise of warrants	(1,279,660)	6.60	(3,018)
Balance outstanding at December 31, 2024	15,565,728	$ 11.09	$ 2,628,137

(iv) Issuances of Exchangeable Shares

During the nine months ended December 31, 2025, the Company did not issue any Exchangeable Shares.

On April 18, 2024, Greenstar Canada Investment Limited Partnership ("Greenstar") and CBG Holdings LLC, indirect, wholly-owned subsidiaries of Constellation Brands, Inc., exchanged all 17,149,925 Canopy Growth common shares they collectively held for 17,149,925 Exchangeable Shares for no consideration. In addition, an additional 9,111,549 Exchangeable Shares were issued to Greenstar in connection with Greenstar's conversion of approximately $81,220 of the principal amount of the $100,000 principal amount promissory note issued to Greenstar and payable on December 31, 2024, calculated based on a price per Exchangeable Share equal to $8.91. The Exchangeable Shares are convertible at any time, at the option of the holder, into Canopy Growth common shares on a one for one basis.

18. 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 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 issuance upon the exercise, vesting or settlement, as applicable, of Awards granted pursuant to the Omnibus Equity Incentive Plan and the Previous Equity Incentive Plan is 36,828,464 as at December 31, 2025. As of December 31, 2025, the only Awards issued have been Options, RSUs and performance share units (“PSUs”) under the Previous Equity Incentive Plan, and Options and RSUs under the Omnibus Equity Incentive Plan.

The Omnibus Equity Incentive Plan is administered by the Corporate Governance, Compensation and Nominating Committee of the board of directors of the Company, 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.

The following is a summary of the changes in the Options outstanding during the nine months ended December 31, 2025:

	Options issued	**Weighted average exercise price**
Balance outstanding at March 31, 2025	3,648,915	$ 32.81
Options granted	2,799,022	2.00
Options expired/forfeited	(3,754,854)	29.40
Balance outstanding at December 31, 2025	2,693,083	$ 5.39

The following is a summary of the Options outstanding as at December 31, 2025:

	Options Outstanding		**Options Exercisable**	
Range of Exercise Prices	**Outstanding at December 31, 2025**	**Weighted Average Remaining Contractual Life (years)**	**Exercisable at December 31, 2025**	**Weighted Average Remaining Contractual Life (years)**
$1.64 - $7.50	2,472,797	4.99	285,210	2.30
$7.51 - $56.10	200,885	3.19	122,288	2.39
$56.11 - $322.20	19,401	1.49	19,401	1.49
	2,693,083	4.83	426,899	2.29

At December 31, 2025, the weighted average exercise price of the Options outstanding and Options exercisable was $5.39 and $20.19, respectively (March 31, 2025 – $32.81 and $63.41, respectively).

The Company recorded $207 and $541 in share-based compensation expense related to Options issued to employees and contractors for the three and nine months ended December 31, 2025, respectively (three and nine months ended December 31, 2024 – $3,262 and $9,484, respectively). The share-based compensation expense for the nine months ended December 31, 2025 includes a large expense reversal resulting from higher estimated forfeitures relating to the departure of certain executives of the Company.

The Company uses the Black-Scholes option pricing model to establish the fair value of Options granted during the nine months ended December 31, 2025 and 2024, on their measurement date by applying the following assumptions:

	December 31, 2025	December 31, 2024
Risk-free interest rate	2.58%	-
Expected life of options (years)	3 - 5	-
Expected volatility	124%	-
Expected forfeiture rate	20%	-
Expected dividend yield	nil	-
Black-Scholes value of each Option	$1.31	-

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 nine months ended December 31, 2025, the Company recorded $681 and $2,257, respectively, in share-based compensation expense related to RSUs and PSUs (for the three and nine months ended December 31, 2024 – $1,897 and $5,047, respectively).

The following is a summary of the changes in the Company's RSUs and PSUs during the nine months ended December 31, 2025:

	Number of RSUs and PSUs
Balance outstanding at March 31, 2025	1,359,685
RSUs granted	3,874,200
RSUs and PSUs released	(677,370)
RSUs and PSUs cancelled and forfeited	(1,406,020)
Balance outstanding at December 31, 2025	3,150,495

19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income includes the following components:

	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
As at March 31, 2025	$ 535	$ 535
Other comprehensive income	6,041	6,041
As at December 31, 2025	$ 6,576	$ 6,576

	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Accumulated other comprehensive income (loss)
As at March 31, 2024	$ (31,178)	$ 15,127	$ (16,051)
Disposal of consolidated entities	18,593	-	18,593
Extinguishment of promissory note and issuance of exchangeable shares	-	(15,127)	(15,127)
Other comprehensive income	3,586	-	3,586
As at December 31, 2024	$ (8,999)	$ -	$ (8,999)

20. NONCONTROLLING INTERESTS

For the nine months ended December 31, 2025, the Company did not have any noncontrolling interest balances or activity.

The net change in the Company's noncontrolling interest for the nine months ended December 31, 2024 is as follows:

	Other	Total
As at March 31, 2024	$ 139	$ 139
Canopy USA Transaction	(139)	(139)
As at December 31, 2024	$ -	$ -

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Assets and liabilities recognized or disclosed at fair value on a nonrecurring basis may include items such as property, plant and equipment, goodwill and other intangible assets, equity and other investments and other assets. 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
December 31, 2025				
Assets:				
Restricted short-term investments	$ 5,034	$ -	$ -	$ 5,034
Other investments	46	-	153,085	153,131
March 31, 2025				
Assets:				
Short-term investments	$ 17,656	$ -	$ -	$ 17,656
Restricted short-term investments	6,410	-	-	6,410
Other investments	46	-	177,827	177,873

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
Canopy USA, LLC Equity Method Investment	Asset based approach	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
		Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
		Expected future cash flows	Increase or decrease in expected future cash flows will result in an increase or decrease in fair value
		Volatility of Wana and Jetty equity	Increase or decrease in volatility will result in an increase or decrease in fair value
Canopy USA LPs Equity Method Investment	Asset based approach	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
Elevate Loan Receivable	Lesser of discounted cash flow and debtor net assets	Equity value of Canopy USA	Increase or decrease in equity value will result in an increase or decrease in fair value
Acreage and Wana Debt	Lesser of discounted cash flow and debtor net assets	Equity value of Canopy USA	Increase or decrease in equity value will result in an increase or decrease in fair value

22. REVENUE

Revenue is disaggregated as follows:

	Three months ended		Nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Cannabis				
Canadian adult-use cannabis[1]	$ 22,927	$ 21,153	$ 73,888	58,424
Canadian medical cannabis[2]	22,511	19,575	65,538	57,059
International markets cannabis	6,209	8,974	20,055	25,735
	$ 51,647	$ 49,702	$ 159,481	$ 141,218
Storz & Bickel	$ 22,894	$ 25,059	$ 53,877	$ 62,746
Net revenue	$ 74,541	$ 74,761	$ 213,358	$ 203,964

[1]Canadian adult-use net revenue during the three and nine months ended December 31, 2025 includes excise taxes of $13,239 and $41,240, respectively (three and nine months ended December 31, 2024 – $9,335 and $25,755, respectively).
[2]Canadian medical cannabis net revenue for the three and nine months ended December 31, 2025 includes excise taxes of $2,611 and $7,539, respectively (three and nine months ended December 31, 2024 – $2,148, and $6,266, 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 $1,257 and $2,502 for the three and nine months ended December 31, 2025, respectively (three and nine months ended December 31, 2024 – $986 and $3,486, respectively). As of December 31, 2025, the liability for estimated returns and price adjustments was $2,534 (March 31, 2025 – $2,661).

23. OTHER INCOME (EXPENSE), NET

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

	Three months ended		Nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Fair value changes on Canopy USA related assets	$ (31,817)	$ (76,251)	$ (17,979)	$ (209,643)
Fair value changes on other financial assets	-	(50)	-	(2,915)
Fair value changes on acquisition related contingent consideration and other	-	-	-	(33,472)
(Loss) gain related to settlement of debt	-	-	(1,267)	22,439
Interest income	3,100	1,941	6,133	6,415
Interest expense	(7,338)	(16,766)	(25,879)	(59,187)
Foreign currency gain (loss)	292	723	(372)	1,430
Other income (expense), net	(146)	(7,355)	312	(2,019)
	$ (35,909)	$ (97,758)	$ (39,052)	$ (276,952)

24. INCOME TAXES

There have been no material changes to income tax matters in connection with normal course operations during the nine months ended December 31, 2025.

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

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

25. ACREAGE ARRANGEMENT

On December 9, 2024, Canopy USA completed the Acreage Acquisition and now owns 100% of the issued and outstanding shares of Acreage. In aggregate, Canopy Growth issued 5,888,291 common shares to former shareholders of Acreage.

See Note 3 for information regarding the Canopy USA Transaction. Canopy USA, as of October 24, 2022, holds certain U.S. cannabis investments previously held by the Company, which enabled Canopy USA to consummate the acquisition of Acreage. See Note 3 for more details related to the Acreage Acquisition.

26. COMMITMENTS AND CONTINGENCIES

Legal proceedings

In the ordinary course of business, the Company is at times subject to various legal proceedings and disputes. The Company assesses the liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, a liability is recorded in the consolidated financial statements. Where a loss is only reasonably possible or the amount of the loss cannot be reasonably estimated, no liability is recorded in the consolidated financial statements, but disclosures, as necessary, are provided.

For the three months ended December 31, 2025, a new litigation accrual provision was recorded as a result of legal proceeding developments during the period. Refer to Note 16 for additional details.

27. SEGMENT INFORMATION

Reportable segments

Prior to the three months ended June 30, 2025, the Company had the following four reportable segments: (i) Canada cannabis, (ii) International markets cannabis, (iii) Storz & Bickel, and (iv) This Works (divested December 18, 2023). Following a change in the

CODM (as defined below) and internal reorganizations initiated by the Company in the three months ended March 31, 2025, the Company has changed the structure of its internal management reporting. Accordingly, as of the three months ended June 30, 2025, the Company began reporting its financial results for the following two reportable segments:

- **Cannabis -** includes the global production, distribution and sale of a diverse range of cannabis and cannabis-related products. Sales in Canada are pursuant to the *Cannabis Act*, while international sales are pursuant to applicable international legislation, regulations and permits; and
- **Storz & Bickel** - includes the production, distribution and sale of vaporizers and accessories.

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.

	Three months ended		Nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Segmented net revenue				
Cannabis	$ 51,647	$ 49,702	$ 159,481	$ 141,218
Storz & Bickel	22,894	25,059	53,877	62,746
	$ 74,541	$ 74,761	$ 213,358	$ 203,964
Segmented gross margin:				
Cannabis	$ 12,976	$ 14,106	$ 42,440	$ 45,528
Storz & Bickel	8,490	9,992	18,969	23,439
	21,466	24,098	61,409	68,967
Selling, general and administrative expenses	44,437	41,476	118,841	131,174
Share-based compensation	888	5,159	2,798	14,531
Loss on asset impairment and restructuring	2,491	1,285	5,638	22,135
Operating loss from continuing operations	(26,350)	(23,822)	(65,868)	(98,873)
Other income (expense), net	(35,909)	(97,758)	(39,052)	(276,952)
Loss from continuing operations before incomes taxes	$ (62,259)	$ (121,580)	$ (104,920)	$ (375,825)

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		Nine months ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Canada	$ 45,439	$ 40,728	$ 139,427	$ 115,483
Germany	$ 19,197	$ 17,735	$ 46,303	$ 47,455
United States	$ 8,674	$ 11,560	$ 21,017	$ 27,515
Other	$ 1,231	$ 4,738	$ 6,611	$ 13,511
	$ 74,541	$ 74,761	$ 213,358	$ 203,964

Disaggregation of property, plant and equipment by geographic area:

	December 31, 2025	March 31, 2025
Canada	$ 233,211	$ 239,382
Germany	51,010	53,079
Other	818	1,062
	$ 285,039	$ 293,523

For the three months ended December 31, 2025, no customer represented greater than 10% of the Company's net revenue (three months ended December 31, 2024 – one).

For the nine months ended December 31, 2025, no customer represented greater than 10% of the Company's net revenue (nine months ended December 31, 2024 – one).

28. SUBSEQUENT EVENTS

MTL Cannabis

On December 14, 2025, the Company entered into an arrangement agreement, as amended on January 6, 2026 (the "MTL Arrangement Agreement") with MTL Cannabis Corp. ("MTL"), pursuant to which, among other things, the Company has agreed to acquire all of the issued and outstanding common shares in the capital of MTL (the "MTL Shares") in accordance with a plan of arrangement under the *Canada Business Corporations Act* (the "MTL Arrangement"). Pursuant to the terms of the MTL Arrangement, shareholders of MTL will be entitled to receive 0.32 of a Canopy Growth common share and $0.144 in cash for each MTL Share held immediately prior to the closing of the MTL Arrangement. In addition, pursuant to the MTL Arrangement, the Company will issue up to an additional 2,956,391 Canopy Growth common shares to certain former shareholders (the "MC Shareholders") of Montreal Cannabis Medical, Inc. ("MC"), which will be subject to an 18-month restriction on transfer, in exchange for a release of all prior obligations owing to the former MC Shareholders in connection with MTL's prior acquisition of MC.

The MTL Arrangement is subject to the conditions set forth in the MTL Arrangement Agreement, including, among others: (i) approval by the Supreme Court of British Columbia at a hearing upon the procedural and substantive fairness of the terms and conditions of the MTL Arrangement; (ii) approval under the *Competition Act* (Canada); and (iii) approval of at least two-thirds of the MTL Shares present in person or represented by proxy at a special meeting of shareholders, with such meeting scheduled to be held on February 17, 2026 (the "MTL Meeting"), and a simple majority of the votes cast by MTL shareholders present in person or represented by proxy and entitled to vote at the MTL Meeting excluding the votes for MTL Shares held and/or controlled by persons described in items (a) through (d) of Section 8.1(2) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Loan Agreement

On January 8, 2026, the Company entered into a loan and guaranty agreement (the "Loan Agreement"), by and among the Company, as a borrower, certain subsidiaries of the Company party thereto, as borrowers and/or guarantors, the parties identified therein as lenders (the "Lenders"), and JGB Collateral LLC, as administrative and collateral agent, pursuant to which, among other things, the Lenders advanced US$150,000 in cash pursuant to a senior secured term loan in the aggregate principal amount of approximately US$162,115 (collectively, the "Loans" and such transaction, the "Loan Transaction"). The Loans were funded on January 8, 2026 (the "Loan Closing Date") with an original issue discount of approximately US$12,115. The Loans will mature on the earlier of (i) January 31, 2031, and (ii) the date that is 120 days prior to the maturity date of the January 2026 Convertible Debentures (as defined below).

The outstanding principal amount of the Loans bear interest at an annual rate equal to the applicable Term SOFR rate (subject to a minimum floor of 3.25%) plus 6.25%. Interest on the Loans will be paid monthly in arrears in cash. Following the first anniversary of the first interest payment date, each Lender will have the option to require the borrowers to repay such Lender its pro rata share of up to US$3,000 of principal per calendar month on each payment date thereafter. Prepayment and repayment of the Loans will be subject to (i) an interest make-whole equal to 12 monthly interest payments less any payments made by the borrowers on account of interest prior to the date of such prepayment for any prepayments or repayments made during the first year of the Loans and (ii) an exit fee equal to approximately US$6,485, provided that, with respect to any partial prepayment or repayment of the Loans, only the pro rata portion of such exit fee will be payable at the time of each such partial payment. The Loans and obligations under the Loan Agreement and other related loan documents are secured by substantially all of the assets of the Company and each of its material subsidiaries.

The Loan Agreement also includes certain prepayment fees, a minimum unrestricted cash requirement of the lesser of US$90,000 or the outstanding principal amount of the Loans, and various other representations, warranties, covenants and events of default customary for a financing of this nature.

In connection with the Loan Agreement, on the Loan Closing Date, the Company issued 18,705,578 common share purchase warrants of the Company (the "Loan Warrants") to the Lenders in accordance with each Lender's pro rata share of the Loans. Each Loan Warrant entitles the holder thereof to acquire one common share of the Company at an exercise price equal to US$1.30 per common share for a period of five years from the Loan Closing Date.

A portion of the net proceeds from the Loans was used to repay all outstanding amounts owing under the Credit Facility.

Exchange Agreement

On January 7, 2026, the Company entered into an exchange agreement (the "Exchange Agreement") with the May 2024 Investor pursuant to which, among other things, on January 8, 2026 (the "Exchange Closing Date"), the May 2024 Investor delivered to the Company the May 2024 Convertible Debenture held by the May 2024 Investor in exchange for (A) the Company issuing to the

May 2024 Investor (i) new senior unsecured convertible debentures of the Company with an aggregate principal amount of $55,000 maturing on July 8, 2031 (the "January 2026 Convertible Debentures"), (ii) 12,731,481 common share purchase warrants (the "January 2026 Investor Warrants") of the Company, and (iii) 9,493,670 Canopy Growth common shares (the "Exchange Shares") and (B) a $10,500 cash payment from the Company (collectively, the "Exchange Transaction").

Each January 2026 Investor Warrant will entitle the holder to acquire one Canopy Growth common share at an exercise price equal to $2.16 per Canopy Growth common share and will expire on January 8, 2031. The January 2026 Convertible Debentures will bear interest at a rate of 7.50% per annum, payable in semi-annual payments in cash, and will be convertible, at the option of the May 2024 Investor, into Canopy Growth common shares at a conversion price equal to $1.83 per Canopy Growth common share. The Exchange Agreement includes standard representations, warranties and covenants of the Company and the May 2024 Investor.

The January 2026 Convertible Debentures will be subject to a forced conversion feature upon notice from the Company in the event that the average closing trading price of the Canopy Growth common shares on the TSX exceeds $2.75 for a period of 10 consecutive trading days.