CANOPY GROWTH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2025
(IN CANADIAN DOLLARS)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Canopy Growth Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Canopy Growth Corporation and subsidiaries (the "Company") as of March 31, 2025 and 2024, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of two years in the period ended March 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 30, 2025, expressed an unqualified opinion.

We also audited the adjustments to the March 31, 2023 consolidated financial statements to apply the retrospective adjustments relating to the share consolidation and the reporting of discontinued operations for the year ended March 31, 2023 as described in Notes 2 and 6, respectively, and the adjustments necessary to retrospectively apply the changes in the March 31, 2023 segment information as provided in Notes 26 and 35. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Company's March 31, 2023 consolidated financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the March 31, 2023 consolidated financial statements as a whole.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Company has experienced recurring losses from operations and requires additional capital to fund its operations, which raise substantial doubt about the Company's ability to continue as a going concern. The Company concluded that the substantial doubt raised about the Company's ability to continue as a going concern has been alleviated as a result of management's plans discussed in Note 2. Our opinion is not modified with respect to that matter.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Fair value measurement of financial instruments and equity method investments carried at fair value

As discussed in Notes 5 and 13 to the consolidated financial statements, the Company has financial instruments and equity method investments in Canopy USA, LLC ("Canopy USA") and certain entities controlled by Canopy USA (the "Canopy USA LPs"). Canopy USA and the Canopy USA LPs currently hold an ownership interest in various United States ("U.S.") cannabis operators ("Operators"). As discussed in Note 25, there are significant unobservable inputs in the fair value measurement of Canopy USA and the Canopy USA LPs and the financial instruments. As of March 31, 2025, the equity method investments in Canopy USA and the Canopy USA LPs and financial instruments were recorded as other investments of $180.0 million, with a fair value loss of $400.2 million recognized in other income (expense), net, in the year ended March 31, 2025.

We identified the assessment of the fair value measurement of the equity method investments in Canopy USA and the Canopy USA LPs and the financial instruments as a critical audit matter. There was a high degree of subjective auditor judgment in the evaluation of the key assumptions that were not directly observable, when determining the fair value of the equity method investments in Canopy USA and the Canopy USA LPs and the financial instruments. The key assumptions included the probability of each scenario, the intrinsic value of the Operators, the probability and timing of U.S. legalization, the estimated premium on U.S. legalization, and the control premium. Additionally, the audit effort associated with the evaluation of the discount rate required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter:

- Evaluated the design and tested the operating effectiveness of the internal control over the Company's key assumptions noted above.
- Involved valuation professionals with specialized skills and knowledge who assisted in evaluating the Company's key assumptions noted above. The evaluation was achieved by applying the below procedures as applicable to the equity method investments in Canopy USA and the Canopy USA LPs and the financial instruments:
  - Assessed the appropriateness of the valuation methodologies (e.g., Discounted Cash Flow method "DCF", Guideline Public Company "GPC" method) applied in determining the fair value of the Company's minority equity investments, in line with ASC 820's fair value hierarchy and the unit of account.
  - Tested the mathematical accuracy of valuation models and ensuring that the models were applied consistently and in accordance with ASC 820 guidance.
  - Performed independent calculations of enterprise value and equity value under both the DCF and GPC approaches using independently developed assumptions or ranges.
  - Reviewed the reasonableness of GPCs to ensure they are a reasonable proxy for the underly subject company being valued.
  - Corroborated market participant assumptions used in determining fair value, including benchmarking key inputs against market data such as cost of debt, weighted average cost of capital ("WACC"), or observed transaction activity.
  - Evaluated the probability and timing of U.S. legalization by monitoring political developments and the potential for relevant legislation in the U.S.
  - Performed sensitivity analysis around certain assumptions related to the DCF analysis and Black-Scholes calculation and determined degree of overall impacts on fair conclusions.
  - Corroborated market inputs used in valuation models such as volatility, risk free rates, and stock prices.
- Assessed the appropriateness of disclosures in the consolidated financial statements.

Goodwill impairment assessment of the Storz & Bickel reporting unit

As discussed in Notes 3 and 16 to the consolidated financial statements, the Company reviews goodwill annually for impairment in the fourth quarter, or sooner if events or circumstances indicate that its carrying amount may not be recoverable. The Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If factors indicate this is the case, then a quantitative test is performed and an impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of the goodwill. The fair value of the Storz & Bickel ("S&B") reporting unit was determined using the income valuation method. The carrying value at March 31, 2025, of the goodwill associated with the Storz & Bickel reporting unit was $46.0 million.

We identified the evaluation of the recoverability of the carrying value of goodwill for the S&B reporting unit as a critical audit matter. Specifically, our evaluation of certain assumptions, including revenue growth rate projections and the discount rate, required a high degree of auditor judgment as they were based on subjective determinations of future market and economic conditions. Additionally, the audit effort associated with the evaluation of the discount rate required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter.

- We evaluated the design and tested the operating effectiveness of the internal control related to the Company's goodwill impairment process.

- We evaluated the reasonableness of the Company's revenue growth rate projections for the S&B reporting unit by comparing these to publicly available market data, the Company's business strategy, and historical performance.
- We involved valuation professionals with specialized skills and knowledge, who assisted in:
  - Assessing the Company's identification of reporting units and consistency of methodology with prior periods.
  - Reviewing management's qualitative assessment (if performed) and corroborating market and industry data to support or challenge management's assertion that it is more likely than not that the fair value exceeds the carrying value.
  - Performing sensitivity analysis on over key inputs.
  - Evaluating the discount rate by comparing it against a range of discount rates that was independently developed using publicly available market data for comparable entities.
  - Developing an estimate of the S&B reporting unit's fair value using the reporting unit's cash flow forecast and an independently developed discount rate and comparing the results of our estimate of fair value to the Company's fair value estimate.
- Assessed the appropriateness of disclosures in the consolidated financial statements.

/s/ PKF O'Connor Davies, LLP

We have served as the Company's auditor since 2023.

New York, New York
May 30, 2025

PCAOB ID No. 127

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Canopy Growth Corporation:

Opinion on the Consolidated Financial Statements

We have audited, before the effects of the retrospective adjustments relating to the share consolidation as described in Note 2, the reporting of discontinued operations as described in Note 6, and the reclassifications from Other to the Canada cannabis segment as described in Notes 26 and 35, the consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows of Canopy Growth Corporation and subsidiaries (the Company) for the year ended March 31, 2023, and the related notes (collectively, the consolidated financial statements). The 2023 consolidated financial statements, before the effects of the retrospective adjustments relating to the share consolidation as described in Note 2, the reporting of discontinued operations as described in Note 6, and the reclassifications from Other to the Canada cannabis segment as described in Notes 26 and 35, are not presented herein.

In our opinion, the consolidated financial statements, before the effects of the retrospective adjustments relating to the share consolidation as described in Note 2, the reporting of discontinued operations as described in Note 6, and the reclassifications from Other to the Canada cannabis segment as described in Notes 26 and 35, present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended March 31, 2023, in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments relating to the share consolidation as described in Note 2, the reporting of discontinued operations as described in Note 6, and the reclassifications from Other to the Canada cannabis segment as described in Notes 26 and 35, and accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by other auditors.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has material debt obligations coming due in the short-term, has suffered recurring losses from operations and requires additional capital to fund its operations, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We served as the Company's auditor from 2018 to 2023.

Ottawa, Canada
June 22, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Canopy Growth Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Canopy Growth Corporation's (the "Company") internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2025, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of March 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the two years in the period ended March 31, 2025, and our report dated May 30, 2025, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Controls over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PKF O'Connor Davies, LLP

New York, New York
May 30, 2025

CANOPY GROWTH CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian dollars, except number of shares and per share data)

	March 31, 2025	March 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 113,811	$ 170,300
Short-term investments	17,656	33,161
Restricted short-term investments	6,410	7,310
Amounts receivable, net	52,780	51,847
Inventory	96,373	77,292
Assets of discontinued operations	-	8,038
Prepaid expenses and other assets	7,544	23,232
Total current assets	294,574	371,180
Other investments	179,977	437,629
Property, plant and equipment	293,523	320,103
Intangible assets	87,200	104,053
Goodwill	46,042	43,239
Other assets	16,385	24,126
Total assets	$ 917,701	$ 1,300,330
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 26,099	$ 28,673
Other accrued expenses and liabilities	38,613	54,039
Current portion of long-term debt	4,258	103,935
Other liabilities	25,434	48,068
Total current liabilities	94,404	234,715
Long-term debt	299,811	493,294
Other liabilities	36,273	71,814
Total liabilities	430,488	799,823
Commitments and contingencies		
Canopy Growth Corporation shareholders' equity:		
Share capital		
Common shares - $nil par value; Authorized - unlimited; Issued and outstanding - 183,865,295 shares and 91,115,501 shares, respectively. Exchangeable shares - $nil par value; Authorized - unlimited; Issued and outstanding - 26,261,474 shares and nil shares, respectively.	8,796,406	8,244,301
Additional paid-in capital	2,618,417	2,602,148
Accumulated other comprehensive loss	535	(16,051)
Deficit	(10,928,145)	(10,330,030)
Total Canopy Growth Corporation shareholders' equity	487,213	500,368
Noncontrolling interests	-	139
Total shareholders' equity	487,213	500,507
Total liabilities and shareholders' equity	$ 917,701	$ 1,300,330

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

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

	Years ended March 31,		
	2025	2024	2023
Revenue	$ 313,969	$ 343,934	$ 381,250
Excise taxes	44,974	46,788	47,997
Net revenue	268,995	297,146	333,253
Cost of goods sold	189,484	216,264	396,782
Gross margin	79,511	80,882	(63,529)
Operating expenses			
Selling, general and administrative expenses	169,626	229,429	342,517
Share-based compensation	(4,205)	14,180	25,322
Loss on asset impairment and restructuring	31,233	65,987	2,199,146
Total operating expenses	196,654	309,596	2,566,985
Operating loss from continuing operations	(117,143)	(228,714)	(2,630,514)
Other income (expense), net	(479,854)	(242,641)	(455,644)
Loss from continuing operations before income taxes	(596,997)	(471,355)	(3,086,158)
Income tax (expense) recovery	(7,141)	(12,327)	5,728
Net loss from continuing operations	(604,138)	(483,682)	(3,080,430)
Discontinued operations, net of income tax	6,023	(192,113)	(229,116)
Net loss	(598,115)	(675,795)	(3,309,546)
Net loss from continuing operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	-	(1,897)
Net loss from discontinued operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	(18,526)	(29,491)
Net loss attributable to Canopy Growth Corporation	$ (598,115)	$ (657,269)	$ (3,278,158)
Basic and diluted loss per share			
Continuing operations	$ (5.62)	$ (6.47)	$ (66.39)
Discontinued operations	0.06	(2.32)	(4.30)
Basic and diluted loss per share	$ (5.56)	$ (8.79)	$ (70.69)
Basic and diluted weighted average common shares outstanding	107,553,729	74,787,521	46,372,441
Comprehensive income (loss):			
Net loss from continuing operations	$ (604,138)	$ (483,682)	$ (3,080,430)
Other comprehensive income (loss), net of income tax			
Fair value changes of own credit risk of financial liabilities	-	(12,334)	30,722
Foreign currency translation	13,120	(917)	27,207
Total other comprehensive income (loss), net of income tax	13,120	(13,251)	57,929
Comprehensive loss from continuing operations	(591,018)	(496,933)	(3,022,501)
Comprehensive income (loss) from discontinued operations	6,023	(192,113)	(229,116)
Comprehensive loss	(584,995)	(689,046)	(3,251,617)
Comprehensive loss from continuing operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	-	(1,897)
Comprehensive loss from discontinued operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	(18,526)	(29,491)
Comprehensive loss attributable to Canopy Growth Corporation	$ (584,995)	$ (670,520)	$ (3,220,229)

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

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

	Year ended March 31, 2025							
		Additional paid-in capital						
	Share capital	Share-based reserve	Warrants	Ownership changes	Accumulated other comprehensive income (loss)	Deficit	Noncontrolling interests	Total
Balance at March 31, 2024	$ 8,244,301	$ 514,578	$ 2,610,519	$ (522,949)	$ (16,051)	$ (10,330,030)	$ 139	$ 500,507
Common shares issued from June 2024 ATM Program and February 2025 ATM Program	385,391	-	-	-	-	-	-	385,391
Other issuances of common shares, warrants and share issue costs	53,674	-	11,939	-	-	-	-	65,613
Exercise of warrants	11,472	-	(3,018)	-	-	-	-	8,454
Exercise of Previous Equity Incentive Plan stock options	308	(196)	-	-	-	-	-	112
Share-based compensation	-	(4,205)	-	-	-	-	-	(4,205)
Issuance and vesting of restricted share units and performance share units	4,953	(4,953)	-	-	-	-	-	-
Extinguishment of promissory note and issuance of exchangeable shares	81,220	8,005	-	-	(15,127)	-	-	74,098
Canopy USA Transactions	12,452	-	-	-	10,398	-	(139)	22,711
Supreme debt settlement	2,635	-	8,697	-	-	-	-	11,332
Disposal and liquidation of consolidated entities	-	-	-	-	8,195	-	-	8,195
Comprehensive income (loss)	-	-	-	-	13,120	(598,115)	-	(584,995)
Balance at March 31, 2025	$ 8,796,406	$ 513,229	$ 2,628,137	$ (522,949)	$ 535	$ (10,928,145)	$ -	$ 487,213

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

	Year ended March 31, 2024								
		Additional paid-in capital				Accumulated other comprehensive income (loss)			
	Share capital	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit	Noncontrolling interests	Total
Balance at March 31, 2023	$ 7,938,571	$ 498,150	$ 2,581,788	$ (521,961)	$ (51,492)	$ (13,860)	$ (9,672,761)	$ 1,587	$ 760,022
Private Placement, net of issuance costs	37,212	9,820	28,731	-	-	-	-	-	75,763
Other issuances of common shares	252,576	(80)	-	-	-	11,060	-	-	263,556
Exercise of Previous Equity Incentive Plan stock options	293	(293)	-	-	-	-	-	-	-
Share-based compensation	-	14,180	-	-	-	-	-	-	14,180
Issuance and vesting of restricted share units and performance share units	7,199	(7,199)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	-	(18,526)	-	-	18,526	-
Ownership changes relating to noncontrolling interests, net	-	-	-	-	70,018	-	-	(1,436)	68,582
Redemption of redeemable noncontrolling interest	8,450	-	-	(988)	-	-	-	(12)	7,450
Comprehensive loss	-	-	-	-	-	(13,251)	(657,269)	(18,526)	(689,046)
Balance at March 31, 2024	$ 8,244,301	$ 514,578	$ 2,610,519	$ (522,949)	$ -	$ (16,051)	$ (10,330,030)	$ 139	$ 500,507

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

	Year ended March 31, 2023								
		Additional paid-in capital							
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest	Accumulated other comprehensive income (loss)	Deficit	Noncontrolling interests	Total
Balance at March 31, 2022	$ 7,482,809	$ 492,041	$ 2,581,788	$ (509,723)	$ (42,860)	$ (42,282)	$ (6,378,199)	$ 4,341	$ 3,587,915
Cumulative effect from adoption of ASU 2020-06	-	4,452	-	-	-	-	(729)	-	3,723
Other issuances of common shares	141,996	(1,951)	-	-	-	-	-	-	140,045
Exercise of Previous Equity Incentive Plan stock options	1,597	(1,316)	-	-	-	-	-	-	281
Share-based compensation	-	25,322	-	-	-	-	-	-	25,322
Issuance and vesting of restricted share units and performance share units	20,398	(20,398)	-	-	-	-	-	-	-
Changes in redeemable noncontrolling interest	-	-	-	4,723	17,630	-	-	29,544	51,897
Ownership changes relating to noncontrolling interests, net	-	-	-	-	-	-	-	710	710
Redemption of redeemable noncontrolling interests	26,506	-	-	(16,961)	(26,262)	-	(15,675)	(1,620)	(34,012)
Settlement of unsecured senior notes	265,265	-	-	-	-	(29,507)	-	-	235,758
Comprehensive income (loss)	-	-	-	-	-	57,929	(3,278,158)	(31,388)	(3,251,617)
Balance at March 31, 2023	$ 7,938,571	$ 498,150	$ 2,581,788	$ (521,961)	$ (51,492)	$ (13,860)	$ (9,672,761)	$ 1,587	$ 760,022

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

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

	Years ended March 31, 2025	2024	2023
Cash flows from operating activities:			
Net loss	$ (598,115)	$ (675,795)	$ (3,309,546)
Gain (loss) from discontinued operations, net of income tax	6,023	(192,113)	(229,116)
Net loss from continuing operations	(604,138)	(483,682)	(3,080,430)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment	21,522	28,376	55,575
Amortization of intangible assets	21,596	24,800	24,458
Share-based compensation	(4,205)	14,180	25,322
Loss on asset impairment and restructuring	20,285	53,797	2,170,588
Income tax expense (recovery)	7,141	12,327	(5,728)
Non-cash fair value adjustments and charges related to settlement of long-term debt	413,412	160,468	353,827
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	(4,485)	(3,749)	6,242
Inventory	(17,715)	1,034	68,438
Prepaid expenses and other assets	5,719	(2,433)	12,530
Accounts payable and accrued liabilities	(15,484)	9,115	(28,240)
Other, including non-cash foreign currency	(9,398)	(42,654)	2,995
Net cash used in operating activities - continuing operations	(165,750)	(228,421)	(394,423)
Net cash used in operating activities - discontinued operations	-	(53,529)	(163,123)
Net cash used in operating activities	(165,750)	(281,950)	(557,546)
Cash flows from investing activities:			
Purchases of and deposits on property, plant and equipment	(10,813)	(3,449)	(9,114)
Purchases of intangible assets	(467)	(547)	(1,337)
Proceeds on sale of property, plant and equipment	4,932	154,052	13,609
Redemption of short-term investments	16,428	78,549	502,589
Net cash (outflow) inflow on sale or deconsolidation of subsidiaries	(6,968)	(955)	14,932
Net cash inflow on loan receivable	30,308	-	-
Investment in other financial assets	(95,335)	(347)	(67,150)
Other investing activities	-	(7,705)	3,900
Net cash (used in) provided by investing activities - continuing operations	(61,915)	219,598	457,429
Net cash provided by (used in) investing activities - discontinued operations	14,127	21,992	(24,050)
Net cash (used in) provided by investing activities	(47,788)	241,590	433,379
Cash flows from financing activities:			
Proceeds from issuance of common shares and warrants	385,391	81,063	1,049
Proceeds from exercise of stock options	112	-	281
Proceeds from exercise of warrants	8,454	-	-
Issuance of long-term debt and convertible debentures	68,255	-	135,160
Repayment of long-term debt	(289,031)	(509,779)	(118,179)
Other financing activities	(24,521)	(36,339)	(38,005)
Net cash provided by (used in) financing activities	148,660	(465,055)	(19,694)
Effect of exchange rate changes on cash and cash equivalents	8,389	(1,292)	44,863
Net decrease in cash and cash equivalents	(56,489)	(506,707)	(98,998)
Cash and cash equivalents, beginning of period[1]	170,300	677,007	776,005
Cash and cash equivalents, end of period[2]	$ 113,811	$ 170,300	$ 677,007

[1] Includes cash of our discontinued operations of $nil, $9,314, and $13,610 for March 31, 2024, 2023 and 2022, respectively.
[2] Includes cash of our discontinued operations of $nil, $nil and $9,314 for March 31, 2025, 2024 and 2023, respectively.

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

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

	Years ended March 31,		
	2025	2024	2023
Supplemental disclosure of cash flow information			
Cash received during the period:			
Income taxes	$ 128	$ 6,238	$ 5,511
Interest	$ 8,947	$ 18,097	$ 28,500
Cash paid during the period:			
Income taxes	$ 783	$ 2,082	$ 1,184
Interest	$ 64,904	$ 98,118	$ 131,824
Noncash investing and financing activities			
Additions to property, plant and equipment	$ 426	$ 106	$ 38

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

1. DESCRIPTION OF BUSINESS

Canopy Growth Corporation is a publicly traded corporation, incorporated in Canada, with its head office located at 1 Hershey Drive, Smiths Falls, Ontario. References in these consolidated financial statements to “Canopy Growth” or “the Company” refer to Canopy Growth Corporation and its subsidiaries.

The principal activities of the Company are the production, distribution and sale of a diverse range of cannabis and cannabinoid-based products for both adult-use and medical purposes under a portfolio of distinct brands in Canada pursuant to the *Cannabis Act*, SC 2018, c 16 (the “*Cannabis Act*”), which came into effect on October 17, 2018 and regulates both the medical and adult-use cannabis markets in Canada. The Company has also expanded to jurisdictions outside of Canada where cannabis and/or hemp is federally lawful, permissible and regulated, and the Company, through its subsidiaries, operates in Australia, Germany, and certain other global markets. Additionally, the Company produces, distributes and sells vaporizers and similar cannabis accessories in various global markets, including the United States.

2. BASIS OF PRESENTATION

The consolidated financial statements as of and for the years ended March 31, 2025, 2024, and 2023 have been presented in Canadian dollars and are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Canopy Growth has determined that the Canadian dollar is the most relevant and appropriate reporting currency as, despite continuing shifts in the relative size of the Company's operations across multiple geographies, the majority of its operations are conducted in Canadian dollars and its financial results are prepared and reviewed internally by management in Canadian dollars. The Company's consolidated financial statements, and the financial information contained herein, are reported in thousands of Canadian dollars, except share and per share amounts or as otherwise stated.

Going Concern

The consolidated financial statements have been prepared in accordance with U.S. GAAP on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

In the Company’s consolidated financial statements for the fiscal year ended March 31, 2023, the Company raised substantial doubt about its ability to continue as a going concern for at least twelve months from the issuance of those consolidated financial statements, due to certain material debt obligations coming due in the short-term, recurring losses from operations and additional required financing to fund the Company’s business and operations.

As of the date of the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (the “2024 Annual Report”), the Company has been able to successfully mitigate the substantial doubt by completing several balance sheet actions, as described in the 2024 Annual Report. During the fiscal year ended March 31, 2025, the Company experienced recurring losses from operations and required additional capital to fund its operations, which raised substantial doubt about the Company’s ability to continue as a going concern. However, the Company also completed additional actions during the fiscal year ended March 31, 2025, which included: (i) establishing the ATM Programs (as defined below), pursuant to which an aggregate of 71,044,862 common shares of the Company were issued and sold for gross proceeds of $347,076 under the June 2024 ATM Program (as defined below) (see Note 21) and an aggregate of 23,169,358 common shares of the Company were issued and sold for gross proceeds of $38,315 under the February 2025 ATM Program (as defined below) (see Note 21); (ii) entering into the Second ARCA (as defined below) as well as making a mandatory US$100,000 prepayment of the Credit Facility (as defined below) and the Optional Prepayment (as defined below) in connection therewith, which significantly reduced the Company’s short-term debt obligation and extended the maturity date of the Credit Facility; (iii) receiving additional proceeds from the liquidation and sale of assets of BioSteel Canada (as defined below); and (iv) entering into the Lease Renegotiation (as defined below), which is expected to reduce the Company's potential lease payment obligation.

The Company continues to evaluate different strategies and may pursue additional actions that are expected to further increase its liquidity position, including, but not limited to, pursuing additional actions to find cost-savings and seeking additional financing from both the public and private markets through the issuance of equity and/or debt securities. As a result of management's plans above and the financial results for the year ended March 31, 2025, management concludes that the substantial doubt about the Company’s ability to continue as a going concern has been alleviated.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all entities in which the Company either has a controlling voting interest or is the primary beneficiary of a variable interest entity. All intercompany accounts and transactions have been eliminated on consolidation.

Variable interest entities

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

Equity method investments

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

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

Use of estimates

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

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

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

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

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

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

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

Fair value measurement of financial instruments - The use of various valuation approaches described in Note 25 may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

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

Share Consolidation

On December 13, 2023, the Company announced that the Company's board of directors (the "Board") had approved the consolidation of the Company's issued and outstanding common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares (the "Share Consolidation"). The Share Consolidation was implemented to ensure that the Company continues to comply with the listing requirements of the Nasdaq Global Select Market.

The Share Consolidation was approved by the Company's shareholders at the annual general and special meeting of shareholders held on September 25, 2023. The Share Consolidation became effective on December 15, 2023. No fractional common shares were issued in connection with the Share Consolidation. Any fractional common shares arising from the Share Consolidation were deemed to have been tendered by its registered owner to the Company for cancellation for no consideration. In addition, the exercise or conversion price and/or the number of common shares issuable under any of the Company's outstanding convertible securities, were proportionately adjusted in connection with the Share Consolidation.

All issued and outstanding common shares, per share amounts, and outstanding equity instruments and awards exercisable into common shares, as well as the exchange ratios for the Fixed Shares (as defined below) and the Floating Shares (as defined below) in connection with the Acreage Amending Arrangement and the Floating Share Arrangement (as defined below), respectively, contained in the consolidated financial statements of the Company and notes thereto have been retroactively adjusted to reflect the Share Consolidation for all prior periods presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

In preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency are recognized at exchange rates in effect on the date of the transactions. At each reporting date monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates applicable at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized through net income (loss).

For the purposes of presenting consolidated financial statements, the assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rates applicable at the balance sheet date. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive income (loss). Transactional exchange gains and losses are included in other income (expense), net.

Cash equivalents and short-term investments

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

Investments with maturities or redemption dates greater than 90 days at the date of purchase are included in short-term investments. The Company's investments in debt securities, if any, have been classified and accounted for using the fair value option. Unrealized gain and losses on debt securities, if any, are recognized in net income (loss). All other short-term investments are recorded at fair value with gains or losses recognized in net income (loss).

Restricted short-term investments

The Company considers short-term investments to be restricted when withdrawal or general use is legally restricted.

Accounts receivable

Accounts receivables are recorded at the invoiced amount and arise out of the sales to customers. The Company is exposed to credit losses primarily through sales of products and maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in its accounts receivable portfolio as of the reporting dates based on the projection of expected credit losses. The allowance for credit losses represents management's best estimate of probable credit losses in accounts receivable, taking into account a combination of past events, current conditions, and supportable forecasts. The Company estimates and reserves for its allowance for credit losses based on its experience with past due accounts and collectability, write-off history, the aging of accounts receivable and an analysis of customer data.

Inventory

Inventory consists of raw materials, supplies and consumables used in the inventory process, merchandise for sale, finished goods and work-in-process such as pre-harvested cannabis plants, by-products to be extracted, oils, gel capsules and edible products. Inventory is valued at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Cost is determined using standard costs, approximating average costs, and include direct and indirect labor, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, production related depreciation and other overhead costs. The Company records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, age of inventory, historical experience and application of the specific identification method. The Company classifies cannabis inventory as a current asset, although part of such inventory, because of the duration of the cultivation, drying, and conversion process, ordinarily would not be utilized within one year.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized in net income (loss).

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

	Years
Buildings and greenhouses	20 - 50
Production and warehouse equipment	5 - 30
Office and lab equipment	3 - 25
Computer equipment	3 - 5
Leasehold improvements	Lesser of estimated useful life or lease term

Depreciation commences upon the property, plant and equipment becoming available for its intended use. Construction in progress is measured at cost and upon completion reclassified to one of the Company’s five classes of property, plant and equipment as noted in the above table, depending on the nature of the associated assets.

Estimates of useful life and residual value, and the method of depreciation, are reviewed only when events or changes in circumstances indicate that the current estimates or depreciation method are no longer appropriate. Any changes are accounted for on a prospective basis as a change in estimate.

Intangible assets

Finite lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition, while intangible assets that are internally generated are recognized at cost.

Amortization is provided on a straight-line basis over the following terms:

	Years
Intellectual property	5 - 15
Distribution channel	5 - 11
Operating licenses	5 - 8
Software and domain names	3 - 5
Brands	2 - 5

The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill and indefinite lived intangible assets

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. The Company reviews goodwill and indefinite lived intangible assets annually for impairment in the fourth quarter, or sooner, if events or circumstances indicate that the carrying amount of an asset may not be recoverable. The Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If factors indicate this is the case, then a quantitative test is performed and an impairment is recorded for any excess carrying value above the reporting unit’s fair value, not to exceed the amount of goodwill.

Year ended March 31, 2023

In the three months ended June 30, 2022, the Company recognized a goodwill impairment loss in relation to the cannabis operations reporting unit in the global cannabis segment, representing the entirety of the goodwill assigned to the cannabis operations reporting unit. In the three months ended September 30, 2022, following the completion of certain restructuring actions which were initiated in the three months ended March 31, 2022, and which were aligned with the Company’s strategic review of its business, the

Company changed the structure of its internal management financial reporting and began reporting its financial results for the following five reportable segments: (i) Canada cannabis; (ii) International markets cannabis; (iii) Storz & Bickel; (iv) BioSteel; and (v) This Works. There were no changes to the composition of the Company's reporting units to which goodwill remains assigned resulting from the change in reportable segments.

The Company recognized goodwill impairment losses in the three months ended September 30, 2022 in relation to its This Works reporting unit (continuing operations) and BioSteel reporting unit (discontinued operations). In the three months ended March 31, 2023, the Company performed its annual goodwill impairment test and noted no additional impairments. Refer to Note 16 for further details.

Year ended March 31, 2024

For the year-end March 31, 2024, the Company deconsolidated BioSteel and classified its results as discontinued operations, (see Note 6). As a result, the Company now reports its financial results for the following four reportable segments: (i) Canada cannabis; (ii) International markets cannabis; (iii) Storz & Bickel; and (iv) This Works. On December 18, 2023, the Company completed the sale of This Works and as of such date, the results of This Works are no longer included in the Company's financial results (see Note 35). In the three months ended March 31, 2024, the Company performed its annual goodwill impairment test and recognized impairment losses in relation to its Storz & Bickel reporting unit. Refer to Note 16 for further details.

Indefinite lived intangible assets are comprised of certain acquired brand names and operating licenses, which are carried at cost less accumulated impairment losses. The Company reviews the classification each reporting period to decide whether the assessment made about the useful life as indefinite or finite is still appropriate. Any change is accounted for on a prospective basis as a change in estimate.

Year ended March 31, 2025

In the three months ended March 31, 2025, the Company performed its annual goodwill impairment test on its remaining goodwill balance, which is assigned to the Storz & Bickel reporting unit. No impairment was noted for the Storz & Bickel reporting unit, as the estimated fair value of the Storz & Bickel reporting unit exceeded its carrying value. Refer to Note 16 for further details.

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property, plant and equipment and finite lived intangible assets whenever events or changes in circumstances indicate a potential impairment exists. The Company groups assets at the lowest level for which cash flows are separately identifiable, referred to as an asset group. When indicators of potential impairment are present the Company prepares a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flow is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value, if any.

Redeemable noncontrolling interest

Redeemable noncontrolling interest is presented as mezzanine equity. The balance of the redeemable noncontrolling interest is reported at the greater of the initial carrying amount adjusted for the redeemable noncontrolling interest's share of earnings or losses and other comprehensive income or loss, or its estimated redemption value. The Company adjusts the carrying amount of the redeemable interest to the redemption amount each period, assuming the interest was redeemable at the balance sheet date with changes in fair value recorded in equity.

Revenue recognition

The Company's cannabis revenue is comprised of sales of: (i) adult-use cannabis products in Canada, either to government agencies or third-party retailers under a "business-to-business" wholesale model; and (ii) medical and other cannabis products in Canada and certain other countries. The Company's revenue is also comprised of sales of vaporizers and similar cannabis accessories, merchandise, and revenue from other sources.

The Company’s revenue-generating activities have a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company’s obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the customer contract. In accordance with contracts with certain of the Company’s Canadian provincial and territorial customers, the Company fulfills its obligations only when the customer transfers control of the product to the end consumer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for the sale of the Company’s product. Certain of the Company’s customer contracts, most notably those with the Canadian provincial and territorial agencies, may provide the customer with a right of return. In certain circumstances the Company may also provide a retrospective price adjustment to a customer. These items give rise to variable consideration, which is recognized as a reduction of the transaction price based upon the expected amounts of the product returns and price adjustments at the time revenue for the corresponding product sale is recognized. The determination of the reduction of the transaction price for variable consideration requires that the Company make certain estimates and assumptions that affect the timing and amounts of revenue recognized. The Company estimates this variable consideration by taking into account factors such as historical information, current trends, forecasts, provincial and territorial inventory levels, availability of actual results and expectations of demand. The Company recognizes a liability for sales refunds within other current liabilities, and an asset for the value of inventory which is expected to be returned is recognized within prepaid expenses and other assets on the consolidated balance sheets.

Sales of products are for cash or otherwise agreed-upon credit terms. The Company’s payment terms vary by location and customer; however, the time period between when revenue is recognized and when payment is due is not significant.

Cost of goods sold

The types of costs included in cost of goods sold are raw materials, packaging materials, manufacturing costs, plant facilities administrative support and overheads, and freight and warehouse costs, including distribution costs. Cost of goods sold also includes inventory valuation adjustments.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled $22,906, $28,656 and $28,294 in the years ended March 31, 2025, 2024, and 2023, respectively.

Research and development

Research and development costs are expensed as incurred. Research and development expenses totaled $2,742, $4,611, and $21,718 in the years ended March 31, 2025, 2024, and 2023, respectively.

Asset impairment and restructuring costs

Asset impairment and restructuring costs consist of property, plant and equipment, intangible asset and goodwill impairment charges, asset abandonment costs, contractual and other settlement costs, and employee-related and other restructuring costs recognized in connection with: (i) the restructuring of the Company’s global operations that commenced in the year ended March 31, 2020 and continued strategic review of its business; and (ii) other impairments. Offsetting the charges for the year ended March 31, 2024 was a gain on sale of the Company's production facility as sale proceeds exceeded the carrying value that was previously impaired. Refer to Note 7 for further details.

When a long-lived asset is abandoned its carrying amount is adjusted to its salvage value, if any. In determining the salvage value of the Company's long-lived assets, management considers information from manufacturers, historical data, and industry standards. In certain cases, management may obtain third party appraisals to estimate salvage value.

Share-based compensation

The Company accounts for share-based compensation using the fair value method. With the exception of a limited number of share-based awards subject to market-based performance conditions that are valued using the Monte Carlo simulation model, the fair value of awards granted is estimated at the date of grant using the Black-Scholes model. The share-based compensation expense is based on the fair value of share-based awards at the grant date and the expense is recognized over the related service period following a graded vesting expense schedule. Forfeitures are estimated at the time of grant and revised in subsequent periods if there is a difference in actual forfeitures and the estimate.

For awards with service and/or non-market based performance conditions, the amount of compensation expense recognized is based on the number of awards expected to vest, reflecting estimated expected forfeitures, and is adjusted to reflect those awards that do ultimately vest. For awards with performance conditions, the Company recognizes the compensation expense if and when the Company concludes that it is probable that the performance condition will be achieved. The Company reassesses the probability of achieving the performance condition at each reporting date.

Income taxes

Income taxes are comprised of current and deferred taxes. These taxes are accounted for using the liability method. Current tax is recognized in connection with income for tax purposes, unrealized tax benefits and the recovery of tax paid in a prior period and measured using the enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose. Deferred tax is recognized on the difference between the carrying amount of an asset or a liability, as reflected in the financial statements, and the corresponding tax base, used in the computation of income for tax purposes ("temporary difference") and measured using the enacted tax rates and laws as at the balance sheet date that are expected to apply to the income that the Company expects to arise for tax purposes in the period during which the difference is expected to reverse. Management assesses the likelihood that a deferred tax asset will be realized and a valuation allowance is provided to the extent that it is more likely than not that all or a portion of a deferred tax asset will not be realized. The determination of both current and deferred taxes reflects the Company's interpretation of the relevant tax rules and judgement.

An unrealized tax benefit may arise in connection with a period that has not yet been reviewed by the relevant tax authority. A change in the recognition or measurement of an unrealized tax benefit is reflected in the period during which the change occurs.

Income taxes are recognized in the consolidated statement of operations, except when they relate to a pre-tax item that is recognized in other comprehensive income (loss) or directly in equity, respectively. Income taxes recognized in other comprehensive income (loss) or equity are reclassified to the consolidated statement of operations if the corresponding pre-tax item is reclassified to the consolidated statement of operations. Where income taxes arise from the initial accounting for a business combination, these are embedded in the pre-tax accounting for the business combination.

Interest and penalties in respect of income taxes are not recognized in the consolidated statement of operations as a component of income taxes but as a component of interest expense.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted earnings (loss) per share is computed by dividing earnings (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares of the Company during the reporting periods. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of warrants, vested share options, RSUs and the incremental shares issuable upon conversion of convertible notes. As at March 31, 2025, March 31, 2024, and March 31, 2023, all instruments were anti-dilutive.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company calculates the estimated fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available, the Company uses standard pricing models.

For other financial assets measured at fair value that earn interest, the Company has elected to present interest income as part of the fair value change in other income (expense), net.

4. NEW ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncements

Segment Reporting

In November 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. Adoption of ASU 2023-07 did not impact our consolidated balance sheets or income statements or have a material impact on our financial statement disclosures. Refer to Note 35 for the incremental disclosures required under ASU 2023-07.

Accounting Guidance Not Yet Adopted

Income Taxes

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which enhances income tax disclosures, primarily through changes to the rate reconciliation and disaggregation of income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted.

The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2023-09 for the Company's fiscal year ending March 31, 2026.

Disaggregation of Income Statement Expenses

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

5. CANOPY USA

On October 24, 2022, Canopy Growth completed a number of strategic transactions (the "Reorganization") in connection with the creation of Canopy USA, LLC ("Canopy USA"), a U.S.-domiciled holding company wherein, as of October 24, 2022, Canopy USA holds certain U.S. cannabis investments previously held by Canopy Growth.

Following the creation of Canopy USA, the Nasdaq Stock Market LLC ("Nasdaq") communicated its position to the Company stating that companies that consolidate "the assets and revenues generated from activities in violation under federal law cannot continue to list on Nasdaq". Since the Company is committed to compliance with the listing requirements of the Nasdaq, the Company and Canopy USA effectuated certain changes to the initial structure of the Company's interest in Canopy USA that were intended to facilitate the deconsolidation of the financial results of Canopy USA within the Company's financial statements. These changes included, among other things, modifying the terms of the Protection Agreement (as defined below) between the Company, its wholly-owned subsidiary and Canopy USA as well as the terms of Canopy USA's limited liability company agreement and amending the terms of certain agreements with third-party investors in Canopy USA to eliminate any rights to guaranteed returns (collectively, the "Reorganization Amendments"). On May 19, 2023, the Company and Canopy USA implemented the Reorganization Amendments, which included, entering into the First A&R Protection Agreement (as defined below) and amending and restating Canopy USA's limited liability company agreement (the "A&R LLC Agreement") in order to: (i) eliminate certain negative covenants that were previously granted by Canopy USA in favor of the Company as well as delegating to the managers of the Canopy USA Board (as defined below) not appointed by Canopy Growth the authority to approve the following key decisions (collectively, the "Key Decisions"): (a) the annual business plan of Canopy USA; (b) decisions regarding the executive officers of Canopy USA and any of its subsidiaries; (c) increasing the compensation, bonus levels or other benefits payable to any current, former or future employees or managers of Canopy USA or any of its subsidiaries; (d) any other executive compensation plan matters of Canopy USA or any of its subsidiaries; and (e) the exercise of the Wana Options (as defined below) or the Jetty Options (as defined below), which for greater certainty means that the Company's nominee on the Canopy USA Board will not be permitted to vote on any Key Decisions while the Company owns Non-Voting Shares (as defined below); (ii) reduce the number of managers on the Canopy USA Board from four to three, including, reducing the Company's nomination right to a single manager; (iii) amend the share capital of Canopy USA to, among other things, (a) create a new class of Canopy USA Class B Shares (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, as a result of the Reorganization Amendments, in no circumstances will the Company, at the time of such conversions, own more than 90% of the Canopy USA Class B Shares.

In connection with the Reorganization Amendments, on May 19, 2023, Canopy USA and Huneeus 2017 Irrevocable Trust (the "Trust") entered into a share purchase agreement (the "Trust SPA"), which sets out the terms of the Trust's investment in Canopy USA in the aggregate amount of up to US$20 million (the "Trust Transaction"). Agustin Huneeus, Jr. is the trustee of the Trust and is an affiliate of a shareholder of Jetty (as defined below). Pursuant to the terms of the Trust SPA, the Trust was entitled, subject to certain terms and conditions contained in the Trust SPA, to be issued Canopy USA Common Shares in two tranches with an aggregate value of up to US$10 million along with warrants of Canopy USA to acquire additional Canopy USA Common Shares. In addition, subject to the terms of the Trust SPA, the Trust has also been granted options to acquire additional Voting Shares (as defined in the A&R LLC Agreement) with a value of up to an additional US$10 million and one such additional option includes the issuance of additional warrants of Canopy USA. On April 26, 2024, Canopy USA completed the first tranche closing of the Trust Transaction in accordance with the Trust SPA and pursuant to the Trust SPA, the timeline to complete the second tranche closing has lapsed. As of March 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 expiring on April 26, 2031.

In addition, subject to the terms and conditions of the A&R Protection Agreement (as defined below) and the terms of the option agreements to acquire Wana (as defined below) and Jetty, as applicable, Canopy Growth may be required to issue additional common shares in satisfaction of certain deferred and/or option exercise payments to the shareholders of Wana and Jetty. Canopy Growth will receive additional Non-Voting Shares from Canopy USA as consideration for any Company common shares issued in the future to the shareholders of Wana and Jetty.

On November 3, 2023, the Company received a letter from the staff of the SEC (the "Staff") in which the Staff indicated that, despite the Reorganization Amendments, it would object to the deconsolidation of the financial results of Canopy USA from the Company's financial statements in accordance with U.S. GAAP once Canopy USA acquires Wana, Jetty or the Fixed Shares of Acreage Holdings, Inc. ("Acreage"). The Company subsequently had discussions with the Office of Chief Accountant of the SEC (the "OCA") and determined to make certain additional amendments to the structure of Canopy USA (the "Additional Reorganization Amendments") to facilitate the deconsolidation of Canopy USA from the financial results of Canopy Growth in accordance with U.S. GAAP upon Canopy USA's acquisition of Wana, Jetty or Acreage. In connection with the Additional Reorganization Amendments, 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 OCA, upon effectuating the Additional Reorganization Amendments, the Company believes that the Staff 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.

Following the Reorganization, Reorganization Amendments and Additional Reorganization Amendments, 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, 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.

Following the implementation of the Reorganization, Canopy USA was determined to be a variable interest entity pursuant to ASC 810 and prior to the completion of the Reorganization Amendments and the Additional Reorganization Amendments, Canopy Growth was determined to be the primary beneficiary of Canopy USA. As a result of such determination and in accordance with ASC 810, Canopy Growth consolidated the financial results of Canopy USA up to April 30, 2024.

Ownership of U.S. Cannabis Investments

Following the implementation of the Reorganization, 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. Following the Reorganization

Amendments, the Non-Voting Shares are convertible into Class B shares of Canopy USA (the "Canopy USA Class B Shares"), provided that such conversion shall only be permitted following the Stock Exchange Permissibility Date. The Company also has the right (regardless of the fact that its Non-Voting Shares are non-voting and non-participating) to appoint one member to the Canopy USA board of managers (the "Canopy USA Board").

On October 24, 2022, Canopy USA and the Company also entered into an agreement with, among others, Nancy Whiteman, the controlling shareholder of Wana, which was amended and restated on May 19, 2023 and on April 30, 2024, whereby subsidiaries of Canopy USA agreed to pay additional consideration in order to acquire the Wana Options and the future payments owed in connection with the exercise of the Wana Options were reduced to US$3.00 in exchange for the issuance of Canopy USA Common Shares and Canopy Growth common shares (the "Wana Amending Agreement"). In accordance with the terms of the Wana Amending Agreement, on April 30, 2024, (i) Canopy USA issued 60,955,929 Canopy USA Common Shares and (ii) Canopy Growth issued 1,086,279 Canopy Growth common shares to the shareholders of Wana. The Canopy USA Common Shares issued to Ms. Whiteman, or entities controlled by Ms. Whiteman, are subject to a repurchase right exercisable at any time after April 30, 2027, being the 36 month anniversary of the closing of the transaction contemplated by the Wana Amending Agreement (the "Wana Repurchase Right") to repurchase all Canopy USA Common Shares that have been issued at a price per Canopy USA Common Share equal to the fair market value as determined by an appraiser. As part of this agreement, Canopy USA has granted Ms. Whiteman the right to appoint one member to the Canopy USA Board and a put right on the same terms and conditions as the Wana Repurchase Right.

As of March 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 in connection with: (a) the Reorganization Amendments (the "First A&R Protection Agreement"); and (b) the Additional Reorganization Amendments (the "Second A&R Protection Agreement" and together with the First A&R Protection Agreement, the "A&R Protection Agreement").

Until such time as Canopy Growth converts its Non-Voting Shares into Canopy USA Class B Shares following the Stock Exchange Permissibility Date, Canopy Growth will have no economic or voting interest in Canopy USA, Wana, Jetty, TerrAscend, or Acreage. Canopy USA, Wana, Jetty, TerrAscend, and Acreage will continue to operate independently of Canopy Growth.

Acreage Agreements

On October 24, 2022, Canopy Growth entered into an arrangement agreement with Canopy USA and Acreage, as amended (the "Floating Share Arrangement Agreement"), pursuant to which Canopy USA acquired all of the issued and outstanding Floating Shares by way of a court-approved plan of arrangement (the "Floating Share Arrangement") in exchange for 0.045 of a Company common share for each Floating Share held. In connection with the Floating Share Arrangement Agreement, Canopy Growth irrevocably waived the Acreage Floating Option (as defined below) existing under the Existing Acreage Arrangement Agreement.

On October 24, 2022, the Company and Canopy USA entered into a third amendment to tax receivable agreement (the "Amended TRA") with, among others, certain current or former unitholders (the "Holders") of High Street Capital Partners, LLC, a subsidiary of Acreage ("HSCP"), pursuant to HSCP's amended tax receivable agreement (the "TRA") and related tax receivable bonus plans with Acreage. Pursuant to the Amended TRA, the Company, on behalf of Canopy USA, agreed to issue common shares of the Company with a value of US$30.4 million to certain Holders as consideration for the assignment of such Holder's rights under the TRA to Canopy USA. As a result of the Amended TRA, Canopy USA is the sole member and beneficiary under the TRA. In connection with the foregoing, the Company issued: (i) 564,893 common shares with a value of $20.6 million (US$15.2 million) to certain Holders on November 4, 2022 as the first installment under the Amended TRA; and (ii) 710,208 common shares with a value of $20.6 million (US$15.2 million) to certain Holders on March 17, 2023, as the second installment under the Amended TRA. In connection with the Acreage Acquisition, the Company, on behalf of Canopy USA, issued 5,118,426 common shares of the Company to an eligible participant pursuant to HSCP's existing tax receivable bonus plans.

In addition to shareholder and court approvals, completion of the Floating Share Arrangement was subject to applicable regulatory approvals including, but not limited to, Toronto Stock Exchange ("TSX") approval and the satisfaction of certain other closing conditions, including the conditions set forth in the Acreage Amended Arrangement. The Floating Share Arrangement received the requisite approval from the holders of Floating Shares at the special meeting of Acreage shareholders held on March 15, 2023 and on March 20, 2023 Acreage obtained a final order from the Supreme Court of British Columbia approving the Floating Share Arrangement. The Floating Share Arrangement was implemented on December 9, 2024 in connection with the closing of the Acreage Acquisition.

On June 4, 2024, the Acreage Option was exercised in accordance with the terms of the arrangement agreement dated April 18, 2019, as amended on May 15, 2019, September 23, 2020 and November 17, 2020 (the “Existing Acreage Arrangement Agreement”). Concurrently with the closing of the acquisition of the Fixed Shares pursuant to the exercise of the Acreage Option, on December 9, 2024, the Fixed Shares were issued to Canopy USA upon closing of the Acreage Acquisition. Accordingly, Canopy Growth does not hold any Fixed Shares or Floating Shares. 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, the Company exercised its option to acquire certain outstanding debt of Acreage (the “Debt Acquisition”) in connection with the option agreement dated November 15, 2022 (the “Option Agreement”) among a wholly-owned subsidiary of Canopy Growth (the “Optionor”) and the lenders (the “Lenders”) party to Acreage’s credit agreement dated as of December 16, 2021, as amended by the first amendment to credit agreement dated as of October 24, 2022 and the second amendment to credit agreement dated as of April 28, 2023.

The Optionor entered into various agreements in connection with the Debt Acquisition in order to acquire approximately $136,567 (US$99,837) of Acreage’s outstanding debt (the “Acquired Debt”) from certain Lenders in exchange for $95,460 (US$69,786) in cash and the release of approximately $41,107 (US$30,051) (the “Option Premium”) that was held in escrow pursuant to the Option Agreement. The Option Premium was not included in Canopy Growth’s cash and cash equivalents as of March 31, 2024.

The Optionor subsequently transferred approximately $2,972 (US$2,173) of the Acquired Debt to the other Lender (the “Rolling Lender”) and entered into a series of agreements with the Rolling Lender and Acreage, among others, 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, Acreage, the Rolling Lender and an arm’s length third-party lender (the “Other Lender”). Pursuant to such transactions, all of Acreage’s indebtedness held by the Rolling Lender was acquired by the Other Lender. Following the acquisition by the Other Lender, the Optionor, the Other 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 Other Lender, all interest owing to the Optionor under the Second ARCA is, subject to the consent of the Other Lender, to be paid-in-kind and not in cash. Under the Second ARCA, as of September 13, 2024, the Optionor was owed an aggregate principal amount equal to approximately $137,955 (US$102,000), which is subordinate to approximately $87,913 (US$65,000) owed to the Other Lender.

As of March 31, 2025, the aggregate principal amount owing to the Optionor was approximately $157,656 (US$109,582) and the aggregate principal amount owing to the Other Lender was approximately $93,516 (US$65,000). Acreage is currently in default under the Second ARCA and the Lenders have agreed to forebear exercising any remedies with respect to such default until June 1, 2025 while the parties discuss potential solutions, including a potential debt extension. If an event of default continues to occur under the Second ARCA after June 1, 2025, the portion of the Acquired Debt owing to the Other Lender would rank in priority to the portion of the Acquired Debt owing to the Company. See “Risk Factors – Risks related to Canopy USA – Acreage’s last publicly available financial statements expressed doubt about its ability to continue as a going concern, which could have 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, ultimately, the Company’s financial results and operations, and, in the event Acreage cannot satisfy its debt obligations as they become due, the Acquired Debt may not be repaid and the Company may lose the entirety of its investment”.

Deconsolidation of Canopy USA

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

Canopy Growth's deconsolidation of Canopy USA resulted in recognition of equity method investments (see Note 13) and a loan receivable recorded at fair value (see Note 13). The deconsolidation of Canopy USA from the financial results of Canopy Growth resulted in the derecognition of the following assets and liabilities:

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

The gain on derecognition of Canopy USA is the differences between the carrying amounts of the derecognized assets, liabilities and non-controlling interest, value of common shares issued, and the fair value of the retained non-controlling interest in Canopy USA, being the equity method investments and the Canopy Elevate I LLC, Canopy Elevate II LLC and Canopy Elevate III LLC (collectively, “Elevate”) loan receivable. The gain on derecognition is reflected in other income (expense), net.

Acreage Acquisition

On December 9, 2024, Canopy USA completed the Acreage Acquisition and now owns 100% of the issued and outstanding shares of Acreage. In connection with: (i) the Existing Acreage Arrangement Agreement and the Acreage Amended Arrangement (as defined below); and (ii) the Floating Share Arrangement Agreement, Canopy USA acquired all of the issued and outstanding Floating Shares of Acreage on the terms and conditions set forth in Floating Share Arrangement. Immediately following the implementation of the Floating Share Arrangement, Canopy USA acquired all of the issued and outstanding Fixed Shares of Acreage (the “Fixed Share Acquisition”). In accordance with the Floating Share Arrangement, registered holders of Floating Shares received 0.045 of a common share of Canopy Growth for each Floating Share (the “Floating Share Exchange Ratio”). In connection with the Fixed Share Acquisition, each of the outstanding Fixed Shares was exchanged for 0.00000000617 of a common share of Canopy Growth for each Fixed Share, as adjusted pursuant to the terms and conditions set forth in the Existing Acreage Arrangement Agreement (the “Fixed Share Exchange Ratio”). In aggregate, Canopy Growth issued 5,888,291 common shares to former shareholders of Acreage.

Pursuant to the Floating Share Arrangement, (i) each outstanding stock option to acquire Floating Shares was exchanged for a replacement option exercisable for Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such options adjusted by the Floating Share Exchange Ratio; (ii) each outstanding warrant to acquire Floating Shares was exchanged for a replacement warrant to acquire Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such warrants adjusted by the Floating Share Exchange Ratio; and (iii) each outstanding restricted share unit, performance share and performance unit, as applicable, that vested into Floating Shares was exchanged for a replacement restricted share unit, performance share or performance unit, as applicable, that vests into Canopy Growth common shares, with the number of underlying Canopy Growth common shares adjusted by the Floating Share Exchange Ratio.

In connection with the Fixed Share Acquisition, (i) each outstanding stock option to acquire Fixed Shares was exchanged for a replacement option exercisable for Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such options adjusted by the Fixed Share Exchange Ratio; (ii) each outstanding warrant to acquire Fixed Shares was exchanged for a replacement warrant to acquire Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such warrants adjusted by the Fixed Share Exchange Ratio; and (iii) each restricted share unit and performance share unit, as applicable, that vested into Fixed Shares was exchanged for a replacement restricted share unit or performance share unit, as applicable, that vests into Canopy Growth common shares, with the number of underlying Canopy Growth common shares adjusted by the Fixed Share Exchange Ratio.

In addition, Canopy Growth: (i) issued 5,118,426 common shares of the Company to an eligible participant pursuant to HSCP's existing tax receivable bonus plans; and (ii) 306,151 common shares of the Company were issuable in connection with Canopy USA's acquisition of the minority interests of certain subsidiaries of Acreage, of which 237,682 common shares of the Company have been issued.

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

In exchange for the issuances of Canopy Growth common shares, warrants and other replacement securities in connection with the Acreage Acquisition, Canopy Growth received additional Non-Voting Shares with a value of $50,786 and Canopy USA delivered guarantees in respect of the obligations owing pursuant to the Elevate loan receivable. Refer to Note 13 for more information on Canopy USA investment balances and refer to Note 21 for more information on the share and warrant issuances as part of the Acreage Acquisition.

6. BIOSTEEL

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

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

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

On November 16, 2023, BioSteel Sports Nutrition USA LLC ("BioSteel US") and BioSteel Manufacturing LLC ("BioSteel Manufacturing" and collectively with BioSteel Canada and BioSteel US, the "BioSteel Entities") were added as additional applicants in the CCAA Proceedings. As a result, the most relevant activity of both entities became the liquidation and sale of assets and distribution of cash and proceeds to their respective stakeholders and management concluded that Canopy Growth ceased to have the power to direct the relevant activities of BioSteel US and BioSteel Manufacturing because those activities required approval from the CCAA Court. As a result of the conclusion of the sale of assets and distribution of the cash and proceeds of the BioSteel Entities, on July 31, 2024, the CCAA Court granted an order which provided, among other things, for the termination of the CCAA Proceedings upon service of a certificate (the "CCAA Termination Certificate") and authorization for the BioSteel Entities to file assignments in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*. The BioSteel Entities were assigned into bankruptcy as of October 2, 2024. The bankruptcy of the BioSteel Entities will deal with any remaining nominal assets of the BioSteel Entities. The CCAA Termination Certificate was served on October 22, 2024.

As a result of the foregoing, Canopy Growth no longer has a controlling interest in BioSteel US and BioSteel Manufacturing and has deconsolidated both entities effective November 16, 2023. The deconsolidation of BioSteel US and BioSteel Manufacturing and related impairment charges were classified under losses from discontinued operations.

	Years ended		
	March 31, 2025	March 31, 2024	March 31, 2023
Net revenue	$ -	$ 56,610	$ 69,651
Cost of goods sold	-	145,625	110,262
Operating expenses	-	97,851	177,171
Operating loss	-	(186,866)	(217,782)
Other income (expense), net[1]	6,023	(6,183)	(10,380)
Income tax (expense) recovery	-	936	(954)
Net income (loss) on discontinued operations, net of tax	$ 6,023	$ (192,113)	$ (229,116)

[1] Included in Other income (expense), net for the year ended March 31, 2024 is a loss on deconsolidation of $9,820.

Investment in BioSteel Entities

The CCAA Proceedings for the BioSteel Entities have been completed. Canopy Growth continues to have a 100% ownership interest in each of BioSteel US and BioSteel Manufacturing but has deconsolidated both entities because it no longer has a controlling interest in them. Since the estimated amount of the liabilities of BioSteel US and BioSteel Manufacturing exceeds the estimated fair value of the assets available for distribution to its creditors, the fair value of Canopy Growth's equity investment in BioSteel US and BioSteel Manufacturing approximates zero.

Canopy Growth's Amounts Receivable from BioSteel Entities

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

As of the deconsolidation date for BioSteel US and BioSteel Manufacturing, Canopy Growth has recorded remaining amounts legally receivable from BioSteel US and BioSteel Manufacturing at their estimated fair value.

The remaining amounts legally receivable from the BioSteel Entities are measured at their expected recoverable amounts. As of March 31, 2025, the receivable balance from the BioSteel Entities is $nil. The assets and liabilities related to the BioSteel Entities business units are classified as discontinued operations and the major categories are as follows:

	March 31, 2025	March 31, 2024
Receivable from BioSteel Entities	$ -	$ 8,038
Total assets of discontinued operations	$ -	$ 8,038
Total liabilities of discontinued operations	$ -	$ -

7. ASSET IMPAIRMENT AND RESTRUCTURING COSTS

Year ended March 31, 2025

Restructuring and other charges

In the year ended March 31, 2025, the Company recorded a loss on asset impairment and restructuring which primarily related to the non-cash impairment of divestiture-related assets, employee restructuring costs and other costs associated with previous restructuring actions. This was partially offset by a gain related to the Lease Renegotiation and reversal of a previous restructuring charge.

	Year ended March 31, 2025
Costs recorded in cost of goods sold:	
Inventory write-downs and other charges	$ 1,991
Costs recorded in operating expenses:	
Impairment of property, plant and equipment, net	13,523
Contractual and other settlement obligations	(1,942)
Employee-related, other asset impairment and other restructuring costs	19,652
Asset impairment and restructuring costs	31,233
Total restructuring, asset impairments and related costs	$ 33,224

Year ended March 31, 2024

Restructuring and other charges

In the year ended March 31, 2024, the Company recorded charges associated with operational changes resulting from its continuing strategic review of its business. Charges relate to various incremental impairment losses and other costs associated with the restructuring of the Company's Canadian cannabis operations that were initiated in the three months ended March 31, 2023, in addition to continued evaluation of the Company's overall operations throughout fiscal 2024. The Company also recognized impairment charges associated with the divestiture of This Works, as described in Note 30(a) below.

Offsetting the charges above was a gain on the sale of the Company's production facility at 1 Hershey Drive in Smiths Falls, Ontario. The gain was due to the sale proceeds exceeding the carrying value that was previously impaired at March 31, 2023.

Other impairments

The other impairment charges described below related to goodwill and intangible assets are in addition to the restructuring and impairment costs described above.

Goodwill

In the year ended March 31, 2024, the Company recognized goodwill impairment charges totaling $42,081 relating to the Company's Storz & Bickel reporting unit. Refer to Note 16 for further details.

Intangible assets

In the year ended March 31, 2024, the Company recognized asset impairment losses totaling $17,266 relating primarily to This Works prior to divestiture and the Storz & Bickel's acquired brand intangible asset.

A summary of the pre-tax charges totaling $65,001 recognized in connection with the Company's restructuring actions and other impairments is as follows:

	Year ended March 31, 2024		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Reversal of inventory write-downs and other charges	$ (986)	$ -	$ (986)
Costs recorded in operating expenses:			
(Gain) impairment of property, plant and equipment, net	(40,578)	-	(40,578)
Impairment of intangible assets	-	17,266	17,266
Impairment of goodwill	-	42,081	42,081
Contractual and other settlement obligations	(2,129)	-	(2,129)
Employee-related and other restructuring costs	29,193	20,154	49,347
Asset impairment and restructuring costs	(13,514)	79,501	65,987
Total restructuring, asset impairments and related costs	$ (14,500)	$ 79,501	$ 65,001

Year ended March 31, 2023

Restructuring and other charges

In the year ended March 31, 2023, the Company recognized impairment charges associated with its announcement, in the three months ended March 31, 2023, of a series of comprehensive steps to align its Canadian cannabis operations and resources in response to unfavorable market realities. These actions include:

- Transitioning to an asset-light model by: (i) exiting cannabis flower cultivation in the Company's Smiths Falls, Ontario facility; (ii) ceasing the sourcing of cannabis flower from the Company's Mirabel, Quebec facility; and (iii) consolidating cultivation at the Company's existing facilities in Kincardine, Ontario and Kelowna, British Columbia; and
- Moving to an adaptive third-party sourcing model for all cannabis beverages, edibles, vapes, and extracts which will enable the Company to select and bring to market new product formats without the required investment in research and development and production footprint.

As a result of the aforementioned changes, the Company intended to close and sell the 1 Hershey Drive production facility in Smiths Falls, Ontario, consolidate flower, PRJ, softgel, and oil manufacturing in the Company's current beverage production facility in Smiths Falls, Ontario, and reduced headcount across the business. The Company also intended to rationalize its cannabis extraction activities across Canada. Additionally, in March 2023, the Company completed the purchase of the remaining 45% of the common shares of Les Serres Vert Cannabis Inc. ("Vert Mirabel") for consideration consisting of cash and the Company's common shares, thereby increasing the Company's interest in the entity to 100%. In connection with that acquisition, the Company terminated its lease for the facility in Mirabel, Quebec and has ceased the sourcing of cannabis flower from the Mirabel, Quebec facility.

The Company also recognized impairment charges associated with the divestiture of the Company's retail operations pursuant to the OEGRC Transaction and the FOUR20 Transaction (as each term is defined below), as described in Note 30(b) below. Additionally, the Company: (i) recognized incremental costs primarily associated with the restructuring actions completed in the year ended March 31, 2022, including the closure of certain of its Canadian production facilities, and other operational changes initiated in the three months ended March 31, 2022, as described below in the Company's summary of restructuring actions in the year ended March 31, 2022; and (ii) employee-related restructuring charges associated with actions completed in the three months ended December 31, 2022 and three months ended March 31, 2023 as part of the Company's ongoing program to align general and administrative costs with business objectives, and further streamline the Company's operations.

The Company recorded total inventory write-downs and associated restructuring charges of $81,802 in the year ended March 31, 2023, related primarily to: (i) the aforementioned strategic changes to the Company's business that were initiated in the three months ended March 31, 2023, including the closure of the Company's production facility at 1 Hershey Drive in Smiths Falls, Ontario; and (ii) the strategic changes to the Company's business initiated in fiscal 2022, including the shift to a contract manufacturing model for certain product formats and the closure of certain of the Company's production facilities.

As a result of these actions, the Company recognized aggregate pre-tax charges of $538,655 in the year ended March 31, 2023, and reduced headcount by approximately 800 full-time positions.

Other impairments

The other impairment charges described below related to goodwill and intangible assets are in addition to the restructuring and impairment costs described above and which are associated with the Company's restructuring actions.

Goodwill

In the year ended March 31, 2023, the Company recognized goodwill impairment charges totaling $1,727,679 as follows: (i) $1,725,368 was recorded in the three months ended June 30, 2022 in relation to the Company's cannabis operations reporting unit in the Canada cannabis segment; and (ii) $2,311 was recorded in the three months ended September 30, 2022 in relation to the Company's This Works reporting unit. Refer to Note 16 for further details.

Intangible assets

In the year ended March 31, 2023, the Company recognized asset impairment losses totaling $14,614 in connection with certain acquired brand intangible assets, primarily within the Company's Canada cannabis segment.

A summary of the pre-tax charges totaling $2,280,948 recognized in connection with the Company's restructuring actions and other impairments is as follows:

	Year ended March 31, 2023		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Inventory write-downs and other charges	$ 81,802	$ -	$ 81,802
Costs recorded in operating expenses:			
Impairment of property, plant and equipment	376,176	-	376,176
Impairment of intangible assets	27,399	14,614	42,013
Impairment of goodwill	-	1,727,679	1,727,679
Contractual and other settlement obligations	18,427	-	18,427
Employee-related and other restructuring costs	34,851	-	34,851
Asset impairment and restructuring costs	456,853	1,742,293	2,199,146
Total restructuring, asset impairments and related costs	$ 538,655	$ 1,742,293	$ 2,280,948

8. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	March 31, 2025	March 31, 2024
Cash	$ 113,681	$ 115,427
Cash equivalents	130	54,873
	$ 113,811	$ 170,300

9. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	March 31, 2025	March 31, 2024
Term deposits	$ 17,656	$ 33,161
	$ 17,656	$ 33,161

The amortized cost of short-term investments at March 31, 2025 is $17,656 (March 31, 2024 – $33,161).

10. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	March 31, 2025	March 31, 2024
Accounts receivable, net	$ 47,514	$ 44,943
Indirect taxes receivable	2,211	2,517
Interest receivable	219	876
Other receivables	2,836	3,511
	$ 52,780	$ 51,847

Included in the accounts receivable, net balance at March 31, 2025 is an allowance for credit losses of $1,212 (March 31, 2024 – $9,903).

11. INVENTORY

The components of inventory are as follows:

	March 31, 2025	March 31, 2024
Raw materials, packaging supplies and consumables	$ 16,268	$ 18,872
Work in progress	46,944	31,367
Finished goods	33,161	27,053
	$ 96,373	$ 77,292

In the year ended March 31, 2025, the Company recorded write-downs related to inventory in cost of goods sold of $10,289 (year ended March 31, 2024 – $9,402).

12. PREPAID EXPENSES AND OTHER ASSETS

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

	March 31, 2025	March 31, 2024
Prepaid expenses	$ 5,363	$ 6,621
Deposits	152	2,365
Other assets	2,029	14,246
	$ 7,544	$ 23,232

13. OTHER INVESTMENTS

The following tables outline changes in other financial assets. Additional details on how the fair value of significant investments are calculated are included in Note 25.

Entity	Instrument	Balance at March 31, 2024	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at March 31, 2025
Acreage[1]	Fixed Shares option and Floating Shares agreement	$ 10,000	$ -	$ (31,808)	$ (35)	$ 21,843	$ -
TerrAscend Exchangeable Shares	Exchangeable shares	120,000	-	17,291	2,109	(139,400)	-
TerrAscend - December 2022	Warrants	32,500	-	7,929	571	(41,000)	-
TerrAscend	Option	2,000	-	265	35	(2,300)	-
Wana	Option	149,766	-	-	1,537	(151,303)	-
Jetty	Options	59,915	-	-	615	(60,530)	-
Acreage Hempco	Debenture	11,780	-	-	121	(11,901)	-
Acreage Debt Option Premium	Option	37,574	-	3,147	386	(41,107)	-
Acreage Tax Receivable Agreement	Other	1,287	-	-	13	(1,300)	-
Acreage Debt	Loan receivable	-	133,595	(140,136)	6,541	-	-
Elevate loan receivable[2]	Loan receivable	-	174,864	(7,277)	4,174	(27,078)	144,683
Canopy USA, LLC	Equity method investment	-	97,033	(98,591)	1,558	-	-
Canopy USA LPs	Equity method investment	-	180,873	(148,132)	403	-	33,144
Other	Various	12,807	-	(2,915)	24	(7,766)	2,150
		$ 437,629	$ 586,365	$ (400,227)	$ 18,052	$ (461,842)	$ 179,977

[1] Refer to Note 31 for information regarding the Acreage Amended Arrangement.

[2] Upon deconsolidation of the financial results of Canopy USA within the Company's financial statements, the Elevate loan receivable, which was previously recorded at amortized cost, is now recorded at fair value. The remeasurement of this retained non-controlling interest from the deconsolidation of Canopy USA is part of the gain on disposal of consolidated entity described in Note 5.

Entity	Instrument	Balance at March 31, 2023	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at March 31, 2024
Acreage[1]	Fixed Shares option and Floating Shares agreement	$ 55,382	$ -	$ (45,408)	$ 26	$ -	$ 10,000
TerrAscend Exchangeable Shares	Exchangeable shares	93,000	-	26,936	64	-	120,000
TerrAscend - December 2022	Warrants	26,000	-	6,574	(74)	-	32,500
TerrAscend	Option	1,600	-	400	-	-	2,000
Wana	Option	239,078	-	(83,247)	(1,097)	(4,968)	149,766
Jetty	Options	75,014	-	(15,057)	(42)	-	59,915
Acreage Hempco[1]	Debenture	29,262	-	(15,775)	155	(1,862)	11,780
Acreage Debt Option Premium	Option	35,479	-	2,012	83	-	37,574
Acreage Tax receivable Agreement	Other	3,109	-	(1,776)	(46)	-	1,287
Other - at fair value through net income (loss)	Various	1,870	2,156	535	2	(122)	4,441
Other - classified as held for investment	Loan receivable	8,498	-	-	-	(132)	8,366
		$ 568,292	$ 2,156	$ (124,806)	$ (929)	$ (7,084)	$ 437,629

[1] Refer to Note 31 for information regarding the Acreage Amended Arrangement.

Equity Method Investments

The following tables contains the summarized balance sheet and income statement information for equity method investments:

	December 31, 2024
Assets	
Current Assets	$ 145,367
Other Assets	501,469
	$ 646,836
Liabilities	
Current Liabilities	$ 580,537
Other Liabilities	213,745
	$ 794,282
Non-controlling interest	$ 53,364

	Eight months ended December 31, 2024
Revenue	$ 45,899
Cost of goods sold	39,470
Gross profit	6,429
Operating expenses	34,363
Operating loss	(27,934)
Other income (loss)	(213,312)
Income tax recovery	10,740
Net loss	(230,506)
Net loss attributable to non-controlling interest	(134,995)
Net loss attributable to Canopy USA	$ (95,511)

Through its ownership in the Non-Voting Shares, the Company has a non-participating and non-voting interest in Canopy USA, LLC and an interest in the Canopy USA LPs, and classifies such interests in Canopy USA, LLC and the Canopy USA LPs as equity method investments. The Company has elected to account for its investments in Canopy USA, LLC and the Canopy USA LPs at fair value. Refer to Note 25 for information on the valuation technique and inputs used in determining the fair value of the Canopy USA, LLC and the Canopy USA LPs investments and Note 27 for information on fair value movements.

Other financial assets

For information regarding the deconsolidation of the financial results of Canopy USA within the Company's financial statements, see Note 5. Following the deconsolidation of Canopy USA on April 30, 2024, the Company derecognized certain U.S. cannabis investments above, including, among others, interests in the Floating Shares of Acreage, Wana, Jetty, TerrAscend, and the Universal Hemp, LLC debenture.

Acreage Debt

On June 3, 2024, the Company closed the Debt Acquisition in connection with the Option Agreement among the Optionor and the Lenders party to Acreage's credit agreement dated as of December 16, 2021, as amended by the first amendment to credit agreement dated as of October 24, 2022 and the second amendment to credit agreement dated as of April 28, 2023.

The Optionor entered into various agreements in connection with the Debt Acquisition in order to acquire the Acquired Debt from certain Lenders in exchange for $95,460 (US$69,786) in cash and the release of the Option Premium that was held in escrow pursuant to the Option Agreement. The Option Premium was not included in the Company's cash and cash equivalents as of March 31, 2024.

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

On September 13, 2024, the Optionor entered into a series of transactions with, among others, Acreage, the Rolling Lender and the Other Lender. Pursuant to such transactions, all of Acreage's indebtedness held by the Rolling Lender was acquired by the Other Lender. Following the acquisition by the Other Lender, the Optionor, the Other Lender and Acreage, among others, entered into the

Second ARCA. Pursuant to the Second ARCA and an agreement among lenders entered into on September 13, 2024 between, among others, the Optionor and the Other Lender, all interest owing to the Optionor under the Second ARCA is, subject to the consent of the Other Lender, to be paid-in-kind and not in cash. Under the Second ARCA, as of September 13, 2024, the Optionor was owed an aggregate principal amount equal to approximately $137,955 (US$102,000), which is subordinate to approximately $87,913 (US$65,000) owed to the Other Lender.

As of March 31, 2025, the aggregate principal amount owing to the Optionor was approximately $157,656 (US$109,582) and the aggregate principal amount owing to the Other Lender was approximately $93,516 (US$65,000). Acreage is currently in default under the Second ARCA and the Lenders have agreed to forebear exercising any remedies with respect to such default until June 1, 2025 while the parties discuss potential solutions, including a potential debt extension. If an event of default continues to occur under the Second ARCA after June 1, 2025, the portion of the Acquired Debt owing to the Other Lender would rank in priority to the portion of the Acquired Debt owing to the Company. See "Risk Factors – Risks related to Canopy USA – Acreage's last publicly available financial statements expressed doubt about its ability to continue as a going concern, which could have 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, ultimately, the Company's financial results and operations, and, in the event Acreage cannot satisfy its debt obligations as they become due, the Acquired Debt may not be repaid and the Company may lose the entirety of its investment".

Elevate Loan Receivable

Prior to Canopy Growth's deconsolidation of Canopy USA, intercompany loans, collectively the Elevate loan, existed between subsidiaries and these loans were eliminated in Canopy Growth's consolidated financial statements. Upon deconsolidation of Canopy USA, the loans are now considered a related party loan and have been recognized in Canopy Growth's consolidated financial statements at fair value. See Note 5, for the initial value of the Elevate loan receivable upon deconsolidation of Canopy USA.

On December 9, 2024, Canopy USA delivered guarantees in respect of the obligations owing pursuant to the Elevate loan receivable. Upon delivery thereof, each guarantee is now factored into the fair value consideration of the Elevate loan receivable. Refer to Note 25 for information on the valuation technique and other inputs used in determining the fair value.

As of March 31, 2025, the aggregate principal and interest amount owing to Canopy is $248,480 (US$172,711) and $50,127 (US$34,842), respectively.

14. PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2025	March 31, 2024
Buildings and greenhouses	$ 304,891	$ 305,606
Production and warehouse equipment	64,096	62,026
Leasehold improvements	3,177	7,787
Office and lab equipment	11,043	11,041
Computer equipment	7,006	7,784
Land	4,987	5,323
Right-of-use-assets		
Buildings and greenhouses	9,648	17,697
Assets in process	643	1,019
	405,491	418,283
Less: Accumulated depreciation	(111,968)	(98,180)
	$ 293,523	$ 320,103

Depreciation expense included in cost of goods sold for the year ended March 31, 2025 is $18,895 (year ended March 31, 2024 – $24,655; year ended March 31, 2023 – $45,119). Depreciation expense included in selling, general and administrative expenses for the year ended March 31, 2025 is $2,627 (year ended March 31, 2024 – $3,721; year ended March 31, 2023 – $10,456).

See Note 7 for information on the impairment and abandonment of property, plant and equipment, net that resulted in a loss of $13,523 that the Company recognized as part of its restructuring actions in the year ended March 31, 2025 (year ended March 31, 2024 – $40,578 gain; year ended March 31, 2023 – $376,176 loss).

15. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	March 31, 2025		March 31, 2024	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	$ 87,770	$ 32,301	$ 82,423	$ 38,571
Distribution channel	46,210	2,093	45,981	3,029
Operating licenses	24,400	12,925	24,400	15,964
Software and domain names	33,159	1,763	32,262	7,010
Brands	14,499	7,469	14,493	10,850
Amortizable intangibles in process	194	194	29	29
Total	$ 206,232	$ 56,745	$ 199,588	$ 75,453
Indefinite lived intangible assets				
Acquired brands		$ 30,455		$ 28,600
Total intangible assets		$ 87,200		$ 104,053

Amortization expense included in cost of goods sold for the year ended March 31, 2025 is $33 (year ended March 31, 2024 – $55; year ended March 31, 2023 – $60). Amortization expense included in selling, general and administrative expenses for the year ended March 31, 2025 is $21,563 (year ended March 31, 2024 – $24,745; year ended March 31, 2023 – $24,398).

Estimated amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

2026	$ 17,156
2027	15,048
2028	14,353
2029	9,344
2030	844
Thereafter	-
Total	56,745

See Note 7 for information on: (i) the impairment and abandonment of intangible assets that resulted in charges in the amount of $nil that the Company recognized as part of its restructuring actions in the year ended March 31, 2025 (year ended March 31, 2024 - $nil; year ended March 31, 2023 – $27,399) and (ii) impairment charges of $nil in the year ended March 31, 2025 (year ended March 31, 2024 – $17,266; year ended March 31, 2023 – $14,614).

16. GOODWILL

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

Balance, March 31, 2023	$ 85,563
Impairment losses	(42,081)
Foreign currency translation adjustments	(243)
Balance, March 31, 2024	$ 43,239
Foreign currency translation adjustments	2,803
Balance, March 31, 2025	$ 46,042

Year ended March 31, 2025

As part of the Company's annual impairment testing, the Company performed a quantitative goodwill impairment assessment for its remaining goodwill balance, which is assigned to the Company's Storz & Bickel reporting unit. From the analysis, no impairment was recognized as the estimated fair value of the Storz & Bickel reporting unit was more than its carrying value. The estimated fair value of the Storz & Bickel reporting unit was determined using the income valuation method, with the most significant assumptions used in applying this method being: (i) the discount rate; (ii) the expected long-term growth rate; (iii) revenue growth rate projections; and (iv) annual cash flow projections. This methodology is consistent with the methodology used in the prior year. At March 31, 2025, the remaining carrying value of the Storz & Bickel goodwill is $46,042.

Year ended March 31, 2024

As part of the Company's annual impairment testing, the Company's performed a quantitative goodwill impairment assessment for its remaining goodwill balance, which is assigned to the Company's Storz & Bickel reporting unit. From the analysis, an impairment of $42,081 to Storz & Bickel's goodwill was recognized as the estimated fair value of the Storz & Bickel reporting unit was less than its carrying value. The estimated fair value of the Storz & Bickel reporting unit was determined using the income valuation method, with the most significant assumptions used in applying this method being: (i) the discount rate; (ii) the expected long-term growth rate; (iii) revenue growth rate projections; and (iv) annual cash flow projections. Certain negative trends, including slower growth rates, resulted in updated long-term financial forecasts indicating lower forecasted revenue and cash flow generation for the Storz & Bickel reporting unit. This methodology is consistent with that used by the Company for its annual impairment test conducted at March 31, 2023. At March 31, 2024, the remaining carrying value of the Storz & Bickel goodwill is $43,239.

17. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	March 31, 2025	March 31, 2024
Employee compensation	$ 13,729	$ 21,468
Taxes and government fees	13,073	10,519
Professional fees	2,699	5,849
Other	9,112	16,203
	$ 38,613	$ 54,039

18. DEBT

The components of debt are as follows:

	Maturity Date	March 31, 2025	March 31, 2024
Credit facility	September 18, 2027		
Principal amount		216,686	486,935
Accrued interest		-	831
Deferred financing costs		(5,566)	(17,948)
		211,120	469,818
Supreme convertible debentures	September 10, 2025	2,311	30,654
Accretion debentures	September 10, 2025	163	6,390
May 2024 Convertible Debenture	May 14, 2029	90,231	-
Promissory note	December 31, 2024	-	89,224
Other revolving debt facility, loan, and financings		244	1,143
		304,069	597,229
Less: current portion		(4,258)	(103,935)
Long-term portion		$ 299,811	$ 493,294

Credit Facility

On March 18, 2021, the Company entered into a term loan credit agreement (the “Credit Agreement”) providing for a five-year, first lien senior secured term loan facility in an aggregate principal amount of US$750,000 (the “Credit Facility”). The Company had the ability to obtain up to an additional US$500,000 of incremental senior secured debt pursuant to the Credit Agreement. On October 24, 2022, in connection with the balance sheet actions completed as part of the creation of Canopy USA, the Company entered into agreements with certain of its lenders under the Credit Agreement to tender US$187,500 of the principal amount outstanding thereunder at a discounted price of US$930 per US$1,000 or US$174,375 in the aggregate. The first payment, which was oversubscribed, in the amount of $117,528 (US$87,852) was made on November 10, 2022 to reduce the principal indebtedness by $126,324 (US$94,427). The second payment of $116,847 (US$87,213) was made on April 17, 2023 to reduce principal indebtedness under the Credit Agreement by $125,606 (US$93,750). Additionally, on October 24, 2022, the Company and certain of its lenders agreed to make certain amendments to the Credit Agreement which, among other things, resulted in: (i) a reduction to the minimum liquidity covenant to no less than US$100,000 following completion of the second principal repurchase on April 17, 2023; (ii) certain changes to the application of net proceeds from asset sales; (iii) the establishment of a new committed delayed draw term credit facility in an aggregate principal amount of US$100,000; and (iv) the elimination of the additional US$500,000 incremental term loan facility.

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

On each of August 11, 2023 and September 14, 2023, pursuant to the terms of the Amended Credit Agreement, the Company repurchased additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales (the "Second Quarter 2024 Paydowns"). The Second Quarter 2024 Paydowns resulted in an aggregate principal reduction of $73,313 (US$54,491) for a cash payment of $69,647 (US$51,766).

On each of November 28, 2023 and December 27, 2023, pursuant to the terms of the Amended Credit Agreement, the Company repurchased and repaid, as applicable, additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales (the "Third Quarter 2024 Paydowns"). The Third Quarter 2024 Paydowns resulted in an aggregate principal reduction of $65,379 (US$48,532) for a cash payment of $63,167 (US$46,902).

On February 21, 2024, the Company repurchased additional outstanding principal amounts under the Credit Facility (the "Fourth Quarter 2024 Paydown"). The Fourth Quarter 2024 Paydown resulted in an aggregate principal reduction of $31,078 (US$23,000) for a cash payment of $27,970 (US$20,700).

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

On August 8, 2024, the Company entered into an amendment (the “Amending Agreement”) with all of the lenders to the Credit Facility under the Credit Agreement dated March 18, 2021, as amended on October 24, 2022 and July 13, 2023, among the Company and 11065220 Canada Inc., as borrowers, the lenders party thereto and Wilmington Trust, National Association, as administrative and collateral agent. Pursuant to the terms of the Amending Agreement, the maturity date of the Credit Facility was extended to December 18, 2026 and a mandatory US$97,500 prepayment of the Credit Facility at 97.5% of par thereby reducing the outstanding amount of the Credit Facility by US$100,000 was required to be made by December 31, 2024. In addition, the Amending Agreement provided for a further extension to the maturity date of the Credit Facility to September 18, 2027 if an optional prepayment on the same terms was made on or before March 31, 2025 (the “Optional Prepayment”). The Amending Agreement also includes 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 is calculated at either the applicable prime rate plus 7.50% per annum, subject to a prime rate floor of 2.00%, or adjusted term SOFR plus 8.50% per annum, subject to an adjusted term SOFR floor of 1.00%. The Company’s obligations under the Credit Facility are guaranteed by material wholly-owned Canadian and U.S. subsidiaries of the Company. The Credit Facility is secured by substantially all of the assets of the Company and its material wholly-owned Canadian and U.S. subsidiaries, including material real property. The Amended Credit Agreement contains representations and warranties, and affirmative and negative covenants.

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

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

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

Supreme Cannabis Convertible Debentures and Accretion Debentures

On October 19, 2018, The Supreme Cannabis Company, Inc. ("Supreme Cannabis") entered into an indenture with Computershare Trust Company of Canada (the "Trustee") pursuant to which Supreme Cannabis issued 6.0% senior unsecured convertible debentures (the "Supreme Debentures") for gross proceeds of $100,000. On September 9, 2020, Supreme Cannabis and the Trustee entered into a supplemental indenture to effect certain amendments to the Supreme Debentures, which included among other things: (i) the cancellation of $63,500 of principal amount of the Supreme Debentures; (ii) an increase in the interest rate to 8% per annum; (iii) the extension of the maturity date to September 10, 2025; and (iv) a reduction in the conversion price to $2.85.

In addition, on September 9, 2020, Supreme Cannabis issued new senior unsecured non-convertible debentures (the "Accretion Debentures"). The principal amount began at $nil and accreted at a rate of 11.06% per annum based on the remaining principal amount of the Supreme Debentures of $36,500 to a maximum of $13,500, compounding on a semi-annual basis commencing on September 9, 2020, and ending on September 9, 2023. As of September 9, 2023, the principal amount of the Accretion Debentures was finalized as $10,434. The Accretion Debentures are payable in cash, but do not bear cash interest and are not convertible into the common shares of Supreme Cannabis (the "Supreme Shares"). The principal amount of the Accretion Debentures will amortize, or be paid, at 1.0% per month over the 24 months prior to maturity.

As a result of the completion of an arrangement, on June 22, 2021 by the Company and Supreme Cannabis, pursuant to which the Company acquired 100% of the issued and outstanding Supreme Shares (the "Supreme Arrangement"), the Supreme Debentures remain outstanding as securities of Supreme Cannabis, which, upon conversion will entitle the holder thereof to receive, in lieu of the number of Supreme Shares to which such holder was theretofore entitled, the consideration payable under the Supreme Arrangement that such holder would have been entitled to be issued and receive if, immediately prior to the effective time of the Supreme Arrangement, such holder had been the registered holder of the number of Supreme Shares to which such holder was theretofore entitled.

In connection with the Supreme Arrangement, the Company, Supreme Cannabis and the Trustee entered into a supplemental indenture whereby the Company agreed to issue common shares upon conversion of any Supreme Debenture. In addition, the Company may force conversion of the Supreme Debentures outstanding with 30 days' notice if the daily volume weighted average trading price of the Company's common shares is greater than $385.90 for any 10 consecutive trading days. The Company, Supreme Cannabis and the Trustee entered into a further supplemental indenture whereby the Company agreed to guarantee the obligations of Supreme Cannabis pursuant to the Supreme Debentures and the Accretion Debentures.

Prior to September 9, 2023, the Supreme Debentures were not redeemable. Beginning on and after September 9, 2023, Supreme Cannabis may from time to time, upon providing 60 days prior written notice to the Trustee, redeem the Convertible Debentures outstanding, provided that the Accretion Debentures have already been redeemed in full.

On August 20, 2024, the Company 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 $2,664 of aggregate principal amount of outstanding Supreme Debentures held by the August 2024 Investor in exchange for 291,351 common shares of the Company and $29 in cash for accrued interest.

For the years ended March 31, 2025 and March 31, 2024 principal payments on the Accretion Debentures totaled $1,473 and $3,500, respectively, and approximately $30,227 of aggregate principal amount of outstanding Supreme Debentures and Accretion Debentures were settled through the August 2024 Supreme Convertible Debt Exchange and the Exchange and Subscription Agreement (as defined below).

May 2024 Convertible Debenture

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

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

Promissory Note

On April 18, 2024, the Company entered into an exchange agreement (the "April 2024 Exchange Agreement") with Greenstar, pursuant to which Greenstar converted approximately $81,220 of the principal amount of the $100,000 principal amount of the CBI Note (as defined below) into 9,111,549 exchangeable shares of the Company (the "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.

Unsecured Senior Notes

On June 20, 2018, the Company issued the 4.25% unsecured senior notes due in 2023 (the "Canopy Notes") with an aggregate principal amount of $600,000. The Canopy Notes bore interest at a rate of 4.25% per annum, payable semi-annually on January 15th and July 15th of each year commencing from January 15, 2019. The Canopy Notes matured on July 15, 2023. The Canopy Notes were subordinated in right of payment to any existing and future senior indebtedness. The Canopy Notes ranked senior in right of payment to any future subordinated borrowings. The Canopy Notes were effectively junior to any secured indebtedness and the Canopy Notes were structurally subordinated to all indebtedness and other liabilities of the Company's subsidiaries.

The Canopy Notes were issued pursuant to an indenture dated June 20, 2018, as supplemented on April 30, 2019 and June 29, 2022 (collectively, the "Canopy Notes Indenture"). As a result of the supplement to the Canopy Notes Indenture dated June 29, 2022 (the "Second Supplemental Indenture"), the Company irrevocably surrendered its right to settle the conversion of any Canopy Note with its common shares. As a result, had there been any conversions of Canopy Notes following the execution of the Second Supplemental Indenture these would have been settled entirely in cash, unless otherwise negotiated.

On June 29, 2022 and June 30, 2022, the Company entered into privately negotiated exchange agreements (the "Exchange Agreements") with a limited number of holders of the Canopy Notes including Greenstar (collectively, the "2022 Noteholders"). Pursuant to the Exchange Agreements, the Company agreed to acquire and cancel approximately $262,620 of aggregate principal amount of the Canopy Notes from the 2022 Noteholders (the "Exchange Transaction") for an aggregate purchase price (excluding $5,383 paid to the 2022 Noteholders in cash for accrued and unpaid interest) of $259,994 (the "Purchase Price"), which was payable in the Company's common shares.

On April 13, 2023, the Company entered into an exchange agreement (the "April 2023 Exchange Agreement") with Greenstar Canada Investment Limited Partnership ("Greenstar"), an affiliate of Constellation Brands, Inc. ("CBI"), in order to acquire and cancel $100,000 aggregate principal amount of the Canopy Notes. Pursuant to the April 2023 Exchange Agreement, the Company agreed to acquire and cancel $100,000 aggregate principal amount of the Canopy Notes held by Greenstar in exchange for: (i) a cash payment to Greenstar in the amount of the unpaid and accrued interest owing under the Canopy Notes held by Greenstar; and (ii) a promissory note (the "CBI Note") issuable to Greenstar in the aggregate amount of $100,000 payable on December 31, 2024. The CBI Note bears interest at a rate of 4.25% per year, payable on maturity of the CBI Note.

In June 2023, the Company entered into privately negotiated exchange agreements (the "June 2023 Exchange Agreements") with certain holders of the Canopy Notes (the "Noteholders"), pursuant to which the Company acquired and cancelled an aggregate principal amount of Canopy Notes of $12,500 in exchange for cash, including accrued and unpaid interest owing under such Canopy Notes, and the issuance of an aggregate 2,434,274 Canopy Growth common shares.

On July 13, 2023, the Company entered into privately negotiated redemption agreements (collectively, the "Redemption Agreements") with certain Noteholders of the Canopy Notes pursuant to which approximately $193,000 aggregate principal amount of the outstanding Canopy Notes held by such Noteholders were redeemed by the Company (the "Redemption") for: (i) a cash payment in the aggregate amount of approximately $101,000; (ii) the issuance of an aggregate of 9,043,092 Canopy Growth common shares; and (iii) the issuance of $40,380 aggregate principal amount of unsecured non-interest bearing convertible debentures (the "Debentures"). Following the Redemption, the Company settled the remaining aggregate principal amount owing under the outstanding Canopy Notes in cash and, as of the maturity date, there were no Canopy Notes outstanding.

The Debentures were issued pursuant to a debenture indenture dated July 14, 2023 between the Company and Odyssey Trust Company, in its capacity as trustee. The Debentures were convertible into Canopy Growth common shares (the "Debenture Shares") at the option of the holder at any time or times following approval from the Company's shareholders for the issuance of all of the

Debenture Shares in excess of the Nasdaq threshold of 19.99% and the TSX requirements of 25%, of the issued and outstanding Canopy Growth common shares in accordance with the applicable rules and regulations of the Nasdaq and the TSX (the "Shareholder Approval") until the maturity date of January 15, 2024, at a conversion price equal to $5.50, subject to adjustment in certain events.

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

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

During the year ended March 31, 2024, the Company acquired and cancelled the remaining aggregate principal amount of Canopy Notes, which resulted in a release of accumulated other comprehensive income into other income (expense), net of $2,373. The related tax impact of $13,433 for the year ended March 31, 2024 associated with the aggregate principal amount acquired and cancelled was also released from accumulated other comprehensive income into deferred income tax expense. Refer to Note 23.

The overall change in fair value of the Canopy Notes during the year ended March 31, 2024, was a decrease of $331,250, which included contractual interest of $2,925, and principal redemption of $337,380. Upon redemption, the principal redeemed during the year ended March 31, 2024 had a fair value of $334,005.

Convertible Debentures

On February 21, 2023, the Company entered into a subscription agreement (the "Convertible Debenture Agreement") with an institutional investor (the "Institutional Investor") pursuant to which the Institutional Investor agreed to purchase up to US$150,000 aggregate principal amount of senior unsecured convertible debentures ("Convertible Debentures") in a registered direct offering. The Convertible Debentures were issued pursuant to the indenture dated February 21, 2023 (the "Indenture") between the Company and Computershare Trust Company of Canada, as trustee. Pursuant to the Convertible Debenture Agreement, an initial $135,160 (US$100,000) aggregate principal amount of the Convertible Debentures were sold to the Institutional Investor on February 21, 2023. The conditions with respect to the remaining US$50,000 aggregate principal amount of the Convertible Debentures were neither satisfied nor waived.

The Convertible Debentures were convertible into the Company's common shares at the option of the Institutional Investor at any time or times prior to February 28, 2028, at a conversion price equal to 92.5% of the volume-weighted average price of the Company's common shares during the three consecutive trading days ending on the business day immediately prior to the date of conversion. No cash payment or any other property of the Company was made by the Company to the Institutional Investor in connection with, or as a result of, the issuance, conversion or repayment of the Convertible Debentures.

For the year ended March 31, 2024, US$72,800 in aggregate principal amount of the Convertible Debentures were converted for 8,445,894 Canopy Growth common shares. As of March 31, 2024, all conversions pursuant to the Convertible Debentures were completed and the amount outstanding under the Convertible Debentures was $nil.

Debt payments

As of March 31, 2025, the required principal repayments under long-term debt obligations for each of the five succeeding fiscal years and thereafter are as follows:

2026	$ 2,422
2027	-
2028	216,686
2029	-
2030	96,358
Thereafter	-
	$ 315,466

19. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at March 31, 2025			As at March 31, 2024		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	$ 16,542	$ 27,786	$ 44,328	$ 15,173	$ 55,597	$ 70,770
Acquisition consideration and other investment related liabilities	-	4,439	4,439	12,809	10,558	23,367
Refund liability	2,661	-	2,661	4,169	-	4,169
Settlement liabilities and other	6,231	4,048	10,279	15,917	5,659	21,576
	$ 25,434	$ 36,273	$ 61,707	$ 48,068	$ 71,814	$ 119,882

In December 2024, the Company renegotiated the terms of a long-term facility lease, resulting in a short-term to long-term reclassification of its lease liabilities (the "Lease Renegotiation"). The renegotiated terms result in changes to future cashflows associated with the lease.

20. REDEEMABLE NONCONTROLLING INTEREST

The net change in the redeemable noncontrolling interests is as follows:

	Vert Mirabel	BioSteel	Total
As at March 31, 2022	$ 1,000	$ 31,500	$ 32,500
Net loss attributable to redeemable noncontrolling interest	(53)	(29,491)	(29,544)
Adjustments to redemption amount	53	9,667	9,720
Redemption of redeemable noncontrolling interest	(1,000)	(11,676)	(12,676)
As at March 31, 2023	-	-	-
Net loss attributable to redeemable noncontrolling interest	-	(18,526)	(18,526)
Adjustments to redemption amount	-	18,526	18,526
As at March 31, 2024	-	-	-
Net loss attributable to redeemable noncontrolling interest	-	-	-
Adjustments to redemption amount	-	-	-
As at March 31, 2025	$ -	$ -	$ -

In August 2023, the Company issued 1,520,605 common shares relating to its acquisition of the Vert Mirabel redeemable noncontrolling interest which had closed in March 2023.

21. SHARE CAPITAL

Authorized

An unlimited number of common shares and exchangeable shares.

(i) Equity financings

Year ended March 31, 2025

On June 6, 2024, the Company established an at-the-market equity program that allowed it to issue and sell up to US$250,000 of common shares of the Company to the public from time to time at the Company's discretion (the "June 2024 ATM Program") pursuant to an equity distribution agreement entered into between the Company and BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent (together, the "Agents"). As of March 31, 2025, the June 2024 ATM Program has been completed and a total of 71,044,862 common shares have been sold for gross proceeds of $347,076 (US$250,000).

On February 28, 2025, the Company established a new at-the-market equity program that allows it to issue and sell up to US$200,000 of common shares of the Company to the public from time to time at the Company's discretion (the "February 2025 ATM Program" and together with the June 2024 ATM Program, the "ATM Programs") pursuant to an equity distribution agreement (the "2025 Equity Distribution Agreement") entered into among the Company and the Agents. The February 2025 ATM Program will be effective until the earlier of (i) the issuance and sale of all of the common shares issuable pursuant to the February 2025 ATM Program (ii) the date on which the Company receives notice from a securities regulatory authority that the Company's Canadian short form base shelf prospectus dated June 5, 2024 and/or the Company's registration statement filed with the SEC has ceased to be effective and (iii) July 5, 2026, unless terminated earlier in accordance with the terms of the 2025 Equity Distribution Agreement. The 2025 Equity Distribution Agreement replaced the 2024 Equity Distribution Agreement.

During the fiscal year ended March 31, 2025, the Company sold 23,169,358 common shares for gross proceeds of $38,315 under the February 2025 ATM Program. Refer to Note 36 for additional information on common shares sold after March 31, 2025 as part of the February 2025 ATM Program.

Year ended March 31, 2024

On September 18, 2023, the Company entered into subscription agreements (the "Subscription Agreements") with certain institutional investors (the "Investors"). Pursuant to the terms of the Subscription Agreements, the Company issued 2,292,947 units (after giving effect to the Share Consolidation) of the Company (the "Units") to the Investors at a price per Unit of US$10.90 (after giving effect to the Share Consolidation) for aggregate gross proceeds of $33,745 (US$25,000) (the "Unit Offering"). Each Unit is comprised of one Canopy Growth common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one Canopy Growth common share at a price per share equal to US$13.50 (after giving effect to the Share Consolidation) for a period of five years from the date of issuance. The Unit Offering closed on September 19, 2023. The Investors also held an over-allotment option to acquire up to an additional 2,292,947 (after giving effect to the Share Consolidation) Units at a price per Unit of US$10.90 (after giving effect to the Share Consolidation) for aggregate gross proceeds of approximately US$25,000 at the discretion of the Investors at any time on or before November 2, 2023 (the "Over-Allotment Option"). The Over-Allotment Option was not exercised by the Investors and expired on November 2, 2023.

The gross proceeds from the Unit Offering were allocated to the Canopy Growth common shares, Warrants, and Over-Allotment Option based on their relative fair values. Unit quantities, price per Unit amounts and exercise price of the Warrants relating to the Subscription Agreements have been retrospectively adjusted to reflect the Share Consolidation, which became effective on December 15, 2023, see Note 2 for details.

On January 18, 2024, the Company entered into subscription agreements (the "January 2024 Subscription Agreements") with certain institutional investors (the "January 2024 Investors"). Pursuant to the terms of the January 2024 Subscription Agreements, the Company issued 8,158,510 units of the Company (the "January 2024 Units") to the January 2024 Investors at a price per January 2024 Unit of US$4.29 for aggregate gross proceeds of approximately $47,117 (US$35,000) (the "January 2024 Unit Offering"). Each January 2024 Unit is comprised of (a) one Canopy Growth common share and (b)(i) one Series A common share purchase warrant (a "Series A Warrant") or (ii) one Series B common share purchase warrant (a "Series B Warrant" and, together with the Series A Warrants, the "January 2024 Warrants"). Each January 2024 Warrant entitles the holder to acquire one Canopy Growth common share from the Company at a price per share equal to US$4.83. The Series A Warrants are currently exercisable and will remain exercisable until January 19, 2029, and the Series B Warrants will be exercisable for a period commencing on July 19, 2024 until July 19, 2029. The January 2024 Unit Offering closed on January 19, 2024.

The gross proceeds from the January 2024 Unit Offering were allocated to the Canopy Growth common shares and the January 2024 Warrants based on their relative fair values.

Year ended March 31, 2023

There were no equity financings during the year ended March 31, 2023.

(ii) Other issuances of common shares

During the year ended March 31, 2025, the Company issued the following common shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of common shares	Share capital	Share and warrant reserve
Settlement of Acreage Acquisition	12,559,952	$ 63,919	$ 11,939
Other issuances and share issue costs	-	(10,245)	-
Total	12,559,952	$ 53,674	$ 11,939

During the year ended March 31, 2024, the Company issued the following common shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of common shares	Share capital	Share based reserve
Settlement of convertible debentures	8,445,894	$ 108,055	$ -
Settlement of Canopy Notes	11,477,366	57,084	-
Settlement of debentures	7,341,818	87,754	-
Other issuances and share issue costs	6,165	(317)	(80)
Total	27,271,243	$ 252,576	$ (80)

During the year ended March 31, 2023, the Company issued the following common shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of common shares	Share capital	Share based reserve
Settlement of convertible debentures	1,414,206	$ 38,781	$ -
HSCP Holders pursuant to Amended TRA	1,275,101	41,202	-
Jetty Agreements	842,654	59,013	-
Completion of acquisition milestones	22,242	1,379	(1,379)
Other issuances	29,985	1,621	(572)
Total	3,584,188	$ 141,996	$ (1,951)

For the year ended March 31, 2023, the Company also issued 869,213 common shares with a value of $26,506 relating to its redemption of the redeemable noncontrolling interest in BioSteel. The redemption increases the Company's interest in BioSteel from 78.6% to 90.4%.

(iii) Warrants

	Number of whole warrants	Average exercise price	Warrant value
Balance outstanding at March 31, 2022[1]	12,819,305	$ 580.40	$ 2,581,788
Expiry of warrants	-	-	-
Balance outstanding at March 31, 2023[1]	12,819,305	$ 580.40	$ 2,581,788
Issuance of warrants from private placement	10,451,457	$ 9.11	$ 28,731
Expiry of warrants	(12,819,305)	580.39	-
Balance outstanding at March 31, 2024	10,451,457	$ 9.12	$ 2,610,519
Issuance of warrants	4,548,088	13.31	13,525
Issuance of replacement warrants resulting from the Acreage Acquisition	1,845,843	10.72	7,111
Exercise of warrants	(1,279,660)	6.60	(3,018)
Expiry of warrants	(82,148)	127.89	-
Balance outstanding at March 31, 2025	15,483,580	$ 10.47	$ 2,628,137

[1] This balance excludes warrants previously issued by the Company to CBG (as defined below) which were exercisable to acquire 1,281,815 common shares at an exercise price equal to the 5-day volume-weighted average price of the Company common shares immediately prior to exercise (the "Tranche C Warrants"). The Tranche C Warrants represent a derivative liability and have nominal value. As of November 1, 2023, the Tranche C Warrants are considered expired in accordance with their terms.

(iv) Issuances of exchangeable shares

On April 18, 2024, Greenstar and CBG Holdings LLC ("CBG"), indirect, wholly-owned subsidiaries of CBI, exchanged all 17,149,925 Canopy Growth common shares they collectively held for 17,149,925 Exchangeable Shares for no consideration. In addition, an additional 9,111,549 Exchangeable Shares were issued to Greenstar as part of the Note Exchange. The Exchangeable Shares are convertible at any time, at the option of the holder, into Canopy Growth common shares on a one for one basis. See Note 18 for additional details relating to the Note Exchange.

22. SHARE-BASED COMPENSATION

CANOPY GROWTH CORPORATION SHARE-BASED COMPENSATION PLAN

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

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

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

The maximum number of common shares reserved for Awards is 18,386,530 at March 31, 2025 (March 31, 2024 – 9,111,550). As of March 31, 2025, the only Awards issued have been Options, RSUs and performance share units ("PSUs") under the Previous Equity Incentive Plan, and Options and RSUs under the Omnibus Equity Incentive Plan.

The Omnibus Equity Incentive Plan is administered by the Corporate Governance, Compensation and Nominating Committee of the Board (the “CGCN Committee”) which establishes in its discretion, among other things, exercise prices, at not less than the Fair Market Value (as defined in the Omnibus Equity Incentive Plan) at the date of grant, vesting terms and expiry dates (set at up to ten years from issuance) for Awards, subject to the limits contained in the Omnibus Equity Incentive Plan.

The following is a summary of the changes in the Options outstanding during the years ended March 31, 2023, 2024 and 2025:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2022	1,678,296	$ 338.90
Options granted	465,880	49.30
Options exercised	(7,959)	35.30
Options forfeited	(761,128)	288.00
Balance outstanding at March 31, 2023	1,375,089	$ 271.20
Options granted	2,438,257	6.22
Options exercised	(1,143)	0.60
Options forfeited	(928,281)	214.17
Balance outstanding at March 31, 2024	2,883,922	$ 70.01
Options granted	990,107	8.81
Replacement options issued resulting from the Acreage Acquisition	93,383	85.67
Options exercised	(18,621)	6.05
Options expired/forfeited	(299,876)	334.48
Balance outstanding at March 31, 2025	3,648,915	$ 32.81

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

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at March 31, 2025	Weighted Average Remaining Contractual Life (years)	Exercisable at March 31, 2025	Weighted Average Remaining Contractual Life (years)
$3.50 - $7.50	2,239,338	4.31	668,981	4.10
$7.51 - $56.10	1,031,435	4.41	183,644	3.30
$56.11 - $445.80	378,142	0.87	270,268	0.98
	3,648,915	4.06	1,122,893	3.42

At March 31, 2025, the weighted average exercise price of Options outstanding and options exercisable was $32.81 and $63.41, respectively (March 31, 2024 – $70.01 and $312.68, respectively).

The Company recorded $(8,619) in share-based compensation expense related to Options issued to employees and contractors for the year ended March 31, 2025 (for the year ended March 31, 2024 – $10,403; for the year ended March 31, 2023 – $6,878). The share-based compensation expense for the year ended March 31, 2025 includes an amount related to 107,874 Options being provided in exchange for services which are subject to performance conditions (for the year ended March 31, 2024 – 107,874; for the year ended March 31, 2023 – 107,874).

The share-based compensation expense for the year ended March 31, 2025 includes a large expense reversal resulting from the departure of the Company's former CEO. The departure resulted in a reversal of expense relating to unvested equity.

The Company uses the Black-Scholes option pricing model to establish the fair value of Options granted during the years ended March 31, 2025, 2024 and 2023 on their measurement date by applying the following assumptions:

	March 31, 2025	March 31, 2024	March 31, 2023
Risk-free interest rate	3.44%	3.83%	3.45%
Expected life of options (years)	3 - 5	3 - 5	3 - 5
Expected volatility	117%	83%	77%
Expected forfeiture rate	19%	21%	19%
Expected dividend yield	nil	nil	nil
Black-Scholes value of each Option	$5.94	$3.87	$29.20

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

For the year ended March 31, 2025, the Company recorded $4,414 in share-based compensation expense related to RSUs and PSUs (for the year ended March 31, 2024 – $3,777, for the year ended March 31, 2023 – $18,444).

The following is a summary of changes in the Company's RSUs and PSUs during the years ended March 31, 2023, 2024 and 2025:

	Number of RSUs and PSUs
Balance outstanding at March 31, 2022	347,729
RSUs and PSUs granted	314,310
RSUs and PSUs released	(146,494)
RSUs and PSUs cancelled and forfeited	(257,223)
Balance outstanding at March 31, 2023	258,322
RSUs and PSUs granted	1,556,983
RSUs and PSUs released	(140,496)
RSUs and PSUs cancelled and forfeited	(402,510)
Balance outstanding at March 31, 2024	1,272,299
RSUs and PSUs granted	774,331
Replacement RSUs issued resulting from the Acreage Acquisition	6,627
RSUs and PSUs released	(449,636)
RSUs and PSUs cancelled and forfeited	(243,936)
Balance outstanding at March 31, 2025	1,359,685

23. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income includes the following components:

	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Accumulated other comprehensive income (loss)
As at March 31, 2022	$ (57,468)	$ 15,186	$ (42,282)
Disposal of consolidated entities	-	(29,507)	(29,507)
Other comprehensive income	27,207	30,722	57,929
As at March 31, 2023	(30,261)	16,401	(13,860)
Settlement of unsecured senior notes, net of deferred income tax	-	11,060	11,060
Other comprehensive loss	(917)	(12,334)	(13,251)
As at March 31, 2024	$ (31,178)	$ 15,127	$ (16,051)
Disposal and liquidation of consolidated entities	18,593	-	18,593
Extinguishment of promissory note and issuance of exchangeable shares	-	(15,127)	(15,127)
Other comprehensive income	13,120	-	13,120
As at March 31, 2025	$ 535	$ -	$ 535

24. NONCONTROLLING INTERESTS

The net change in the noncontrolling interests is as follows:

	Vert Mirabel	BioSteel	Other	Total
As at March 31, 2022	$ -	$ 2,497	$ 1,844	$ 4,341
Comprehensive loss	(53)	(29,491)	(1,844)	(31,388)
Net loss attributable to redeemable noncontrolling interest	53	29,491	-	29,544
Share-based compensation		570	-	570
Ownership changes	-	-	140	140
Redemption of redeemable noncontrolling interests, net		(1,620)	-	(1,620)
As at March 31, 2023	-	1,447	140	1,587
Comprehensive loss	-	(18,526)		(18,526)
Net loss attributable to redeemable noncontrolling interest	-	18,526	-	18,526
Share-based compensation	-	148	-	148
Ownership changes	-	(1,595)	(1)	(1,596)
As at March 31, 2024	-	-	$ 139	$ 139
Comprehensive income (loss)	-	-	-	-
Canopy USA Transactions	-	-	(139)	(139)
As at March 31, 2025	$ -	$ -	$ -	$ -

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Assets and liabilities recognized or disclosed at fair value on a nonrecurring basis may include items such as property, plant and equipment, goodwill and other intangible assets, equity and other investments and other assets. The Company determines the fair value of these items using Level 3 inputs, as described in the related sections below.

The following table represents the Company's financial assets and liabilities measured at estimated fair value on a recurring basis:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
March 31, 2025				
Assets:				
Short-term investments	$ 17,656	$ -	$ -	$ 17,656
Restricted short-term investments	6,410	-	-	6,410
Other investments	46	-	177,827	177,873
March 31, 2024				
Assets:				
Short-term investments	$ 33,161	$ -	$ -	$ 33,161
Restricted short-term investments	7,310	-	-	7,310
Other investments	2,957	-	426,306	429,263
Liabilities:				
Long-term debt	-	-	89,224	89,224
Other liabilities	-	-	18,983	18,983

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of significant level 3 financial instruments:

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

Acreage financial instrument[1]	Probability weighted expected return model	Probability of each scenario	Change in probability of occurrence in each scenario will result in a change in fair value
		Number of common shares to be issued	Increase or decrease in value and number of common shares will result in a decrease or increase in fair value
		Intrinsic value of Acreage	Increase or decrease in intrinsic value will result in an increase or decrease in fair value
		Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
		Estimated premium on US legalization	Increase or decrease in estimated premium on US legalization will result in an increase or decrease in fair value
		Control premium	Increase or decrease in estimated control premium will result in an increase or decrease in fair value
		Market access premium	Increase or decrease in estimated market access premium will result in an increase or decrease in fair value
TerrAscend Exchangeable Shares, TerrAscend Option[1]	Put option pricing model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
Hempco Debenture[1]	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
TerrAscend warrants - December 2022[1]	Black-Scholes option pricing model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
Wana financial instrument - Call Options[1]	Discounted cash flow	Expected future Wana cash flows	Increase or decrease in expected future Wana cash flows will result in an increase or decrease in fair value
		Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
Wana financial instrument - Deferred Payments[1]	Monte Carlo simulation model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
		Volatility of Wana equity	Increase or decrease in volatility will result in an increase or decrease in fair value
Jetty financial instrument - Call Options[1]	Discounted cash flow	Expected future Jetty cash flows	Increase or decrease in expected future Jetty cash flows will result in an increase or decrease in fair value
		Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
Jetty financial instrument - Deferred Payments[1]	Monte Carlo simulation model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
		Volatility of Jetty equity and revenue	Increase or decrease in volatility will result in an increase or decrease in fair value
CBI promissory note	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
Acreage Debt Option Premium[1]	Monte Carlo simulation model	Volatility of Acreage share price	Increase or decrease in volatility will result in a decrease or increase in fair value
Acreage Tax Receivable Agreement[1]	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
	Probability-weighted expected return model	Probability of each scenario	Change in probability of occurrence in each scenario will result in a change in fair value
		Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value

[1] Derecognized upon the deconsolidation of Canopy USA.

26. REVENUE

Revenue is disaggregated as follows:

	Years ended		
	March 31, 2025	March 31, 2024	March 31, 2023
Canada cannabis			
Canadian adult-use cannabis[1,3]	$ 78,828	$ 92,803	$ 133,586
Canadian medical cannabis[2,4]	77,032	66,362	61,859
	$ 155,860	$ 159,165	$ 195,445
International markets cannabis	$ 39,734	$ 41,312	$ 38,949
Storz & Bickel	$ 73,401	$ 70,670	$ 64,845
This Works	$ -	$ 21,256	$ 26,029
Other[1,2]	-	4,743	7,985
Net revenue	$ 268,995	$ 297,146	$ 333,253

[1] A reclassification of $433 and $2,317 of ancillary cannabis revenues from Other to Canadian adult-use cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.
[2] A reclassification of $5,016 and $6,061 of ancillary cannabis revenues from Other to Canadian medical cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.
[3] Canadian adult-use cannabis net revenue during the year ended March 31, 2025 reflects excise taxes of $36,442 (year ended March 31, 2024 - $40,115; and year ended March 31, 2023 - $43,071).
[4] Canadian medical cannabis net revenue during the year ended March 31, 2025 reflects excise taxes of $8,532 (year ended March 31, 2024 - $6,673; and year ended March 31, 2023 - $4,926).

The Company recognizes variable consideration related to estimated future product returns and price adjustments as a reduction of the transaction price at the time revenue for the corresponding product sale is recognized. Net revenue reflects actual returns and variable consideration related to estimated returns and price adjustments in the amount of $4,266 for the year ended March 31, 2025 (year ended March 31, 2024 – $4,159; and year ended March 31, 2023 – $12,072). As of March 31, 2025, the liability for estimated returns and price adjustments was $2,661 (March 31, 2024 – $4,169).

27. OTHER INCOME (EXPENSE), NET

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

	Years ended		
	March 31, 2025	March 31, 2024	March 31, 2023
Fair value changes on Canopy USA related assets	$ (397,312)	$ (125,341)	$ (420,490)
Fair value changes on other financial assets	(2,915)	535	(3,625)
Fair value changes on liability arising from Acreage Arrangement	-	-	47,000
Fair value changes on debt	-	(35,843)	(43,104)
Fair value changes on warrant derivative liability	-	-	26,920
Fair value changes on acquisition related contingent consideration and other	(35,525)	12,315	38,890
Gain (charges) related to settlement of debt	22,340	(12,134)	582
Interest income	8,815	16,235	24,282
Interest expense	(74,569)	(105,352)	(126,157)
Foreign currency gain	1,486	704	1,816
Other income (expense), net	(2,174)	6,240	(1,758)
	$ (479,854)	$ (242,641)	$ (455,644)

28. INCOME TAXES

Net loss before income taxes was generated as follows:

	Years ended March 31, 2025	March 31, 2024	March 31, 2023
Domestic - Canada	$ (978,255)	$ (280,786)	$ (2,284,864)
Foreign - outside of Canada	381,258	(190,569)	(801,294)
	$ (596,997)	$ (471,355)	$ (3,086,158)

The income tax (expense) recovery consists of the following:

	Years ended March 31, 2025	March 31, 2024	March 31, 2023
Current			
Domestic - Canada	$ 79	$ (462)	$ 4,783
Foreign - outside of Canada	(418)	194	(676)
	$ (339)	$ (268)	$ 4,107
Deferred			
Domestic - Canada	$ (7,006)	$ (12,596)	$ (2,649)
Foreign - outside of Canada	204	537	4,270
	(6,802)	(12,059)	1,621
Income tax (expense) recovery	$ (7,141)	$ (12,327)	$ 5,728

As more fully described in Note 3, income taxes that are required to be reflected in equity, instead of in the consolidated statements of operations, are included in the consolidated statements of shareholders' equity, if applicable.

Current and deferred income tax referred to above is recognized based on the Company's best estimate of the tax rates expected to apply to the income, loss or temporary difference. The Company is subject to income tax in numerous jurisdictions with varying tax rates. During the current year ended, there were no material changes to the enacted statutory tax rates in the jurisdictions where the majority of the Company's income for tax purposes was earned or where its material temporary differences or losses are expected to be realized or settled, however the impact of commercial decisions and market forces result in changes to the distribution of income for tax purposes amongst taxing jurisdictions that may result in a change of the effective tax rate applicable to such income, loss or temporary difference.

A reconciliation of the amount of income taxes reflected above compared to the expected income taxes calculated at the combined Canadian federal and provincial enacted statutory tax rate of 26.5% for each of the three years ended March 31, 2025, 2024 and 2023 is as follows:

	Years ended March 31, 2025	March 31, 2024	March 31, 2023
Net loss before income taxes	$ (596,997)	$ (471,355)	$ (3,086,158)
Expected tax rate	26.5%	26.5%	26.5%
Expected income tax recovery	158,204	124,909	817,832
Non-deductible and non-taxable items	(8,025)	5,072	(29,292)
Fair value changes on Acreage Arrangement	-	(1,191)	12,386
Fair value changes on warrant derivative liability	-	-	6,294
Settlement of unsecured senior notes	(13,991)	(11,360)	(14,862)
Share-based compensation	2,088	(2,796)	(2,126)
Goodwill impairment	-	-	(473,702)
Change in valuation allowance	(58,672)	(137,213)	(252,260)
Effect of tax rates outside of Canada	4,433	3,072	(4,596)
Non-taxable portion of capital gains and losses	(91,255)	(77,076)	(48,573)
Effect from divestiture of consolidated entities	-	84,842	-
Other	77	(586)	(5,373)
Income tax (expense) recovery	$ (7,141)	$ (12,327)	$ 5,728

Current income taxes payable in the amount of $397 (March 31, 2024 – $512) is included in accounts payable and current income taxes receivable in the amount of $nil (March 31, 2024 – $485) is included in other accounts receivable.

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

Significant components of deferred income tax assets (liabilities) consist of the following:

	Years ended March 31, 2025	Years ended March 31, 2024
Deferred income tax assets		
Property, plant and equipment	$ 74,392	$ 94,386
Intangible assets	17,483	14,017
Inventory reserves and write-downs	5,587	6,448
Other reserves and accruals	2,792	4,590
Losses carried forward	1,176,913	1,115,772
Equity method investments and other financial assets	106,570	95,266
Deferred financing costs	11,439	15,013
Unrealized Losses	68,877	59,167
Other	10,698	13,145
Gross deferred income tax assets	1,474,751	1,417,804
Valuation allowances	(1,474,467)	(1,415,794)
Total deferred income tax assets, net	$ 284	$ 2,010
Deferred income tax liabilities		
Intangible assets	$ -	$ (29)
Total deferred income tax liabilities	-	(29)
Net deferred income tax assets	$ 284	$ 1,981

In evaluating whether it is more likely than not that all or a portion of a deferred income tax asset will be realized consideration is given to the estimated reversal of deferred income tax liabilities and future taxable income. The Company has recognized valuation allowances for operating losses carried forward, capital losses carried forward and other deferred income tax assets when it is believed that it is more likely than not that these items will not be realized.

As at March 31, 2025, the Company had temporary differences associated with investments in foreign subsidiaries for which no deferred income tax liabilities have been recognized, as the Company is able to control the timing of the reversal of these temporary differences and material undistributed earnings are considered permanently invested. Determination of the amount of the unrecognized deferred income tax liability is not practicable due to the inherent complexity of the multi-jurisdictional operations of the Company.

As at March 31, 2025, the Company has the following losses carried forward available to reduce future years' taxable income, which losses expire as follows:

Expiring within 5 years	$ 1,748
Expiring between 5 and 10 years	13,547
Expiring between 10 and 15 years	615,838
Expiring between 15 and 20 years	2,528,772
Indefinite	572,137
	$ 3,732,042
Total in Canada	$ 3,158,055
Total in United States	520,415
Total in Europe	53,572
	$ 3,732,042
Total operating losses	$ 3,732,042
Total capital losses (carried forward indefinitely)	1,428,956
	$ 5,160,998

29. ACQUISITIONS

(a) Year ended March 31, 2025

There were no acquisitions during the year ended March 31, 2025.

(b) Year ended March 31, 2024

There were no acquisitions during the year ended March 31, 2024.

(c) Year ended March 31, 2023

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2023.

		Verona Facility
Property, plant and equipment	$	28,771
Debt and other liabilities		(2,373)
Net assets acquired	$	26,398
Consideration paid in cash	$	24,223
Other consideration		2,175
Total consideration	$	26,398
Consideration paid in cash	$	24,223
Less: Cash and cash equivalents acquired		-
Net cash outflow	$	24,223

The table above summarizes the fair value of the consideration given and the fair values assigned to the assets acquired and liabilities assumed for the acquisition completed in the year ended March 31, 2023.

Acquisition of Verona Facility

On November 8, 2022, the Company, through its affiliate BioSteel, completed the acquisition (the "Verona Acquisition") of a manufacturing facility located in Verona, Virginia (the "Verona Facility") from Flow Beverage Corp. ("Flow"), one of BioSteel's contract manufacturers. Consideration was $26,398 (US$19,477), consisting of cash paid of $15,685 (US$11,573) and $8,538 (US$6,299) related to the repayment of debt and the retirement of certain lease obligations, and $2,175 (US$1,605) in remediation and indemnity holdbacks to be retained by the Company and paid within one year of the closing of the Verona Acquisition. BioSteel and Flow entered into a co-manufacturing agreement whereby, in addition to the production of BioSteel-branded sports hydration beverages, BioSteel will produce Flow's portfolio of branded water at the Verona Facility. Such co-manufacturing agreement is no longer in effect.

30. DIVESTITURES

(a) This Works Divestiture

On December 18, 2023, the Company entered into an agreement to divest all of its interest in This Works to a London-based investment firm (the "This Works Divestiture"). The Company completed the This Works Divestiture on December 18, 2023, pursuant to which the Company received a cash payment of $2,249 (£1,333) and a loan note of $5,240 (£3,106) with a maturity date of December 18, 2027. The Company may receive an earnout payment of up to $5,905 (£3,500), subject to certain financial targets.

Prior to closing of the This Works Divestiture, the net assets of This Works were recorded as held for sale and the Company recorded asset impairment and restructuring charges of $28,144. Upon the completion of the This Works Divestiture, the Company no longer controls This Works and derecognized the assets and liabilities on the closing date:

Current assets[1]	$	13,793
Intangible assets		16,828
Less: valuation allowance		(20,154)
Current liabilities		(6,661)
Cumulative translation adjustment		2,322
Net assets disposed	$	6,128
Consideration received in cash	$	2,249
Future cash consideration		7,286
Costs to sell		(3,407)
Total consideration	$	6,128
Gain on disposal of consolidated entity	$	-

[1] Included in current assets is $5,968 of cash.

The gain calculated on the derecognition of the assets and liabilities of This Works is the difference between the carrying amounts of the derecognized assets and liabilities, and the fair value of consideration received, net of costs to sell.

(b) Retail Divestiture

On September 27, 2022, the Company entered into the following two agreements to divest its retail business in Canada, which includes the retail stores operating under the Tweed and Tokyo Smoke banners:

- An agreement with OEG Retail Cannabis ("OEGRC"), a prior Canopy Growth licensee partner, pursuant to which OEGRC acquired ownership of 23 of the Company's corporate-owned retail stores in Manitoba, Saskatchewan and Newfoundland and Labrador, as well as all Tokyo Smoke-related intellectual property (the "OEGRC Transaction"). In connection with the OEGRC Transaction, the Tokyo Smoke brand has been transferred to OEGRC and all acquired retail stores branded as Tweed were rebranded by OEGRC. In addition, the master franchise agreement between the Company and OEGRC, pursuant to which OEGRC licenses the Tokyo Smoke brand in Ontario, was terminated effective on the closing of the OEGRC Transaction. The OEGRC Transaction closed on December 30, 2022.
- An agreement (the "FOUR20 Agreement") with 420 Investments Ltd. ("FOUR20"), a licensed cannabis retailer, pursuant to which FOUR20 acquired ownership of five of the Company's corporate-owned retail stores in Alberta (the "FOUR20 Transaction"). Pursuant to the FOUR20 Agreement, the stores were rebranded under FOUR20's retail banner upon closing of the FOUR20 Transaction. The FOUR20 Transaction closed on October 26, 2022.

In the three months ended December 31, 2022, upon closing of the OEGRC Transaction and the FOUR20 Transaction, the Company received a cash payment of $88. At December 31, 2022, the Company was also entitled to deferred consideration of $5,500, and an earn-out payment of $6,099, subject to the achievement of certain revenue targets by the divested retail stores. In the three months ended March 31, 2023, $2,500 of deferred consideration was received.

Following the divestiture of the retail stores pursuant to the OEGRC Transaction and the FOUR20 Transaction, the Company derecognized the assets and liabilities of the associated retail stores from these consolidated financial statements at their carrying amounts on their respective closing dates, as follows:

Current assets	$	6,461
Property, plant and equipment		7,990
Other long-term assets		144
Current liabilities		(9,492)
Net assets disposed	$	5,103
Consideration received in cash	$	88
Future cash consideration		11,599
Costs to sell		(2,442)
Total consideration	$	9,245
Gain on disposal of consolidated entity	$	4,142

The gain calculated on the derecognition of the assets and liabilities of the retail stores is the difference between the carrying amounts of the derecognized assets and liabilities, and the fair value of consideration received, net of costs to sell.

31. ACREAGE ARRANGEMENT

On December 9, 2024, Canopy USA completed the Acreage Acquisition and now owns 100% of the issued and outstanding shares of Acreage. In connection with: (i) the Existing Acreage Arrangement Agreement and the amended and restated plan of arrangement (the "Acreage Amended Arrangement") implemented by Canopy Growth and Acreage on September 23, 2020 in connection with the Existing Acreage Arrangement Agreement; and (ii) the Floating Share Arrangement Agreement, Canopy USA acquired all of the issued and outstanding Floating Shares of Acreage on the terms and conditions set forth in Floating Share Arrangement. Immediately following the implementation of the Floating Share Arrangement, Canopy USA completed the Fixed Share Acquisition. In aggregate, Canopy Growth issued 5,888,291 common shares to former shareholders of Acreage.

Pursuant to the Floating Share Arrangement, (i) each outstanding stock option to acquire Floating Shares was exchanged for a replacement option exercisable for Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such options adjusted by the Floating Share Exchange Ratio; (ii) each outstanding warrant to acquire Floating Shares was exchanged for a replacement warrant to acquire Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such warrants adjusted by the Floating Share Exchange Ratio; and (iii) each outstanding restricted share unit, performance share and performance unit, as applicable, that vested into Floating Shares was exchanged for a replacement restricted share unit, performance share or performance unit, as applicable, that vests into Canopy Growth common shares, with the number of underlying Canopy Growth common shares adjusted by the Floating Share Exchange Ratio.

In connection with the Fixed Share Acquisition, (i) each outstanding stock option to acquire Fixed Shares was exchanged for a replacement option exercisable for Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such options adjusted by the Fixed Share Exchange Ratio; (ii) each outstanding warrant to acquire Fixed Shares was exchanged for a replacement warrant to acquire Canopy Growth common shares, with the number of underlying Canopy Growth common shares and exercise price of such warrants adjusted by the Fixed Share Exchange Ratio; and (iii) each restricted share unit and performance share unit, as applicable, that vested into Fixed Shares was exchanged for a replacement restricted share unit or performance share unit, as applicable, that vests into Canopy Growth common shares, with the number of underlying Canopy Growth common shares adjusted by the Fixed Share Exchange Ratio.

See Note 5 for information regarding the Reorganization, Reorganization Amendments and Additional Reorganization Amendments. In connection with the Reorganization and the Floating Share Arrangement Agreement, Canopy Growth irrevocably waived the Acreage Floating Option. Following the implementation of the Reorganization, Canopy USA, as of October 24, 2022, holds certain U.S. cannabis investments previously held by the Company, which enabled Canopy USA to consummate the acquisition of Acreage. See Note 5 for more details related to the Acreage Acquisition.

32. LEASES

The Company primarily leases office and production facilities, warehouses, production equipment and vehicles. The Company assesses service arrangements to determine if an asset is explicitly or implicitly specified in the agreement and if the Company has the right to control the use of the identified asset.

The right-of-use asset is initially measured at cost, which is primarily comprised of the initial amount of the lease liability, plus initial direct costs and lease payments at or before the lease commencement date, less any lease incentives received, and is amortized on a straight-line basis over the remaining lease term. All right-of-use assets are reviewed periodically for impairment. The lease liability is initially measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The Company elected to recognize expenses for leases with a term of 12 months or less on a straight-line basis over the lease term and not to recognize these short-term leases on the balance sheet. Leases have varying terms and certain of the Company's lease arrangements provide it with the option to extend or to terminate the lease early.

Lease payments included in the measurement of the lease liability comprise (a) fixed payments, including in-substance fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and (d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

At inception or reassessment of a contract that contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Balance sheet location

A summary of lease right-of-use assets and liabilities are as follows:

	March 31, 2025	March 31, 2024
Property, plant and equipment		
Operating lease	$ 4,556	$ 7,154
Finance lease	-	5,362
	$ 4,556	$ 12,516
Other current liabilities:		
Operating lease	$ 7,463	$ 11,733
Finance lease	9,079	3,440
Other long-term liabilities:		
Operating lease	15,667	23,084
Finance lease	12,119	32,513
	$ 44,328	$ 70,770

Lease expense

The components of total lease expense are as follows:

	Years ended	
	March 31, 2025	March 31, 2024
Operating lease expense	$ 12,068	$ 8,528
Finance lease expense	1,422	1,840
	$ 13,490	$ 10,368

Lease maturities

As of March 31, 2025, the minimum payments due for lease liabilities for each of the five succeeding fiscal years and thereafter are as follows:

	Operating Leases	Finance Leases
2026	$ 8,371	$ 9,819
2027	7,479	6,250
2028	6,024	6,250
2029	3,063	-
2030	-	-
Thereafter	-	-
Total lease payments	$ 24,937	$ 22,319
Less: Interest	1,807	1,121
Total lease liabilities	$ 23,130	$ 21,198

Supplemental information

	Years ended	
	March 31, 2025	March 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 13,337	$ 10,362
Operating cash flows from finance leases	1,422	1,840
Financing cash flows from finance leases	13,584	17,419
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$ 1,810	$ -
Finance leases	-	-

	March 31, 2025	March 31, 2024
Weighted-average remaining lease term:		
Operating leases	3	4
Finance leases	2	1
Weighted-average discount rate		
Operating leases	5.05%	5.92%
Finance leases	6.31%	4.50%

33. RELATED PARTY

Year ended March 31, 2025

For the year ended March 31, 2025, CBG converted its Canopy Growth common shares into Exchangeable Shares (Note 21(iv)) and additional Exchangeable Shares were issued to Greenstar as part of the Note Exchange (Note 18).

Year ended March 31, 2024

There were no reportable related party transactions in the year ended March 31, 2024.

Year ended March 31, 2023

Pursuant to the Reorganization, the Company entered into certain agreements with CBI. In connection with the Reorganization, on October 24, 2022, Canopy Growth entered into a consent agreement with CBG and Greenstar (the "Third Consent Agreement"), and pursuant to the terms thereof, following the exchange by CBG and Greenstar of all 17,149,925 Canopy Growth common shares they collectively held for 17,149,925 Exchangeable Shares for no consideration on April 18, 2024 (the "CBI Exchange"), other than Third Consent Agreement, and the termination rights contained therein, all agreements between Canopy Growth and CBI, including the second amended and restated investor rights agreement dated as of April 18, 2019, by and among certain wholly-owned subsidiaries of CBI and Canopy Growth, were terminated. Pursuant to the terms of the Third Consent Agreement, all nominees of CBI that were sitting on the board of directors of Canopy Growth immediately prior to the CBI Exchange resigned as directors of Canopy Growth.

34. COMMITMENTS AND CONTINGENCIES

The Company has entered into agreements in which it has committed to purchase a minimum amount of inventory, pay a minimum amount of royalty expenses, incur expenditures for property, plant and equipment and procure various other goods or services. The following summarizes the Company's annual minimum commitments associated with its contractual agreements as of March 31, 2025. This amount excludes the Company's debt and lease related commitments which are disclosed elsewhere in Notes 18 and 32, respectively in these consolidated financial statements.

2026	$ 36,264
2027	204
2028	-
2029	-
2030	-
Thereafter	-
	$ 36,468

Legal proceedings

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

35. SEGMENTED INFORMATION

Reportable segments

The Company reports its financial results for the following four reportable segments:

- **Canada cannabis -** includes the production, distribution and sale of a diverse range of cannabis, hemp and cannabis-related products in Canada pursuant to the *Cannabis Act* and cannabis-related areas such as merchandise and clinics;

- **International markets cannabis** - includes the production, distribution and sale of a diverse range of cannabis and hemp products internationally pursuant to applicable international legislation, regulations and permits. Priority markets include medical cannabis in Australia and Europe where the Company offers branded high-quality flower, oil and extract products under the Company's recognized Spectrum Therapeutics and Canopy Medical brands, as well as the Company's Storz & Bickel line of medically approved vaporizers in Australia;
- **Storz & Bickel** - includes the production, distribution and sale of vaporizers and accessories; and
- **This Works** - includes the production, distribution and sale of beauty, skincare, wellness and sleep products, some of which have been blended with hemp-derived CBD isolate. On December 18, 2023, the Company completed the sale of This Works and as of such date, the results of This Works are no longer included in the Company's financial results.

These segments reflect how the Company's operations are managed, how the Company's Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), allocates resources and evaluates performance, and how the Company's internal management financial reporting is structured. The Company's CODM evaluates the performance of these segments, with a focus on (i) segment net revenue, and (ii) segment gross margin as the measure of segment profit or loss. The remainder of the Company's operations include revenue derived from, and cost of sales associated with, the Company's non-cannabis extraction activities and other ancillary activities; these are included within "other".

The accounting policies of each segment are the same as those disclosed in the summary of significant accounting policies in Note 3.

	Years ended		
	March 31, 2025	March 31, 2024	March 31, 2023
Segmented net revenue			
Canada cannabis[1]	$ 155,860	$ 159,165	$ 195,445
International markets cannabis	39,734	41,312	38,949
Storz & Bickel	73,401	70,670	64,845
This Works	-	21,256	26,029
Other[1]	-	4,743	7,985
	$ 268,995	$ 297,146	$ 333,253
Segmented gross margin:			
Canada cannabis[2]	$ 36,517	$ 25,640	$ (92,894)
International markets cannabis	15,225	16,682	(3,322)
Storz & Bickel	27,769	30,128	26,112
This Works	-	10,534	10,205
Other[2]	-	(2,102)	(3,630)
	79,511	80,882	(63,529)
Selling, general and administrative expenses	169,626	229,429	342,517
Share-based compensation	(4,205)	14,180	25,322
Loss on asset impairment and restructuring	31,233	65,987	2,199,146
Operating loss from continuing operations	(117,143)	(228,714)	(2,630,514)
Other income (expense), net	(479,854)	(242,641)	(455,644)
Loss from continuing operations before incomes taxes	$ (596,997)	$ (471,355)	$ (3,086,158)

[1] A reclassification of $5,449 and $8,378 of ancillary cannabis revenues from Other to Canada cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.
[2] A reclassification of $744 and $2,397 of ancillary cannabis gross margins from Other to Canada cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.

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

Entity-wide disclosures

Disaggregation of net revenue by geographic area:

	Years ended		
	March 31, 2025	March 31, 2024	March 31, 2023
Canada	$ 155,912	$ 162,712	$ 201,417
Germany	59,904	52,194	48,701
United States	35,990	40,988	36,431
Other	17,189	41,252	46,704
	$ 268,995	$ 297,146	$ 333,253

Disaggregation of long-lived tangible assets by geographic area:

	March 31, 2025	March 31, 2024
Canada	$ 239,382	$ 266,086
Germany	53,079	50,527
Other	1,062	3,490
	$ 293,523	$ 320,103

For the year ended March 31, 2025, one customer represented more than 10% of the Company’s net revenue (years ended March 31, 2024 and 2023, one and one, respectively).

36. SUBSEQUENT EVENTS

February 2025 ATM Program

Since March 31, 2025, the Company sold an additional 1,314,350 common shares under the February 2025 ATM Program for gross proceeds of $1,735.