

# CANOPY GROWTH CORPORATION

Cowen 2020 Cannabis Conference  
November 30—December 2, 2020



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This presentation contains “forward-looking statements” and “forward-looking information” within the meaning of applicable U.S. and Canadian securities laws (collectively, “**forward-looking statements**”), 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. 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 are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, financial results, results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. A discussion of some of the material factors applicable to Canopy Growth Corporation (“**Canopy**”) can be found under the section entitled “Risk Factors” in Canopy’s Annual Report on Form 10-K for the year ended March 31, 2020, filed with the Securities and Exchange Commission and with applicable Canadian securities regulators, as such factors may be further updated from time to time in its periodic filings with the Securities and Exchange Commission and with applicable Canadian securities regulators, which can be accessed at [www.sec.gov/edgar](http://www.sec.gov/edgar) and [www.sedar.com](http://www.sedar.com), respectively. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Any forward-looking statement included in this presentation is made as of the date of this presentation and, except as required by law, Canopy disclaims any obligation to update or revise any forward-looking statement. Readers are cautioned not to put undue reliance on any forward-looking statement. Forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.



# NON-GAAP MEASURES

Adjusted EBITDA is a non-U.S. 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. Adjusted EBITDA is calculated as the reported net (loss) income, 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; expected credit losses on financial assets and related charges; and charges related to the flow-through of inventory step-up on business combinations, and further adjusted to remove acquisition-related costs. The Adjusted EBITDA reconciliation is presented within the earnings press release of Canopy dated November 9, 2020 and explained in Canopy's Quarterly Report on Form 10-Q for the period ended September 30, 2020, filed with the Securities and Exchange Commission and with applicable Canadian securities regulators, which can be accessed at [www.sec.gov/edgar](http://www.sec.gov/edgar) and [www.sedar.com](http://www.sedar.com), respectively.

Adjusted Gross Margin is a non-GAAP measures used by management that are not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Adjusted Gross Margin is calculated as gross margin excluding charges related to the flow-through of inventory step-up associated with business combinations. The Adjusted Gross Margin reconciliation is presented within the earnings press release of Canopy dated November 9, 2020 available on Canopy's EDGAR and SEDAR pages which can be accessed at [www.sec.gov/edgar](http://www.sec.gov/edgar) and [www.sedar.com](http://www.sedar.com), respectively.

Free Cash Flow or FCF 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. This measure is calculated as net cash provided by (used in) operating activities less purchases and deposits of property, plant and equipment. The Free Cash Flow reconciliation is presented within the earnings press release of Canopy dated November 9, 2020 and explained in the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2020, filed with the Securities and Exchange Commission and with applicable Canadian securities regulators, which can be accessed at [www.sec.gov/edgar](http://www.sec.gov/edgar) and [www.sedar.com](http://www.sedar.com), respectively.



# KEY TAKEAWAYS

- **Compelling growth opportunity**
- **Focused strategy to win in our core markets**
- **Building world-class insights and innovation capabilities**
- **Deliver best-in-class product portfolio and quality execution**
- **Achieve profitable growth and build shareholder value**

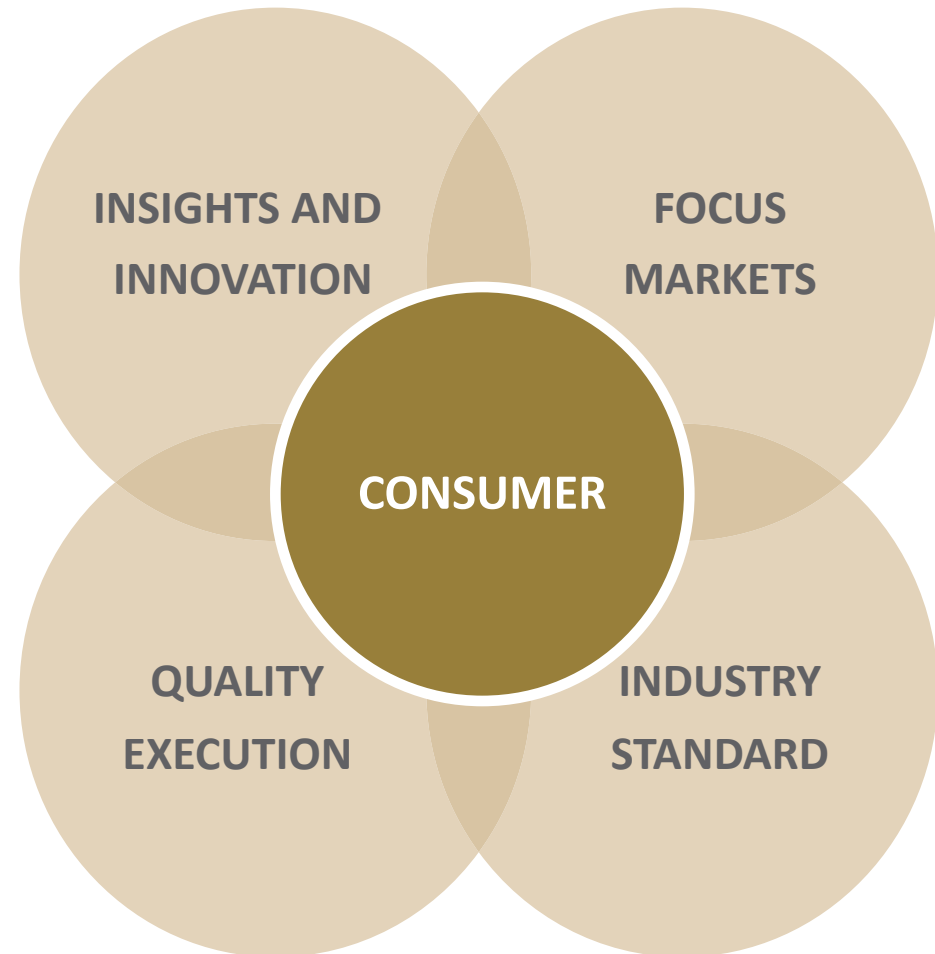


# CLEAR DESTINATION

UNLEASHING THE  
FULL POTENTIAL  
OF CANNABIS

SIZEABLE SHARE IN FOCUS  
CATEGORIES AND MARKETS

EXECUTE PATH  
TO PROFITABILITY

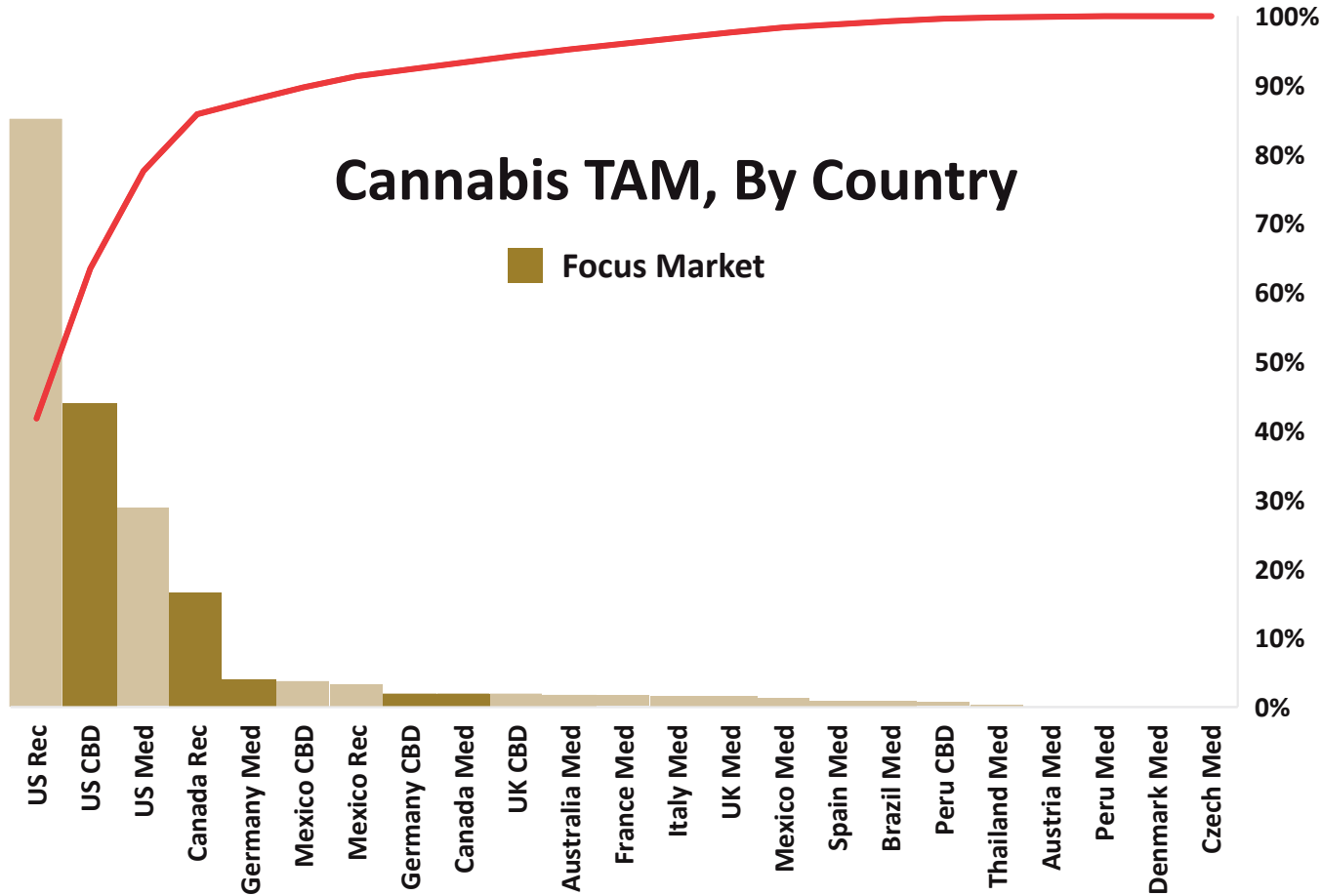


# COMPELLING GROWTH OPPORTUNITY

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# GLOBAL CANNABIS TAM OPPORTUNITY IS IMMENSE



*Global TAM for cannabis expected to approach **\$70BN** in retail sales by CY2023*

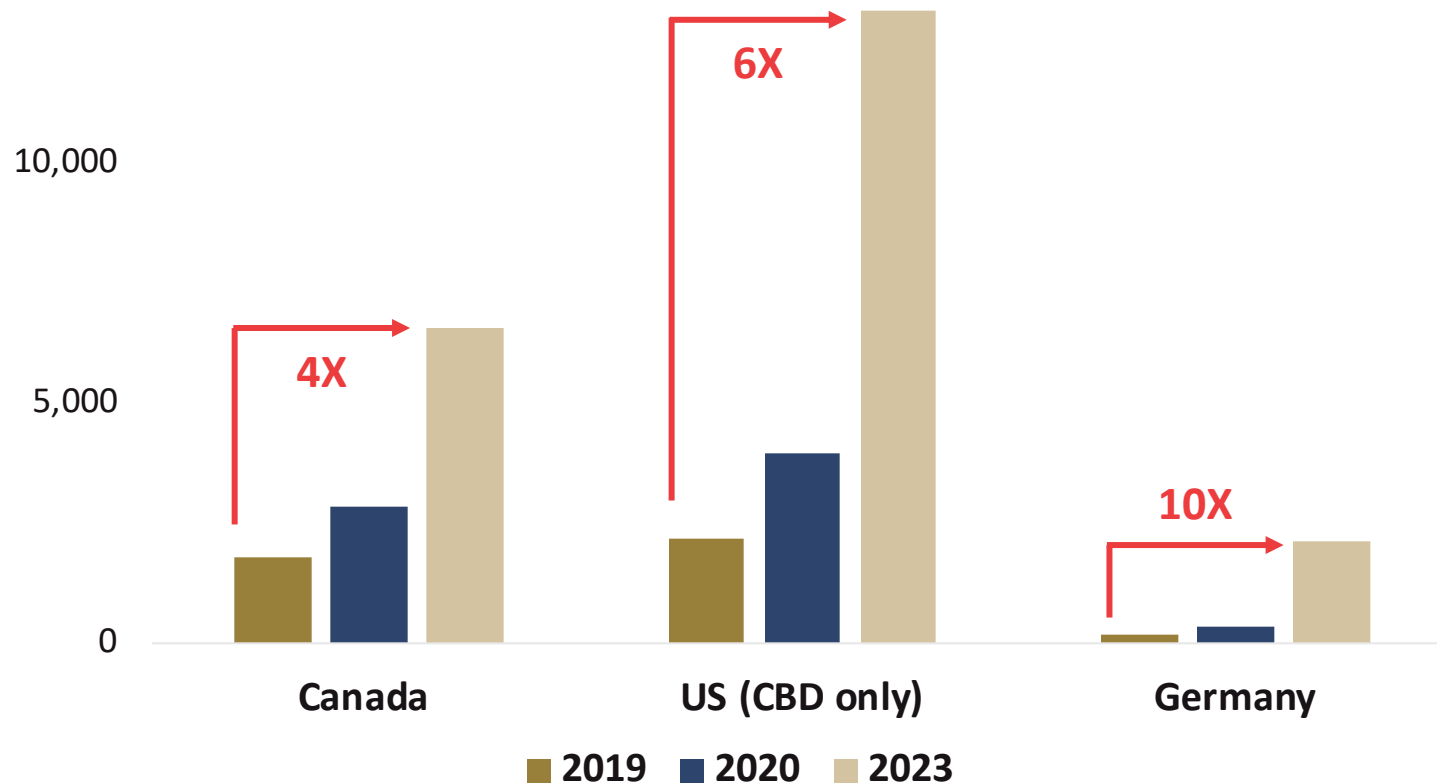
*US, Canada, and Germany to account for **~90%** of global TAM*



Source: CGC Internal Estimates, in CAD, by calendar year

# CGC'S CORE MARKETS TO REACH \$22BN SALES BY 2023

15,000 **CGC Focus Market TAM Growth, C\$ in '000s**



*Total TAM retail sales for Canada, US CBD, and Germany: **\$22B** by 2023*

*Over **\$60BN** in TAM upon federal permissibility of THC in US*



Source: CGC Internal Estimates, in CAD, by calendar year

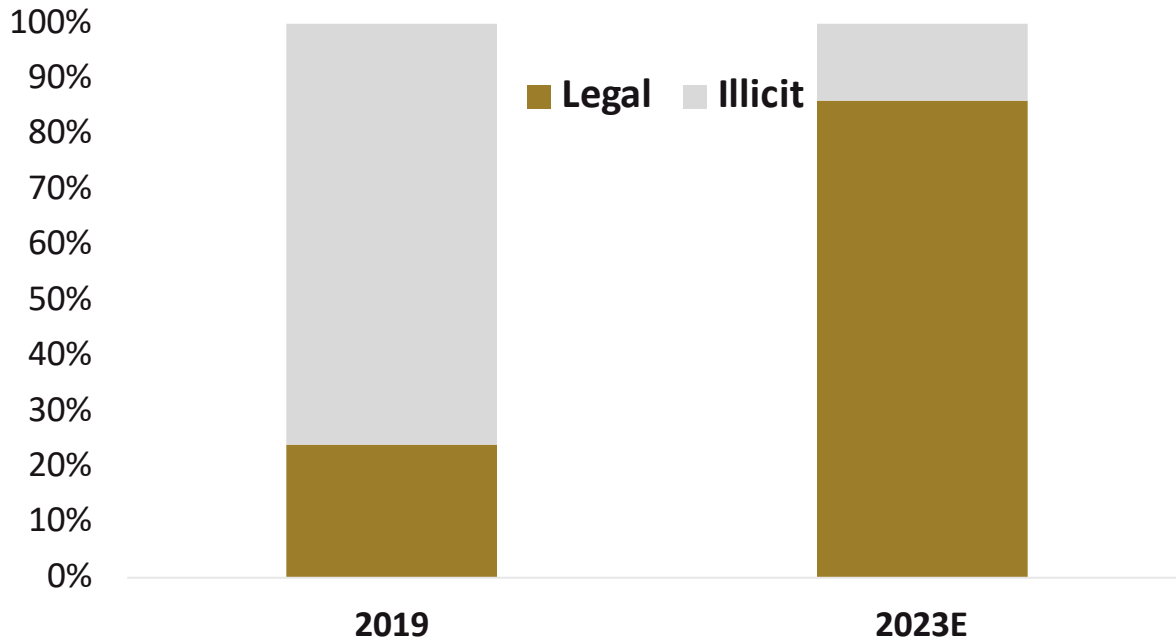


# CANADA—DRIVERS OF TAM GROWTH

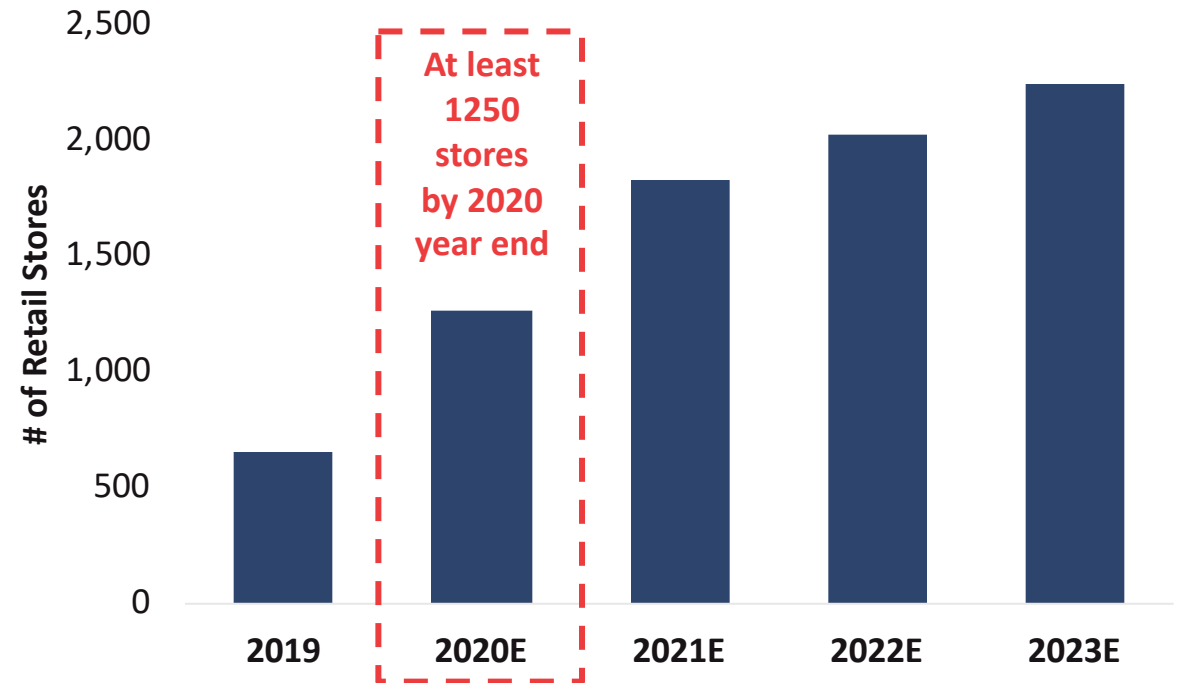
*Convert Illicit to Legal:*

*Less than 40% of Canadian consumer say they buy cannabis in legal dispensaries*

Legal market could become 85% of total Cannabis Recreational sales in Canada by 2023



Growth in store count a key driver of legal market growth



Source: CGC Internal Estimates, by calendar year



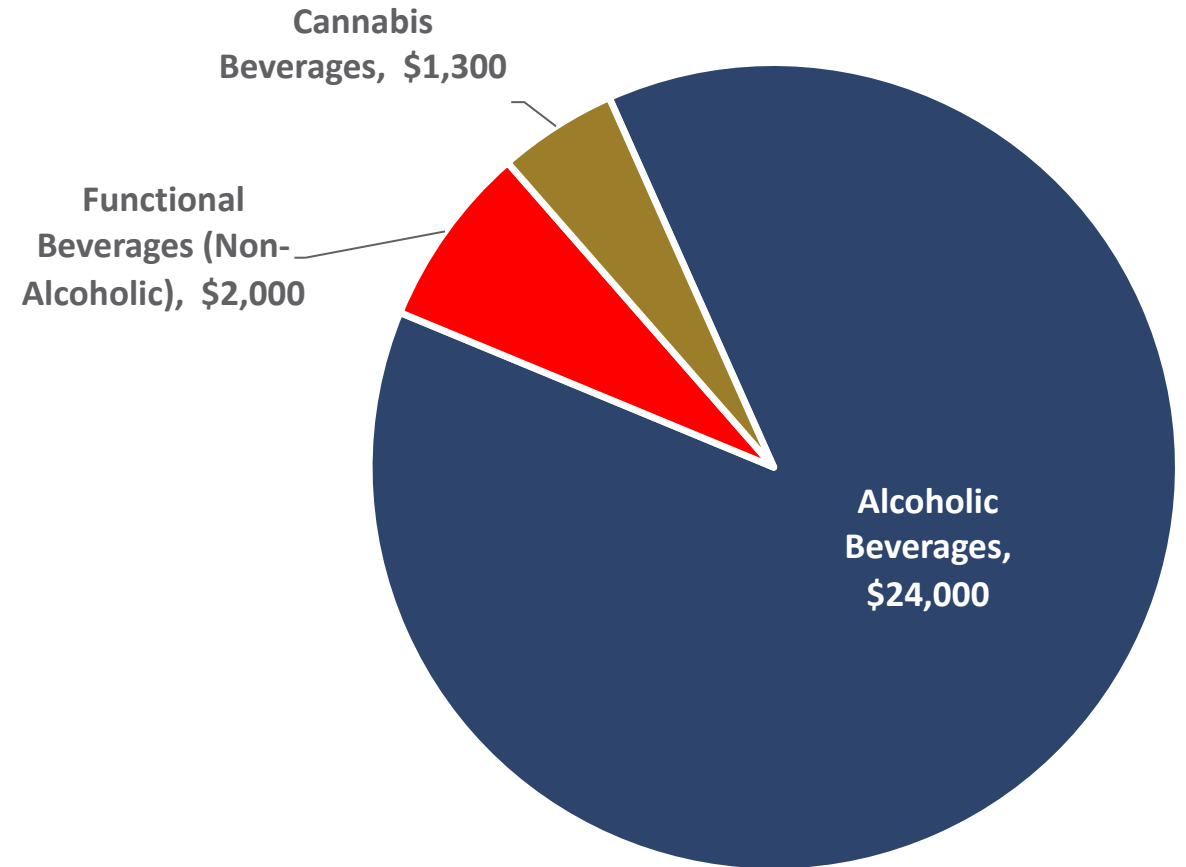
# CANADA—DRIVERS OF TAM GROWTH

*Recruit new consumers through 2.0 products:*

**17%** of Canadian adults say they intend to use recreational cannabis



**5%** of total alcoholic beverages and functional beverages equate to a **\$1.3bn** opportunity for cannabis-infused beverages in Canada



# DRIVE MARKET SHARE GROWTH IN CANADA

## KEY OPPORTUNITIES

A more focused portfolio of products

Improve our share in the growing value segment

Win in 2.0 products

Drive quality across our product portfolio

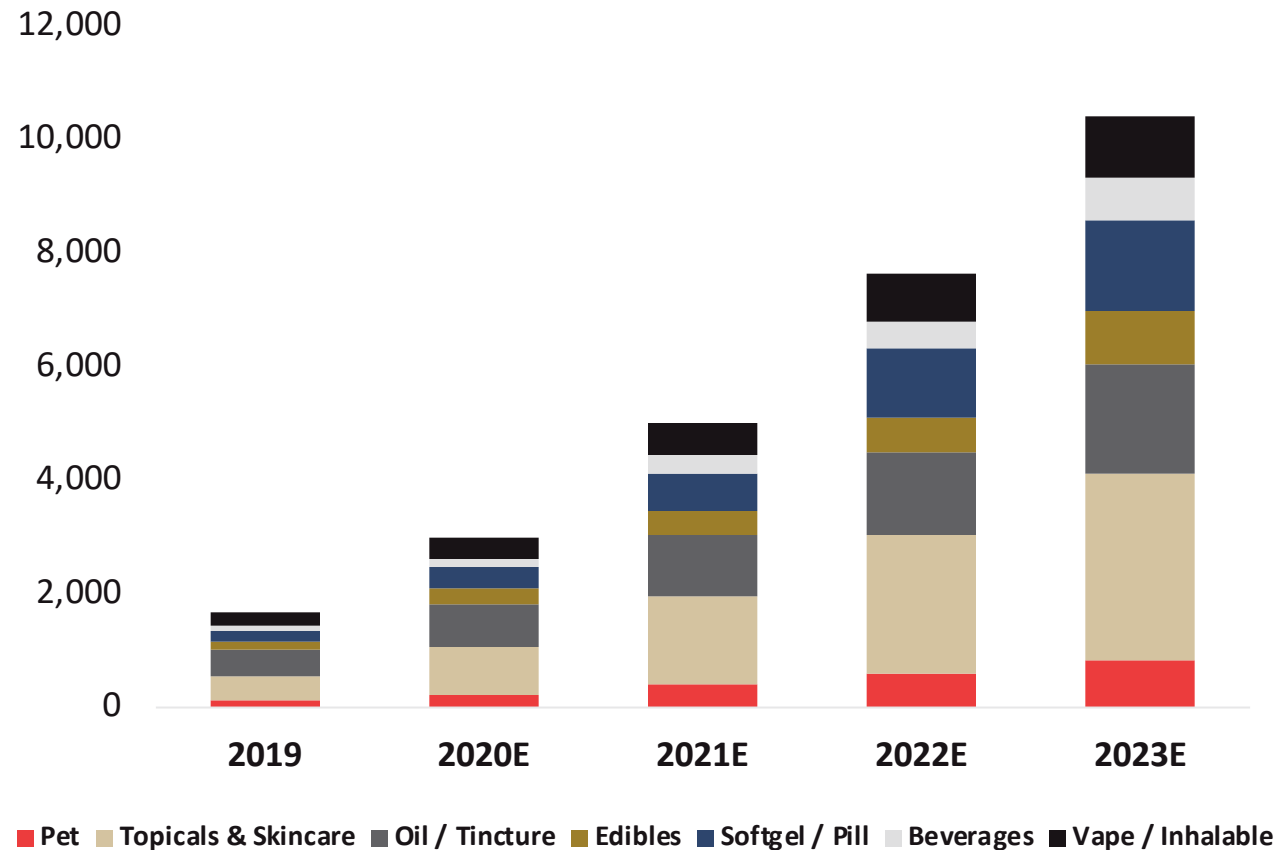
## KEY ACTION PLAN

- SKU rationalization
- Refine pricing and packaging across flower, pre-roll and vapes
- Continue to improve customer order fill rates
- Improve new product launch process
- Consumer insights work to drive flower quality improvement plan

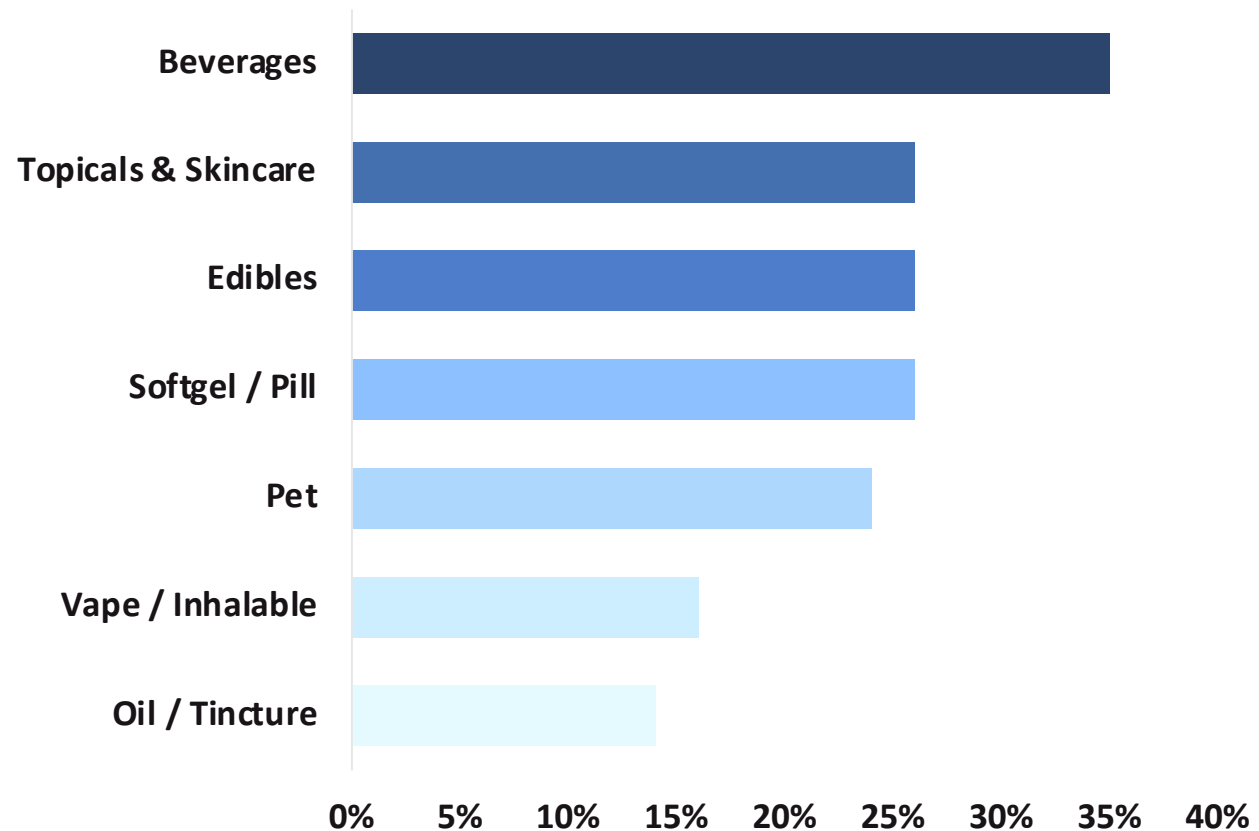


# US CBD MARKET IS GROWING QUICKLY

US CBD Retail Sales by Products, USD in '000s



CBD Product CAGR (2020-2025)



Source: CGC Internal Estimates, in USD, by calendar year



# OUR US CBD ROADMAP

Launched Martha Stewart branded health and wellness CBD gummies, oil and soft gels in September 2020.

The launch generated significant earned media, which is already driving strong consumer demand.

Martha Stewart CBD products are now expanding into brick-and-mortar stores, with a significant number of stores expected to be added in the coming months.

## SHOP CANOPY

Martha  
STEWART

First  
& Free

thisworks®  
24HR SKIN SOLUTIONS

BIOSTEEL



In Market Now!

# BUILD A CANNABIS AND HEMP POWERHOUSE IN THE US UPON PERMISSIBILITY

## Scalable Brands

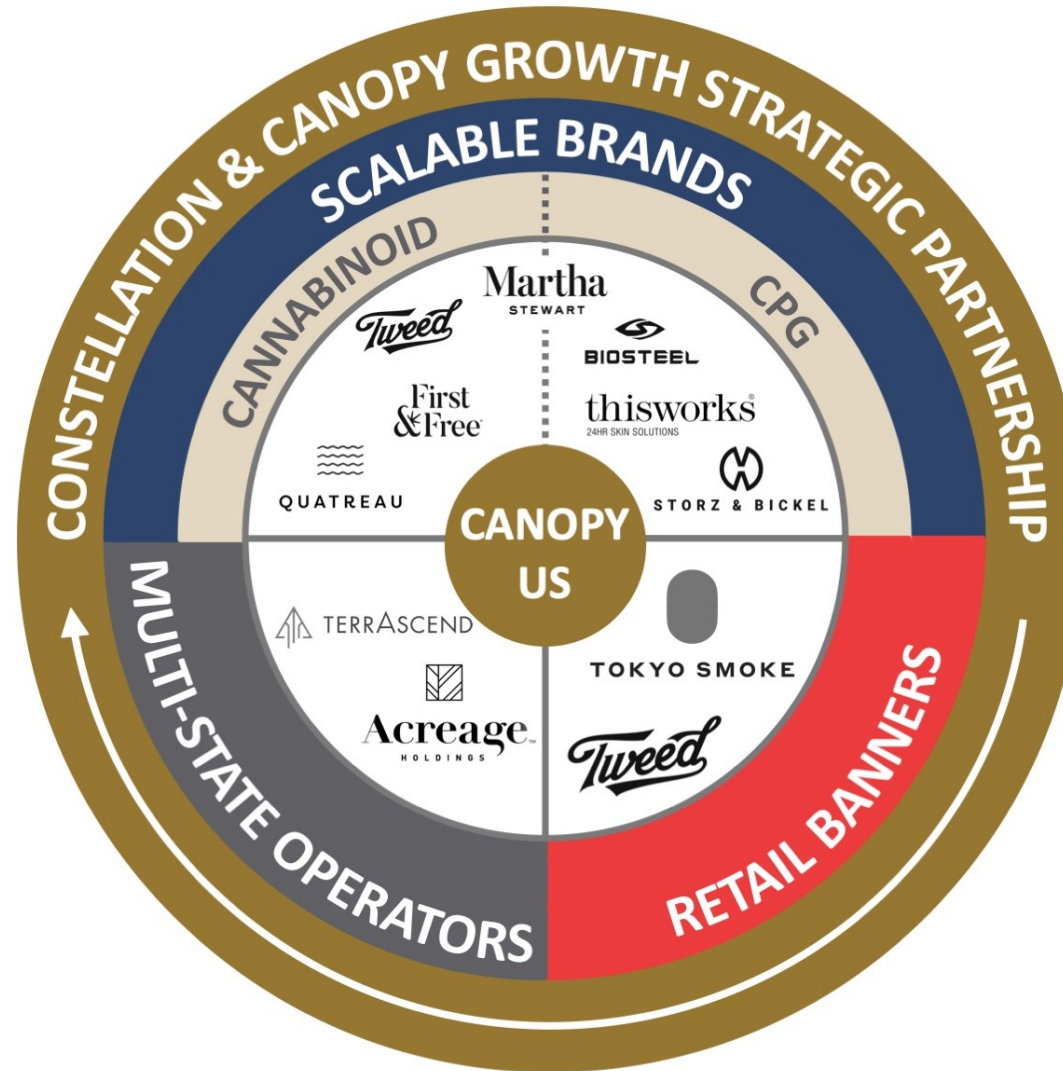
- Bring our THC brands into the US market through MSO licensing or hemp-derived CBD extensions
- Grow new-to-world CBD brands to meet consumer needs and desires
- Lead route-to-market and portfolio development with CPG brands

## Insights and Innovation

- Apply leading consumer insights research across North America
- Product testing/development in Canada, designed for the consumer

## US MSO Relationships

- A fast start into US THC through existing relationships with Acreage & TerrAscend
- Path to deploy Canopy's IP into US to build brand awareness



## Constellation Brands Partnership

- Balance sheet strength and access to banking
- Leverage Constellation's powerful distributor network and key account relationships
- Sharing of best practices across Insights, R&D, and Operations
- GR and Legal teams joint engagement with officials

## Experience and Capabilities

- Learnings from Canada (facility expansion, medical market) to be applied to the US
- Senior leadership with experience and capabilities across both US and Canada

## Retail Banners

- Tokyo Smoke and Tweed retail store banners to build brand awareness
- Innovation testing ground

# FOCUSED STRATEGY TO WIN IN OUR CORE MARKETS

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# FOCUSED STRATEGY

## INSIGHTS AND INNOVATION

- Know everything about the consumer
- Already best-in-industry science
- Focus and re-deploy against commercial opportunities

## FOCUS MARKETS

- Prioritize three core markets-Canada, US, Germany
- Asset-light models in APAC or LATAM
- Medical focus on wellness and OTC medications

CONSUMER

## QUALITY EXECUTION

- Deliver the right product at the right time at the right price from the right facility
- Design-to-Value approach

## INDUSTRY STANDARD

- Lead the next phase of industry evolution
- Pioneer "Growing Good"
- Deliver on the responsibility to our stakeholders





# BUILDING WORLD-CLASS INSIGHTS AND INNOVATION CAPABILITIES

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# CONSUMER INSIGHTS—DRIVING GROWTH REQUIRES THAT WE UNDERSTAND THREE UNIQUE GROUPS—CONSUMERS, INTENDERS AND REJECTORS

## CONSUMERS



**GET**

Current THC or CBD consumers

**TO**

Increase legal purchase frequency

## INTENDERS



**GET**

THC or CBD intenders

**TO**

Make their first THC or CBD purchase in the category and over-deliver to drive repurchase

## REJECTORS



**GET**

THC or CBD rejecters

**TO**

Understand and be intrigued by the benefits of cannabis without feeling fear

# CONSUMER INSIGHTS—EACH GROUP PRESENTS UNIQUE BARRIERS THAT NEED TO BE ADDRESSED TO ACHIEVE GROWTH



CONSUMERS



INTENDERS



REJECTERS

LEGAL  
CANNABIS

## BARRIERS TO LEGAL CANNABIS

- Never bought before
- Price and quality perceptions
- Uncertainty of purchase experience

## BARRIERS

- Smoking/smell
- Not aware of new products
- Worry of loss of control, not liking feeling
- Doesn't fit into life

## BARRIERS

- Smoking/smell
- Fear of unknown, loss of control, effects
- Doesn't fit into life

CBD

## BARRIERS

- Efficacy
- Price and quality perceptions
- Lack of education

## BARRIERS

- No need/don't know what it is for
- Price perceptions
- Safety and quality fears

## BARRIERS

- No need
- Don't know what it's for
- Safety and quality fears



# CONSUMER INSIGHTS— OUR TEAM IS FOCUSED ON IDENTIFYING OPPORTUNITIES AND ACTIONS FOR GROWTH BY ADDRESSING BOTH NEEDS AND BARRIERS

	CONSUMERS	INTENDERS	REJECTERS
LEGAL CANNABIS	<p><b>CGC OPPORTUNITY</b> Out-deliver versus legal and illegal cannabis products</p>	<p><b>CGC OPPORTUNITY</b> Develop products that address barriers or meet needs addressed by other categories</p>	<p><b>CGC OPPORTUNITY</b> Deliver on existing needs being addressed by other categories</p>
	<p><b>HOW</b> Identify new occasions/ways to use Deliver product quality and variety Educate through brand and retail touchpoints</p>	<p><b>HOW</b> Offer innovative new products Equate to alcohol or OTC/RX products Empower legal rec store visit</p>	<p><b>HOW</b> Communicate medical and safety benefits Equate to alcohol or OTC/RX products</p>
CBD	<p><b>CGC OPPORTUNITY</b> Out-deliver versus other CBD brands</p>	<p><b>CGC OPPORTUNITY</b> Develop products that address barriers or meet needs addressed by other categories</p>	<p><b>CGC OPPORTUNITY</b> Deliver on existing needs being addressed by other categories</p>
	<p><b>HOW</b> Offer higher dosages Offer variety of formats, sizes and price points Offer high quality, benefit driven products</p>	<p><b>HOW</b> Normalize through partnerships Equate to relaxation, wellness, or therapeutic products Offer high quality CBD in familiar formats</p>	<p><b>HOW</b> Educate on benefits of CBD Equate to relaxation, wellness, or therapeutic products Offer high quality, science-backed products</p>



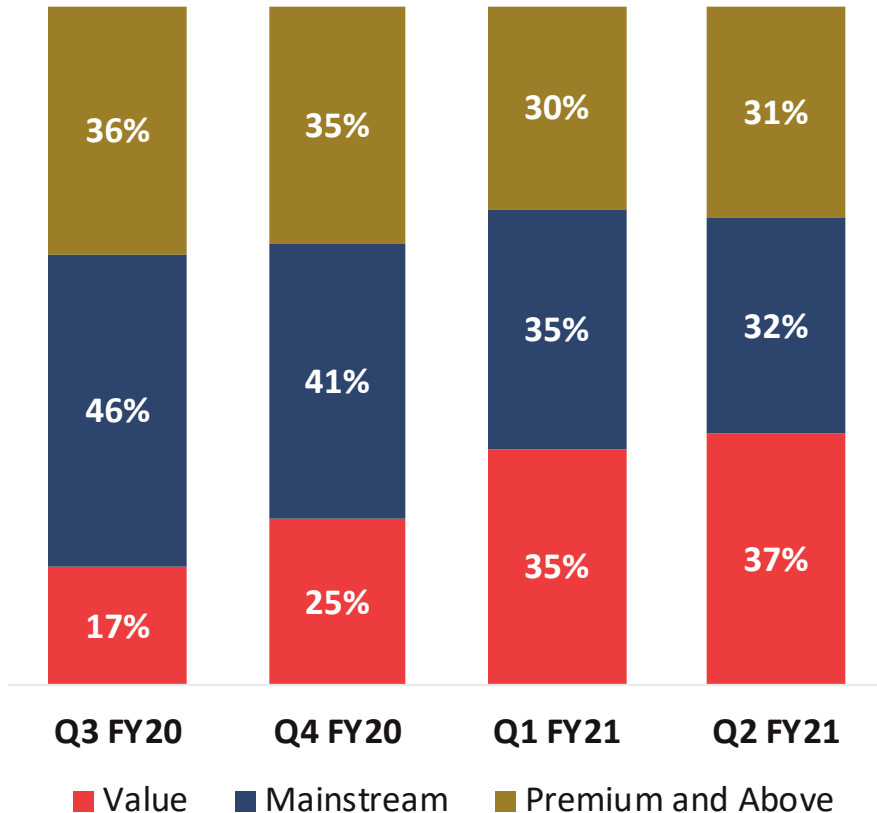
# DELIVER BEST-IN-CLASS PRODUCT PORTFOLIO AND QUALITY EXECUTION

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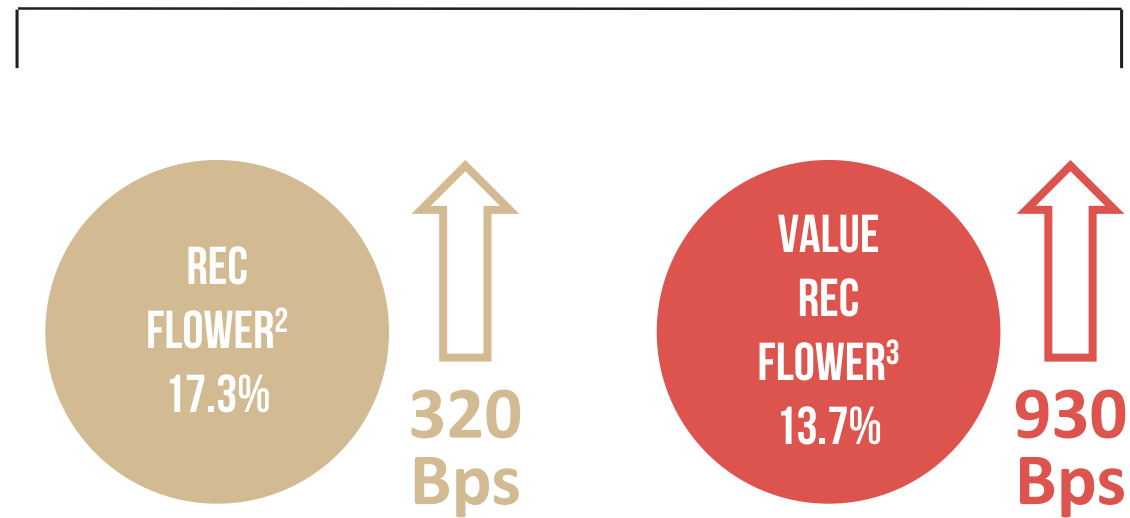


# PRODUCTS—FLOWER

Quarterly Flower Category Share by Price Tier<sup>1</sup>



## Market Share Improvements Q2 2021 vs. Q1 2021

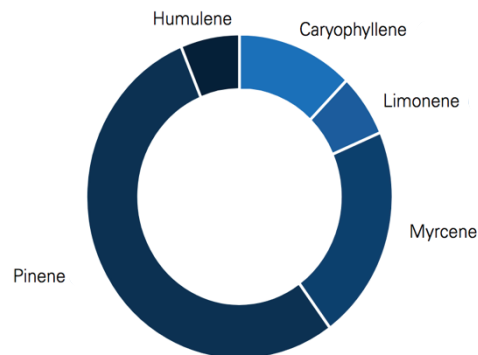


1. Canadian rec flower market, not specific to Canopy's performance. Figures may not add up to 100% due to rounding\*
2. Weighted \$ share of Canadian rec flower market, Bps improvement Q2 2021 over Q1 2021\*
3. \$ share of Ontario value rec flower market, Bps improvement Q2 2021 over Q1 2021\*

\*Source: CGC proprietary Market Share Report utilizing various Private Retail and Government Retail data, as well as Ontario provincial board sales to retailers and OCS data. Includes 9 out of 10 provinces, excluding Quebec.

# PRODUCTS—FLOWER

*A comprehensive research study is underway to define flower "quality", and plans are being implemented*



## Plans Include:

- Improvement in moisture levels (product in market now)
- Innovation in drying and curing processes to better preserve terpene profile
- Leveraging consumer insights and design-to-value to understand brand and product propositions
- Determine the most impactful flower quality attributes that our portfolio can unlock

# PRODUCTS—BEVERAGES



- Leadership position in cannabis-infused beverage segment
- 7 ready-to-drink THC beverages, 2 ready-to-drink CBD beverages in the Canadian recreational market
- Launched Quatreau ready-to-drink CBD beverages across Canada in November 2020
- To-date +2.0 million beverage units have been shipped, since late March 2020



1. Weighted \$ share of Canadian cannabis beverage market in Q2 FY21. 40% Weighted \$ share of Canadian cannabis beverage market L4W ended Oct 25, 2020

Source: CGC proprietary Market Share Report utilizing various Private Retail and Government Retail data, as well as Ontario provincial board sales to retailers and OCS data. Includes 9 out of 10 provinces, excluding Quebec



# PRODUCTS—BEVERAGES

- Biosteel signed distribution agreements with Reyes Beer Division, Manhattan Beer, and other partners in Constellation Brands' Gold Network. Direct-store-delivery network expected to cover 100% by early 2021
- Launching Quatreau ready-to-drink CBD beverages in the US market in the coming months
- Acreage to launch THC-Infused beverages in the states of CA and IL in the summer of 2021



# PRODUCTS—VAPES



## STORZ & BICKEL

HAPPY 20<sup>TH</sup>  
ANNIVERSARY  
STORZ & BICKEL



- Designer and manufacturer of medically approved vaporizers that are distributed in both medical and recreational channels
- S&B vaporizer products continued to see strong growth driven by both distribution gains and reorders from new US distributors.
- Added an additional shift to keep up with demand and plan to triple production capacity by next summer.

# PRODUCTS—VAPES



Tokyo Smoke Luma - UL 8139 certified vape system w/ rechargeable batteries feature precise ceramic heating technology and feature intent-colored mouthpieces. Pause, Go, and Equalize cartridges in market now.



510 Rechargeable Battery Vape Pen w/ buttonless activation, UL 8139 certified 510 cartridges. Tweed Houndstooth, Tweed Bakerstreet, Twd. Indica, and Twd. Sativa cartridges in market now.

# PRODUCTS—EDIBLES



By end of  
Fiscal Year  
2021



Martha Stewart CBD  
15 Flavor Sampler  
Wellness Gummies  
Available for  
Pre-Order Now



# PRODUCTS—TOPICALS

## First & Free™



First & Free CBD portfolio includes softgels, oil drops, and body creams

CBD Boosters launched online in the UK and US



## thisworks® 24HR SKIN SOLUTIONS

TW strengthened direct and third-party e-comm sales channels

StressCheck hand sanitizer launched in U.S.

Additional product lines and expanded distribution expected in the coming months



# ACHIEVE PROFITABLE GROWTH AND BUILD SHAREHOLDER VALUE

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# KEY METRICS TO ASSESS OUR PROGRESS

## Are we winning with the consumer?

### *Key Metrics:*

- ✓ #1 or #2 dollar share in core markets
- ✓ Net sales growth year over year

## Are we improving our execution?

### *Key Metrics:*

- ✓ Increase customer order fill rates
- ✓ Reduce out of stock at retail

## Are we progressing towards profitability?

### *Key Metrics:*

- ✓ Gross margin improvement
- ✓ Decline in SG&A % of Sales Ratio

## Are we progressing towards positive FCF?

### *Key Metrics:*

- ✓ Working capital improvement
- ✓ Reduction in Capex



# Q2 2021 KEY TAKEAWAYS

## Momentum is building across our key businesses as our new strategy is coming to life

- Strong growth and market share gains in our Canadian recreational business
- Accelerating US growth by bringing our differentiated brands to market, and quickly expanding distribution
- Maintaining leading market share in Germany medical market, despite increased competition

## We are improving our execution and increasing our agility

- Our fill rates are consistently exceeding 90% in our Canadian recreational B2B business
- Progress in our comprehensive flower quality improvement program is already generating positive results in market
- We are moving quickly to streamline our supply chain and operations

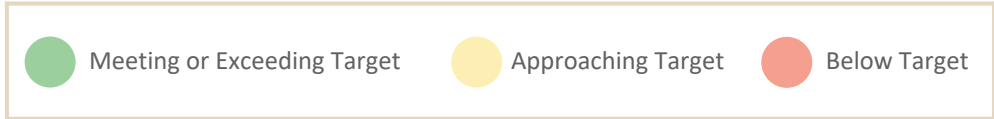
## We are accelerating our path to profitability

- We saw another quarter of improvement in our operating expense ratio
- Our end-to-end review has identified significant cost savings opportunities in our COGS, G&A and inventory
- Free Cash Flow improved by 57% compared to Q2 2020





# TRACKING OUR KPI



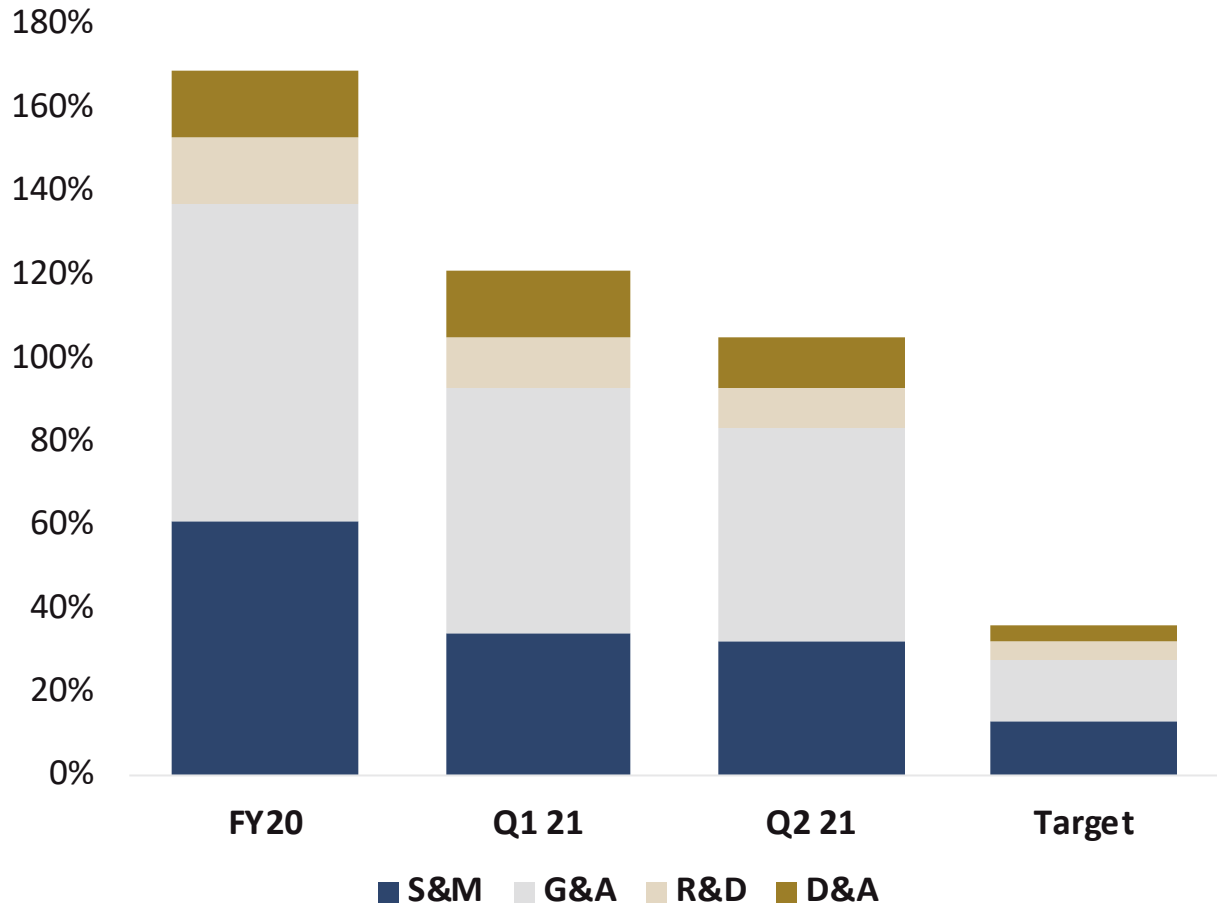
- Our market share in the Canadian recreational market grew by 200 bps in Q2 2021 vs Q1 2021<sup>6</sup>
- #1 Market share in Germany dried flower, and #2 market share in Canadian medical<sup>6</sup>
- Supply attainment improved to over 90% in Q2 2021
- Gross margins continue to be negatively impacted by under-absorption of fixed costs due to lower production output
- Total SG&A expenses declined by 19% versus Q2 2020
- Working capital declined versus Q2 2020 but increased from Q1 2021, mostly due to timing

	Q4 2020	Q1 2021	Q2 2021
<b>WIN WITH CONSUMER</b>			
#1 or #2 Market Share in Canada	Approaching Target	Approaching Target	Approaching Target
#1 or #2 Market Share in US	Below Target	Below Target	Below Target
#1 or #2 Market Share in Germany	Meeting or Exceeding Target	Meeting or Exceeding Target	Meeting or Exceeding Target
Net Sales Growth (YoY)	Meeting or Exceeding Target	Meeting or Exceeding Target	Meeting or Exceeding Target
<b>QUALITY EXECUTION</b>			
Customer Order Fill Rate <sup>1</sup>	Below Target	Approaching Target	Meeting or Exceeding Target
Stock Out at Retail	Approaching Target	Approaching Target	Meeting or Exceeding Target
<b>ACHIEVE PROFITABILITY</b>			
Gross Margin <sup>2</sup>	Meeting or Exceeding Target	Below Target	Approaching Target
SG&A Ratio Trend <sup>3</sup>	Below Target	Meeting or Exceeding Target	Meeting or Exceeding Target
<b>ACHIEVE POSITIVE CASH FLOW</b>			
Working Capital Trend <sup>4</sup>	N/A	Meeting or Exceeding Target	Approaching Target
Capex Trend <sup>5</sup>	Meeting or Exceeding Target	Meeting or Exceeding Target	Meeting or Exceeding Target



- Customer Order Fill Rate: Target of at least 95% in supply attainment (inventory availability per plan)
- Gross Margin: Near-term target of 40%
- SG&A Ratio Trend: Target declining trend in SG&A as % of sales
- Working Capital Trend: Target a declining trend in working capital
- Capex Trend: Target a declining trend in capex
- Weighted \$ share of Canadian market; Source: CGC proprietary Market Share Report utilizing various Private Retail and Government Retail data, as well as Ontario provincial board sales to retailers and OCS data. Includes 9 out of 10 provinces, excluding Quebec. German market share; Source: Pharmacy data and CGC estimates. Canadian medical market share; Source: Internal reports.

# TARGET SIZABLE REDUCTION IN SG&A RATIO OVER TIME



## Medium-term Target:

- Sales & Marketing: **mid-teens** as % of Sales
- G&A: **low-double-digits** as % of Sales
- R&D: **mid-single-digits** as % of Sales

# ANNOUNCED COST SAVINGS PROGRAM

End-to-end review  
identified sizable  
cost savings  
opportunity

Expect to achieve  
**\$150MM-\$200MM**  
of cost savings over  
the next 24 months

Manage  
Complexity



Optimize Network and  
Supporting SC Structure



Improve Processes and  
Operating Model



Increase  
Productivity



- Rationalize SKUs and cultivars
- Specialize cultivars by site to increase yield and reduce complexity
- Site rationalization / optimize extraction capacity
- Direct and indirect procurement savings
- Optimize demand forecasting to further improve fill rates
- Improve S&OP and order forecasting
- Reset QA processes and policies
- Optimize logistics and increase utilization across our supply chain
- Design to Value

# Q2 2021 KEY FINANCIAL HIGHLIGHTS

<i>(CDN in millions)</i>	Q2 21	Q2 20	vs. Q2 20
Net Revenue	<b>\$135.3</b>	\$76.6	77%
Gross Margin	<b>19%</b>	5%	14pp
Adjusted EBITDA	<b>(\$85.7)</b>	(\$150.4)	43%
Free Cash Flow	<b>(\$190.4)</b>	(\$442.1)	57%
Cash/Marketable Secs.	<b>\$1,722.2</b>	\$2,736.2	(37%)

## Key Takeaways

- ❖ Net revenue increased 77% year-over-year, benefiting from favorable comparison, as Q2 2020 results included a \$32.7 million charge for returns, return provisions and pricing allowances
- ❖ Net revenue increased 24% year-over-year, adjusted for last year's charge
- ❖ Gross margin of 19% was up 1400bps versus Q2 2020
- ❖ Adjusted EBITDA loss narrowed to (\$85.7m)
- ❖ Free Cash Flow of -\$190mm was a 57% improvement versus Q2 2020



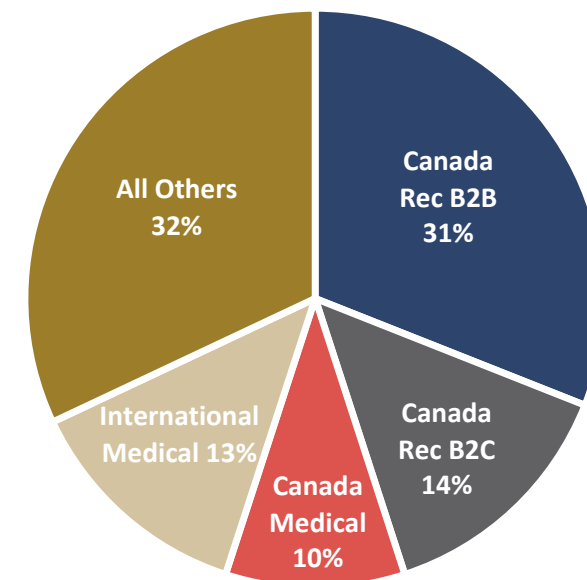
• Adjusted EBITDA and Free Cash Flow are Non-GAAP measures

# REVENUE PERFORMANCE BY SEGMENT

- ❖ Canadian rec revenue grew 12% YoY, adjusted for the charge, and 38% QoQ
- ❖ Canadian medical net revenue increased 7% YoY, driven primarily by higher average order sizes
- ❖ All other revenue increased by 60% on an organic basis, adjusting for the timing of the acquisition of BioSteel

(CDN in millions)	Q2 21	Q2 20	vs. Q2 20
<b>Canadian Recreational Net Revenue</b>			
B2B	\$42.2	\$8.8	380%
B2C	\$18.7	\$13.1	43%
	<b>\$60.9</b>	<b>\$21.9</b>	<b>178%</b>
<b>Canadian Medical Net Revenue</b>	\$13.9	\$13.0	7%
<b>International Medical Net Revenue</b>	\$17.5	\$18.1	(3%)
	<b>31.4</b>	<b>31.1</b>	<b>1%</b>
<b>Cannabis Net Revenue</b>	<b>92.3</b>	<b>53.0</b>	<b>74%</b>
<b>All Others Net Revenue</b>	\$43.0	\$23.6	82%
<b>Net Revenue</b>	<b>\$135.3</b>	<b>\$76.6</b>	<b>77%</b>

Q2 2021 NET REVENUE MIX

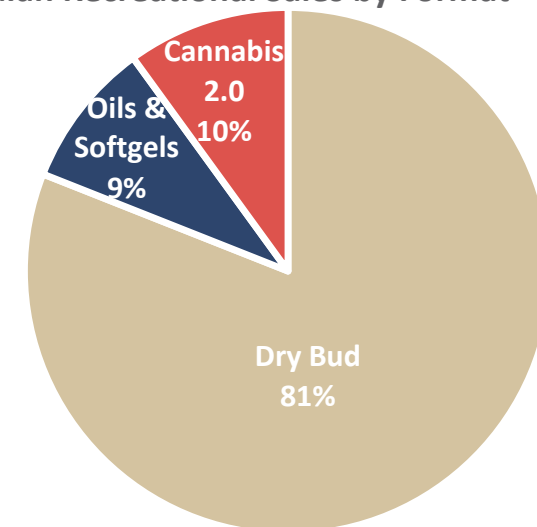


# REVENUE PERFORMANCE BY FORMAT

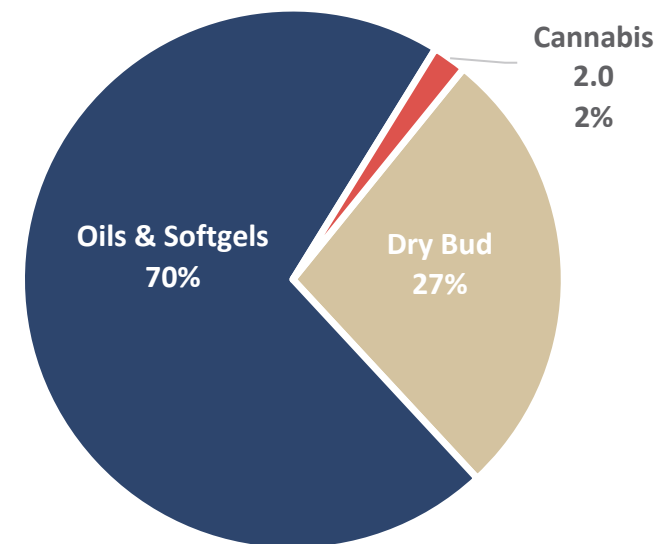
- ❖ Flower and pre-roll sales grew in Canadian rec business in Q2 2021 versus Q1 2021
- ❖ 2.0 products accounted for 10% of Canadian rec, and 8% of Canadian B2B rec revenue
- ❖ In medical, oil and softgels accounted for 70% of total gross revenue

<i>(CDN in millions)</i>	Q2 21	Q2 20	vs. Q2 20
<b>Canadian Recreational Net Revenue</b>			
Dry Bud	\$63.9	\$59.0	8%
Oils and Softgels	\$7.0	\$3.4	106%
Cannabis 2.0 Products	\$8.0	\$-	NM
Other Revenue Adjustments	(\$3.8)	(\$32.7)	88%
Excise Taxes	(\$14.2)	(\$7.8)	(82%)
	<b>\$60.9</b>	<b>\$21.9</b>	<b>178%</b>
<b>Global Medical Net Revenue</b>			
Dry Bud	\$9.0	\$9.6	(6%)
Oils and Softgels	\$23.1	\$22.7	2%
Cannabis 2.0 Products	\$0.7	\$-	NM
Excise Taxes	(\$1.4)	(\$1.2)	(17%)
	<b>\$31.4</b>	<b>\$31.1</b>	<b>1%</b>
<b>Cannabis Net Revenue</b>	<b>\$92.3</b>	<b>\$53.0</b>	<b>74%</b>
All Others Net Revenue	\$43.0	\$23.6	82%
<b>Net Revenue</b>	<b>\$135.3</b>	<b>\$76.6</b>	<b>77%</b>

Canadian Recreational Sales by Format – Q2 2021



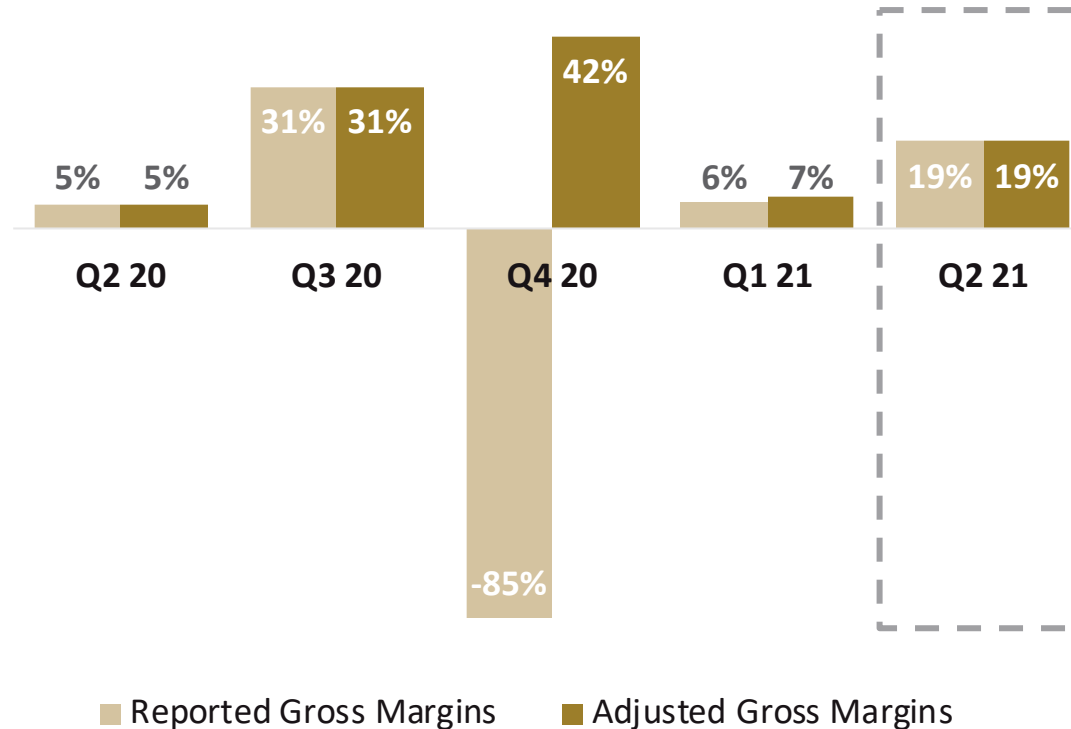
Global Medical Sales by Format<sup>1</sup> – Q2 2021



1. Figures may not add up to 100% due to rounding

# GROSS MARGIN PERFORMANCE

## Quarterly Gross Margin Trend

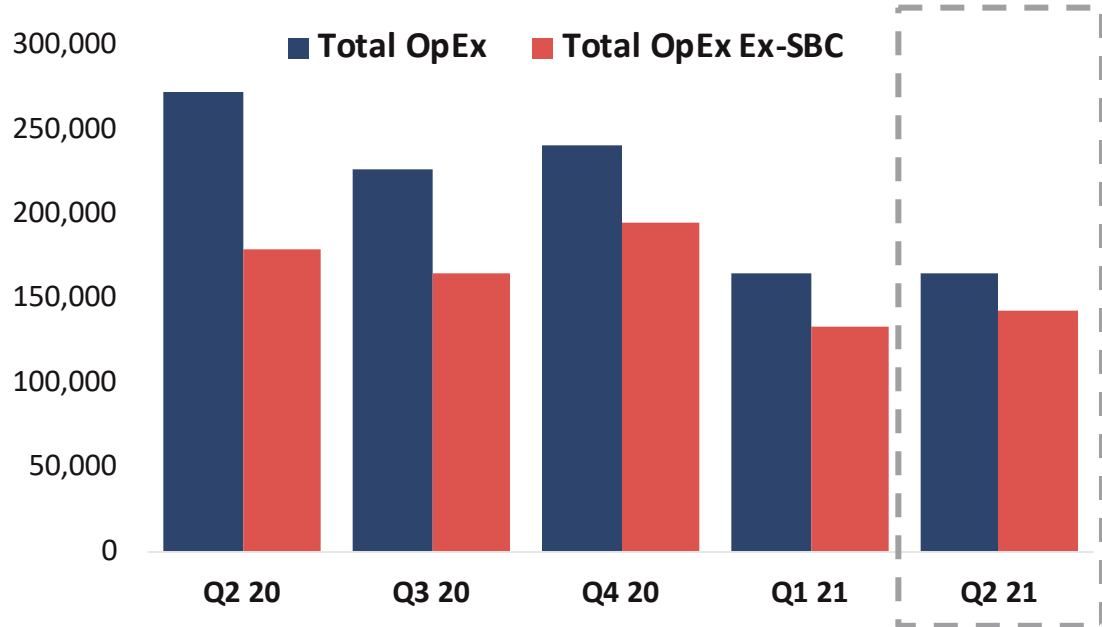


## Drivers of Q2 2021 Gross Margin Performance

- (-) Negative impact from under-absorption of fixed costs due to lower production output, as well as higher period costs
- (-) Unfavorable business mix driven by lower contribution from international medical business
- (+) Lower inventory adjustment relative to Q1 2021
- (+) Headcount reductions in operations completed during the quarter

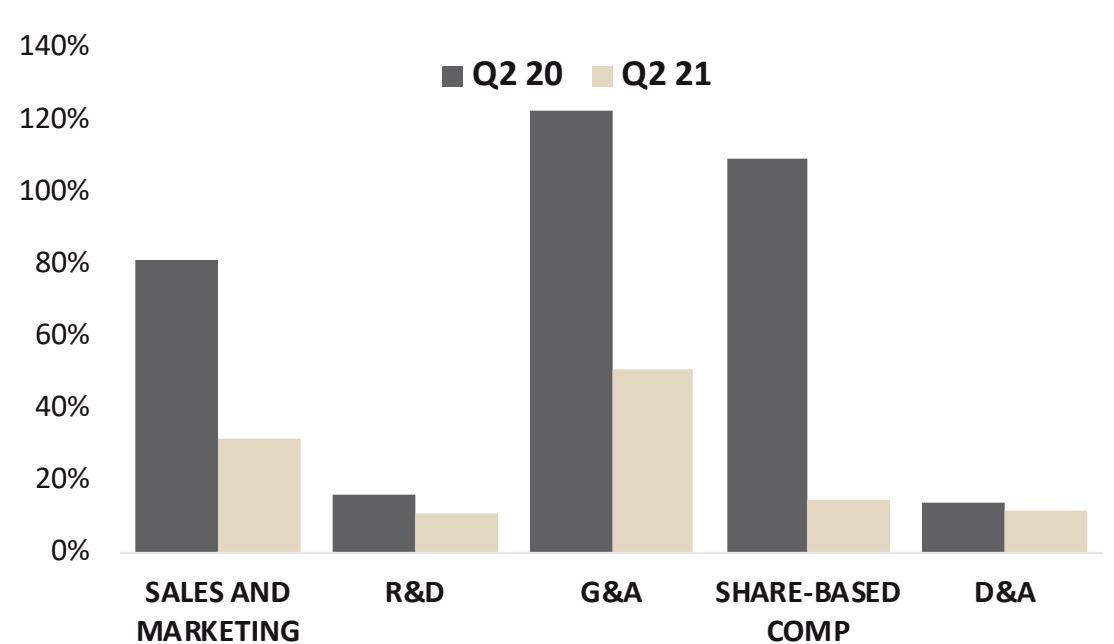
# OPEX TREND

Quarterly OpEx Trend (C\$ in `000s)



- ❖ Excluding acquisition costs, total SG&A costs declined by 20% versus Q2 2020
- ❖ Total SG&A costs increased 7% versus Q1 2021

OpEx as a Percentage of Net Sales (Q2 2020 vs. Q2 2021)



- ❖ Significant reduction in SG&A expense ratio compared to Q2 2020
- ❖ Share-based compensation declined 76% year-over-year

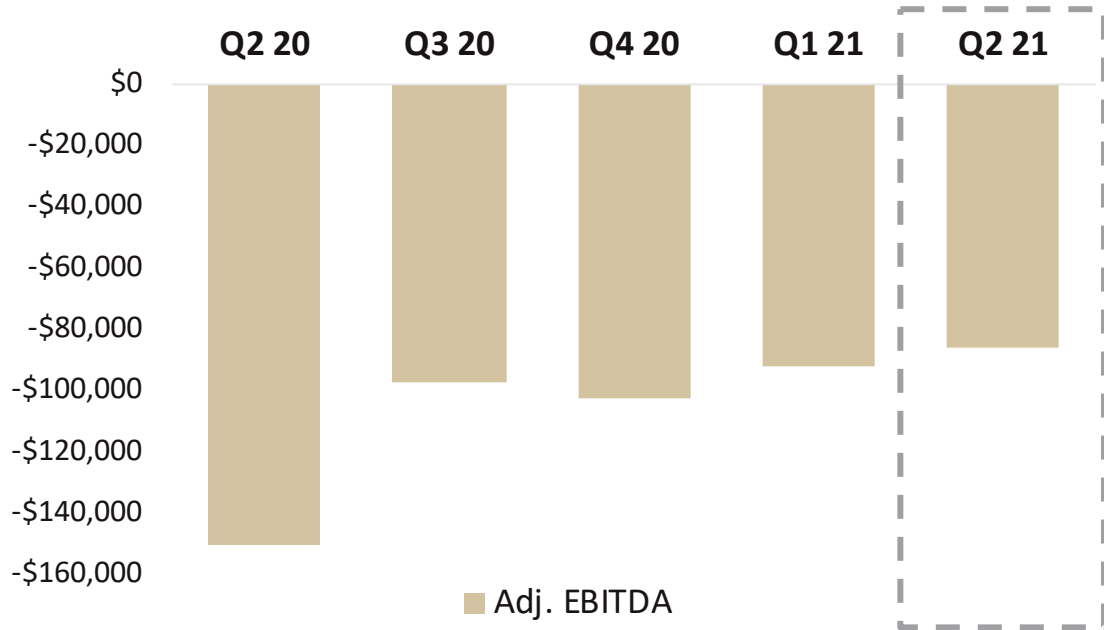


- 'OpEx' refers to Operating Expense
- 'OpEx Ex-SBC' refers to Operating Expense excluding Shared-Based Compensation
- Total OpEx excludes acquisition costs and asset impairment and restructuring costs

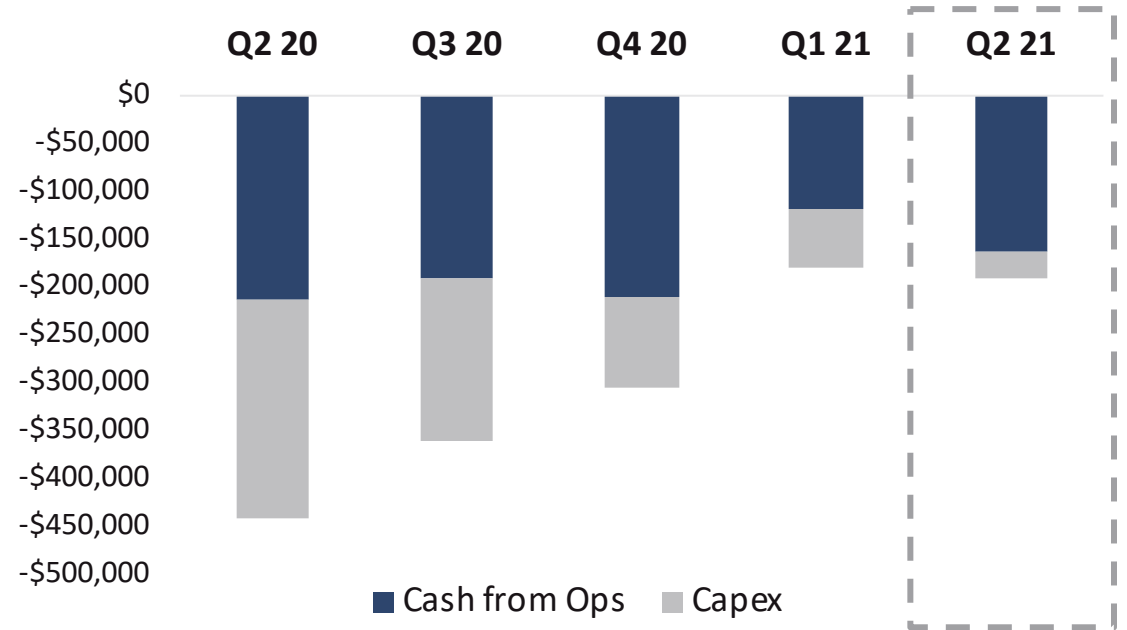


# ADJUSTED EBITDA AND FREE CASH FLOW

Adjusted EBITDA Trend (C\$ in `000s)



Free Cash Flow Trend (C\$ in `000s)



**Free Cash Flow—57% improvement over Q2 2020**



Adjusted EBITDA and Free Cash Flow are Non-GAAP measures

# THANK YOU

