

CANOPY GROWTH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2025

FEBRUARY 6, 2025

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

Introduction

This Management's Discussion and Analysis ("MD&A") should be read together with other information, including our unaudited condensed interim consolidated financial statements and the related notes to those statements included in Part I, Item 1 of this Quarterly Report (the "Interim Financial Statements"), our consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended March 31, 2025 (the "Annual Report"), Part I, Item 1A, Risk Factors, of the Annual Report and Part II, Item 1A. Risk Factors, of this Quarterly Report. This MD&A provides additional information on our business, recent developments, financial condition, cash flows and results of operations, and is organized as follows:

- *Part 1 - Business Overview.* This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition, and potential future trends.
- *Part 2 - Results of Operations.* This section provides an analysis of our results of operations for the third quarter of fiscal 2026 in comparison to the third quarter of fiscal 2025, and for the nine months ended December 31, 2025 in comparison to the nine months ended December 31, 2024.
- *Part 3 - Financial Liquidity and Capital Resources.* This section provides an analysis of our cash flows and outstanding debt and commitments. Included in this analysis is a discussion of the amount of financial capacity available to fund our ongoing operations and future commitments.

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

Special Note Regarding Forward-Looking Statements

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

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

- laws and regulations and any amendments thereto applicable to our business and the impact thereof, including uncertainty regarding the application of U.S. state and federal law to cannabis and hemp (including cannabidiol ("CBD")) products and the scope of any regulations by the U.S. Food and Drug Administration, the U.S. Drug Enforcement Administration, the U.S. Federal Trade Commission, the U.S. Patent and Trademark Office, the U.S. Department of Agriculture and any state equivalent regulatory agencies over cannabis and hemp (including CBD) products;
- expectations regarding the amount or frequency of impairment losses, including as a result of the write-down of intangible assets, including goodwill;
- our ability to refinance debt as and when required on terms favorable to us and comply with covenants contained in our debt facilities and debt instruments;
- the impacts of the Company's strategy to accelerate entry into the U.S. cannabis market through the creation of Canopy USA, LLC ("Canopy USA");
- expectations for Canopy USA to capitalize on the opportunity for growth in the United States cannabis sector and the anticipated benefits of such strategy;
- the potential acquisition of MTL Cannabis Corp. ("MTL"), including the timing of closing of the potential MTL acquisition and the satisfaction or waiver of the conditions to closing the MTL acquisition;
- the timing and occurrence of the final tranche closing in connection with the acquisition of Jetty (as defined below) pursuant to the exercise of the Jetty Options (as defined below);
- the issuance of additional common shares of the Company (each whole share, a "Canopy Share" or a "Share") to satisfy any deferred and/or option exercise payments to the shareholders of Wana (as defined below) and Jetty and the issuance

of additional Non-Voting Shares (as defined below) issuable to Canopy Growth from Canopy USA in consideration thereof;

- the acquisition of additional Canopy USA Common Shares (as defined below) in connection with the Trust Transaction (as defined below), including any warrants of Canopy USA issued to the Trust (as defined below) in accordance with the Trust SPA (as defined below);
- expectations regarding the potential success of, and the costs and benefits associated with, our acquisitions (including the potential acquisition of MTL), equity investments and dispositions;
- the grant, renewal and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- our international activities, including required regulatory approvals and licensing, anticipated costs and timing, and expected impact;
- our ability to successfully create and launch brands and further create, launch and scale products in jurisdictions where such products are legal and that we currently operate in;
- the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, including CBD and other cannabinoids;
- our ability to maintain effective internal control over financial reporting;
- expectations regarding the use of proceeds of equity financings;
- the legalization of the use of cannabis for medical or adult-use in jurisdictions outside of Canada, the related timing and impact thereof and our intentions to participate in such markets, if and when such use is legalized;
- the timing and occurrence of the implementation of the 2025 Budget (as defined below), including the Proposed Reimbursement Adjustment (as defined below) as well as the expected impact thereof;
- our ability to execute on our strategy and the anticipated benefits of such strategy;
- the ongoing impact of the legalization of additional cannabis product types and forms for adult-use in Canada, including federal, provincial, territorial and municipal regulations pertaining thereto, the related timing and impact thereof and our intentions to participate in such markets;
- the ongoing impact of developing provincial, state, territorial and municipal regulations pertaining to the sale and distribution of cannabis, the related timing and impact thereof, as well as the restrictions on federally regulated cannabis producers participating in certain retail markets and our intentions to participate in such markets to the extent permissible;
- the timing and nature of legislative changes in the U.S. regarding the regulation of cannabis including tetrahydrocannabinol;
- the future performance of our business and operations;
- our competitive advantages and business strategies;
- the competitive conditions of the industry;
- the expected growth in the number of customers using our products;
- expectations regarding revenues, expenses and anticipated cash needs;
- expectations regarding cash flow, liquidity and sources of funding;
- expectations regarding capital expenditures;
- the expansion of our production and manufacturing, the costs and timing associated therewith and the receipt of applicable production and sale licenses;
- expectations with respect to our growing, production and supply chain capacities;
- expectations regarding the resolution of litigation and other legal and regulatory proceedings, reviews and investigations;
- expectations with respect to future production costs;
- expectations with respect to future sales and distribution channels and networks;
- the expected methods to be used to distribute and sell our products;
- our future product offerings;
- the anticipated future gross margins of our operations;
- accounting standards and estimates;
- expectations regarding our distribution network;
- expectations regarding the costs and benefits associated with our contracts and agreements with third parties, including under our third-party supply and manufacturing agreements;
- our ability to comply with the listing requirements of the Nasdaq Stock Market LLC (“Nasdaq”) and the Toronto Stock Exchange (“TSX”); and
- expectations on price changes for products in cannabis markets.

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

in which we conduct our business involve risks and uncertainties that are subject to change based on various factors, which are described further below.

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

By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking statements in this Quarterly Report and other reports we file with, or furnish to, the Securities and Exchange Commission (the "SEC") and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf. Such factors include, without limitation, our limited operating history; risks that we may be required to write down intangible assets, including goodwill, due to impairment; the adequacy of our capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute our business plan (either within the expected timeframe or at all); our ability to maintain an effective system of internal control; the diversion of management time on matters related to Canopy USA; the risks that the Trust's future ownership interest in Canopy USA is not quantifiable, and the Trust may have significant ownership and influence over Canopy USA; the risks in the event that Acreage and Wana cannot satisfy their debt obligations as they become due; volatility in and/or degradation of general economic, market, industry or business conditions; risks relating to the overall macroeconomic environment, which may impact customer spending, our costs and our margins, including tariffs (and related retaliatory measures), the levels of inflation, interest rates and trade policy; risks relating to the evolving regulatory landscape in the United States; risks relating to our current and future operations in emerging markets; compliance with applicable environmental, economic, health and safety, energy and other policies and regulations and in particular health concerns with respect to vaping and the use of cannabis products in vaping devices; risks and uncertainty regarding future product development; changes in regulatory requirements in relation to our business and products; our reliance on licenses issued by and contractual arrangements with various federal, state and provincial governmental authorities; inherent uncertainty associated with projections; future levels of revenues and the impact of increasing levels of competition; third-party manufacturing risks; third-party transportation risks; our exposure to risks related to an agricultural business, including wholesale price volatility and variable product quality; changes in laws, regulations and guidelines and our compliance with such laws, regulations and guidelines; risks relating to inventory write downs; risks relating to our ability to refinance debt as and when required on terms favorable to us and to comply with covenants contained in our debt facilities and debt instruments; risks associated with jointly owned investments; our ability to manage disruptions in credit markets or changes to our credit ratings; the success or timing of completion of ongoing or anticipated capital or maintenance projects; risks related to the integration of acquired businesses; the timing and manner of the legalization of cannabis in the United States; business strategies, growth opportunities and expected investment; counterparty risks and liquidity risks that may impact our ability to obtain loans and other credit facilities on favorable terms; the potential effects of judicial, regulatory or other proceedings, litigation or threatened litigation or proceedings, or reviews or investigations, on our business, financial condition, results of operations and cash flows; risks associated with divestment and restructuring; the anticipated effects of actions of third parties such as competitors, activist investors or federal, state, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; consumer demand for cannabis products; the implementation and effectiveness of key personnel changes; risks related to stock exchange restrictions; risks related to the protection and enforcement of our intellectual property rights; the risks related to our exchangeable shares (the "Exchangeable Shares") having different rights from Canopy Shares and there may never be a trading market for the Exchangeable Shares; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; risks related to finalization of the consideration payable by us for the acquisition by Canopy USA of the remaining interests in Jetty; and the factors discussed under the heading "Risk Factors" in the Annual Report and in this Quarterly Report. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Forward-looking statements are provided for the purposes of assisting the reader in understanding our financial performance, financial position, and cash flows as of and for periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and the reader is cautioned that the forward-looking statements may not be appropriate for any other purpose. While we believe that the assumptions and expectations reflected in the forward-looking statements are

reasonable based on information currently available to management, there is no assurance that such assumptions and expectations will prove to have been correct. Forward-looking statements are made as of the date they are made and are based on the beliefs, estimates, expectations, and opinions of management on that date. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by law. The forward-looking statements contained in this Quarterly Report and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees, and other persons authorized to speak on our behalf are expressly qualified in their entirety by these cautionary statements.

Part 1 - Business Overview

We are a world-leading cannabis company which produces, distributes, and sells a diverse range of cannabis and cannabis related products. We are a collective of dynamic and engaged leaders, united by a passion for cannabis, focused on delighting our consumers and medical cannabis patients while creating value for our stakeholders and one another. Above all else, we are driven by an unwavering commitment to providing our consumers with the best possible experiences rooted in our vision of unleashing the power of cannabis to improve lives. From product and process innovation to market execution, we are driven by a commitment to drive the industry forward.

Our cannabis products are principally sold for adult-use and medical purposes under a portfolio of distinct brands. Our core operations are in Canada, Europe and Australia and we hold a significant non-controlling, non-voting interest in an entity that participates in the sale of cannabis and hemp derived products in the United States.

Today, we are a leader in the medical as well as adult use cannabis market in Canada where we offer a broad portfolio of brands and products and continue to expand our portfolio to include new innovative cannabis products and formats. Our primary medical brand is Spectrum Therapeutics and we have also launched Canopy Medical, a medical cannabis brand in select international markets. Our curated cannabis product formats include dried flower, pre-rolled joints (“PRJ”), oil, softgel capsules, edibles including gummies, vapes and beverages, as well as a wide range of cannabis accessories including our premier herbal vaporizer devices Storz & Bickel® (collectively with Storz & Bickel GmbH, “Storz & Bickel”).

Segment Reporting

Prior to the three months ended June 30, 2025, we 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 us in the three months ended March 31, 2025, we changed the structure of our internal management reporting. Accordingly, as of the three months ended June 30, 2025, we began reporting our 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*, SC 2018, c 16, 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 our operations are managed, how our Chief Executive Officer, who is the Chief Operating Decision Maker (“CODM”), allocates resources and evaluates performance, and how our internal management financial reporting is structured. Our CODM evaluates the performance of these segments, with a focus on (i) segment net revenue, and (ii) segment gross margin as the measure of segment profit or loss. Accordingly, information regarding segment net revenue and segment gross margin for the comparative periods have been restated to reflect the aforementioned change in reportable segments.

Canopy USA

On October 24, 2022, we completed a number of strategic transactions in connection with the creation of 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 us.

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 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. 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 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 and Jetty, as applicable, Canopy Growth may be required to issue additional common shares in satisfaction of certain deferred and/or option exercise payments to the shareholders of Wana and Jetty. Canopy Growth will receive additional Non-Voting Shares from Canopy USA as consideration for any Canopy 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 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 (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. As of April 30, 2024, Canopy Growth has deconsolidated the financial results of Canopy USA and has a non-controlling interest in Canopy USA as of such date.

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 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 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”).

Upon Canopy USA completing the Acreage Acquisition on December 9, 2024, Canopy Growth received additional Non-Voting Shares from Canopy USA in consideration for the issuance of (i) Canopy Shares to the former shareholders of Acreage in accordance with the terms of the Existing Acreage Arrangement Agreement (as defined below) and the arrangement agreement among Canopy Growth, Canopy USA and Acreage, as amended (the “Floating Share Arrangement Agreement”); (ii) Canopy Shares pursuant to the then existing tax receivable bonus plans of High Street Capital Partners, LLC, a subsidiary of Acreage (“HSCP”); (iii) Canopy Shares in connection with Canopy USA’s acquisition of the minority interests of certain subsidiaries of Acreage; (iv) the issuance of Canopy Shares and warrants to certain securityholders of Acreage in order to satisfy an outstanding liability; and (v) Canopy Shares, warrants and other replacement securities in connection with the Acreage Acquisition.

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 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. The acquisition of the Floating Shares pursuant to the Floating Share Arrangement occurred immediately prior to the acquisition of the Fixed Shares pursuant to the Existing Acreage Arrangement Agreement such that 100% of the issued and outstanding shares of Acreage are owned by Canopy USA. 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 US\$99.8 million of Acreage’s outstanding debt (the “Acquired Debt”) in exchange for approximately US\$69.8 million in cash and the release of approximately US\$30.1 million (the “Option Premium”) that was held in escrow.

The Optionor subsequently transferred approximately US\$2.2 million 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 million 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 \$166.5 million (US\$121.5 million) and the aggregate principal amount of the Acreage and Wana Debt owing to the ARCA Lender was approximately \$108.3 million (US\$79.0 million).

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.

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 Canopy Shares to former shareholders of Acreage.

In addition, Canopy Growth: (i) issued 5,118,426 Canopy Shares pursuant to the tax receivable bonus plans of HSCP; and (ii) 306,151 Canopy Shares were issuable in connection with Canopy USA’s acquisition of the minority interests of certain subsidiaries of Acreage, of which 268,057 Canopy Shares were issued as of December 31, 2025.

Immediately following the closing of the Acreage Acquisition, Canopy Growth issued an aggregate of 1,315,553 Canopy 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 Share at an exercise price of US\$3.66 until June 6, 2029.

In exchange for the issuances of Canopy Shares, warrants and other replacement securities in connection with the Acreage Acquisition, Canopy Growth received additional Non-Voting Shares with a value of approximately \$50.8 million 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.

Recent Developments

August 2025 ATM Program

On August 29, 2025, we established a new at-the-market equity program (the “August 2025 ATM Program”) that allows us to issue and sell up to US\$200 million of Canopy Shares to the public from time to time at our discretion in concurrent public offerings in the United States (the “U.S. Offering”) and Canada; provided, however; that (i) sales of Canopy Shares in the August 2025 ATM Program in Canada is limited to aggregate gross sales proceeds to us of up to US\$50 million (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 million. The Company established the August 2025 ATM Program pursuant to an equity distribution agreement (the “August 2025 Equity Distribution Agreement”) entered into among us and BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent (together, the “Agents”).

The August 2025 ATM Program will be effective until the earlier of (A) June 5, 2027; (B) the issuance and sale of Canopy Shares having an aggregate offering price of US\$200 million 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 million (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 equity distribution agreement dated February 28, 2025, as amended, among us and the Agents that established our prior at-the-market equity program (the "February 2025 ATM Program").

During the nine months ended December 31, 2025, we sold 56,206,101 Canopy Shares for gross proceeds of approximately \$135.8 million (US\$98.0 million) under the August 2025 ATM Program.

Credit Facility Prepayments

On July 29, 2025, we entered into an agreement (the "Third Paydown Agreement") with certain lenders under the Credit Facility (as defined below). Pursuant to the Third Paydown Agreement, we were required to make the following prepayments: (i) US\$25 million at par on or prior to July 31, 2025; (ii) US\$10 million at par on or prior to December 31, 2025; and (iii) US\$15 million at par on or prior to March 31, 2026. On July 31, 2025, we made the first of the three prepayments required under the Third Paydown Agreement, which resulted in an aggregate principal reduction of US\$25 million under our Credit Facility (the "First Prepayment"). On September 12, 2025, we made an early prepayment of US\$25 million at par (the "Early Prepayment") to reduce the outstanding principal balance of the Credit Facility. The Early Prepayment satisfies the remainder of our prepayment obligations associated with the Third Paydown Agreement.

In connection with the Loan Transaction (as defined below), a portion of the net proceeds from the Loans (as defined below) was used to repay all outstanding amounts owing under the Credit Facility.

Loan Agreement

On January 8, 2026, we entered into a loan and guaranty agreement (the "Loan Agreement"), by and among us, 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 million in cash pursuant to a senior secured term loan in the aggregate principal amount of approximately US\$162.1 million (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\$12.1 million. The Loans 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 will 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 million 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\$6.5 million, 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 million 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, we 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 Canopy Share at an exercise price equal to US\$1.30 per Canopy Share for a period of five years from the Loan Closing Date.

Exchange Agreement

On January 7, 2026, we entered into an exchange agreement (the "Exchange Agreement") with the May 2024 Investor (as defined below) pursuant to which, among other things, on January 8, 2026 (the "Exchange Closing Date"), the May 2024 Investor delivered to us the May 2024 Convertible Debenture (as defined below) 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 \$55.0 million 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 Shares (the “Exchange Shares”) and (B) a \$10.5 million cash payment from the Company (collectively, the “Exchange Transaction”).

Each January 2026 Investor Warrant will entitle the holder to acquire one Canopy Share at an exercise price equal to \$2.16 per Canopy 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 Shares at a conversion price equal to \$1.83 per Canopy 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 Shares on the TSX exceeds \$2.75 for a period of 10 consecutive trading days.

Acquisition of MTL Cannabis

On December 14, 2025, we entered into an arrangement agreement, as amended on January 6, 2026 (the “MTL Arrangement Agreement”) with MTL, pursuant to which, among other things, we have 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 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, we will issue up to an additional 2,956,391 Canopy 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*.

Part 2 - Results of Operations

The results of operations presented below reports the financial performance of the continuing operations of Canopy Growth for the three and nine months ended December 31, 2025.

Discussion of Results of Operations for the Three Months Ended December 31, 2025

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Three months ended December 31,			
	2025	2024	\$ Change	% Change
Selected consolidated financial information:				
Net revenue	\$ 74,541	\$ 74,761	\$ (220)	(0.3%)
Gross margin percentage	29%	32%	-	(300) bps
Net loss from continuing operations	\$ (62,627)	\$ (121,896)	\$ 59,269	49%
Basic and diluted loss per share from continuing operations ¹	\$ (0.18)	\$ (1.11)	\$ 0.93	84%

¹ For the three months ended December 31, 2025, the weighted average number of outstanding Canopy Shares, basic and diluted, totaled 345,534,979 (three months ended December 31, 2024 - 110,306,430).

Revenue

We report net revenue in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented net revenue for the three months ended December 31, 2025 and 2024:

Net Revenue (in thousands of Canadian dollars)	Three months ended December 31,		\$ Change	% Change
	2025	2024		
Cannabis				
Canadian adult-use cannabis ¹	\$ 22,927	\$ 21,153	\$ 1,774	8%
Canadian medical cannabis ²	22,511	19,575	2,936	15%
International markets cannabis ³	6,209	8,974	(2,765)	(31%)
	<u>\$ 51,647</u>	<u>\$ 49,702</u>	<u>\$ 1,945</u>	<u>4%</u>
Storz & Bickel	<u>\$ 22,894</u>	<u>\$ 25,059</u>	<u>\$ (2,165)</u>	<u>(9%)</u>
Net revenue	<u>\$ 74,541</u>	<u>\$ 74,761</u>	<u>\$ (220)</u>	<u>(0.3%)</u>

¹ Includes excise taxes of \$13,239 and other revenue adjustments, representing our determination of returns and pricing adjustments, of \$324 for the three months ended December 31, 2025 (three months ended December 31, 2024 - excise taxes of \$9,335 and other revenue adjustments of \$924).

² Includes excise taxes of \$2,611 for the three months ended December 31, 2025 (three months ended December 31, 2024 - \$2,148).

³ Reflects other revenue adjustments of \$933 for the three months ended December 31, 2025 (three months ended December 31, 2024 - \$62).

Net revenue was \$74.5 million in the third quarter of fiscal 2026, a decrease of \$0.3 million as compared to \$74.8 million in the third quarter of fiscal 2025.

Cannabis

Net revenue from our Cannabis segment was \$51.6 million in the third quarter of fiscal 2026, as compared to \$49.7 million in the third quarter of fiscal 2025.

Canadian adult-use cannabis net revenue was \$22.9 million in the third quarter of fiscal 2026, as compared to \$21.2 million in the third quarter of fiscal 2025. The year-over-year increase is primarily attributable to growth in infused PRJ offerings and new All-In-One vaporizers which launched in the first quarter of fiscal 2026, partially offset by declines in edibles and non-infused PRJs.

Canadian medical cannabis net revenue was \$22.5 million in the third quarter of fiscal 2026, as compared to \$19.6 million in the third quarter of fiscal 2025. The year-over-year increase is primarily attributable to an increase in the number of insured customers, increased order sizes from our insured customers, and a larger assortment of cannabis product choices offered to our customers.

International markets cannabis revenue was \$6.2 million in the third quarter of fiscal 2026, as compared to \$9.0 million in the third quarter of fiscal 2025. The year-over-year decrease is primarily attributable to supply chain challenges in Europe.

Storz & Bickel

Revenue from Storz & Bickel was \$22.9 million in the third quarter of fiscal 2026, as compared to \$25.1 million in the third quarter of fiscal 2025. The year-over-year decrease is primarily attributable to lapping strong sales in the prior year and continued consumer economic uncertainty, offset by our new product launch in September 2025.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold, gross margin and gross margin percentage on a consolidated basis for the three months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars except where indicated)	Three months ended December 31,		\$ Change	% Change
	2025	2024		
Net revenue	<u>\$ 74,541</u>	<u>\$ 74,761</u>	<u>\$ (220)</u>	<u>(0.3%)</u>
Cost of goods sold	<u>\$ 53,075</u>	<u>\$ 50,663</u>	<u>\$ 2,412</u>	<u>5%</u>
Gross margin	<u>21,466</u>	<u>24,098</u>	<u>(2,632)</u>	<u>(11%)</u>
Gross margin percentage	<u>29%</u>	<u>32%</u>	<u>-</u>	<u>(300) bps</u>

Cost of goods sold was \$53.1 million in the third quarter of fiscal 2026, as compared to \$50.7 million in the third quarter of fiscal 2025. Our gross margin was \$21.5 million in the third quarter of fiscal 2026, or 29% of net revenue, as compared to a gross margin of \$24.1 million and gross margin percentage of 32% of net revenue in the third quarter of fiscal 2025.

We report gross margin and gross margin percentage in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented gross margin and gross margin percentage for the three months ended December 31, 2025 and 2024:

	Three months ended December 31,			
(in thousands of Canadian dollars except where indicated)	2025	2024	\$ Change	% Change
Cannabis segment				
Net revenue	\$ 51,647	\$ 49,702	\$ 1,945	4%
Cost of goods sold	38,671	35,596	3,075	9%
Gross margin	12,976	14,106	(1,130)	(8%)
Gross margin percentage	25%	28%		(300) bps
Storz & Bickel segment				
Revenue	\$ 22,894	\$ 25,059	\$ (2,165)	(9%)
Cost of goods sold	14,404	15,067	(663)	(4%)
Gross margin	8,490	9,992	(1,502)	(15%)
Gross margin percentage	37%	40%		(300) bps

Cannabis

Gross margin for our Cannabis segment was \$13.0 million in the third quarter of fiscal 2026, or 25% of net revenue, as compared to \$14.1 million in the third quarter of fiscal 2025, or 28% of net revenue. The year-over-year decrease in the gross margin percentage was primarily attributable to lower sales relating to international markets cannabis and change in sales mix.

Storz & Bickel

Gross margin for our Storz & Bickel segment was \$8.5 million in the third quarter of fiscal 2026, or 37% of net revenue, as compared to \$10.0 million in the third quarter of fiscal 2025, or 40% of net revenue. The year-over-year decrease in the gross margin percentage is primarily attributable to lower sales and increased tariffs on imports to the United States.

Operating Expenses

The following table presents operating expenses for the three months ended December 31, 2025 and 2024:

	Three months ended December 31,			
(in thousands of Canadian dollars)	2025	2024	\$ Change	% Change
Operating expenses				
General and administrative	\$ 12,944	\$ 16,984	\$ (4,040)	(24%)
Sales and marketing	15,952	15,445	507	3%
Acquisition, divestiture, and other costs	10,758	3,036	7,722	254%
Depreciation and amortization	4,783	6,011	(1,228)	(20%)
Selling, general and administrative expenses	44,437	41,476	2,961	7%
Share-based compensation	888	5,159	(4,271)	(83%)
Loss on asset impairment and restructuring	2,491	1,285	1,206	94%
Total operating expenses	\$ 47,816	\$ 47,920	\$ (104)	(0.2%)

Selling, general and administrative expenses

Selling, general and administrative expenses were \$44.4 million in the third quarter of fiscal 2026, as compared to \$41.5 million in the third quarter of fiscal 2025.

General and administrative expense was \$12.9 million in the third quarter of fiscal 2026, as compared to \$17.0 million in the third quarter of fiscal 2025. The year-over-year decrease is primarily attributable to: (i) continued reductions in headcount; and (ii) lower third party costs, including insurance, professional fees and IT costs.

Sales and marketing expense was \$16.0 million in the third quarter of fiscal 2026, as compared to \$15.4 million in the third quarter of fiscal 2025. The year-over-year increase is primarily attributable to increased costs associated with: (i) customer acquisition costs; and (ii) royalties and other variable marketing costs. The increased costs were partially offset by continued reductions in headcount.

Acquisition, divestiture, and other costs were \$10.8 million in the third quarter of fiscal 2026, as compared to \$3.0 million in the third quarter of fiscal 2025. In the third quarter of fiscal 2026, costs were incurred primarily in relation to:

- continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the following previously filed periods: (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, originally included in our Annual Report on Form 10-K for such fiscal year, and (ii) unaudited consolidated financial statements for the quarterly periods ended June 30, 2022, September 30, 2022 and December 31, 2022, originally included in our Quarterly Reports on Form 10-Q for such quarterly periods (collectively, the “Prior Periods”);
- transaction costs associated with the proposed acquisition of MTL; and
- other non-recurring acquisition, divestiture and litigation costs and recoveries.

Comparatively, in the third quarter of fiscal 2025, costs were incurred primarily in relation to:

- continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the previously filed Prior Periods; and
- the strategic transactions completed in connection with the reorganization of Canopy USA.

Depreciation and amortization expense was \$4.8 million in the third quarter of fiscal 2026, as compared to \$6.0 million in the third quarter of fiscal 2025. The year-over-year decrease is primarily attributable to the reduction in new capital expenditures.

Share-based compensation

Share-based compensation was \$0.9 million in the third quarter of fiscal 2026, as compared to \$5.2 million in the third quarter of fiscal 2025. The year-over-year decrease is primarily attributable to: (i) higher estimated forfeitures in the third quarter of fiscal 2026 due to departures of certain executives; and (ii) lower expense due to reduced headcount. The decrease is partially offset by fiscal 2026 grants of 2.8 million options and 3.9 million restricted share units.

Loss on asset impairment and restructuring

Loss on asset impairment and restructuring recorded in operating expenses was \$2.5 million in the third quarter of fiscal 2026, as compared to \$1.3 million in the third quarter of fiscal 2025.

Loss on asset impairment and restructuring recorded in the third quarter of fiscal 2026 related primarily to employee restructuring costs.

Comparatively, in the third quarter of fiscal 2025, the loss on asset impairment and restructuring related primarily to employee restructuring costs, and ongoing holding costs to maintain previously restructured sites.

Other

The following table presents other income (expense), net, and income tax expense for the three months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars)	Three months ended December 31,		\$ Change	% Change
	2025	2024		
Other income (expense), net	(35,909)	(97,758)	61,849	63%
Income tax expense	(368)	(316)	(52)	(16%)

Other income (expense), net

Other income (expense), net was an expense amount of \$35.9 million in the third quarter of fiscal 2026, as compared to an expense amount of \$97.8 million in the third quarter of fiscal 2025. The year-over-year change of \$61.9 million is primarily attributable to:

- Change of \$44.5 million related to non-cash fair value changes on our Canopy USA related assets and other financial assets, from an expense amount of \$76.3 million in the third quarter of fiscal 2025 to an expense amount of \$31.8 million in the third quarter of fiscal 2026. The expense amount recognized in the third quarter of fiscal 2026 is primarily attributable to a fair value decrease relating to our investment in:
 - o the Canopy USA Loans Receivable, in the amount of \$17.7 million relating to fair value movements in consideration of the debtor’s net assets; and
 - o the Canopy USA LPs equity method investment in the amount of \$14.1 million.

Comparatively, the expense amount in the third quarter of fiscal 2025 was primarily attributable to fair value decreases relating to our investments in:

- o the Canopy USA and the Canopy USA LPs equity method investments in the aggregate amount of \$140.4 million.

These fair value decreases were partially offset by a fair value increase related to our investment in:

- o the Canopy USA Loans Receivable, in the amount of \$64.1 million relating to fair value movements in consideration of the debtor's net assets and changes in market conditions and assumptions.
- Increase in interest income of \$1.2 million, from \$1.9 million in the third quarter of fiscal 2025 to \$3.1 million in the third quarter of fiscal 2026. The year-over-year increase is attributable to higher cash balances.
- Decrease in interest expense of \$9.5 million, from \$16.8 million in the third quarter of fiscal 2025 to \$7.3 million in the third quarter of fiscal 2026. The year-over-year decrease is primarily attributable to the reduction of our debt balances.

Income tax expense

Income tax expense in the third quarter of fiscal 2026 was \$0.4 million, compared to income tax expense of \$0.3 million in the third quarter of fiscal 2025. In the third quarter of fiscal 2026, income tax expense consisted of deferred income tax recovery of \$0.02 million (compared to an expense of \$0.2 million in the third quarter of fiscal 2025) and current income tax expense of \$0.4 million (compared to an expense of \$0.1 million in the third quarter of fiscal 2025).

The decrease of \$0.2 million in deferred income tax expense is primarily a result of the utilization of losses for tax purposes, where the accounting criteria for recognition of an asset has been met.

The increase of \$0.3 million in the current income tax expense arose primarily in connection with tax on income for tax purposes that could not be reduced by the group's tax attributes in the current taxation year.

Net Loss from Continuing Operations

The net loss from continuing operations in the third quarter of fiscal 2026 was \$62.6 million, as compared to a net loss of \$121.9 million in the third quarter of fiscal 2025. The year-over-year decrease in the net loss is primarily attributable to the year-over-year change in other income (expense), net, of \$61.9 million and partially offset by a small increase in operating loss from continuing operations. These variances are described above.

Adjusted EBITDA (Non-GAAP Measure)

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

The following table presents Adjusted EBITDA for the three months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars)	Three months ended December 31,		\$ Change	% Change
	2025	2024		
Net loss from continuing operations	\$ (62,627)	\$ (121,896)	\$ 59,269	49%
Income tax expense	368	316	52	16%
Other (income) expense, net	35,909	97,758	(61,849)	(63%)
Share-based compensation	888	5,159	(4,271)	(83%)
Acquisition, divestiture, and other costs ¹	11,195	3,595	7,600	211%
Depreciation and amortization	8,905	10,314	(1,409)	(14%)
Loss on asset impairment and restructuring	2,491	1,285	1,206	94%
Adjusted EBITDA	<u>\$ (2,871)</u>	<u>\$ (3,469)</u>	<u>\$ 598</u>	<u>17%</u>

¹ Acquisition, divestiture, and other costs include non-recurring transaction and litigation costs.

The Adjusted EBITDA loss in the third quarter of fiscal 2026 was \$2.9 million, as compared to an Adjusted EBITDA loss of \$3.5 million in the third quarter of fiscal 2025. The year-over-year decrease in Adjusted EBITDA loss is primarily attributable to selling, general and administrative expense cost savings.

Discussion of Results of Operations for the Nine Months Ended December 31, 2025

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Nine months ended December 31,			
	2025	2024	\$ Change	% Change
Selected consolidated financial information:				
Net revenue	\$ 213,358	\$ 203,964	\$ 9,394	5%
Gross margin percentage	29%	34%	-	(500) bps
Net loss from continuing operations	\$ (105,793)	\$ (382,637)	\$ 276,844	72%
Basic and diluted loss per share from continuing operations ¹	\$ (0.39)	\$ (4.15)	\$ 3.76	91%

¹ For the nine months ended December 31, 2025, the weighted average number of outstanding common shares, basic and diluted, totaled 269,588,323 (nine months ended December 31, 2024 - 92,172,660).

Revenue

We report net revenue in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented net revenue for the nine months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars)	Nine months ended December 31,			
	2025	2024	\$ Change	% Change
Cannabis				
Canadian adult-use cannabis ¹	\$ 73,888	\$ 58,424	\$ 15,464	26%
Canadian medical cannabis ²	65,538	57,059	8,479	15%
International markets cannabis ³	20,055	25,735	(5,680)	(22%)
	<u>\$ 159,481</u>	<u>\$ 141,218</u>	<u>\$ 18,263</u>	<u>13%</u>
Storz & Bickel	<u>\$ 53,877</u>	<u>\$ 62,746</u>	<u>\$ (8,869)</u>	<u>(14%)</u>
Net revenue	<u><u>\$ 213,358</u></u>	<u><u>\$ 203,964</u></u>	<u><u>\$ 9,394</u></u>	<u><u>5%</u></u>

¹ Reflects excise taxes of \$41,240 and other revenue adjustments, representing our determination of returns and pricing adjustments, of \$1,210 for the nine months ended December 31, 2025 (nine months ended December 31, 2024 - excise taxes of \$25,755 and other revenue adjustments of \$3,424).

² Reflects excise taxes of \$7,539 for the nine months ended December 31, 2025 (nine months ended December 31, 2024 - \$6,266).

³ Reflects other revenue adjustments of \$1,292 for the nine months ended December 31, 2025 (nine months ended December 31, 2024 - \$62).

Net revenue was \$213.4 million in the nine months ended December 31, 2025, an increase of \$9.4 million as compared to \$204.0 million in the nine months ended December 31, 2024.

Cannabis

Net revenue from our Cannabis segment was \$159.5 million in the nine months ended December 31, 2025, as compared to \$141.2 million in the nine months ended December 31, 2024.

Canadian adult-use cannabis net revenue was \$73.9 million in the nine months ended December 31, 2025, as compared to \$58.4 million in the nine months ended December 31, 2024. The year-over-year increase is primarily attributable to growth in flower, infused PRJ offerings and new All-In-One vaporizers which launched in the first quarter of fiscal 2026, partially offset by declines in edibles and non-infused PRJs.

Canadian medical cannabis net revenue was \$65.5 million in the nine months ended December 31, 2025, as compared to \$57.1 million in the nine months ended December 31, 2024. The year-over-year increase is primarily attributable to an increase in the number of insured customers, increased order sizes from our insured customers, and a larger assortment of cannabis product choices offered to our customers.

International markets cannabis revenue was \$20.1 million in the nine months ended December 31, 2025, as compared to \$25.7 million in the nine months ended December 31, 2024. The year-over-year decrease is primarily attributable to supply chain challenges in Europe.

Storz & Bickel

Revenue from Storz & Bickel was \$53.9 million in the nine months ended December 31, 2025, as compared to \$62.7 million in the nine months ended December 31, 2024. The year-over-year decrease is primarily attributable to lapping strong sales in the prior year and continued consumer economic uncertainty, offset by our new product launch in September 2025.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold, gross margin and gross margin percentage on a consolidated basis for the nine months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars except where indicated)	Nine months ended December 31,		\$ Change	% Change
	2025	2024		
Net revenue	\$ 213,358	\$ 203,964	\$ 9,394	5%
Cost of goods sold	\$ 151,949	\$ 134,997	\$ 16,952	13%
Gross margin	61,409	68,967	(7,558)	(11%)
Gross margin percentage	29%	34%	-	(500) bps

Cost of goods sold was \$151.9 million in the nine months ended December 31, 2025, as compared to \$135.0 million in the nine months ended December 31, 2024. Our gross margin was \$61.4 million in the nine months ended December 31, 2025, or 29% of net revenue, as compared to a gross margin of \$69.0 million and gross margin percentage of 34% of net revenue in the nine months ended December 31, 2024.

We report gross margin and gross margin percentage in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented gross margin and gross margin percentage for the nine months ended December 31, 2025 and 2024:

	Nine months ended December 31,			
(in thousands of Canadian dollars except where indicated)	2025	2024	\$ Change	% Change
Cannabis segment				
Net revenue	\$ 159,481	\$ 141,218	\$ 18,263	13%
Cost of goods sold	117,041	95,690	21,351	22%
Gross margin	42,440	45,528	(3,088)	(7%)
Gross margin percentage	27%	32%		(500) bps
Storz & Bickel segment				
Revenue	\$ 53,877	\$ 62,746	\$ (8,869)	(14%)
Cost of goods sold	34,908	39,307	(4,399)	(11%)
Gross margin	18,969	23,439	(4,470)	(19%)
Gross margin percentage	35%	37%		(200) bps

Cannabis

Gross margin for our Cannabis segment was \$42.4 million in the nine months ended December 31, 2025, or 27% of net revenue, as compared to \$45.5 million in the nine months ended December 31, 2024, or 32% of net revenue. The year-over-year decrease in the gross margin percentage was primarily attributable to lower sales relating to international markets cannabis, higher inventory provisions, costs related to new product launches and a shift in both product and geographical mix.

Storz & Bickel

Gross margin for our Storz & Bickel segment was \$19.0 million in the nine months ended December 31, 2025, or 35% of net revenue, as compared to \$23.4 million in the nine months ended December 31, 2024, or 37% of net revenue. The year-over-year decrease in the gross margin percentage is primarily attributable to lower sales, increased tariffs on imports to the United States and shifts in geographic mix, partially offset by the fact prior year gross margins were depressed due to discounts provided to clear out remaining stock of previously discontinued product and no significant discounts were provided on sales in the current period.

Operating Expenses

The following table presents operating expenses for the nine months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars)	Nine months ended December 31,		\$ Change	% Change
	2025	2024		
Operating expenses				
General and administrative	\$ 42,054	\$ 52,689	\$ (10,635)	(20%)
Sales and marketing	46,905	45,676	1,229	3%
Acquisition, divestiture, and other costs	14,599	14,741	(142)	(1%)
Depreciation and amortization	15,283	18,068	(2,785)	(15%)
Selling, general and administrative expenses	118,841	131,174	(12,333)	(9%)
Share-based compensation	2,798	14,531	(11,733)	(81%)
Loss on asset impairment and restructuring	5,638	22,135	(16,497)	(75%)
Total operating expenses	\$ 127,277	\$ 167,840	\$ (40,563)	(24%)

Selling, general and administrative expenses

Selling, general and administrative expenses were \$118.8 million in the nine months ended December 31, 2025, as compared to \$131.2 million in the nine months ended December 31, 2024.

General and administrative expense was \$42.1 million in the nine months ended December 31, 2025, as compared to \$52.7 million in the nine months ended December 31, 2024. The year-over-year decrease is primarily attributable to: (i) continued reductions in headcount; and (ii) lower third party costs, including insurance, professional fees and IT costs.

Sales and marketing expense was \$46.9 million in the nine months ended December 31, 2025, as compared to \$45.7 million in the nine months ended December 31, 2024. The year-over-year increase is primarily attributable to increased costs associated with: (i) customer acquisition costs; and (ii) royalties and other variable marketing costs. The increased costs were partially offset by continued reductions in headcount.

Acquisition, divestiture, and other costs were \$14.6 million in the nine months ended December 31, 2025, as compared to \$14.7 million in the nine months ended December 31, 2024. In the nine months ended December 31, 2025, costs were incurred primarily in relation to:

- continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the previously filed Prior Periods;
- transaction costs associated with the proposed acquisition of MTL; and
- other non-recurring acquisition, divestiture and litigation costs and recoveries.

Comparatively, in the nine months ended December 31, 2024, costs were incurred primarily in relation to:

- continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the previously filed Prior Periods;
- the strategic transactions completed in connection with the reorganization of Canopy USA;
- costs associated with the Debt Acquisition of Acreage; and
- costs relating to the modification of the Credit Agreement that occurred in August 2024.

Depreciation and amortization expense was \$15.3 million in the nine months ended December 31, 2025, as compared to \$18.1 million in the nine months ended December 31, 2024. The year-over-year decrease is primarily attributable to the reduction in new capital expenditures.

Share-based compensation

Share-based compensation was \$2.8 million in the nine months ended December 31, 2025, as compared to \$14.5 million in the nine months ended December 31, 2024. The year-over-year decrease is primarily attributable to: (i) higher estimated forfeitures in the first and third quarters of fiscal 2026 due to departures of certain executives; and (ii) lower expense due to reduced headcount. The decrease is partially offset by fiscal 2026 grants of 2.8 million options and 3.9 million restricted share units.

Loss on asset impairment and restructuring

Loss on asset impairment and restructuring recorded in operating expenses was \$5.6 million in the nine months ended December 31, 2025, as compared to \$22.1 million in the nine months ended December 31, 2024.

Loss on asset impairment and restructuring recorded in the nine months ended December 31, 2025 related primarily to employee restructuring costs.

Comparatively, in the nine months ended December 31, 2024, the loss on asset impairment and restructuring related primarily to non-cash impairment of divestiture-related assets, employee restructuring costs, and ongoing holding costs to maintain previously restructured sites. These amounts were offset by a gain related to remeasurement of a lease liability upon execution of the surrender agreement.

Other

The following table presents other income (expense), net, and income tax expense for the nine months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars)	Nine months ended December 31,		\$ Change	% Change
	2025	2024		
Other income (expense), net	(39,052)	(276,952)	237,900	86%
Income tax expense	(873)	(6,812)	5,939	87%

Other income (expense), net

Other income (expense), net was an expense amount of \$39.1 million in the nine months ended December 31, 2025, as compared to an expense amount of \$277.0 million in the nine months ended December 31, 2024. The year-over-year change of \$237.9 million is primarily attributable to:

- Change of \$194.6 million related to non-cash fair value changes on our Canopy USA related assets and other financial assets, from an expense amount of \$212.6 million in the nine months ended December 31, 2024 to an expense amount of \$18.0 million in the nine months ended December 31, 2025. The expense amount recognized in the nine months ended December 31, 2025 is primarily attributable to a fair value decrease relating to our investment in:
 - the Canopy USA Loans Receivable, in the amount of \$30.3 million relating to fair value movements in consideration of the debtor's net assets.

This fair value decrease was partially offset by a fair value increase related to our investment in:

- the Canopy USA LPs equity method investment in the amount of \$12.3 million.

Comparatively, the expense amount in the nine months ended December 31, 2024 was primarily attributable to fair value decreases relating to our investments in:

- the Canopy USA and the Canopy USA LPs equity method investments in the aggregate amount of \$230.0 million;
- the Acreage financial instrument, in the amount of \$31.8 million. On a quarterly basis, we determine the fair value of the Acreage financial instrument using a probability-weighted expected return model, incorporating several potential scenarios and outcomes associated with the Existing Acreage Arrangement Agreement and amended and restated plan of arrangement implemented by the Company and Acreage on September 23, 2020. The fair value decrease in the nine months ended December 31, 2024 is primarily attributable to an increase of approximately 75% in our share price up to the Deconsolidation Date (as defined below), relative to an increase of approximately 46% in Acreage's share price during that same period. As a result, the model at the Deconsolidation Date reflects both a higher estimated value of the Canopy Growth common shares expected to be issued upon Canopy USA's acquisition of Acreage, and a higher estimated value of the Acreage shares expected to be acquired at that time. In the period up to the Deconsolidation Date, the relative share price movements resulted in a decrease in the value of the Acreage financial instrument; and
- Indiva Limited shares, in the amount of \$2.8 million due a decrease in their share price as a result of their CCAA proceedings.

These fair value decreases were partially offset by a fair value increase related to our investment in:

- the Canopy USA Loans Receivable, in the amount of \$23.6 million relating to fair value movements in consideration of the debtor's net assets and changes in market conditions and assumptions;
- the TerrAscend Exchangeable Shares, in the amount of \$17.3 million, which was primarily attributable to an increase of approximately 16% in TerrAscend's share price up to April 30, 2024, being the date that Canopy Growth deconsolidated the financial results of Canopy USA (the "Deconsolidation Date");
- the TerrAscend Warrants, in the amount of \$7.9 million, which was primarily attributable to an increase of approximately 16% in TerrAscend's share price up to the Deconsolidation Date;

- o the Acquired Debt Option Premium, in the amount of \$3.1 million related to closing of the Debt Acquisition and release of the amount that was previously held in escrow pursuant to the Debt Acquisition.
- Change of \$33.5 million related to fair value changes on acquisition related contingent consideration and other, from an expense amount of \$33.5 million in the nine months ended December 31, 2024 to \$nil in the nine months ended December 31, 2025. No fair value changes occurred in the nine months ended December 31, 2025. Comparatively, the fair value change in the nine months ended December 31, 2024, related primarily to various acquisition related contingent consideration.
- Change of \$23.7 million related to charges associated with the settlement of our debt, from an income amount of \$22.4 million in the nine months ended December 31, 2024 to an expense amount of \$1.3 million in the nine months ended December 31, 2025. In the nine months ended December 31, 2025, settlement of debt balances were made at par and included a write-off of deferred financing costs which resulted in a loss for the period. Comparatively, in the nine months ended December 31, 2024, we recognized a gain of \$22.4 million, primarily in connection with the exchange of the CBI Note (as defined below).
- Decrease in interest income of \$0.3 million, from \$6.4 million in the nine months ended December 31, 2024 to \$6.1 million in the nine months ended December 31, 2025. The year-over-year change is not significant with the impact of lower cash balances at the beginning of the year causing a decrease in interest income, offset by higher cash balances increasing interest income in the latter months.
- Decrease in interest expense of \$33.3 million, from \$59.2 million in the nine months ended December 31, 2024 to \$25.9 million in the nine months ended December 31, 2025. The year-over-year decrease is primarily attributable to the reduction of our debt balances.

Income tax expense

Income tax expense in the nine months ended December 31, 2025 was \$0.9 million, compared to income tax expense of \$6.8 million in the nine months ended December 31, 2024. In the nine months ended December 31, 2025, income tax expense consisted of deferred income tax expense of \$0.04 (compared to an expense of \$6.4 million in the nine months ended December 31, 2024) and current income tax expense of \$0.8 million (compared to an expense of \$0.4 million in the nine months ended December 31, 2024).

The decrease of \$6.4 million in the deferred income tax expense is primarily a result of the settlement of the CBI Note in fiscal 2025, that did not recur in fiscal 2026.

The increase of \$0.4 million in the current income tax expense arose primarily in connection with tax on income for tax purposes that could not be reduced by the group's tax attributes in the current taxation year.

Net Loss from Continuing Operations

The net loss from continuing operations in the nine months ended December 31, 2025 was \$105.8 million, as compared to a net loss of \$382.6 million in the nine months ended December 31, 2024. The year-over-year decrease in the net loss is primarily attributable to: (i) the year-over-year change in other income (expense), net, of \$237.9 million; and (ii) the decrease in operating loss from continuing operations. These variances are described above.

Adjusted EBITDA (Non-GAAP Measure)

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

The following table presents Adjusted EBITDA for the nine months ended December 31, 2025 and 2024:

(in thousands of Canadian dollars)	Nine months ended December 31,		\$ Change	% Change
	2025	2024		
Net loss from continuing operations	\$ (105,793)	\$ (382,637)	\$ 276,844	72%
Income tax expense	873	6,812	(5,939)	(87%)
Other (income) expense, net	39,052	276,952	(237,900)	(86%)
Share-based compensation	2,798	14,531	(11,733)	(81%)
Acquisition, divestiture, and other costs ¹	15,776	16,300	(524)	(3%)
Depreciation and amortization	27,820	31,651	(3,831)	(12%)
Loss on asset impairment and restructuring	5,638	22,135	(16,497)	(75%)
Adjusted EBITDA	<u>\$ (13,836)</u>	<u>\$ (14,256)</u>	<u>\$ 420</u>	<u>3%</u>

¹ Acquisition, divestiture, and other costs include non-recurring transaction and litigation costs.

The Adjusted EBITDA loss in the nine months ended December 31, 2025 was \$13.8 million, as compared to an Adjusted EBITDA loss of \$14.3 million in the nine months ended December 31, 2024. The year-over-year decrease in Adjusted EBITDA loss is primarily attributable to selling, general and administrative expense cost savings, offset by softer gross margins across the business.

Part 3 – Financial Liquidity and Capital Resources

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

As of December 31, 2025, we had cash and cash equivalents of \$371.3 million and short-term investments of \$nil.

We have recently completed the following debt and equity financings:

- On April 18, 2024, we entered into an exchange agreement (the “April 2024 Exchange Agreement”) with Greenstar Canada Investment Limited Partnership (“Greenstar”), pursuant to which Greenstar converted approximately \$81.2 million of the principal amount of the \$100 million principal amount promissory note issued to Greenstar and payable on December 31, 2024 (the “CBI Note”) into 9,111,549 Exchangeable Shares, calculated based on a price per Exchangeable Share equal to \$8.91 (the “Note Exchange”). Pursuant to the terms of the April 2024 Exchange Agreement, all accrued but unpaid interest on the CBI Note together with the remaining principal amount of the CBI Note was cancelled and forgiven for no additional consideration by Greenstar. Following the closing of the Note Exchange, there is no outstanding balance owing under the CBI Note and the CBI Note has been cancelled.
- On May 2, 2024, we 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 us approximately \$27.5 million aggregate principal amount of outstanding Supreme Debentures (as defined below) and Accretion Debentures (as defined below) held by the May 2024 Investor and paid us approximately \$68.3 million (US\$50.0 million) in exchange for us 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 approximately \$96.4 million maturing five years from the closing date (the “Closing Date”) of the transaction (the “Transaction”) and (ii) 3,350,430 common share purchase warrants (the “May 2024 Investor Warrants”). Each May 2024 Investor Warrant entitles the holder to acquire one Canopy Share at an exercise price equal to \$16.18 per Canopy 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 our option, in Canopy 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 TSX.

The May 2024 Convertible Debenture was convertible into Canopy 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 us in the event that the average closing trading price of the Canopy 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 remained outstanding (the “2024 Debenture ROFR Term”), we 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 we wish 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, the May 2024 Investor exchanged the May 2024 Convertible Debenture with the Company for (A) (i) the January 2026 Convertible Debentures, (ii) the January 2026 Investor Warrants, and (iii) the Exchange Shares; and (B) a cash payment in the amount of \$10.5 million. As a result, the May 2024 Convertible Debenture is no longer outstanding and the 2024 Debenture ROFR has been terminated.

- On June 6, 2024, we established the at-the-market equity program pursuant to the equity distribution agreement dated June 6, 2024, among us and the Agents (the “June 2024 ATM Program”) that allowed us to sell up to US\$250 million of Canopy Shares from treasury to the public from time to time at our discretion. The June 2024 ATM Program has been completed and a total of 71,044,862 Canopy Shares have been sold at an average price of \$4.89 per Canopy Share, for gross proceeds of \$347.1 million (US\$250 million) and net proceeds, inclusive of commissions and fees, of \$341.8 million. Since the establishment of the June 2024 ATM Program, we have paid an aggregate amount of \$5.2 million as compensation to the Agents under the June 2024 ATM Program.
- On August 20, 2024, we entered into an exchange and subscription agreement (the “August 2024 Supreme Convertible Debt Exchange”) with a single institutional investor (the “August 2024 Investor”) pursuant to which, among other things, the August 2024 Investor delivered to the Company approximately \$2.7 million of aggregate principal amount of outstanding Supreme Debentures held by the August 2024 Investor in exchange for 291,351 Canopy Shares and \$0.03 million in cash for accrued interest.
- On February 28, 2025, we established the February 2025 ATM Program that allowed us to issue and sell up to US\$200 million Canopy Shares to the public from time to time at our discretion. The February 2025 ATM Program has been completed and a total of 150,674,856 Canopy Shares have been sold at an average price of \$1.84 per Canopy Share, for gross proceeds of \$276.7 million (US\$200 million) and net proceeds, inclusive of commissions and fees, of \$273.9 million. Since the establishment of the February 2025 ATM Program, we have paid an aggregate amount of \$2.8 million as compensation to the Agents under the February 2025 ATM Program.
- On August 29, 2025, we established the August 2025 ATM Program that allows us to issue and sell up to US\$200 million Canopy Shares to the public from time to time at our discretion in the concurrent U.S. Offering and Canadian Offering; provided, however; that (i) sales of Canopy Shares in the Canadian Offering is limited to aggregate gross sales proceeds to us of up to US\$50 million (or its Canadian dollar equivalent); 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 million. As of February 4, 2026, we sold an aggregate of 56,206,101 Canopy Shares at an average price of \$2.42 per Canopy Share, for gross proceeds of \$135.8 million (US\$98.0 million) and net proceeds, inclusive of commissions and fees, of \$134.4 million (US\$97.1 million). Since the establishment of the August 2025 ATM Program, we have paid an aggregate amount of \$1.4 million (US\$0.9 million) as compensation to the Agents under the August 2025 ATM Program. As of February 4, 2026, we can issue and sell up to US\$102.0 million of Canopy Shares under the August 2025 ATM Program; provided that we can issue and sell up to US\$50 million (or its Canadian equivalent) of Canopy Shares pursuant to the Canadian Offering under the August 2025 ATM Program.
- On January 7, 2026, we entered into the Exchange Agreement pursuant to which, among other things, on the Exchange Closing Date, the May 2024 Investor exchanged the May 2024 Convertible Debenture for (A) (i) the January 2026 Convertible Debentures, (ii) the January 2026 Investor Warrants, and (iii) the Exchange Shares and (B) a \$10.5 million cash payment.
- On January 8, 2026, we entered into the Loan Agreement pursuant to which, among other things, the Lenders advanced US\$150 million in cash pursuant to a senior secured term loan in the aggregate principal amount of US\$162.1 million. The Loans were funded on January 8, 2026 with an original issue discount of US\$12.1 million. The Loans mature on the earlier of (i) January 31, 2031, and (ii) the date that is 120 days prior to the maturity date of the Convertible Debentures.

In connection with the Loan Agreement, on the Loan Closing Date, we issued the Loan Warrants to the Lenders in accordance with each Lender’s pro rata share of the Loans. Each Loan Warrant will entitle the holder to acquire one Canopy Share at an exercise price equal to US\$1.30 per Canopy Share for a period of five years from the Loan Closing Date. In connection with the Loan Transaction, a portion of the net proceeds from the Loans (as defined below) was used to repay all outstanding amounts owing under the Credit Facility.

We have access to further liquidity through public offerings of equity and debt securities. To facilitate such offerings, in June 2024, we filed a shelf registration statement with the SEC (as amended, the “Shelf Registration Statement”). Pursuant to the Shelf Registration Statement, we may sell securities up to an aggregate total offering price of US\$500 million less any amounts previously sold under the February 2025 ATM Program and the August 2025 ATM Program. The securities covered by the Shelf Registration Statement include: (i) Canopy Shares; (ii) Exchangeable Shares; (iii) debt securities; (iv) subscription receipts; (v) warrants; and (vi) units consisting of one or more of such securities or any combination of these securities. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

Under the Shelf Registration Statement, we may access liquidity through the August 2025 ATM Program, pursuant to which we may sell, from time to time, up to US\$102.0 million of additional Canopy Shares as of the date hereof.

In addition to the above, we continue to review and pursue selected external financing sources to ensure adequate financial resources. These potential sources include, but are not limited to: (i) obtaining financing from traditional or non-traditional investment capital organizations; (ii) obtaining funding from the sale of Canopy Shares or other equity or debt instruments; and (iii) obtaining debt financing with lending terms that more closely match our business model and capital needs. We may from time to time seek to retire our outstanding debt through cash purchases and/or exchanges for equity securities, and open market purchases, privately

negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table presents cash flows for the nine months ended December 31, 2025 and 2024:

<i>(in thousands of Canadian dollars)</i>	Nine months ended December 31,	
	2025	2024
Net cash (used in) provided by:		
Operating activities	\$ (45,552)	\$ (132,598)
Investing activities ¹	21,296	(46,787)
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	<u>\$ 371,322</u>	<u>\$ 161,909</u>

¹ Includes net cash provided by investing activities from discontinued operations of \$nil and \$13,414 for the nine months ended December 31, 2025 and 2024, respectively.

Operating activities

Cash used in operating activities totaled \$45.6 million in the nine months ended December 31, 2025, as compared to cash used of \$132.6 million in the nine months ended December 31, 2024. The decrease in the cash used in operating activities is primarily due to: (i) a reduction in the cash interest paid due to a reduction in our debt balances; and (ii) year-over-year change in working capital movements due to decreased spending and timing.

Investing activities

The cash provided by investing activities totaled \$21.3 million in the nine months ended December 31, 2025, as compared to cash used of \$46.8 million in the nine months ended December 31, 2024.

In the nine months ended December 31, 2025, purchases of property, plant and equipment were \$4.3 million, primarily related to production equipment enhancements made at certain of our Canadian cultivation and production facilities, and at our Storz & Bickel facilities. Comparatively, in the nine months ended December 31, 2024, we invested \$7.7 million in building improvements and production equipment enhancements made at certain of our Canadian cultivation and production facilities.

In the nine months ended December 31, 2025, our strategic investments in other financial assets were \$nil as we made no new investments in the period. Comparatively, in the nine months ended December 31, 2024, our strategic investments in other financial assets were \$95.3 million and related primarily to the cash payment in connection with the Debt Acquisition.

Net redemptions of short-term investments in the nine months ended December 31, 2025 were \$19.0 million, as compared to net redemptions of \$17.0 million in the nine months ended December 31, 2024. The year-over-year decrease in the net redemptions relates to timing of maturities and remaining balance of short-term investments. As at December 31, 2025, we had short-term investments remaining of \$nil.

Net cash flow on sale or deconsolidation of subsidiaries in the nine months ended December 31, 2025 was \$nil as there were no sale of subsidiaries in the period. Comparatively, net cash flow in the nine months ended December 31, 2024 was an outflow of \$7.0 million and related to the deconsolidation of Canopy USA, refer to Note 3 to the Interim Financial Statements for details.

Net cash flow from the sale of property, plant and equipment in the nine months ended December 31, 2025 was \$0.005 million as there were nominal sales of property, plant and equipment. Comparatively, net cash flow in the nine months ended December 31, 2024 was an inflow of \$4.9 million relating primarily to the sale of property, plant and equipment associated with previous restructuring actions.

Net cash flow on loan receivable resulted in a cash inflow of \$0.2 in the nine months ended December 31, 2025 relating to partial repayment of an outstanding loan receivable. Comparatively, net cash flow on loan receivable in the nine months ended December 31, 2024 of \$28.4 million primarily related to cash receipts from various loan repayments.

Additional cash inflows during the nine months ended December 31, 2025 include proceeds of \$7.0 million primarily relating to a litigation settlement associated with a previously divested entity.

Financing activities

The cash provided by financing activities in the nine months ended December 31, 2025 was \$285.8 million, as compared to cash provided of \$164.6 million in the nine months ended December 31, 2024. In the nine months ended December 31, 2025, \$238.4

million in gross proceeds were received from the sale of Canopy Shares under the February 2025 ATM Program and \$135.8 million in gross proceeds were received from the sale of Canopy Shares under the August 2025 ATM Program. Comparatively, in the nine months ended December 31, 2024, \$256.0 million in gross proceeds were received from the sale of Canopy Shares under the June 2024 ATM Program and \$8.5 million in gross proceeds were received from the exercise of certain of our outstanding warrants, these amounts were offset by share issuance costs of \$6.6 million.

For the nine months ended December 31, 2025, long-term debt repayments of \$71.7 million related primarily to the First Prepayment and Early Prepayment on the Credit Facility pursuant to the Third Paydown Agreement and the settlement of Supreme Debentures and Accretion Debentures. Other financing activities resulted in a cash outflow of \$16.7 million, which related primarily to: (i) finance lease payments and (ii) share issuance costs. Comparatively, for the nine months ended December 31, 2024, \$68.3 million was received relating to the Exchange and Subscription Agreement, offset by long-term debt repayments of \$148.2 million which related primarily to the First Quarter 2025 Paydowns (as defined below), the Second Quarter 2025 Paydown (as defined below), and the Third Quarter 2025 Paydown (as defined below). Other financing activities resulted in a cash outflow of \$19.9 million, which related to: (i) finance lease payments and (ii) share issuance costs, as noted above.

Free Cash Flow (Non-GAAP Measure)

Free cash flow is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management believes that free cash flow presents meaningful information regarding the amount of cash flow required to maintain and organically expand our business, and that the free cash flow measure provides meaningful information regarding our liquidity requirements. This measure is calculated as net cash provided by (used in) operating activities less purchases of and deposits on property, plant and equipment.

The following table presents free cash flows for the three and nine months ended December 31, 2025, and 2024:

(in thousands of Canadian dollars)	Three months ended December 31,		Nine months ended December 31,	
	2025	2024	2025	2024
Net cash used in operating activities - continuing operations	\$ (17,236)	\$ (26,966)	\$ (45,552)	\$ (132,598)
Purchases of and deposits on property, plant and equipment- continuing operations	(1,801)	(1,215)	(4,333)	(7,724)
Free cash flow ¹ - continuing operations	<u>\$ (19,037)</u>	<u>\$ (28,181)</u>	<u>\$ (49,885)</u>	<u>\$ (140,322)</u>

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

Free cash flow in the three months ended December 31, 2025 was an outflow of \$19.0 million, as compared to an outflow of \$28.2 million in the three months ended December 31, 2024. The year-over-year decrease in the free cash outflow primarily reflects the decrease in cash used in operating activities, as described above.

Free cash flow in the nine months ended December 31, 2025 was an outflow of \$49.9 million, as compared to an outflow of \$140.3 million in the nine months ended December 31, 2024. The year-over-year decrease in the free cash outflow primarily reflects the decrease in cash used in operating activities, as described above.

Debt

Since our formation, we have financed our cash requirements primarily through the issuance of Canopy Shares, including the \$5.1 billion investment by Constellation Brands, Inc. in the third quarter of fiscal 2019, and debt. Total debt outstanding as of December 31, 2025 was \$225.0 million, a decrease from \$304.1 million as of March 31, 2025. The total principal amount owing was \$234.3 million at December 31, 2025, a decrease from \$315.5 million at March 31, 2025. The decreases were primarily due to: (i) paydown of various debt balances totaling \$71.7 million; and (ii) the impact of foreign currency translations.

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\$750.0 million (the “Credit Facility”).

The Company had the ability to obtain up to an additional US\$500.0 million of incremental senior secured debt pursuant to the Credit Agreement. Pursuant to the balance sheet actions completed on October 24, 2022, we entered into agreements with certain of our lenders under the Credit Agreement pursuant to which we agreed to purchase in the aggregate US\$187.5 million of the principal amount outstanding under the Credit Facility at a discounted price of US\$930 per US\$1,000 or US\$174.4 million in the aggregate. Additionally, on October 24, 2022, we and certain of our lenders agreed to make certain amendments to the Credit Agreement which, among other things, resulted in: (i) a reduction to the minimum liquidity covenant to no less than US\$100.0 million following completion of the second principal repurchase on April 17, 2023; (ii) certain changes to the application of net proceeds from asset

sales; (iii) the establishment of a new committed delayed draw term credit facility in an aggregate principal amount of US\$100.0 million; and (iv) the elimination of the additional US\$500.0 million incremental term loan facility.

On July 13, 2023, we entered into an amended Credit Agreement (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 U.S. dollar equivalent of \$93,000 at a discounted price of US\$930 per US\$1,000 (the “July 2023 Paydown”). In addition, pursuant to the Amended Credit Agreement we agreed to apply certain net proceeds from asset sales to prepay or repurchase principal indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, a discounted price of US\$950 per US\$1,000. The Amended Credit Agreement also includes, among other things, amendments to the minimum liquidity covenant such that the US\$100.0 million minimum liquidity covenant ceased to apply concurrently with the July 2023 Paydown.

On April 29, 2024 and June 28, 2024, we 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 \$11.2 million (US\$8.2 million) for a cash payment of \$11.2 million (US\$8.2 million).

On August 8, 2024, we entered into an amendment (the “Amending Agreement”) with all of the lenders to the Credit Facility under the Amended Credit Agreement. 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\$97.5 million prepayment of the Credit Facility at 97.5% of par thereby reducing the outstanding amount of the Credit Facility by US\$100 million 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 the Optional Prepayment was made on or before March 31, 2025. 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%. Our obligations under the Credit Facility were guaranteed by our material wholly-owned Canadian and U.S. subsidiaries. The Credit Facility was secured by substantially all of our assets and our 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, we 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 \$1.1 million (US\$0.9 million) for a cash payment of \$1.1 million (US\$0.9 million).

On October 16, 2024, we made an early prepayment under our Credit Facility in an aggregate principal amount equal to US\$100 million of the principal amount outstanding thereunder at a discounted price of US\$97.5 million (the “Third Quarter 2025 Paydown”). The Third Quarter 2025 Paydown resulted in an aggregate principal reduction of \$137.7 million (US\$100.0 million) for a cash payment of \$134.3 million (US\$97.5 million).

On March 31, 2025, we made an optional prepayment under the Credit Facility in an aggregate principal amount equal to US\$100.0 million of the principal amount outstanding thereunder at a discounted price of US\$97.5 million (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 \$143.9 million (US\$100.0 million) for a cash payment of \$140.3 million (US\$97.5 million).

On July 29, 2025, we entered into the Third Paydown Agreement with certain lenders under our Credit Facility. Pursuant to the Third Paydown Agreement, we were required to make the following prepayments: (i) US\$25 million at par on or prior to July 31, 2025; (ii) US\$10 million at par on or prior to December 31, 2025; and (iii) US\$15 million at par on or prior to March 31, 2026. On July 31, 2025, we made the First Prepayment and on September 12, 2025, we made the Early Prepayment. The First Prepayment and Early Prepayment satisfy all of our prepayment obligations associated with the Third Paydown Agreement.

In connection with the Loan Transaction on January 8, 2026, the Company repaid all amounts outstanding under the Credit Facility.

Supreme Cannabis Convertible Debentures and Accretion Debentures

On October 19, 2018, The Supreme Cannabis Company, Inc. (“Supreme Cannabis”) issued 6.0% senior unsecured convertible debentures (the “Supreme Debentures”) for gross proceeds of \$100.0 million. On September 9, 2020, the Supreme Debentures were amended to effect, among other things: (i) the cancellation of \$63.5 million of principal amount of the Supreme Debentures; (ii) an increase in the interest rate to 8% per annum; (iii) the extension of the maturity date to September 10, 2025; and (iv) a reduction in the conversion price to \$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 \$36.5 million to a maximum of \$13.5 million, compounding on a semi-annual basis commencing on September 9, 2020, and ending on September 9, 2023. As of September 9, 2023, the principal amount of the Accretion Debentures was finalized as \$10.4 million. The Accretion Debentures were payable in cash, but did not bear cash interest and were not convertible into Supreme Shares (as defined below). 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 arrangement (the “Supreme Arrangement”) we completed with Supreme Cannabis on June 22, 2021 pursuant to which we acquired 100% of the issued and outstanding common shares of Supreme Cannabis (the “Supreme Shares”), the Supreme Debentures 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, we, Supreme Cannabis and Computershare Trust Company of Canada (the “Trustee”) entered into a supplemental indenture whereby we agreed to issue Canopy Shares upon conversion of any Supreme Debenture. In addition, we may force conversion of the Supreme Debentures outstanding with 30 days’ notice if the daily volume weighted average trading price of our Canopy Shares is greater than \$385.90 for any 10 consecutive trading days. We, Supreme Cannabis and the Trustee entered into a further supplemental indenture whereby we agreed to guarantee the obligations of Supreme Cannabis pursuant to the Supreme Debentures and the Accretion Debentures.

Prior to September 9, 2023, the Supreme Debentures 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, we entered into the Exchange and Subscription Agreement where approximately \$27.5 million of aggregate principal amount of outstanding Supreme Debentures and Accretion Debentures were settled.

On August 20, 2024, we entered into the August 2024 Supreme Convertible Debt Exchange with the August 2024 Investor pursuant to which, among other things, the August 2024 Investor delivered to the Company approximately \$2.7 million of aggregate principal amount of outstanding Supreme Debentures held by the August 2024 Investor in exchange for 291,351 Canopy Shares and \$0.03 million in cash for accrued interest.

During the three and nine months ended December 31, 2025, principal payments on the Accretion Debentures totaled \$nil and \$0.2 million, respectively (three and nine months ended December 31, 2024 - \$0.5 million and \$1.2 million, respectively) and principal payments on the Supreme Debentures totaled \$nil million and \$2.0 million, 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, we entered into the Exchange and Subscription Agreement with the May 2024 Investor pursuant to which, among other things, the May 2024 Investor delivered to us approximately \$27.5 million aggregate principal amount of outstanding Supreme Debentures and Accretion Debentures held by the May 2024 Investor and paid us approximately US\$50 million in exchange for us issuing to the May 2024 Investor (i) the May 2024 Convertible Debenture with an aggregate principal amount of \$96.4 million maturing five years from the Closing Date of the Transaction and (ii) 3,350,430 May 2024 Investor Warrants of Canopy Growth. Each May 2024 Investor Warrant entitles the holder to acquire one Canopy Share at an exercise price equal to \$16.18 per Canopy Share for a period of five years from the Closing Date. The May 2024 Convertible Debenture bears interest at a rate of 7.50% per annum, payable in semi-annual payments in cash or, at our option, in Canopy 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 TSX.

The May 2024 Convertible Debenture was convertible into Canopy 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 us in the event that the average closing trading price of the Canopy 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, during the 2024 Debenture ROFR Term, we granted the May 2024 Investor 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 \$10.5 million. As a result, the May 2024 Convertible Debenture is no longer outstanding and the 2024 Debenture ROFR has been terminated.

Contractual Obligations and Commitments

Other than as described above under “Recent Developments”, there have been no material changes to our contractual obligations and commitments from the information provided in the MD&A section in the Annual Report.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

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

Impairment of goodwill

We do 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 reporting unit below its carrying value. Therefore, we concluded that the quantitative goodwill impairment assessment was not required for the Storz & Bickel reporting unit at December 31, 2025. The carrying value of goodwill associated with the Storz & Bickel reporting unit was \$47.5 million at December 31, 2025.

We are required to perform our 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Foreign currency risk

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

A hypothetical 10% change in the U.S. dollar against the Canadian dollar compared to the exchange rate at December 31, 2025, would affect the carrying value of net assets by approximately \$29.6 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income (loss). A hypothetical 10% change in the euro against the Canadian dollar compared to the exchange rate at December 31, 2025, would affect the carrying value of net assets by approximately \$17.9 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income (loss).

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

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

Interest rate risk

Our cash equivalents and short-term investments are held in both fixed-rate and adjustable-rate securities. Investments in fixed-rate instruments carry a degree of interest rate risk. The fair value of fixed-rate securities may be adversely impacted due to a rise in interest rates. Additionally, a falling-rate environment creates reinvestment risk because as securities mature, the proceeds are reinvested at a lower rate, generating less interest income. As at December 31, 2025, our cash and cash equivalents, and short-term investments consisted of \$169.0 million in interest rate sensitive instruments (March 31, 2025 – \$17.8 million).

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

	<u>Aggregate Notional Value</u>	
	<u>December 31,</u>	<u>March 31, 2025</u>
	<u>2025</u>	
Fixed interest rate debt	\$ 96,358	\$ 98,778
Variable interest rate debt	137,899	216,686

Equity price risk

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

Information regarding the fair value of financial instrument assets and liabilities that are measured at fair value on a recurring basis, and the relationship between the unobservable inputs used in the valuation of these financial assets and their fair value is presented in Note 21 of the Interim Financial Statements

