

CANOPY GROWTH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2026
(IN CANADIAN DOLLARS)**

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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, 2026, 2025, and 2024 the related consolidated statements of operations and comprehensive loss, shareholders’ equity, and cash flows for each of the three years in the period ended March 31, 2026, 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, 2026, 2025, and 2024 and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2026, 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, 2026, 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 June 15, 2026, expressed an adverse opinion on the effectiveness of the Company’s internal control over financial reporting.

Restatement of previously issued Consolidated Financial Statements

As discussed in Note 2 to the consolidated financial statements, the 2025 and 2024 consolidated financial statements have been restated to correct misstatements.

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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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 24, there are significant unobservable inputs in the fair value measurement of Canopy USA and the Canopy USA LPs and the financial instruments of those entities. As of March 31, 2026, the equity method investments in Canopy USA and the Canopy USA LPs and financial instruments of those entities were recorded as other investments of \$108.0 million, with a fair value loss of \$67.0 million recognized in other income (expense), net, for the year ended March 31, 2026.

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 of those entities 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 of those entities. 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 implementation of 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 of those entities:
 - 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 Accounting Standards Codification (“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 underlying 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. From the analysis, an impairment of \$47.5 million to Storz & Bickel’s goodwill was recognized as the estimated fair value of the Storz & Bickel (“S&B”) 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. At March 31, 2026, no goodwill remained relating to S&B.

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 implementation of 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 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 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.

Fair value measurement of intangible assets and goodwill related to a material acquisition

As discussed in Notes 28 to the consolidated financial statements, on March 16, 2026, the Company and MTL Cannabis Corp. ("MTL") completed a transaction in accordance with a plan of arrangement under the Canada Business Corporations Act with the Company owning 100% of the issued and outstanding common shares of MTL.

We identified the allocation of purchase price for the MTL acquisition as a critical audit matter because of the significant estimates management makes to determine the fair values of assets acquired and liabilities assumed. This required a high degree of auditor judgment and an increased effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's assumptions.

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

- We evaluated the design and implementation of the internal control related to the Company's accounting for business combinations.
- We assessed the fair value allocations and related computations prepared by a third-party valuation firm retained by management.
- We involved valuation professionals with specialized skills and knowledge, who assisted in testing the purchase price allocations and determined the appropriateness of the concluded values for the acquisitions computed by the third-party valuation firm.
- Our procedures included (i) reading the purchase agreement; (ii) tracing back the consideration to supporting documentation or payment; (iii) testing management's process for estimating the fair values of the intangible assets acquired and where applicable, contingent considerations; and (iv) tested the mathematical accuracy of the calculations performed along with assessing the completeness and accuracy of the information used in the calculations. Our process also included evaluating the appropriateness of the valuation method, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of significant assumptions related to the rate of future revenue growth and profitability of the acquired business and the discount rate.
- 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

June 15, 2026

PCAOB ID No. 127

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, 2026, 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, because of the effect of the material weakness described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of March 31, 2026, based on criteria established in *Internal Control–Integrated Framework* (2013) issued by COSO.

A material weakness is a control deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness has been identified and included in management's assessment in that a control designed to review and approve the financial reporting implications of significant technical accounting matters, specifically the classification of equity-linked instruments as either equity or liabilities, was not designed or operating effectively.

This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2026 consolidated financial statements, and this report does not affect our report dated June 15, 2026, on those consolidated financial statements.

The Company acquired MTL Cannabis Corp. (the "Acquired Entity") during the year ended March 31, 2026, and management excluded the Acquired Entity from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2026. The Acquired Entity's internal control over financial reporting was associated with approximately 13.4% of total assets and 1.2% of net revenues included in the consolidated financial statements of the Company as of and for the year ended March 31, 2026. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Acquired Entity.

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, 2026, 2025, and 2024, and the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2026, and our report dated June 15, 2026, expressed an unqualified opinion on those consolidated financial statements.

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

June 15, 2026

CANOPY GROWTH CORPORATION
CONSOLIDATED BALANCE SHEETS

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

	March 31, 2026	March 31, 2025 (As Restated)	March 31, 2024 (As Restated)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 364,683	\$ 113,811	\$ 170,300
Short-term investments	-	17,656	33,161
Restricted short-term investments	5,046	6,410	7,310
Amounts receivable, net	36,289	52,780	51,847
Inventory	110,513	96,373	77,292
Assets of discontinued operations	-	-	8,038
Prepaid expenses and other assets	12,935	7,544	23,232
Total current assets	529,466	294,574	371,180
Other investments	108,010	179,977	437,629
Property, plant and equipment	316,494	293,523	320,103
Intangible assets	92,411	87,200	104,053
Goodwill	55,685	46,042	43,239
Other assets	16,666	16,385	24,126
Total assets	<u>\$ 1,118,732</u>	<u>\$ 917,701</u>	<u>\$ 1,300,330</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 34,817	\$ 26,099	\$ 28,673
Other accrued expenses and liabilities	42,999	38,613	54,039
Current portion of long-term debt	16,237	4,258	103,935
Warrant derivative liability	27,522	8,647	99,941
Other liabilities	36,868	25,434	48,068
Total current liabilities	158,443	103,051	334,656
Long-term debt	217,123	299,811	493,294
Deferred income tax liabilities	8,199	-	-
Other liabilities	37,373	36,273	71,814
Total liabilities	421,138	439,135	899,764
Commitments and contingencies			
Canopy Growth Corporation shareholders' equity:			
Share capital			
Common shares - \$nil par value; Authorized - unlimited; Issued and outstanding - 422,068,225 shares, 183,865,295 shares and 91,115,501 shares, respectively.			
Exchangeable shares - \$nil par value; Authorized - unlimited; Issued and outstanding - 26,261,474 shares, 26,261,474 shares and nil shares, respectively.			
	9,233,577	8,782,405	8,219,322
Additional paid-in capital	2,591,714	2,570,945	2,563,597
Accumulated other comprehensive income	10,530	535	(16,051)
Deficit	(11,138,227)	(10,875,319)	(10,366,441)
Total Canopy Growth Corporation shareholders' equity	697,594	478,566	400,427
Noncontrolling interests	-	-	139
Total shareholders' equity	697,594	478,566	400,566
Total liabilities and shareholders' equity	<u>\$ 1,118,732</u>	<u>\$ 917,701</u>	<u>\$ 1,300,330</u>

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,		
	2026	2025 (As Restated)	2024 (As Restated)
Revenue	\$ 346,827	\$ 313,969	\$ 343,934
Excise taxes	62,224	44,974	46,788
Net revenue	284,603	268,995	297,146
Cost of goods sold	214,933	189,484	216,264
Gross margin	69,670	79,511	80,882
Operating expenses			
Selling, general and administrative expenses	159,984	169,626	229,429
Share-based compensation	4,266	(4,205)	14,180
Loss on asset impairment and restructuring	67,079	31,233	65,987
Total operating expenses	231,329	196,654	309,596
Operating loss from continuing operations	(161,659)	(117,143)	(228,714)
Other income (expense), net	(101,226)	(390,617)	(279,052)
Loss from continuing operations before income taxes	(262,885)	(507,760)	(507,766)
Income tax expense	(23)	(7,141)	(12,327)
Net loss from continuing operations	(262,908)	(514,901)	(520,093)
Discontinued operations, net of income tax	-	6,023	(192,113)
Net loss	(262,908)	(508,878)	(712,206)
Net loss from discontinued operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	-	(18,526)
Net loss attributable to Canopy Growth Corporation	\$ (262,908)	\$ (508,878)	\$ (693,680)
Basic and diluted loss per share			
Continuing operations	\$ (0.88)	\$ (4.79)	\$ (6.95)
Discontinued operations	-	0.06	(2.32)
Basic and diluted loss per share	\$ (0.88)	\$ (4.73)	\$ (9.27)
Basic and diluted weighted average common shares outstanding	298,043,044	107,553,729	74,787,521
Comprehensive income (loss):			
Net loss from continuing operations	\$ (262,908)	\$ (514,901)	\$ (520,093)
Other comprehensive income (loss), net of income tax			
Fair value changes of own credit risk of financial liabilities	-	-	(12,334)
Foreign currency translation	9,995	13,120	(917)
Total other comprehensive income (loss), net of income tax	9,995	13,120	(13,251)
Comprehensive loss from continuing operations	(252,913)	(501,781)	(533,344)
Comprehensive income (loss) from discontinued operations	-	6,023	(192,113)
Comprehensive loss	(252,913)	(495,758)	(725,457)
Comprehensive loss from discontinued operations attributable to noncontrolling interests and redeemable noncontrolling interest	-	-	(18,526)
Comprehensive loss attributable to Canopy Growth Corporation	\$ (252,913)	\$ (495,758)	\$ (706,931)

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, 2026							
	Share capital	Additional paid-in capital			Ownership changes	Accumulated other comprehensive income (loss)	Deficit	Total
		Share-based reserve	Warrants					
Balance at March 31, 2025 (As Restated)	\$ 8,782,405	\$ 503,409	\$ 2,590,485	\$ (522,949)	\$ 535	\$ (10,875,319)	\$ 478,566	
ATM Programs	374,171	-	-	-	-	-	374,171	
Debt issuance and exchange	16,899	-	17,587	-	-	-	34,486	
MTL acquisition	60,998	211	4,559	-	-	-	65,768	
Other issuances of common shares, warrants and share issue costs	(6,750)	-	-	-	-	-	(6,750)	
Share-based compensation	-	4,266	-	-	-	-	4,266	
Issuance and vesting of restricted share units and performance share units	5,854	(5,854)	-	-	-	-	-	
Comprehensive income (loss)	-	-	-	-	9,995	(262,908)	(252,913)	
Balance at March 31, 2026	<u>\$ 9,233,577</u>	<u>\$ 502,032</u>	<u>\$ 2,612,631</u>	<u>\$ (522,949)</u>	<u>\$ 10,530</u>	<u>\$ (11,138,227)</u>	<u>\$ 697,594</u>	

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

	Year ended March 31, 2025							Noncontrolling interests	Total (As Restated)
	Share capital (As Restated)	Additional paid-in capital			Ownership changes	Accumulated other comprehensive income (loss)	Deficit (As Restated)		
		Share-based reserve (As Restated)	Warrants (As Restated)	-					
Balance at March 31, 2024	\$ 8,219,322	\$ 504,758	\$ 2,581,788	\$ (522,949)	\$ (16,051)	\$ (10,366,441)	\$ 139	\$ 400,566	
Common shares issued from June 2024 ATM Program	347,076	-	-	-	-	-	-	347,076	
Common shares issued from February 2025 ATM Program	38,315	-	-	-	-	-	-	38,315	
Other issuances of common shares and share issue costs	53,674	-	-	-	-	-	-	53,674	
Exercise of warrants	22,450	-	-	-	-	-	-	22,450	
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 Transaction	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	(508,878)	-	(495,758)	
Balance at March 31, 2025	<u>\$ 8,782,405</u>	<u>\$ 503,409</u>	<u>\$ 2,590,485</u>	<u>\$ (522,949)</u>	<u>\$ 535</u>	<u>\$ (10,875,319)</u>	<u>\$ -</u>	<u>\$ 478,566</u>	

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

Year ended March 31, 2024

	Additional paid-in capital				Redeemable noncontrolling interest	Accumulated other comprehensive income (loss)	Deficit	Noncontrolling interests	Total
	Common shares (As Restated)	Share-based reserve (As Restated)	Warrants (As Restated)	Ownership changes					
Balance at March 31, 2023	\$ 7,938,571	\$ 498,150	\$ 2,581,788	\$ (521,961)	\$ (51,492)	\$ (13,860)	\$ (9,672,761)	\$ 1,587	\$ 760,022
Private Placement, net of issuance costs	12,233	-	-	-	-	-	-	-	12,233
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)	(693,680)	(18,526)	(725,457)
Balance at March 31, 2024	<u>\$ 8,219,322</u>	<u>\$ 504,758</u>	<u>\$ 2,581,788</u>	<u>\$ (522,949)</u>	<u>\$ -</u>	<u>\$ (16,051)</u>	<u>\$ (10,366,441)</u>	<u>\$ 139</u>	<u>\$ 400,566</u>

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,		
	2026	2025 (As Restated)	2024 (As Restated)
Cash flows from operating activities:			
Net loss	\$ (262,908)	\$ (508,878)	\$ (712,206)
Gain (loss) from discontinued operations, net of income tax	-	6,023	(192,113)
Net loss from continuing operations	(262,908)	(514,901)	(520,093)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment	19,026	21,522	28,376
Amortization of intangible assets	17,447	21,596	24,800
Share-based compensation	4,266	(4,205)	14,180
Loss on asset impairment and restructuring	58,055	20,285	53,797
Income tax expense	23	7,141	12,327
Non-cash fair value adjustments and charges related to settlement of long-term debt	72,907	324,175	196,879
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	25,685	(4,485)	(3,749)
Inventory	3,710	(17,715)	1,034
Prepaid expenses and other assets	(4,367)	5,719	(2,433)
Accounts payable and accrued liabilities	(4,353)	(15,484)	9,115
Other, including non-cash foreign currency	6,703	(9,398)	(42,654)
Net cash used in operating activities - continuing operations	(63,806)	(165,750)	(228,421)
Net cash used in operating activities - discontinued operations	-	-	(53,529)
Net cash used in operating activities	(63,806)	(165,750)	(281,950)
Cash flows from investing activities:			
Purchases of and deposits on property, plant and equipment	(5,333)	(10,813)	(3,449)
Purchases of intangible assets	(620)	(467)	(547)
Proceeds on sale of property, plant and equipment	5	4,932	154,052
Redemption of short-term investments	19,001	16,428	78,549
Net cash outflow on sale or deconsolidation of subsidiaries	-	(6,968)	(955)
Net cash outflow on acquisition of subsidiaries	(41,536)	-	-
Net cash inflow on loan receivable	153	30,308	-
Investment in other financial assets	-	(95,335)	(347)
Other investing activities	6,981	-	(7,705)
Net cash provided by (used in) investing activities - continuing operations	(21,349)	(61,915)	219,598
Net cash provided by investing activities - discontinued operations	-	14,127	21,992
Net cash provided by (used in) investing activities	(21,349)	(47,788)	241,590
Cash flows from financing activities:			
Proceeds from issuance of common shares and warrants	374,171	385,391	81,063
Proceeds from exercise of stock options	-	112	-
Proceeds from exercise of warrants	-	8,454	-
Issuance of long-term debt and convertible debentures	207,990	68,255	-
Repayment of long-term debt	(221,508)	(289,031)	(509,779)
Debt issuance and extinguishment costs	(11,039)	(791)	(7,654)
Other financing activities	(17,205)	(23,730)	(28,685)
Net cash provided by (used in) financing activities	332,409	148,660	(465,055)
Effect of exchange rate changes on cash and cash equivalents	3,618	8,389	(1,292)
Net increase/(decrease) in cash and cash equivalents	250,872	(56,489)	(506,707)
Cash and cash equivalents, beginning of period ¹	113,811	170,300	677,007
Cash and cash equivalents, end of period	\$ 364,683	\$ 113,811	\$ 170,300

¹ 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,		
	2026	2025	2024
Supplemental disclosure of cash flow information			
Cash received during the period:			
Income taxes	\$ 325	\$ 128	\$ 6,238
Interest	\$ 9,997	\$ 8,947	\$ 18,097
Cash paid during the period:			
Income taxes	\$ 469	\$ 783	\$ 2,082
Interest	\$ 29,019	\$ 64,904	\$ 98,118
Noncash investing and financing activities			
Additions to property, plant and equipment	\$ 313	\$ 426	\$ 106

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

CANOPY GROWTH CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian dollars)

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

2. BASIS OF PRESENTATION

The consolidated financial statements have been presented in Canadian dollars and are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Canopy Growth has determined that the Canadian dollar is the most relevant and appropriate reporting currency as, despite continuing shifts in the relative size of the Company’s operations across multiple geographies, the majority of its operations are conducted in Canadian dollars and its financial results are prepared and reviewed internally by management in Canadian dollars. The Company’s 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.

Restatement of Previously Issued Consolidated Financial Statements

In connection with the preparation of the Company’s consolidated financial statements for the fiscal year ended March 31, 2026, management of the Company identified an accounting classification error relating to certain share-settled warrants of the Company with exercise prices denominated in U.S. dollars, first issued during the fiscal year ended March 31, 2024 (the “Identified Warrants”). As a result, the Company’s previously filed: (i) audited consolidated financial statements for the fiscal year ended March 31, 2025, originally included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the “2025 10-K”), (ii) audited consolidated financial statements for the fiscal year ended March 31, 2024, originally included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (the “2024 10-K”), and (iii) unaudited consolidated financial statements for the quarterly periods ended September 30, 2023, December 31, 2023, June 30, 2024, September 30, 2024, December 31, 2024, June 30, 2025, September 30, 2025 and December 31, 2025, originally included in the our Quarterly Reports on Form 10-Q for such quarterly periods (collectively, the “Form 10-Qs” and together with the 2025 10-K and the 2024 10-K, the “Prior Financial Statements”), should no longer be relied upon.

The Company determined that the Identified Warrants should have been classified as liabilities rather than equity instruments under applicable accounting standards, given the Company’s Canadian dollar functional currency. Accordingly, the Company should have recorded these instruments as liabilities on its consolidated balance sheets and measured them at fair value at each reporting date, with changes in fair value recorded in the consolidated statements of operations and comprehensive loss. The corrections (the “Restatement Items”) required to be made to the Prior Financial Statements are the result of a technical application of accounting standards.

Impact of Restatement

The Company evaluated the materiality of these misstatements both qualitatively and quantitatively in accordance with Staff Accounting Bulletin (“SAB”) No. 99, Materiality, and SAB No. 108, *Considering the Effects of Prior Year Misstatements in Current Year Financial Statements*, and determined the effect of correcting these misstatements was material to the Prior Financial Statements. As a result of the material misstatements, we have restated our Prior Financial Statements in accordance with Accounting Standards Codification (“ASC”) 250, *Accounting Changes and Error Corrections* (the “Restated Financial Statements”).

A reconciliation from the previously reported amounts in the Prior Financial Statements to the restated amounts in the Restated Financial Statements is provided for the impacted financial statement line items below for: (i) the consolidated balance sheet as of March 31, 2025 and March 31, 2024; (ii) the consolidated statement of operations and comprehensive loss for the year ended March 31, 2025 and March 31, 2024; (iii) the consolidated statement of shareholders’ equity for the year ended March 31, 2025 and March 31, 2024; and (iv) the consolidated statement of cash flows for the year ended March 31, 2025 and March 31, 2024. The previously

reported amounts in the Prior Financial Statements are labeled as “As Previously Reported” in the tables below. The amounts labelled “Restatement Adjustments” represent the effects of the restatement described above.

In connection with the restatement, certain disclosures for the year ended March 31, 2024 have been updated, where applicable, to reflect the impact of the restated amounts on affected balance sheet line items, while disclosures for other line items have not been revised as they were not impacted.

Also see Note 35, “Restatement of Previously Issued Unaudited Interim Condensed Consolidated Financial Statements.”

The following tables present the effect of the Restatement Items on the Company’s consolidated balance sheet as of March 31, 2025 and March 31, 2024 (in thousands, except number of shares and per share data):

	March 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 8,647	\$ 8,647
Total current liabilities	94,404	8,647	103,051
Total liabilities	430,488	8,647	439,135
Share capital	8,796,406	(14,001)	8,782,405
Additional paid-in capital	2,618,417	(47,472)	2,570,945
Deficit	(10,928,145)	52,826	(10,875,319)
Total Canopy Growth Corporation shareholders’ equity	487,213	(8,647)	478,566
Total shareholders’ equity	487,213	(8,647)	478,566
Total liabilities and shareholders’ equity	917,701	-	917,701

	March 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 99,941	\$ 99,941
Total current liabilities	234,715	99,941	334,656
Total liabilities	799,823	99,941	899,764
Share capital	8,244,301	(24,979)	8,219,322
Additional paid-in capital	2,602,148	(38,551)	2,563,597
Deficit	(10,330,030)	(36,411)	(10,366,441)
Total Canopy Growth Corporation shareholders’ equity	500,368	(99,941)	400,427
Total shareholders’ equity	500,507	(99,941)	400,566
Total liabilities and shareholders’ equity	1,300,330	-	1,300,330

The correction of the warrant classification misstatement described above resulted in a decrease in share capital and additional paid-in capital with a corresponding increase in warrant derivative liability. Additionally, the warrant derivative liability is recorded at fair value in the consolidated statements of operations and comprehensive loss and due to the changes in fair value, the correction resulted in changes to the deficit balance.

The following tables present the effect of the Restatement Items on the Company's consolidated statement of operations and comprehensive loss for the years ended March 31, 2025 and 2024 (in thousands, except number of shares and per share data):

	Year ended March 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 268,995	\$ -	\$ 268,995
Gross margin	79,511	-	79,511
Operating loss from continuing operations	(117,143)	-	(117,143)
Other income (expense), net	(479,854)	89,237	(390,617)
Loss from continuing operations before income taxes	(596,997)	89,237	(507,760)
Net loss from continuing operations	(604,138)	89,237	(514,901)
Net loss	(598,115)	89,237	(508,878)
Net loss attributable to Canopy Growth Corporation	(598,115)	89,237	(508,878)
Basic and diluted loss per share - continuing operations	\$ (5.62)	\$ 0.83	\$ (4.79)
Basic and diluted loss per share	\$ (5.56)	\$ 0.83	\$ (4.73)

Comprehensive loss:			
Net loss from continuing operations	(604,138)	89,237	(514,901)
Comprehensive loss from continuing operations	(591,018)	89,237	(501,781)
Comprehensive loss	(584,995)	89,237	(495,758)
Comprehensive loss attributable to Canopy Growth Corporation	(584,995)	89,237	(495,758)

	Year ended March 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 297,146	\$ -	\$ 297,146
Gross margin	80,882	-	80,882
Operating loss from continuing operations	(228,714)	-	(228,714)
Other income (expense), net	(242,641)	(36,411)	(279,052)
Loss from continuing operations before income taxes	(471,355)	(36,411)	(507,766)
Net loss from continuing operations	(483,682)	(36,411)	(520,093)
Net loss	(675,795)	(36,411)	(712,206)
Net loss attributable to Canopy Growth Corporation	(657,269)	(36,411)	(693,680)
Basic and diluted loss per share - continuing operations	\$ (6.47)	\$ (0.48)	\$ (6.95)
Basic and diluted loss per share	\$ (8.79)	\$ (0.48)	\$ (9.27)

Comprehensive loss:			
Net loss from continuing operations	(483,682)	(36,411)	(520,093)
Comprehensive loss from continuing operations	(496,933)	(36,411)	(533,344)
Comprehensive loss	(689,046)	(36,411)	(725,457)
Comprehensive loss attributable to Canopy Growth Corporation	(670,520)	(36,411)	(706,931)

The correction of the warrant classification misstatement described above resulted in a change in other income (expense), net resulting from the fair value movement of the warrant derivative liability. The valuation of the warrant derivative liability is dependent on various inputs and primarily affected by changes in the share price of Canopy Shares.

The following table presents the affect of the Restatement Items on the Company's consolidated statement of shareholders' equity for the years ended March 31, 2025 and 2024:

	March 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,796,406	\$ (14,001)	\$ 8,782,405
Additional paid-in capital - Share-based reserve	513,229	(9,820)	503,409
Additional paid-in capital - Warrants	2,628,137	(37,652)	2,590,485
Deficit	(10,928,145)	52,826	(10,875,319)
Total shareholders' equity	487,213	(8,647)	478,566

	March 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,244,301	\$ (24,979)	\$ 8,219,322
Additional paid-in capital - Share-based reserve	514,578	(9,820)	504,758
Additional paid-in capital - Warrants	2,610,519	(28,731)	2,581,788
Deficit	(10,330,030)	(36,411)	(10,366,441)
Total shareholders' equity	500,507	(99,941)	400,566

The following table presents the effect of the Restatement Items on the Company's consolidated statement of cash flows for the years ended March 31, 2025 and 2024:

	Year ended March 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Cashflows from operating activities:			
Net loss	\$ (598,115)	\$ 89,237	\$ (508,878)
Net loss from continuing operations	(604,138)	89,237	(514,901)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	413,412	(89,237)	324,175
Net cash used in operating activities - continuing operations	(165,750)	-	(165,750)
Net cash used in operating activities	(165,750)	-	(165,750)

	Year ended March 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Cashflows from operating activities:			
Net loss	\$ (675,795)	\$ (36,411)	\$ (712,206)
Net loss from continuing operations	(483,682)	(36,411)	(520,093)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	160,468	36,411	196,879
Net cash used in operating activities - continuing operations	(228,421)	-	(228,421)
Net cash used in operating activities	(281,950)	-	(281,950)

The correction of the warrant classification misstatement described above resulted in no net change to net cash used in operating activities.

The remainder of the notes to the Company's consolidated financial statements have been updated and restated, as applicable, to reflect the impacts of the restatement described above.

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 investments 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 judgments and estimates are as follows:

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

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

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

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

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

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

Fair value measurement of financial instruments - The use of various valuation approaches described in Note 24 may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

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

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:

	<u>Years</u>
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	4 - 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.

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, 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 reported 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 34). 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.

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.

Year ended March 31, 2026

In the three months ended March 31, 2026, the Company performed its annual goodwill impairment test on its remaining goodwill balance, which is assigned to the Storz & Bickel reporting unit. A goodwill impairment was recognized in relation to the Storz & Bickel reporting unit. 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.

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 \$25,889, \$22,906 and \$28,656 in the years ended March 31, 2026, 2025, and 2024, respectively.

Research and development

Research and development costs are expensed as incurred. Research and development expenses totaled \$2,614, \$2,742, and \$4,611 in the years ended March 31, 2026, 2025, and 2024, 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. 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.

Accounting for warrants

When the Company enters into arrangements pursuant to which warrants are issued by the Company, modified, or amended, the terms of the warrants are evaluated to determine the appropriate accounting and classification in accordance with FASB ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480"), ASC Topic 505, *Equity* ("ASC 505"), ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), and ASC Topic 718, *Compensation—Stock Compensation* ("ASC 718").

Warrants that meet the criteria for liability classification under ASC 480, or that do not meet the criteria for equity classification under ASC 815 due to exercise contingencies, settlement provisions, or other contractual terms, are accounted for as derivative liabilities. These warrants are measured at fair value in accordance with ASC 820, *Fair Value Measurement*, with changes in fair value recognized in earnings, and are presented as warrant derivative liabilities on the Company's consolidated balance sheets. Warrants that meet the criteria for equity classification are recorded in shareholders' equity.

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 judgment.

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, 2026, March 31, 2025, and March 31, 2024, 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 investments 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

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. Adoption of ASU2023-09 did not impact our consolidated balance sheets or income statements or have a material impact on our financial statement disclosures. Refer to Note 27 for the incremental disclosures required under ASU2023-09.

Accounting Guidance Not Yet Adopted

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 in connection with the creation of Canopy USA, LLC (“Canopy USA”), a U.S.-domiciled holding company wherein, as of October 24, 2022, Canopy USA holds certain U.S. cannabis investments previously held by Canopy Growth.

On May 19, 2023, the Company and Canopy USA entered into the First A&R Protection Agreement (as defined below) and amended and restated Canopy USA’s limited liability company agreement (the “A&R LLC Agreement”). Pursuant to the A&R LLC Agreement, the share capital of Canopy USA was amended to, among other things, (a) create a new class of Canopy USA Class B Shares (as defined below), which may not be issued prior to the conversion of the Non-Voting Shares (as defined below) or the Class A shares of Canopy USA (the “Canopy USA Common Shares”) into Canopy USA Class B Shares; (b) amend the terms of the Non-Voting Shares such that the Non-Voting Shares will be convertible into Canopy USA Class B Shares (as opposed to Canopy USA Common Shares); and (c) amend the terms of the Canopy USA Common Shares such that upon conversion of all of the Non-Voting Shares into Canopy USA Class B Shares, the Canopy USA Common Shares will, subject to their terms, automatically convert into Canopy USA Class B Shares, provided that the number of Canopy USA Class B Shares to be issued to the former holders of the Canopy USA Common Shares will be equal to no less than 10% of the total issued and outstanding Canopy USA Class B Shares following such issuance. Accordingly, in no circumstances will the Company, at the time of such conversions, own more than 90% of the Canopy USA Class B Shares.

On May 19, 2023, Canopy USA and Huneus 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 Huneus, Jr. is the trustee of the Trust and is an affiliate of a shareholder of Jetty (as defined below). On April 26, 2024, Canopy USA completed the first tranche closing of the Trust Transaction and pursuant to the Trust SPA, the timeline to complete the second tranche closing has lapsed. As of March 31, 2026, the Trust holds an aggregate 28,571,429 Canopy USA Common Shares and warrants to acquire up to 85,714,284 Voting Shares (as defined in the A&R LLC Agreement) expiring on April 26, 2031. Subject to the terms of the Trust SPA, the Trust has been granted options to acquire additional Voting Shares with a value of up to an additional US\$10 million and one such additional option includes the issuance of additional warrants of Canopy USA.

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

On April 30, 2024, Canopy USA and its members entered into a second amended and restated limited liability company agreement (the “Second A&R LLC Agreement”). In accordance with the terms of the Second A&R LLC Agreement, the terms of the Non-Voting Shares have been amended such that the Non-Voting Shares are only convertible into Canopy USA Class B Shares following the date that the NASDAQ Stock Market or The New York Stock Exchange permit the listing of companies that consolidate the financial statements of companies that cultivate, distribute or possess marijuana (as defined in 21 U.S.C 802) in the United States. Based on the Company’s discussions with the Office of the Chief Accountant of the Securities and Exchange Commission (“SEC”),

the Company believes that the staff of the SEC would not object to the deconsolidation of the financial results of Canopy USA from the Company's financial statements in accordance with U.S. GAAP.

On May 6, 2024, Canopy USA exercised the options (the "Wana Options") to acquire Mountain High Products, LLC, Wana Wellness, LLC and The Cima Group, LLC (collectively, "Wana"), a leading cannabis edibles brand in North America, and subsequently closed the transactions to acquire Wana Wellness, LLC and The Cima Group, LLC. On October 8, 2024, Canopy USA closed the acquisition of Mountain High Products, LLC. In addition, Canopy USA exercised the options (the "Jetty Options") to acquire Lemurian, Inc. ("Jetty") a California-based producer of high-quality cannabis extracts and pioneer of clean vape technology and subsequently completed the first tranche closing to acquire Jetty. On June 4, 2024, the option to acquire the issued and outstanding Class E subordinate voting shares (the "Fixed Shares") of Acreage Holdings, Inc. ("Acreage"), a vertically-integrated multi-state cannabis operator, with its main operations in densely populated states across the Northeast U.S., including New Jersey and New York (the "Acreage Option") was exercised and on December 9, 2024, Canopy USA completed the acquisition of all of the issued and outstanding Fixed Shares and Class D subordinate voting shares (the "Floating Shares") of Acreage (the "Acreage Acquisition"). Certain entities controlled by Canopy USA (the "Canopy USA LPs") also hold direct interests in the capital of TerrAscend Corp. ("TerrAscend"), a leading North American cannabis operator with vertically integrated operations and a presence in Pennsylvania, New Jersey, Michigan and California as well as licensed cultivation and processing operations in Maryland.

Canopy USA and the Canopy USA LPs currently hold an ownership interest in the following assets, among others:

- **Wana** - Canopy USA holds 100% of the membership interests of Wana.
- **Jetty** - Canopy USA holds approximately 77% of the shares of Jetty.
- **Acreage** - Canopy USA holds 100% of the issued and outstanding shares of Acreage.
- **TerrAscend** - the Canopy USA LPs hold an aggregate of 64,564,487 TerrAscend common shares (the "TerrAscend Common Shares") on an as-converted basis and 22,474,130 TerrAscend Common Share purchase warrants with a weighted average exercise price of \$6.07 per TerrAscend Common Share and expiring on December 31, 2032 (the "TerrAscend Warrants"). Assuming full exercise of the TerrAscend Warrants, the Canopy USA LPs will hold an aggregate of 87,038,617 TerrAscend Common Shares on an as-converted basis assuming conversion of the TerrAscend exchangeable shares (the "TerrAscend Exchangeable Shares") held by the Canopy USA LPs.

Canopy USA was determined to be a variable interest entity pursuant to ASC 810. In accordance with ASC 810, Canopy Growth consolidated the financial results of Canopy USA up to April 30, 2024. As of April 30, 2024, Canopy Growth deconsolidated the financial results of Canopy USA and has a non-controlling interest in Canopy USA as of such date.

Ownership of U.S. Cannabis Investments

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

On October 24, 2022, Canopy USA and the Company also entered into an agreement with, among others, Nancy Whiteman, the controlling shareholder of Wana, which was amended and restated on May 19, 2023 and on April 30, 2024, whereby subsidiaries of Canopy USA agreed to pay additional consideration in order to acquire the Wana Options and the future payments owed in connection with the exercise of the Wana Options were reduced to US\$3.00 in exchange for the issuance of Canopy USA Common Shares and Canopy Shares (the "Wana Amending Agreement"). In accordance with the terms of the Wana Amending Agreement, on April 30, 2024, (i) Canopy USA issued 60,955,929 Canopy USA Common Shares and (ii) Canopy Growth issued 1,086,279 Canopy Shares to the shareholders of Wana.

As of March 31, 2026, the Trust holds 28,571,429 Canopy USA Common Shares, the shareholders of Wana collectively hold 60,955,929 Canopy USA Common Shares and a wholly-owned subsidiary of the Company holds all of the issued and outstanding Non-Voting Shares in the capital of Canopy USA, representing approximately 84.4% of the issued and outstanding shares in Canopy USA on an as-converted basis.

Canopy Growth and Canopy USA are also party to a protection agreement (the "Protection Agreement") to provide for certain covenants in order to preserve the value of the Non-Voting Shares held by Canopy Growth until such time as the Non-Voting Shares are converted in accordance with their terms, provided that, such conversion shall only be permitted following the Stock Exchange Permissibility Date, but does not provide Canopy Growth with the ability to direct the business, operations or activities of Canopy USA. The Protection Agreement was amended and restated on May 19, 2023 (the "First A&R Protection Agreement") and on January

25, 2024 (the “Second A&R Protection Agreement” and together with the First A&R Protection Agreement, the “A&R Protection Agreement”).

Until such time as Canopy Growth converts its Non-Voting Shares into Canopy USA Class B Shares following the date on which both the NASDAQ Stock Market and The New York Stock Exchange permit the listing of companies that consolidate the financial statements of entities that cultivate, distribute or possess marijuana (as defined in 21 U.S.C 802) in the United States for non-medicinal purposes (the “Stock Exchange Permissibility Date”), Canopy Growth will have no economic or voting interest in Canopy USA or the Canopy USA LPs. Canopy USA will continue to operate independently of Canopy Growth.

Acreage Agreements

On June 4, 2024, the Acreage Option was exercised in accordance with the terms of the arrangement agreement dated April 18, 2019, as amended on May 15, 2019, September 23, 2020 and November 17, 2020 (the “Existing Acreage Arrangement Agreement”). Concurrently with the closing of the acquisition of the Fixed Shares pursuant to the exercise of the Acreage Option, on December 9, 2024, the Fixed Shares were issued to Canopy USA upon closing of the Acreage Acquisition. Accordingly, Canopy Growth does not hold any Fixed Shares or Floating Shares. The acquisition of the Floating Shares pursuant to the court-approved plan of arrangement occurred immediately prior to the acquisition of the Fixed Shares pursuant to the Existing Acreage Arrangement Agreement such that 100% of the issued and outstanding shares of Acreage are owned by Canopy USA. For additional details, see “Acreage Acquisition” below.

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

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

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

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

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

As of March 31, 2026, the aggregate principal amount of the Acreage and Wana Debt owing to the Optionor was approximately \$175,421 (US\$125,849) and the aggregate principal amount of the Acreage and Wana Debt owing to the ARCA Lender was approximately \$110,177 (US\$79,042). Acreage is currently in default under the Third ARCA. On May 12, 2026, the Optionor, the ARCA Lender and Acreage, among others, entered into a Forbearance Agreement (the “Forbearance Agreement”). Under the terms of the Forbearance Agreement, Acreage is required to appoint, among others, a chief restructuring officer and financial advisor in order to assist Acreage with a strategic review of its business. The initial forbearance period had an outside date of June 5, 2026, which was extended at the sole discretion of the lenders to June 16, 2026. The forbearance may be further extended at the sole discretion of the lenders. The portion of the Acreage and Wana Debt owing to the ARCA Lender ranks in priority to the portion of the Acreage and Wana Debt owing to the Company and may be exercised by the ARCA Lender over the assets pledged as security under the Acreage and Wana Debt. See “Risk Factors – In the event Acreage or Wana, as guarantor, cannot satisfy the debt obligations as they become due, the Acreage and Wana Debt may not be repaid and the Company may lose the entirety of its investment in the Acreage and Wana Debt, and, in the event Acreage or Wana are unable to continue as a going concern, which may occur in the event that the ARCA Lender enforces its security over the Acreage and Wana Debt, there would be a negative impact on Canopy USA’s business, financial

results and operations and have an adverse impact on the Company’s U.S. strategy, and, potentially, negatively affect the share price of the Canopy Shares,” under Item 1A of this Comprehensive Form 10-K.

Deconsolidation of Canopy USA

As of April 30, 2024, as a result of the series of transactions described above (the “Canopy USA Transaction”), Canopy Growth has deconsolidated the financial results of Canopy USA and has a non-controlling interest in Canopy USA as of such date. The deconsolidation of Canopy USA occurred after completion of the following structural amendments: (i) execution of the Second A&R LLC Agreement, (ii) execution of the Second A&R Protection Agreement and (iii) completion of the initial tranche closing of the Trust Transaction, which included the election of a third member to the Canopy USA Board such that the Canopy USA Board was, upon such closing, comprised of an appointee of the Trust, Nancy Whiteman, the controlling shareholder of Wana 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	<u>\$ 384,659</u>
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	<u>\$ 401,983</u>
Issuance of common shares	\$ (12,452)
Consideration received in cash	\$ -
Total consideration	<u>\$ -</u>
Gain on disposal of consolidated entity	<u>\$ 5,011</u>

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

Acreage Acquisition

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

In addition, Canopy Growth: (i) issued 5,118,426 common shares of the Company pursuant to the tax receivable bonus plans of High Street Capital Partners, LLC, as subsidiary of Acreage; and (ii) 306,151 common shares of the Company were issuable in connection with Canopy USA’s acquisition of the minority interests of certain subsidiaries of Acreage, of which 268,057 common shares of the Company have been issued as of March 31, 2026.

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

In exchange for the issuances of Canopy 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 20 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, 2026	March 31, 2025	March 31, 2024
Net revenue	\$ -	\$ -	\$ 56,610
Cost of goods sold	-	-	145,625
Operating expenses	-	-	97,851
Operating loss	-	-	(186,866)
Other income (expense), net ¹	-	6,023	(6,183)
Income tax (expense) recovery	-	-	936
Net income (loss) on discontinued operations, net of tax	<u>\$ -</u>	<u>\$ 6,023</u>	<u>\$ (192,113)</u>

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, 2026 and March 31, 2025, the receivable balance from the BioSteel Entities are \$nil.

7. ASSET IMPAIRMENT AND RESTRUCTURING COSTS

Year ended March 31, 2026

Restructuring and other charges

In the year ended March 31, 2026, the Company recorded a loss on asset impairment and restructuring which primarily related to the non-cash impairment of the Storz & Bickel goodwill and Storz & Bickel brand. Employee-related restructuring costs were also incurred throughout the year.

	<u>Year ended March 31, 2026</u>
Costs recorded in cost of goods sold:	
Inventory write-downs and other charges	\$ 9,878
Costs recorded in operating expenses:	
Impairment of property, plant and equipment, net	1,715
Impairment of intangible assets	8,028
Impairment of goodwill	47,491
Employee-related, other asset impairment and other restructuring costs	9,845
Asset impairment and restructuring costs	<u>67,079</u>
Total restructuring, asset impairments and related costs	<u>\$ 76,957</u>

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.

	<u>Year ended March 31, 2025</u>
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	<u>31,233</u>
Total restructuring, asset impairments and related costs	<u>\$ 33,224</u>

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 This Works Divestiture (as defined below), as described in Note 29(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	<u>\$ (14,500)</u>	<u>\$ 79,501</u>	<u>\$ 65,001</u>

8. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	March 31, 2026	March 31, 2025
Cash	\$ 126,435	\$ 113,681
Cash equivalents	238,248	130
	<u>\$ 364,683</u>	<u>\$ 113,811</u>

9. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	March 31, 2026	March 31, 2025
Term Deposits	\$ -	\$ 17,656
	<u>\$ -</u>	<u>\$ 17,656</u>

The amortized cost of short-term investments at March 31, 2026 is \$nil (March 31, 2025 – \$17,656).

10. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	March 31, 2026	March 31, 2025
Accounts receivable, net	\$ 31,241	\$ 47,514
Indirect taxes receivable	3,224	2,211
Interest receivable	1,533	219
Other receivables	291	2,836
	<u>\$ 36,289</u>	<u>\$ 52,780</u>

Included in the accounts receivable, net balance at March 31, 2026 is an allowance for credit losses of \$1,798 (March 31, 2025 – \$1,212).

11. INVENTORY

The components of inventory are as follows:

	March 31, 2026	March 31, 2025
Raw materials, packaging supplies and consumables	\$ 20,519	\$ 16,268
Work in progress	46,200	46,944
Finished goods	43,794	33,161
	<u>\$ 110,513</u>	<u>\$ 96,373</u>

In the year ended March 31, 2026, the Company recorded write-downs related to inventory in cost of goods sold of \$16,951 (year ended March 31, 2025 – \$10,289).

12. PREPAID EXPENSES AND OTHER ASSETS

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

	March 31, 2026	March 31, 2025
Prepaid expenses	\$ 7,544	\$ 5,363
Deposits	944	152
Other assets	4,447	2,029
	<u>\$ 12,935</u>	<u>\$ 7,544</u>

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 24.

Entity	Instrument	Balance at March 31, 2025	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at March 31, 2026
Canopy USA Loans Receivable	Loan receivable	\$ 144,683	\$ -	\$ (76,088)	\$ (4,695)	\$ -	\$ 63,900
Canopy USA LPs	Equity method investment	33,144	-	9,078	(143)	-	42,079
Other	Various	2,150	-	-	-	(119)	2,031
		<u>\$ 179,977</u>	<u>\$ -</u>	<u>\$ (67,010)</u>	<u>\$ (4,838)</u>	<u>\$ (119)</u>	<u>\$ 108,010</u>

¹ Refer to Note 30 for information regarding the Acreage Amended Arrangement.

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
		<u>\$ 437,629</u>	<u>\$ 586,365</u>	<u>\$ (400,227)</u>	<u>\$ 18,052</u>	<u>\$ (461,842)</u>	<u>\$ 179,977</u>

¹ Refer to Note 30 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.

Equity Method Investments

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

	December 31, 2025	December 31, 2024
Assets		
Current Assets	\$ 131,377	\$ 145,367
Other Assets	400,739	501,469
	<u>\$ 532,116</u>	<u>\$ 646,836</u>
Liabilities		
Current Liabilities	\$ 638,367	\$ 580,537
Other Liabilities	175,268	213,745
	<u>\$ 813,635</u>	<u>\$ 794,282</u>
Non-controlling interest	\$ 51,508	\$ 53,364
	Twelve months ended December 31, 2025	Eight months ended December 31, 2024
Revenue	\$ 266,366	\$ 45,899
Cost of goods sold	173,474	39,470
Gross profit	92,892	6,429
Operating expenses	157,125	34,363
Operating loss	(64,233)	(27,934)
Other income (loss)	(48,404)	(213,312)
Income tax (expense) recovery	(10,125)	10,740
Net loss	(122,762)	(230,506)
Net loss attributable to non-controlling interest	(1,804)	(134,995)
Net loss attributable to Canopy USA	<u>\$ (120,958)</u>	<u>\$ (95,511)</u>

Through its ownership in the Non-Voting Shares, the Company has a non-participating and non-voting interest in Canopy USA and an interest in the Canopy USA LPs, and classifies such interests in Canopy USA and the Canopy USA LPs as equity method investments. The Company has elected to account for its investments in Canopy USA and the Canopy USA LPs at fair value. Refer to Note 24 for information on the valuation technique and inputs used in determining the fair value of the Canopy USA and the Canopy USA LPs investments and Note 26 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 and Wana Debt

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

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

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

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

On July 29, 2025, the Company entered into the Third Paydown Agreement in order to permit the Company to grant Canopy USA the Acreage Financing Consent in order to allow Canopy USA to secure from the ARCA Lender an additional US\$22,000

pursuant to the Acreage Financing. In connection with the Acreage Financing, the Optionor, the ARCA Lender and Acreage, among others, amended and restated the Second ARCA pursuant to the Third ARCA. In connection with the Third ARCA, each of the Elevate entities entered into a limited recourse pledge agreement pursuant to which such entities pledged, as security for the obligations under the Third ARCA, each of their respective equity interests in each of the Wana entities. In addition, as security for the obligations under the Third ARCA, each of the Wana entities provided guarantees and security over substantially all of their respective assets.

As of March 31, 2026, the aggregate principal amount of the Acreage and Wana Debt owing to the Optionor was approximately \$175,421 (US\$125,849) and the aggregate principal amount of the Acreage and Wana Debt owing to the ARCA Lender was approximately \$110,177 (US\$79,042).

Acreage is currently in default under the Third ARCA. On May 12, 2026, the Optionor, the ARCA Lender and Acreage, among others, entered into the Forbearance Agreement. Under the terms of the Forbearance Agreement, Acreage is required to appoint, among others, a chief restructuring officer and financial advisor in order to assist Acreage with a strategic review of its business. The initial forbearance period had an outside date of June 5, 2026, which was extended at the sole discretion of the lenders to June 16, 2026. The forbearance may be further extended at the sole discretion of the lenders. The portion of the Acreage and Wana Debt owing to the ARCA Lender ranks in priority to the portion of the Acreage and Wana Debt owing to the Company and may be exercised by the ARCA Lender over the assets pledged as security under the Acreage and Wana Debt. See “Risk Factors – In the event Acreage or Wana, as guarantor, cannot satisfy the debt obligations as they become due, the Acreage and Wana Debt may not be repaid and the Company may lose the entirety of its investment in the Acreage and Wana Debt, and, in the event Acreage or Wana are unable to continue as a going concern, which may occur in the event that the ARCA Lender enforces its security over the Acreage and Wana Debt, there would be a negative impact on Canopy USA’s business, financial results and operations and have an adverse impact on the Company’s U.S. strategy, and, potentially, negatively affect the share price of the Canopy Shares,” under Item 1A of this Comprehensive Form 10-K.

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 Elevate loan is now considered a related party loan and has been recognized in Canopy Growth’s consolidated financial statements at fair value. See Note 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 24 for information on the valuation technique and other inputs used in determining the fair value.

As of March 31, 2026, the aggregate principal and interest amount owing to Canopy Growth is \$240,742 (US\$172,711) and \$74,444 (US\$53,407), respectively.

14. PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2026	March 31, 2025
Buildings and greenhouses	\$ 313,234	\$ 304,891
Production and warehouse equipment	72,897	64,096
Leasehold improvements	7,524	3,177
Office and lab equipment	12,343	11,043
Computer equipment	7,281	7,006
Land	5,286	4,987
Right-of-use-assets		
Buildings and greenhouses	26,221	9,648
Production and warehouse equipment	986	-
Assets in process	2,108	643
	<u>447,880</u>	<u>405,491</u>
Less: Accumulated depreciation	(131,386)	(111,968)
	<u>\$ 316,494</u>	<u>\$ 293,523</u>

Depreciation expense included in cost of goods sold for the year ended March 31, 2026 is \$16,609 (year ended March 31, 2025 – \$18,895; year ended March 31, 2024 – \$24,655). Depreciation expense included in selling, general and administrative expenses for the year ended March 31, 2026 is \$2,417 (year ended March 31, 2025 – \$2,627; year ended March 31, 2024 – \$3,721).

See Note 7 for information on property, plant and equipment impairment charges of \$1,715 in the year ended March 31, 2026 (year ended March 31, 2025 – \$13,523 loss; year ended March 31, 2024 – \$40,578 gain).

15. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	March 31, 2026		March 31, 2025	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	\$ 90,646	\$ 24,300	\$ 87,770	\$ 32,301
Distribution channel	56,985	11,817	46,210	2,093
Operating licenses	24,400	9,885	24,400	12,925
Software and domain names	33,404	797	33,159	1,763
Brands	31,722	21,876	14,499	7,469
Amortizable intangibles in process	237	237	194	194
Total	<u>\$ 237,394</u>	<u>\$ 68,912</u>	<u>\$ 206,232</u>	<u>\$ 56,745</u>
Indefinite lived intangible assets				
Acquired brands		\$ 23,499		\$ 30,455
Total intangible assets		<u>\$ 92,411</u>		<u>\$ 87,200</u>

Amortization expense included in cost of goods sold for the year ended March 31, 2026 is \$14 (year ended March 31, 2025 – \$33; year ended March 31, 2024 – \$55). Amortization expense included in selling, general and administrative expenses for the year ended March 31, 2026 is \$17,433 (year ended March 31, 2025 – \$21,563; year ended March 31, 2024 – \$24,745).

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

2027	\$ 17,730
2028	16,979
2029	12,720
2030	3,451
2031	2,593
Thereafter	15,439
Total	<u>68,912</u>

See Note 7 for information on intangible asset impairment charges of \$8,028 in the year ended March 31, 2026 (year ended March 31, 2025 – \$nil; year ended March 31, 2024 – \$17,266).

16. GOODWILL

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

Balance, March 31, 2024	\$ 43,239
Foreign currency translation adjustments	2,803
Balance, March 31, 2025	\$ 46,042
Purchase accounting allocations	55,685
Impairment losses	(47,491)
Foreign currency translation adjustments	1,449
Balance, March 31, 2026	<u>\$ 55,685</u>

Year ended March 31, 2026

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, an impairment of \$47,491 to Storz & Bickel's goodwill was recognized as 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 slow 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, 2025. At March 31, 2026, no goodwill remains relating to Storz & Bickel.

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 by the Company in the prior year. At March 31, 2025, the remaining carrying value of the Storz & Bickel goodwill is \$46,042.

17. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	March 31, 2026	March 31, 2025
Employee compensation	\$ 15,661	\$ 13,729
Taxes and government fees	14,402	13,073
Professional fees	4,022	2,699
Other	8,914	9,112
	<u>\$ 42,999</u>	<u>\$ 38,613</u>

18. DEBT

The components of debt are as follows:

	<u>Maturity Date</u>	<u>March 31, 2026</u>		<u>March 31, 2025</u>	
		<u>Principle</u>	<u>Book Value</u>	<u>Principle</u>	<u>Book Value</u>
Credit Facility	September 18, 2027	\$ -	\$ -	\$ 216,686	\$ 211,120
Loan Agreement	January 31, 2031	225,972	177,042	-	-
January 2026 Convertible Debenture	July 8, 2031	55,000	56,318	-	-
May 2024 Convertible Debenture	May 14, 2029	-	-	96,358	90,231
Other revolving debt facility, loan, and financings		-	-	2,422	2,718
		<u>280,972</u>	<u>233,360</u>	<u>315,466</u>	<u>304,069</u>
Less: current portion			<u>(16,237)</u>		<u>(4,258)</u>
Long-term portion			<u>\$ 217,123</u>		<u>\$ 299,811</u>

Credit Facility

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

On July 13, 2023, as part of the Company's balance sheet deleveraging initiatives, the Company entered into agreements with certain of its lenders under the Credit Agreement pursuant to which certain additional amendments were made to the Credit Agreement (the Credit Agreement, as amended as of July 13, 2023, is referred to herein as the "Amended Credit Agreement"). The Amended Credit Agreement required the Company to prepay or repurchase principal indebtedness under the Credit Facility in an amount equal to the U.S. 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 required 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 included, 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.

Between August 11, 2023 and June 28, 2024, the Company repurchased additional outstanding principal amounts under the Credit Facility as follows:

- On each of August 11, 2023 and September 14, 2023, the Company repurchased aggregate principal of \$73,313 (US\$54,491) for a cash payment of \$69,647 (US\$51,766) (the “Second Quarter 2024 Paydowns”).
- On each of November 28, 2023 and December 27, 2023, the Company repurchased aggregate principal of \$65,379 (US\$48,532) for a cash payment of \$63,167 (US\$46,902) (the “Third Quarter 2024 Paydowns”).
- On February 21, 2024, the Company repurchased aggregate principal of \$31,078 (US\$23,000) for a cash payment of \$27,970 (US\$20,700) (the “Fourth Quarter 2024 Paydown”).
- On each of April 29, 2024 and June 28, 2024, the Company repurchased aggregate principal of \$11,159 (US\$8,165) for a cash payment of \$11,159 (US\$8,165) (the “First Quarter 2025 Paydowns”).

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

Through August 8, 2024, the Credit Facility matured on March 18, 2026 and through December 26, 2023, had an interest rate of LIBOR + 8.50%. After August 8, 2024, the Credit Facility matured on December 18, 2026, and after December 26, 2023, interest on amounts outstanding under the Credit Facility was calculated at either the applicable prime rate plus 7.50% per annum, subject to a prime rate floor of 2.00%, or adjusted term SOFR plus 8.50% per annum, subject to an adjusted term SOFR floor of 1.00%. The Company’s obligations under the Credit Facility were guaranteed by material wholly-owned Canadian and U.S. subsidiaries of the Company. The Credit Facility was secured by substantially all of the assets of the Company and its material wholly-owned Canadian and U.S. subsidiaries, including material real property. The Amended Credit Agreement contained representations and warranties, and affirmative and negative covenants.

Between September 27, 2024 and March 31, 2025, the Company repurchased additional outstanding principal amounts under the Credit Facility as follows:

- On September 27, 2024, the Company repurchased aggregate principal of \$1,148 (US\$851) for a cash payment of \$1,148 (US\$851) (the “Second Quarter 2025 Paydown”).
- On October 16, 2024, the Company repurchased aggregate principal of \$137,710 (US\$100,000) for a cash payment of \$134,267 (US\$97,500) (the “Third Quarter 2025 Paydown”).
- On March 31, 2025, the Company made the Optional Prepayment and repurchased aggregate principal of \$143,870 (US\$100,000) for a cash payment of \$140,273 (US\$97,500).

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

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

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

Supreme Cannabis Convertible Debentures and Accretion Debentures

On October 19, 2018, The Supreme Cannabis Company, Inc. (“Supreme Cannabis”) issued 6.0% senior unsecured convertible debentures (the “Supreme Debentures”) for gross proceeds of \$100,000. On September 9, 2020, the Supreme Debentures were amended to effect, among other things: (i) the cancellation of \$63,500 of principal amount of the Supreme Debentures; (ii) an increase in the interest rate to 8% per annum; (iii) the extension of the maturity date to September 10, 2025; and (iv) a reduction in the conversion price to \$2.85.

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

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

In connection with the Supreme Arrangement, the Company, Supreme Cannabis and Computershare Trust Company of Canada (the “Trustee”) entered into a supplemental indenture whereby the Company agreed to issue Canopy Shares upon conversion of any Supreme Debenture. In addition, the Company was able to force conversion of the Supreme Debentures outstanding with 30 days’ notice if the daily volume weighted average trading price of Canopy Shares was 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 was from time to time, upon providing 60 days prior written notice to the Trustee, able to redeem the Supreme Debentures outstanding, provided that the Accretion Debentures had already been redeemed in full.

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

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

For the years ended March 31, 2026 and March 31, 2025 principal payments on the Accretion Debentures totaled \$165 and \$1,473, respectively, and principal payments on the Supreme Debentures totaled \$2,014 and \$nil, respectively. As of March 31, 2026, the Supreme Debentures and the Accretion Debentures have been fully settled and are no longer outstanding.

May 2024 Convertible Debenture

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

The May 2024 Convertible Debenture was convertible into Canopy Shares at the option of the May 2024 Investor at a conversion price equal to \$14.38 per share. The May 2024 Convertible Debenture was subject to a forced conversion feature upon notice from the Company in the event that the average closing trading price of the Canopy Shares on the TSX exceeds \$21.57 for a

period of 10 consecutive trading days. In addition, pursuant to the terms of the May 2024 Convertible Debenture, for so long as the principal amount under the May 2024 Convertible Debenture remained outstanding (the “2024 Debenture ROFR Term”), 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 wished to complete during the 2024 Debenture ROFR Term (the “Proposed Financing”); provided, however, that the May 2024 Investor was required to subscribe for 25% of the Proposed Financing on the same terms and conditions contemplated in the Proposed Financing (the “2024 Debenture ROFR”).

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

January 2026 Convertible Debenture

On January 7, 2026, the Company entered into an exchange agreement (the “Exchange Agreement”) with the May 2024 Investor pursuant to which, among other things, on January 8, 2026 (the “Exchange Closing Date”), the May 2024 Investor delivered to the Company the May 2024 Convertible Debenture held by the May 2024 Investor in exchange for (A) the Company issuing to the May 2024 Investor (i) new senior unsecured convertible debentures of the Company with an aggregate principal amount of \$55,000 maturing on July 8, 2031 (the “January 2026 Convertible Debentures”), (ii) 12,731,481 common share purchase warrants of the Company (the “January 2026 Investor Warrants”), and (iii) 9,493,670 Canopy Shares (the “Exchange Shares”) and (B) a \$10,500 cash payment from the Company (collectively, the “Exchange Transaction”).

Each January 2026 Investor Warrant entitles the holder to acquire one Canopy Share at an exercise price equal to \$2.16 per Canopy Share until January 8, 2031. The January 2026 Convertible Debentures bear interest at a rate of 7.50% per annum, payable in semi-annual payments in cash, and are convertible, at the option of the May 2024 Investor, into Canopy Shares at a conversion price equal to \$1.83 per Canopy Share.

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

Loan Agreement

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

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

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

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

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

On June 15, 2026, the Company amended the Loan Agreement pursuant to a first amendment to loan and guaranty agreement (the “Amendment”), by and among the Company, as a borrower, certain subsidiaries of the Company party thereto, as borrowers and/or guarantors, certain lenders party thereto, and JGB. Pursuant to the Amendment, the Lenders have, among other things, restricted the Company’s and certain of its subsidiaries’ ability to exchange any Non-Voting Shares into Canopy USA Class B Shares at any time prior to the Stock Exchange Permissibility Date.

Debt payments

As of March 31, 2026, the required principal repayments under long-term debt obligations for each of the five succeeding fiscal years and thereafter are as follows:

2027	\$	12,545
2028		50,180
2029		50,180
2030		50,180
2031		62,887
Thereafter		55,000
	<u>\$</u>	<u>280,972</u>

19. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at March 31, 2026			As at March 31, 2025		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	\$ 14,327	\$ 31,027	\$ 45,354	\$ 16,542	\$ 27,786	\$ 44,328
Acquisition consideration and other investment related liabilities	-	4,552	4,552	-	4,439	4,439
Refund liability	3,638	-	3,638	2,661	-	2,661
Settlement liabilities and other	18,903	1,794	20,697	6,231	4,048	10,279
	<u>\$ 36,868</u>	<u>\$ 37,373</u>	<u>\$ 74,241</u>	<u>\$ 25,434</u>	<u>\$ 36,273</u>	<u>\$ 61,707</u>

Included in the settlement liabilities and other balance at March 31, 2026 is a litigation accrual. For the year ended March 31, 2026, a new litigation provision was recorded as a result of legal proceeding developments during the period.

20. SHARE CAPITAL

Authorized

An unlimited number of common shares and exchangeable shares.

(i) Equity financings

Year ended March 31, 2026

For the year ended March 31, 2026, the Company sold 127,505,498 Canopy Shares for gross proceeds of \$238,379 (US\$173,278) under the February 2025 ATM Program (as defined below). As of March 31, 2026, the February 2025 ATM Program has been completed and a total of 150,674,856 Canopy Shares have been sold for gross proceeds of \$276,694 (US\$200,000).

On August 29, 2025, the Company established a new at-the-market equity program (the “August 2025 ATM Program” and together with the June 2024 ATM Program (as defined below) and the February 2025 ATM Program, the “ATM Programs”) that allows it to issue and sell up to US\$200,000 of common shares of the Company to the public from time to time at the Company’s discretion in concurrent public offerings in the United States (the “U.S. Offering”) and Canada; provided, however; that (i) sales of common shares in the August 2025 ATM Program in Canada is limited to aggregate gross sales proceeds to the Company of up to US\$50,000 (or its Canadian dollar equivalent) (the “Canadian Offering”); and (ii) in no event will the combined gross sales proceeds of the August 2025 ATM Program in the United States and Canada exceed US\$200,000. The Company established the August 2025 ATM Program pursuant to an equity distribution agreement (the “August 2025 Equity Distribution Agreement”) entered into among the Company and BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent (together, the “Agents”).

The August 2025 ATM Program will be effective until the earlier of (A) June 5, 2027; (B) the issuance and sale of common shares having an aggregate offering price of US\$200,000 on the terms and subject to the conditions set forth in the August 2025 Equity Distribution Agreement; (C) the date on which the Company’s registration statement, as amended, filed with the SEC (the

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

During the fiscal year ended March 31, 2026, the Company sold 56,206,101 common shares for gross proceeds of \$135,792 (US\$98,040) under the August 2025 ATM Program.

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 (the “June 2024 Equity Distribution Agreement”) entered into among the Company and the Agents. As of March 31, 2025, the June 2024 ATM Program has been completed and a total of 71,044,862 Canopy 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 allowed it to issue and sell up to US\$200,000 of common shares of the Company to the public from time to time at the Company’s discretion (the “February 2025 ATM Program”) pursuant to an equity distribution agreement (the “February 2025 Equity Distribution Agreement”) entered into among the Company and the Agents. The February 2025 Equity Distribution Agreement replaced the June 2024 Equity Distribution Agreement (as defined below).

During the fiscal year ended March 31, 2025, the Company sold 23,169,358 Canopy Shares for gross proceeds of \$38,315 under the February 2025 ATM Program. Refer to Note 36 for additional information on Canopy 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 (as defined below)) 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 Share and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder to acquire one Canopy 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 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 consolidation of the issued and outstanding Canopy Shares on the basis of one post-consolidation common share for every 10 pre-consolidation common share (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 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 Share from the Company at a price per share equal to US\$4.83. The Series A Warrants are exercisable until January 19, 2029, and the Series B Warrants are 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 Shares and the January 2024 Warrants based on their relative fair values.

(ii) Other issuances of common shares

During the year ended March 31, 2026, 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
Other issuances and share issue costs	30,375	\$ (6,750)	\$ -
Total	<u>30,375</u>	<u>\$ (6,750)</u>	<u>\$ -</u>

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 based reserve
Settlement of Acreage Acquisition	12,559,952	\$ 63,919	\$ 11,939
Other issuances and share issue costs	-	(10,245)	-
Total	<u>12,559,952</u>	<u>\$ 53,674</u>	<u>\$ 11,939</u>

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 4.25% unsecured senior 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	<u>27,271,243</u>	<u>\$ 252,576</u>	<u>\$ (80)</u>

(iii) Liability classified warrants

The Company applies the Black-Scholes option pricing model to determine the fair value of its liability classified warrants at each reporting date with changes in fair value recorded in the consolidated statements of operations and comprehensive loss, see Note 26 for details. The following is a summary of the Company's liability classified warrant activity during the years ended March 31, 2024, 2025 and 2026:

	Number of whole warrants	Weighted average exercise price	Weighted average remaining life (years)
Balance outstanding at March 31, 2023 ¹	-	\$ -	-
Issuance of warrants from private placement	10,451,457	5.51	5.11
Balance outstanding at March 31, 2024	10,451,457	\$ 5.51	5.03
Issuance of warrants	1,197,658	5.17	4.49
Issuance of replacement warrants resulting from the Acreage Acquisition	1,845,843	10.53	4.30
Exercise of warrants	(1,279,660)	6.60	-
Expiry of warrants	(82,148)	125.60	-
Balance outstanding at March 31, 2025	12,133,150	\$ 5.59	4.09
Issuance of warrants	18,705,578	1.80	5.00
Balance outstanding at March 31, 2026	<u>30,838,728</u>	<u>\$ 3.23</u>	<u>4.11</u>

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.

The following is a summary of the Company's liability classified warrant balances during the years ended March 31, 2024, 2025 and 2026:

	Warrant derivative liability
Fair value as of March 31, 2023	\$ -
Initial measurement upon issuance of warrants	62,616
Fair value change	37,325
Fair value as of March 31, 2024	\$ 99,941
Initial measurement upon issuance of warrants	4,828
Initial measurement upon issuance of replacement warrants resulting from the Acreage Acquisition	7,111
Exercise of warrants	(13,996)
Fair value change	(89,237)
Balance outstanding at March 31, 2025	\$ 8,647
Issuance of warrants	27,571
Fair value change	(8,696)
Balance outstanding at March 31, 2026	\$ 27,522

(iv) Equity classified warrants

The following is a summary of the Company's equity classified warrant activity during the years ended March 31, 2024, 2025 and 2026:

	Number of whole warrants	Weighted average exercise price	Weighted average remaining life (years)	Warrant reserve (As Restated)
Balance outstanding at March 31, 2023	12,819,305	\$ 580.38	1.49	\$ 2,581,788
Expiry of warrants	(12,819,305)	580.38	-	-
Balance outstanding at March 31, 2024	-	\$ -	-	\$ 2,581,788
Issuance of warrants	3,350,430	16.18	5.00	8,697
Balance outstanding at March 31, 2025	3,350,430	\$ 16.18	4.12	\$ 2,590,485
Issuance of warrants	12,731,481	2.16	5.00	17,587
Issuance of replacement warrants	7,446,919	1.90	1.39	4,559
Balance outstanding at March 31, 2026	23,528,830	\$ 4.08	3.46	\$ 2,612,631

As part of the acquisition of MTL Cannabis Corp. ("MTL"), the Company issued 7,446,919 replacement warrants with an average strike price of \$1.90 per whole warrant.

(v) Issuances of exchangeable shares

On April 18, 2024, Greenstar Canada Investment Limited Partnership ("Greenstar") and CBG Holdings LLC ("CBG"), indirect, wholly-owned subsidiaries of CBI, exchanged all 17,149,925 Canopy 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 an exchange agreement with Greenstar, pursuant to which Greenstar converted approximately \$81,220 of principal amount of the \$100,000 principal amount of a promissory note for the additional Exchangeable Shares (the "Note Exchange"). The Exchangeable Shares are convertible at any time, at the option of the holder, into Canopy Shares on a one for one basis.

21. 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 42,206,823 at March 31, 2026 (March 31, 2025 – 18,386,530). As of March 31, 2026, 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, 2024, 2025 and 2026:

	Options issued	Weighted average exercise price
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	\$ 271.20
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 forfeited	(299,876)	334.48
Balance outstanding at March 31, 2025	3,648,915	\$ 32.81
Options granted	2,799,022	2.00
Replacement options issued ⁽¹⁾	230,515	1.55
Options expired/forfeited	(3,934,597)	28.94
Balance outstanding at March 31, 2026 ⁽¹⁾	<u>2,743,855</u>	<u>\$ 4.19</u>

⁽¹⁾ Included is 70,515 replacement compensation options with an exercise price of \$1.59 per compensation option. Each compensation option is exercisable for one Canopy Share and one half of one Canopy Growth warrant. Each whole Canopy Growth warrant is exercisable to acquire one Canopy Share until September 19, 2028 at an exercise price of \$2.61 per Canopy Share.

As part of the acquisition of MTL, the Company issued 230,515 replacement options with an average strike price of \$1.55 per Option. Included in the replacement option balance was 70,515 compensation options which are exercisable for one Canopy Share and one half of one Canopy Growth warrant. Each whole Canopy Growth warrant is exercisable to acquire one Canopy Share at an exercise price of \$2.61 per Canopy Share.

The following is a summary of the Options outstanding as at March 31, 2026:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at March 31, 2026	Weighted Average Remaining Contractual Life (years)	Exercisable at March 31, 2026	Weighted Average Remaining Contractual Life (years)
\$1.53 - \$7.50	2,573,074	4.73	486,325	3.11
\$7.51 - \$56.10	157,803	3.70	80,886	3.22
\$56.11 - \$308.70	12,978	1.87	12,978	1.87
	<u>2,743,855</u>	<u>4.65</u>	<u>580,189</u>	<u>3.10</u>

At March 31, 2026, the weighted average exercise price of Options outstanding and options exercisable was \$4.19 and \$10.06, respectively (March 31, 2025 – \$32.81 and \$63.41, respectively).

The Company recorded \$1,123 in share-based compensation expense related to Options issued to employees and contractors for the year ended March 31, 2026 (for the year ended March 31, 2025 – \$(8,619); for the year ended March 31, 2024 – \$10,403). 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, 2026, 2025 and 2024 on their measurement date by applying the following assumptions:

	March 31, 2026	March 31, 2025	March 31, 2024
Risk-free interest rate	2.72%	3.44%	3.83%
Expected life of options (years)	3 - 5	3 - 5	3 - 5
Expected volatility	121%	117%	83%
Expected forfeiture rate	18%	19%	21%
Expected dividend yield	nil	nil	nil
Black-Scholes value of each Option	\$1.60	\$5.94	\$3.87

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, 2026, the Company recorded \$3,143 in share-based compensation expense related to RSUs and PSUs (for the year ended March 31, 2025 – \$4,414, for the year ended March 31, 2024 – \$3,777).

The following is a summary of changes in the Company's RSUs and PSUs during the years ended March 31, 2024, 2025 and 2026:

	Number of RSUs and PSUs
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
RSUs granted	3,881,642
RSUs and PSUs released	(778,558)
RSUs and PSUs cancelled and forfeited	(1,540,151)
Balance outstanding at March 31, 2026	<u>2,922,618</u>

22. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income includes the following components:

	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Accumulated other comprehensive income (loss)
As at March 31, 2023	\$ (30,261)	\$ 16,401	\$ (13,860)
Disposal of consolidated entities	-	11,060	11,060
Other comprehensive income	(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
Other comprehensive income	9,995	-	9,995
As at March 31, 2026	<u>\$ 10,530</u>	<u>\$ -</u>	<u>\$ 10,530</u>

23. NONCONTROLLING INTERESTS

The net change in the noncontrolling interests is as follows:

	BioSteel	Other	Total
As at March 31, 2023	\$ 1,447	\$ 140	\$ 1,587
Comprehensive loss	(18,526)		(18,526)
Net loss attributable to redeemable noncontrolling interest	18,526	-	18,526
Share-based compensation	148	-	148
Ownership changes	(1,595)	(1)	(1,596)
As at March 31, 2024	\$ -	\$ 139	\$ 139
Canopy USA Transactions	-	(139)	(139)
As at March 31, 2025	\$ -	\$ -	\$ -
Comprehensive income (loss)	-	-	-
As at March 31, 2026	\$ -	\$ -	\$ -

24. 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			Total
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3) (As Restated)	
March 31, 2026				
Assets:				
Restricted short-term investments	\$ 5,046	\$ -	\$ -	\$ 5,046
Other investments	46	-	105,979	106,025
Liabilities:				
Warrant derivative liability	-	-	27,522	27,522
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
Liabilities:				
Warrant derivative liability	-	-	8,647	8,647

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

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

25. REVENUE

Revenue is disaggregated as follows:

	Years ended		
	March 31, 2026	March 31, 2025	March 31, 2024
Cannabis			
Canadian adult-use cannabis ¹	\$ 94,472	\$ 78,828	\$ 92,803
Canadian medical cannabis ²	90,818	77,032	66,362
International markets cannabis	28,654	30,866	32,518
	<u>\$ 213,944</u>	<u>\$ 186,726</u>	<u>\$ 191,683</u>
Storz & Bickel	\$ 70,659	\$ 82,269	\$ 79,464
This Works	-	-	21,256
Other ^{1,2}	-	-	4,743
Net revenue	<u>\$ 284,603</u>	<u>\$ 268,995</u>	<u>\$ 297,146</u>

¹ A reclassification of \$433 of ancillary cannabis revenues from Other to Canadian adult-use cannabis occurred for the year ended March 31, 2024.

² A reclassification of \$5,016 of ancillary cannabis revenues from Other to Canadian medical cannabis occurred for the year ended March 31, 2024.

³ Canadian adult-use cannabis net revenue during the year ended March 31, 2026 reflects excise taxes of \$51,856 (year ended March 31, 2025 - \$36,442; and year ended March 31, 2024 - \$40,115).

⁴ Canadian medical cannabis net revenue during the year ended March 31, 2026 reflects excise taxes of \$10,368 (year ended March 31, 2025 - \$8,532; and year ended March 31, 2024 - \$6,673).

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 \$5,107 for the year ended March 31, 2026 (year ended March 31, 2025 – \$4,266; and year ended March 31, 2024 – \$4,159). As of March 31, 2026, the liability for estimated returns and price adjustments was \$3,638 (March 31, 2025 – \$2,661).

26. OTHER INCOME (EXPENSE), NET

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

	Years ended		
	March 31, 2026	March 31, 2025	March 31, 2024
		(As Restated)	(As Restated)
Fair value changes on Canopy USA related assets	\$ (67,010)	\$ (397,312)	\$ (125,341)
Fair value changes on other financial assets	-	(2,915)	535
Fair value changes on debt	-	-	(35,843)
Fair value changes on derivative liability	8,696	89,237	(31,977)
Fair value changes on acquisition related contingent consideration and other	-	(35,525)	12,315
(Loss) gain related to settlement of debt	(14,593)	22,340	(12,134)
Interest income	9,997	8,815	16,235
Interest expense	(38,192)	(74,569)	(105,352)
Foreign currency gain (loss)	(624)	1,486	704
Other income (expense), net	500	(2,174)	1,806
	<u>\$ (101,226)</u>	<u>\$ (390,617)</u>	<u>\$ (279,052)</u>

27. INCOME TAXES

Net loss before income taxes was generated as follows:

	Years ended		
	March 31, 2026	March 31, 2025	March 31, 2024
		(As Restated)	(As Restated)
Domestic - Canada	\$ (184,743)	\$ (889,018)	\$ (317,197)
Foreign - outside of Canada	(78,142)	381,258	(190,569)
	<u>\$ (262,885)</u>	<u>\$ (507,760)</u>	<u>\$ (507,766)</u>

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

	Years ended		
	March 31, 2026	March 31, 2025	March 31, 2024
Current			
Domestic - Canada	\$ (96)	\$ 79	\$ (462)
Foreign - outside of Canada	109	(418)	194
	<u>\$ 13</u>	<u>\$ (339)</u>	<u>\$ (268)</u>
Deferred			
Domestic - Canada	\$ (53)	\$ (7,006)	\$ (12,596)
Foreign - outside of Canada	17	204	537
	<u>(36)</u>	<u>(6,802)</u>	<u>(12,059)</u>
Income tax (expense) recovery	<u>\$ (23)</u>	<u>\$ (7,141)</u>	<u>\$ (12,327)</u>

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 federal statutory income tax rate of 15% for the years ended March 31, 2026, 2025 and 2024 is as follows:

	Years ended					
	March 31, 2026		March 31, 2025		March 31, 2024	
	Amount	Percent	Amount	Percent	Amount	Percent
Canadian federal statutory rate	\$ 39,433	15.0%	\$ 76,164	15.0%	\$ 76,165	15.0%
State and local income taxes, net of federal income tax effect ¹	(65)	-0.2%	(2,966)	-3.9%	(5,286)	-6.9%
Acquisition costs	(1,178)	-3.0%	(949)	-1.2%	(3,749)	-4.9%
Deconsolidation of subsidiaries	-	0.0%	-	0.0%	(51,787)	-68.0%
Settlement of debt	-	0.0%	(4,715)	-6.2%	1,174	1.5%
Fair value of warrant derivative liability	1,305	3.3%	13,386	17.6%	(5,462)	-7.2%
Other	(1,123)	-2.8%	133	0.2%	(330)	-0.4%
Non-deductible and (non taxable) items	(996)	-2.5%	7,855	10.3%	(60,154)	-79.0%
Federal statutory tax rate differential	(155)	-0.4%	1,135	1.5%	6,697	8.8%
Divestiture of subsidiaries	-	0.0%	-	0.0%	(16,069)	-21.1%
Other	366	0.9%	(2,866)	-3.8%	266	0.3%
The Netherlands	211	0.5%	(1,731)	-2.3%	(9,106)	-12.0%
Federal statutory tax rate differential	10,725	27.2%	1,538	2.0%	6,982	9.2%
Valuation Allowance	(21,076)	-53.4%	(2,892)	-3.8%	(15,772)	-20.7%
Other	325	0.8%	(143)	-0.2%	(1,127)	-1.5%
Germany	(10,026)	-25.4%	(1,497)	-2.0%	(9,917)	-13.0%
Federal statutory tax rate differential	-	0.0%	(11,570)	-15.2%	(3,865)	-5.1%
Divestiture of subsidiaries	-	0.0%	28,905	38.0%	9,663	12.7%
United Kingdom	-	0.0%	17,335	22.8%	5,798	7.6%
Federal statutory tax rate differential	252	0.6%	869	1.1%	15,783	20.7%
Valuation Allowance	(259)	-0.7%	(3,091)	-4.1%	(27,995)	-36.8%
Deconsolidation of subsidiaries	-	0.0%	43,365	56.9%	(7,348)	-9.6%
United States of America	(7)	0.0%	41,143	53.9%	(19,560)	-25.7%
Other foreign jurisdictions	482	1.2%	1,723	2.3%	4,932	6.5%
Foreign Tax Effects	(9,340)	-23.7%	56,973	74.7%	(27,853)	-36.6%
Change in valuation allowances	(22,485)	-57.0%	(90,220)	-118.5%	55,468	72.8%
Other	(1,544)	-3.9%	(90)	-0.1%	(1,209)	-1.6%
Reversal of tax recorded in OCI	-	0.0%	(3,203)	-4.2%	(5,830)	-7.7%
Non-taxable portion of capital gains and losses	(5,026)	-12.7%	(51,654)	-67.8%	(43,628)	-57.3%
Other adjustments	(6,570)	-16.7%	(54,947)	-72.1%	(50,667)	-66.5%
Income tax (expense) recovery	\$ (23)	-0.1%	\$ (7,141)	-9.4%	\$ (12,327)	-16.2%

¹ Canadian provincial income taxes paid are 100% attributed to Ontario.

Current income taxes payable in the amount of \$291 (March 31, 2025 – \$397) is included in accounts payable and current income taxes receivable in the amount of \$nil (March 31, 2025 – \$nil) is included in other accounts receivable.

The Company continues to believe 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:

	March 31, 2026	March 31, 2025
Deferred income tax assets		
Property, plant and equipment	\$ 74,028	\$ 74,392
Intangible assets	30,263	17,483
Inventory reserves and write-downs	5,584	5,587
Other reserves and accruals	6,501	2,792
Losses carried forward	1,184,939	1,176,913
Equity method investments and other financial assets	113,359	106,570
Deferred financing costs	7,581	11,439
Unrealized losses	62,211	68,877
Other	32,069	10,698
Gross deferred income tax assets	1,516,535	1,474,751
Valuation allowances	(1,508,750)	(1,474,467)
Total deferred income tax assets, net	\$ 7,785	\$ 284
Deferred income tax liabilities		
Property, plant and equipment	\$ (1,849)	\$ -
Intangible assets	(7,394)	-
Deferred financing costs	(5,506)	-
Other	(973)	-
Total deferred income tax liabilities	(15,722)	-
Net deferred income tax assets (liabilities)	\$ (7,937)	\$ 284

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, 2026, 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.

The cash income taxes paid by jurisdiction are as follows:

	Years ended		
	March 31, 2026	March 31, 2025	March 31, 2024
Canadian federal	\$ -	\$ (104)	\$ (5,706)
Canadian provincial ¹	-	(24)	-
Foreign			
Australia	307	254	-
Germany	(325)	529	485
Netherlands	162	-	(195)
USA	-	-	1,260
Total foreign	144	783	1,550
	\$ 144	\$ 655	\$ (4,156)

¹ Canadian provincial income taxes paid are 100% attributed to Ontario

As at March 31, 2026, the Company has the following losses carried forward available to reduce future years' taxable income, which losses expire as follows:

Expiring within 5 years	\$ 1,864
Expiring between 5 and 10 years	12,629
Expiring between 10 and 15 years	853,917
Expiring between 15 and 20 years	2,313,166
Indefinite	581,948
	<u>\$ 3,763,524</u>
Total in Canada	\$ 3,179,713
Total in United States	505,295
Total in Europe	78,516
	<u>\$ 3,763,524</u>
Total operating losses	\$ 3,763,524
Total capital losses (carried forward indefinitely)	1,427,322
	<u>\$ 5,190,846</u>

28. ACQUISITIONS

(a) Year ended March 31, 2026

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, 2026.

	MTL Cannabis Corp.
Cash and cash equivalents	\$ 4,999
Accounts receivable	9,752
Inventory	17,156
Other current assets	1,469
Property, plant and equipment	37,218
Intangible assets	
Brands	17,300
Distribution channel	10,750
Goodwill	55,685
Accounts payable	(7,867)
Other accrued expenses and liabilities	(9,198)
Other current liabilities	(1,287)
Deferred income tax liabilities	(8,199)
Other long-term liabilities	(15,475)
Net assets acquired	<u>\$ 112,303</u>
Consideration paid in cash	\$ 18,555
Consideration paid in shares	60,998
Replacement equity	4,770
Other consideration	27,980
Total consideration	<u>\$ 112,303</u>
Total consideration paid in cash	\$ 46,535
Less: Cash and cash equivalents acquired	(4,999)
Net cash outflow	<u>\$ 41,536</u>

Acquisition of MTL

On March 16, 2026, the Company and MTL completed an arrangement in accordance with a plan of arrangement under the Canada Business Corporations Act (the "MTL Arrangement") and the Company now owns 100% of the issued and outstanding common shares of MTL (the "MTL Shares"). Pursuant to the terms of the MTL Arrangement, shareholders of MTL (the "MTL Shareholders") received 0.32 of a Canopy Share and \$0.144 in cash (the "Cash Consideration") for each MTL Share held immediately prior to the closing of the MTL Arrangement.

In connection with the MTL Arrangement:

- each outstanding warrant to purchase MTL Shares that was out-of-the-money (each, a “MTL Warrant”) was exchanged for a replacement warrant (a “Replacement Warrant”) to acquire from Canopy Growth the number of Canopy Shares as is equal to (a) the number of MTL Shares issuable on the exercise of such MTL Warrant immediately prior to the effective time of the MTL Arrangement (the “Effective Time”), multiplied by (b) 0.32. The exercise price per Canopy Share subject to any such Replacement Warrants is equal to the price per Canopy Share that was otherwise payable to acquire a MTL Share pursuant to the MTL Warrant it replaced less an amount equal to the Cash Consideration;
- each outstanding option to purchase MTL Shares that was out-of-the-money (each, a “MTL Option”) was exchanged for a replacement option (a “Replacement Option”) to acquire from Canopy Growth the number of Canopy Shares as is equal to (a) the number of MTL Shares issuable on exercise of such MTL Option immediately prior to the Effective Time, multiplied by (b) 0.32. The exercise price per Canopy Share subject to any such Replacement Option is equal to the price per Canopy Share that was otherwise payable to acquire a MTL Share pursuant to the MTL Option it replaced less an amount equal to the Cash Consideration; and
- each outstanding compensation option (collectively, “MTL Compensation Options”) to purchase units of MTL (the “MTL Units”) was exchanged for a compensation option (a “Replacement Compensation Option”) to acquire from Canopy Growth the number of units (the “Canopy Units”) as is equal to (a) the number of MTL Units that were issuable on exercise of such MTL Compensation Option immediately prior to the Effective Time, multiplied by (b) 0.32. The exercise price per Canopy Unit subject to any such Replacement Compensation Option is equal to the price per Canopy Unit that was otherwise payable to acquire a MTL Unit pursuant to the MTL Compensation Option it replaced less an amount equal to the Cash Consideration. Each Canopy Unit is comprised of one Canopy Share and one half of one Canopy Growth warrant (each whole warrant, a “Canopy Unit Warrant”), with each Canopy Unit Warrant exercisable to acquire one Canopy Share until September 19, 2028 at an exercise price of C\$2.61 per Canopy Share, subject to adjustment in accordance with its terms.

In aggregate, upon closing of the transaction, the Company issued 41,232,337 Canopy Shares and made a cash payment of \$18,555 pursuant to the MTL Arrangement as consideration to the MTL Shareholders for the MTL Shares. In addition, 2,956,391 Canopy Shares were issued under the MTL Arrangement to certain former shareholders (the “MC Shareholders”) of Montreal Cannabis Medical, Inc. (“MC”) in exchange for a release of all prior obligations owing to the former MC Shareholders in connection with MTL’s prior acquisition of MC. The Canopy Shares issued to the MC Shareholders are subject to an 18-month restriction on transfer. The Company also issued 7,446,919 Replacement Warrants, 160,000 Replacement Options and 70,515 Replacement Compensation Options. The fair value of the replacement equity totaled \$4,770, calculated using a Black-Scholes model. Other consideration of \$27,980 relates to cash payments made to settle preexisting debt and is considered part of the transaction consideration.

(b) Year ended March 31, 2025

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

(c) Year ended March 31, 2024

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

29. 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	<u>\$ 6,128</u>
Consideration received in cash	\$ 2,249
Future cash consideration	7,286
Costs to sell	(3,407)
Total consideration	<u>\$ 6,128</u>
Gain on disposal of consolidated entity	<u>\$ -</u>

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.

30. ACREAGE ARRANGEMENT

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

See Note 5 for information regarding the Canopy USA Transaction. Canopy USA, as of October 24, 2022, holds certain U.S. cannabis investments previously held by the Company, which enabled Canopy USA to consummate the acquisition of Acreage. See Note 5 for more details related to the Acreage Acquisition.

31. 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, 2026	March 31, 2025
Property, plant and equipment		
Operating lease	\$ 20,180	\$ 4,556
Finance lease	480	-
	<u>\$ 20,660</u>	<u>\$ 4,556</u>
Other current liabilities:		
Operating lease	\$ 8,367	\$ 7,463
Finance lease	5,960	9,079
Other long-term liabilities:		
Operating lease	24,380	15,667
Finance lease	6,647	12,119
	<u>\$ 45,354</u>	<u>\$ 44,328</u>

Lease expense

The components of total lease expense are as follows:

	Years ended	
	March 31, 2026	March 31, 2025
Operating lease expense	\$ 7,591	\$ 12,068
Finance lease expense	762	1,422
	<u>\$ 8,353</u>	<u>\$ 13,490</u>

Lease maturities

As of March 31, 2026, the minimum payments due for lease liabilities for each of the five succeeding fiscal years and thereafter are as follows:

	Operating Leases	Finance Leases
2027	\$ 11,211	\$ 6,401
2028	9,676	6,401
2029	6,604	151
2030	3,268	151
2031	3,312	-
Thereafter	10,640	-
Total lease payments	<u>\$ 44,711</u>	<u>\$ 13,104</u>
Less: Interest	11,964	497
Total lease liabilities	<u>\$ 32,747</u>	<u>\$ 12,607</u>

Supplemental information

	Years ended	
	March 31, 2026	March 31, 2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 8,339	\$ 13,337
Operating cash flows from finance leases	762	1,422
Financing cash flows from finance leases	10,328	13,584
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 16,061	\$ 1,810
Finance leases	517	-

	March 31, 2026	March 31, 2025
Weighted-average remaining lease term:		
Operating leases	5	3
Finance leases	1	2
Weighted-average discount rate		
Operating leases	10.35%	5.05%
Finance leases	6.67%	6.31%

32. RELATED PARTY

Year ended March 31, 2026

There were no reportable related party transactions in the year ended March 31, 2026.

Year ended March 31, 2025

For the year ended March 31, 2025, CBG converted its Canopy Shares into Exchangeable Shares (Note 20(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.

33. 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, 2026. This amount excludes the Company's debt and lease related commitments which are disclosed elsewhere in Notes 18 and 31, respectively in these consolidated financial statements.

2027	\$	30,205
2028		1,275
2029		679
2030		400
2031		-
Thereafter		-
	<u>\$</u>	<u>32,559</u>

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.

34. SEGMENTED INFORMATION

Reportable segments

Prior to the three months ended June 30, 2025, the Company had the following four reportable segments: (i) Canada cannabis, (ii) International markets cannabis, (iii) Storz & Bickel, and (iv) This Works (divested December 18, 2023). Following a change in the CODM (as defined below) and internal reorganizations initiated by the Company in the three months ended March 31, 2025, the Company has changed the structure of its internal management reporting. Accordingly, as of the three months ended June 30, 2025, the Company began reporting its financial results for the following two reportable segments:

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

These segments reflect how the Company’s operations are managed, how the Company’s Chief Executive Officer, who is the Chief Operating Decision Maker (“CODM”), allocates resources and evaluates performance, and how the Company’s internal management financial reporting is structured. The Company’s CODM evaluates the performance of these segments, with a focus on (i) segment net revenue, and (ii) segment gross margin as the measure of segment profit or loss. Accordingly, information regarding segment net revenue and segment gross margin for the comparative periods has been restated to reflect the aforementioned change in reportable segments. 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, 2026	March 31, 2025 (As Restated)	March 31, 2024 (As Restated)
Segmented net revenue			
Cannabis	\$ 213,944	\$ 186,726	\$ 191,683
Storz & Bickel	70,659	82,269	79,464
This Works	-	-	21,256
Other ¹	-	-	4,743
	<u>\$ 284,603</u>	<u>\$ 268,995</u>	<u>\$ 297,146</u>
Segmented gross margin:			
Cannabis	46,092	48,995	39,779
Storz & Bickel	23,578	30,516	32,671
This Works	-	-	10,534
Other ²	-	-	(2,102)
	<u>69,670</u>	<u>79,511</u>	<u>80,882</u>
Selling, general and administrative expenses	159,984	169,626	229,429
Share-based compensation	4,266	(4,205)	14,180
Loss on asset impairment and restructuring	67,079	31,233	65,987
Operating loss from continuing operations	(161,659)	(117,143)	(228,714)
Other income (expense), net	(101,226)	(390,617)	(279,052)
Loss from continuing operations before incomes taxes	<u>\$ (262,885)</u>	<u>\$ (507,760)</u>	<u>\$ (507,766)</u>

¹ A reclassification of \$5,449 of ancillary cannabis revenues from Other to Cannabis occurred for the year ended March 31, 2024.

² A reclassification of \$744 of ancillary cannabis gross margins from Other to Cannabis occurred for the year ended March 31, 2024.

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, 2026	March 31, 2025	March 31, 2024
Canada	\$ 186,092	\$ 155,912	\$ 162,712
Germany	62,072	59,904	52,194
United States	28,270	35,990	40,988
Other	8,169	17,189	41,252
	<u>\$ 284,603</u>	<u>\$ 268,995</u>	<u>\$ 297,146</u>

Disaggregation of long-lived tangible assets by geographic area:

	March 31, 2026	March 31, 2025
Canada	\$ 265,362	\$ 239,382
Germany	50,406	53,079
Other	726	1,062
	<u>\$ 316,494</u>	<u>\$ 293,523</u>

For the year ended March 31, 2026, no customer represented more than 10% of the Company's net revenue (years ended March 31, 2025 and 2024, one and one, respectively).

35. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following tables include corrections to the prior period results, and present the effect of the Restatement Items described in Note 2, "Basis of Presentation - Restatement of Previously Issued Consolidated Financial Statements" on the Company's unaudited interim condensed consolidated balance sheets for the periods indicated (in thousands, except number of shares and per share data):

	September 30, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability ¹	\$ -	\$ 20,659	\$ 20,659
Total current liabilities	196,252	20,659	216,911
Total liabilities	918,760	20,659	939,419
Share capital	8,219,846	(10,476)	8,209,370
Additional paid-in capital	2,575,174	(18,797)	2,556,377
Deficit	(10,020,896)	8,614	(10,012,282)
Total Canopy Growth Corporation shareholders' equity	749,325	(20,659)	728,666
Total shareholders' equity	749,464	(20,659)	728,805
Total liabilities and shareholders' equity	1,668,224	-	1,668,224

¹ Included in this balance is the overallotment derivative liability

	December 31, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 9,526	\$ 9,526
Total current liabilities	221,345	9,526	230,871
Total liabilities	815,088	9,526	824,614
Share capital	8,219,747	(10,476)	8,209,271
Additional paid-in capital	2,578,519	(18,797)	2,559,722
Deficit	(10,237,693)	19,747	(10,217,946)
Total Canopy Growth Corporation shareholders' equity	544,524	(9,526)	534,998
Total shareholders' equity	544,663	(9,526)	535,137
Total liabilities and shareholders' equity	1,359,751	-	1,359,751

	June 30, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 65,803	\$ 65,803
Total current liabilities	166,599	65,803	232,402
Total liabilities	753,305	65,803	819,108
Share capital	8,393,936	(14,805)	8,379,131
Additional paid-in capital	2,617,703	(35,849)	2,581,854
Deficit	(10,457,168)	(15,149)	(10,472,317)
Total Canopy Growth Corporation shareholders' equity	532,923	(65,803)	467,120
Total shareholders' equity	532,923	(65,803)	467,120
Total liabilities and shareholders' equity	1,286,228	-	1,286,228

	September 30, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 45,353	\$ 45,353
Total current liabilities	281,284	45,353	326,637
Total liabilities	722,680	45,353	768,033
Share capital	8,490,670	(14,001)	8,476,669
Additional paid-in capital	2,620,491	(35,533)	2,584,958
Deficit	(10,585,461)	4,181	(10,581,280)
Total Canopy Growth Corporation shareholders' equity	509,668	(45,353)	464,315
Total shareholders' equity	509,668	(45,353)	464,315
Total liabilities and shareholders' equity	1,232,348	-	1,232,348

	December 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 33,479	\$ 33,479
Total current liabilities	97,016	33,479	130,495
Total liabilities	572,744	33,479	606,223
Share capital	8,670,494	(14,001)	8,656,493
Additional paid-in capital	2,637,337	(47,472)	2,589,865
Deficit	(10,707,357)	27,994	(10,679,363)
Total Canopy Growth Corporation shareholders' equity	591,475	(33,479)	557,996
Total shareholders' equity	591,475	(33,479)	557,996
Total liabilities and shareholders' equity	1,164,219	-	1,164,219

	June 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 11,981	\$ 11,981
Total current liabilities	98,669	11,981	110,650
Total liabilities	415,695	11,981	427,676
Share capital	8,836,531	(14,001)	8,822,530
Additional paid-in capital	2,614,869	(47,472)	2,567,397
Deficit	(10,969,672)	49,492	(10,920,180)
Total shareholders' equity	488,976	(11,981)	476,995
Total liabilities and shareholders' equity	904,671	-	904,671

	September 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 15,320	\$ 15,320
Total current liabilities	81,104	15,320	96,424
Total liabilities	333,825	15,320	349,145
Share capital	9,078,337	(14,001)	9,064,336
Additional paid-in capital	2,614,968	(47,472)	2,567,496
Deficit	(10,971,311)	46,153	(10,925,158)
Total shareholders' equity	736,013	(15,320)	720,693
Total liabilities and shareholders' equity	1,069,838	-	1,069,838

	December 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Warrant derivative liability	\$ -	\$ 11,038	\$ 11,038
Total current liabilities	98,294	11,038	109,332
Total liabilities	348,019	11,038	359,057
Share capital	9,169,947	(14,001)	9,155,946
Additional paid-in capital	2,615,588	(47,472)	2,568,116
Deficit	(11,033,938)	50,435	(10,983,503)
Total shareholders' equity	758,173	(11,038)	747,135
Total liabilities and shareholders' equity	1,106,192	-	1,106,192

The following tables present the effect of the Restatement Items on the Company's unaudited interim condensed consolidated statements of operations and comprehensive income (loss) for the periods indicated (in thousands, except number of shares and per share data):

	Three months ended September 30, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 69,595	\$ -	\$ 69,595
Gross margin	23,426	-	23,426
Operating loss from continuing operations	(7,007)	-	(7,007)
Other income (expense), net	(128,334)	8,614	(119,720)
Loss from continuing operations before income taxes	(135,341)	8,614	(126,727)
Net loss from continuing operations	(148,162)	8,614	(139,548)
Net loss	(324,800)	8,614	(316,186)
Net loss attributable to Canopy Growth Corporation	(310,014)	8,614	(301,400)
Basic and diluted loss per share - continuing operations ¹	\$ (2.07)	\$ 0.12	\$ (1.95)
Basic and diluted loss per share ¹	\$ (4.33)	\$ 0.12	\$ (4.21)
Comprehensive loss:			
Net loss from continuing operations	(148,162)	8,614	(139,548)
Comprehensive loss from continuing operations	(177,179)	8,614	(168,565)
Comprehensive loss	(353,817)	8,614	(345,203)
Comprehensive loss attributable to Canopy Growth Corporation	(339,031)	8,614	(330,417)

¹ Amount has been adjusted to reflect the December 13, 2023 Share Consolidation where one post-consolidation common share was exchanged for every 10 pre-consolidation common shares.

	Six months ended September 30, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 145,853	\$ -	\$ 145,853
Gross margin	37,188	-	37,188
Operating loss from continuing operations	(61,659)	-	(61,659)
Other income (expense), net	(82,233)	8,614	(73,619)
Loss from continuing operations before income taxes	(143,892)	8,614	(135,278)
Net loss from continuing operations	(158,731)	8,614	(150,117)
Net loss	(366,661)	8,614	(358,047)
Net loss attributable to Canopy Growth Corporation	(348,135)	8,614	(339,521)
Basic and diluted loss per share - continuing operations ¹	\$ (2.50)	\$ 0.14	\$ (2.36)
Basic and diluted loss per share ¹	\$ (5.49)	\$ 0.14	\$ (5.35)

Comprehensive loss:			
Net loss from continuing operations	(158,731)	8,614	(150,117)
Comprehensive loss from continuing operations	(180,730)	8,614	(172,116)
Comprehensive loss	(388,660)	8,614	(380,046)
Comprehensive loss attributable to Canopy Growth Corporation	(370,134)	8,614	(361,520)

¹ Amount has been adjusted to reflect the December 13, 2023 Share Consolidation where one post-consolidation common share was exchanged for every 10 pre-consolidation common shares.

	Three months ended December 31, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 78,505	\$ -	\$ 78,505
Gross margin	28,226	-	28,226
Operating loss from continuing operations	(60,316)	-	(60,316)
Other income (expense), net	(171,037)	11,133	(159,904)
Loss from continuing operations before income taxes	(231,353)	11,133	(220,220)
Net loss from continuing operations	(230,276)	11,133	(219,143)
Net loss	(216,797)	11,133	(205,664)
Net loss attributable to Canopy Growth Corporation	(216,797)	11,133	(205,664)
Basic and diluted loss per share - continuing operations	\$ (2.78)	\$ 0.13	\$ (2.65)
Basic and diluted loss per share	\$ (2.62)	\$ 0.13	\$ (2.49)

Comprehensive loss:			
Net loss from continuing operations	(230,276)	11,133	(219,143)
Comprehensive loss from continuing operations	(221,526)	11,133	(210,393)
Comprehensive loss	(208,047)	11,133	(196,914)
Comprehensive loss attributable to Canopy Growth Corporation	(208,047)	11,133	(196,914)

	Nine months ended December 31, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 224,358	\$ -	\$ 224,358
Gross margin	65,414	-	65,414
Operating loss from continuing operations	(121,975)	-	(121,975)
Other income (expense), net	(253,270)	19,747	(233,523)
Loss from continuing operations before income taxes	(375,245)	19,747	(355,498)
Net loss from continuing operations	(389,007)	19,747	(369,260)
Net loss	(583,458)	19,747	(563,711)
Net loss attributable to Canopy Growth Corporation	(564,932)	19,747	(545,185)
Basic and diluted loss per share - continuing operations	\$ (5.56)	\$ 0.28	\$ (5.28)
Basic and diluted loss per share	\$ (8.08)	\$ 0.28	\$ (7.80)

Comprehensive loss:			
Net loss from continuing operations	(389,007)	19,747	(369,260)
Comprehensive loss from continuing operations	(402,256)	19,747	(382,509)
Comprehensive loss	(596,707)	19,747	(576,960)
Comprehensive loss attributable to Canopy Growth Corporation	(578,181)	19,747	(558,434)

	Three months ended June 30, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 66,212	\$ -	\$ 66,212
Gross margin	23,031	-	23,031
Operating loss from continuing operations	(29,108)	-	(29,108)
Other income (expense), net	(93,889)	21,263	(72,626)
Loss from continuing operations before income taxes	(122,997)	21,263	(101,734)
Net loss from continuing operations	(129,191)	21,263	(107,928)
Net loss	(127,138)	21,263	(105,875)
Net loss attributable to Canopy Growth Corporation	(127,138)	21,263	(105,875)
Basic and diluted loss per share - continuing operations	\$ (1.63)	\$ 0.27	\$ (1.36)
Basic and diluted loss per share	\$ (1.60)	\$ 0.27	\$ (1.33)

Comprehensive loss:			
Net loss from continuing operations	(129,191)	21,263	(107,928)
Comprehensive loss from continuing operations	(129,959)	21,263	(108,696)
Comprehensive loss	(127,906)	21,263	(106,643)
Comprehensive loss attributable to Canopy Growth Corporation	(127,906)	21,263	(106,643)

	Three months ended September 30, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 62,991	\$ -	\$ 62,991
Gross margin	21,838	-	21,838
Operating loss from continuing operations	(45,943)	-	(45,943)
Other income (expense), net	(85,305)	19,330	(65,975)
Loss from continuing operations before income taxes	(131,248)	19,330	(111,918)
Net loss from continuing operations	(131,550)	19,330	(112,220)
Net loss	(128,293)	19,330	(108,963)
Net loss attributable to Canopy Growth Corporation	(128,293)	19,330	(108,963)
Basic and diluted loss per share - continuing operations			
	\$ (1.52)	\$ 0.22	\$ (1.30)
Basic and diluted loss per share	\$ (1.48)	\$ 0.22	\$ (1.26)
Comprehensive loss:			
Net loss from continuing operations	(131,550)	19,330	(112,220)
Comprehensive loss from continuing operations	(126,034)	19,330	(106,704)
Comprehensive loss	(122,777)	19,330	(103,447)
Comprehensive loss attributable to Canopy Growth Corporation	(122,777)	19,330	(103,447)

	Six months ended September 30, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 129,203	\$ -	\$ 129,203
Gross margin	44,869	-	44,869
Operating loss from continuing operations	(75,051)	-	(75,051)
Other income (expense), net	(179,194)	40,592	(138,602)
Loss from continuing operations before income taxes	(254,245)	40,592	(213,653)
Net loss from continuing operations	(260,741)	40,592	(220,149)
Net loss	(255,431)	40,592	(214,839)
Net loss attributable to Canopy Growth Corporation	(255,431)	40,592	(214,839)
Basic and diluted loss per share - continuing operations			
	\$ (3.14)	\$ 0.49	\$ (2.65)
Basic and diluted loss per share	\$ (3.08)	\$ 0.49	\$ (2.59)
Comprehensive loss:			
Net loss from continuing operations	(260,741)	40,592	(220,149)
Comprehensive loss from continuing operations	(255,993)	40,592	(215,401)
Comprehensive loss	(250,683)	40,592	(210,091)
Comprehensive loss attributable to Canopy Growth Corporation	(250,683)	40,592	(210,091)

	Three months ended December 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 74,761	\$ -	\$ 74,761
Gross margin	24,098	-	24,098
Operating loss from continuing operations	(23,822)	-	(23,822)
Other income (expense), net	(97,758)	23,813	(73,945)
Loss from continuing operations before income taxes	(121,580)	23,813	(97,767)
Net loss from continuing operations	(121,896)	23,813	(98,083)
Net loss	(121,896)	23,813	(98,083)
Net loss attributable to Canopy Growth Corporation	(121,896)	23,813	(98,083)
Basic and diluted loss per share - continuing operations	\$ (1.11)	\$ 0.22	\$ (0.89)
Basic and diluted loss per share	\$ (1.11)	\$ 0.22	\$ (0.89)
Comprehensive loss:			
Net loss from continuing operations	(121,896)	23,813	(98,083)
Comprehensive loss from continuing operations	(123,058)	23,813	(99,245)
Comprehensive loss	(123,058)	23,813	(99,245)
Comprehensive loss attributable to Canopy Growth Corporation	(123,058)	23,813	(99,245)

	Nine months ended December 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 203,964	\$ -	\$ 203,964
Gross margin	68,967	-	68,967
Operating loss from continuing operations	(98,873)	-	(98,873)
Other income (expense), net	(276,952)	64,405	(212,547)
Loss from continuing operations before income taxes	(375,825)	64,405	(311,420)
Net loss from continuing operations	(382,637)	64,405	(318,232)
Net loss	(377,327)	64,405	(312,922)
Net loss attributable to Canopy Growth Corporation	(377,327)	64,405	(312,922)
Basic and diluted loss per share - continuing operations	\$ (4.15)	\$ 0.70	\$ (3.45)
Basic and diluted loss per share	\$ (4.09)	\$ 0.70	\$ (3.39)
Comprehensive loss:			
Net loss from continuing operations	(382,637)	64,405	(318,232)
Comprehensive loss from continuing operations	(379,051)	64,405	(314,646)
Comprehensive loss	(373,741)	64,405	(309,336)
Comprehensive loss attributable to Canopy Growth Corporation	(373,741)	64,405	(309,336)

	Three months ended June 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 72,134	\$ -	\$ 72,134
Gross margin	18,038	-	18,038
Operating loss from continuing operations	(22,624)	-	(22,624)
Other income (expense), net	(18,612)	(3,334)	(21,946)
Loss from continuing operations before income taxes	(41,236)	(3,334)	(44,570)
Net loss from continuing operations	(41,527)	(3,334)	(44,861)
Net loss attributable to Canopy Growth Corporation	(41,527)	(3,334)	(44,861)
Basic and diluted loss per share - continuing operations	\$ (0.22)	\$ (0.02)	\$ (0.24)
Basic and diluted loss per share	\$ (0.22)	\$ (0.02)	\$ (0.24)
Comprehensive loss:			
Net loss from continuing operations	(41,527)	(3,334)	(44,861)
Comprehensive loss from continuing operations	(34,814)	(3,334)	(38,148)
Comprehensive loss attributable to Canopy Growth Corporation	(34,814)	(3,334)	(38,148)

	Three months ended September 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 66,683	\$ -	\$ 66,683
Gross margin	21,905	-	21,905
Operating loss from continuing operations	(16,894)	-	(16,894)
Other income (expense), net	15,469	(3,339)	12,130
Loss from continuing operations before income taxes	(1,425)	(3,339)	(4,764)
Net loss from continuing operations	(1,639)	(3,339)	(4,978)
Net loss attributable to Canopy Growth Corporation	(1,639)	(3,339)	(4,978)
Basic and diluted loss per share - continuing operations	\$ (0.01)	\$ (0.01)	\$ (0.02)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)
Comprehensive loss:			
Net loss from continuing operations	(1,639)	(3,339)	(4,978)
Comprehensive income (loss) from continuing operations	5,132	(3,339)	1,793
Comprehensive income (loss) attributable to Canopy Growth Corporation	5,132	(3,339)	1,793

	Six months ended September 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 138,817	\$ -	\$ 138,817
Gross margin	39,943	-	39,943
Operating loss from continuing operations	(39,518)	-	(39,518)
Other income (expense), net	(3,143)	(6,673)	(9,816)
Loss from continuing operations before income taxes	(42,661)	(6,673)	(49,334)
Net loss from continuing operations	(43,166)	(6,673)	(49,839)
Net loss attributable to Canopy Growth Corporation	(43,166)	(6,673)	(49,839)
Basic and diluted loss per share - continuing operations	\$ (0.19)	\$ (0.03)	\$ (0.22)
Basic and diluted loss per share	\$ (0.19)	\$ (0.03)	\$ (0.22)
Comprehensive loss:			
Net loss from continuing operations	(43,166)	(6,673)	(49,839)
Comprehensive loss from continuing operations	(29,682)	(6,673)	(36,355)
Comprehensive loss attributable to Canopy Growth Corporation	(29,682)	(6,673)	(36,355)

	Three months ended December 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 74,541	\$ -	\$ 74,541
Gross margin	21,466	-	21,466
Operating loss from continuing operations	(26,350)	-	(26,350)
Other income (expense), net	(35,909)	4,282	(31,627)
Loss from continuing operations before income taxes	(62,259)	4,282	(57,977)
Net loss from continuing operations	(62,627)	4,282	(58,345)
Net loss attributable to Canopy Growth Corporation	(62,627)	4,282	(58,345)
Basic and diluted loss per share - continuing operations	\$ (0.18)	\$ 0.01	\$ (0.17)
Basic and diluted loss per share	\$ (0.18)	\$ 0.01	\$ (0.17)
Comprehensive loss:			
Net loss from continuing operations	(62,627)	4,282	(58,345)
Comprehensive income (loss) from continuing operations	(70,070)	4,282	(65,788)
Comprehensive income (loss) attributable to Canopy Growth Corporation	(70,070)	4,282	(65,788)

	Nine months ended December 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Net revenue	\$ 213,358	\$ -	\$ 213,358
Gross margin	61,409	-	61,409
Operating loss from continuing operations	(65,868)	-	(65,868)
Other income (expense), net	(39,052)	(2,391)	(41,443)
Loss from continuing operations before income taxes	(104,920)	(2,391)	(107,311)
Net loss from continuing operations	(105,793)	(2,391)	(108,184)
Net loss attributable to Canopy Growth Corporation	(105,793)	(2,391)	(108,184)
Basic and diluted loss per share - continuing operations	\$ (0.39)	\$ (0.01)	\$ (0.40)
Basic and diluted loss per share	\$ (0.39)	\$ (0.01)	\$ (0.40)
Comprehensive loss:			
Net loss from continuing operations	(105,793)	(2,391)	(108,184)
Comprehensive loss from continuing operations	(99,752)	(2,391)	(102,143)
Comprehensive loss attributable to Canopy Growth Corporation	(99,752)	(2,391)	(102,143)

The following tables present the effect of the Restatement Items on the Company's unaudited interim condensed consolidated statements of shareholders' equity for the periods indicated:

	September 30, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,219,846	\$ (10,476)	\$ 8,209,370
Additional paid-in capital - Share-based reserve	507,358	(9,820)	497,538
Additional paid-in capital - Warrants	2,590,765	(8,977)	2,581,788
Deficit	(10,020,896)	8,614	(10,012,282)
Total shareholders' equity	749,464	(20,659)	728,805

	December 31, 2023		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,219,747	\$ (10,476)	\$ 8,209,271
Additional paid-in capital - Share-based reserve	510,703	(9,820)	500,883
Additional paid-in capital - Warrants	2,590,765	(8,977)	2,581,788
Deficit	(10,237,693)	19,747	(10,217,946)
Total shareholders' equity	544,663	(9,526)	535,137

	June 30, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,393,936	\$ (14,805)	\$ 8,379,131
Additional paid-in capital - Share-based reserve	524,138	(9,820)	514,318
Additional paid-in capital - Warrants	2,616,514	(26,029)	2,590,485
Deficit	(10,457,168)	(15,149)	(10,472,317)
Total shareholders' equity	532,923	(65,803)	467,120

	September 30, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,490,670	\$ (14,001)	\$ 8,476,669
Additional paid-in capital - Share-based reserve	527,242	(9,820)	517,422
Additional paid-in capital - Warrants	2,616,198	(25,713)	2,590,485
Deficit	(10,585,461)	4,181	(10,581,280)
Total shareholders' equity	509,668	(45,353)	464,315

	December 31, 2024		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,670,494	\$ (14,001)	\$ 8,656,493
Additional paid-in capital - Share-based reserve	532,149	(9,820)	522,329
Additional paid-in capital - Warrants	2,628,137	(37,652)	2,590,485
Deficit	(10,707,357)	27,994	(10,679,363)
Total shareholders' equity	591,475	(33,479)	557,996

	June 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 8,836,531	\$ (14,001)	\$ 8,822,530
Additional paid-in capital - Share-based reserve	509,681	(9,820)	499,861
Additional paid-in capital - Warrants	2,628,137	(37,652)	2,590,485
Deficit	(10,969,672)	49,492	(10,920,180)
Total shareholders' equity	488,976	(11,981)	476,995

	September 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 9,078,337	\$ (14,001)	\$ 9,064,336
Additional paid-in capital - Share-based reserve	509,780	(9,820)	499,960
Additional paid-in capital - Warrants	2,628,137	(37,652)	2,590,485
Deficit	(10,971,311)	46,153	(10,925,158)
Total shareholders' equity	736,013	(15,320)	720,693

	December 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Share capital	\$ 9,169,947	\$ (14,001)	\$ 9,155,946
Additional paid-in capital - Share-based reserve	510,400	(9,820)	500,580
Additional paid-in capital - Warrants	2,628,137	(37,652)	2,590,485
Deficit	(11,033,938)	50,435	(10,983,503)
Total shareholders' equity	758,173	(11,038)	747,135

The following tables present the effect of the Restatement Items on the Company's unaudited interim condensed consolidated statements of cash flows for the periods indicated:

	<u>Six months ended September 30, 2023</u>		
	<u>As Previously Reported</u>	<u>Restatement Adjustment</u>	<u>As Restated</u>
Cashflows from operating activities:			
Net loss	\$ (366,661)	\$ 8,614	\$ (358,047)
Net loss from continuing operations	(158,731)	8,614	(150,117)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	44,438	(8,614)	35,824
Net cash used in operating activities - continuing operations	(172,613)	-	(172,613)
Net cash used in operating activities	(227,322)	-	(227,322)

	<u>Nine months ended December 31, 2023</u>		
	<u>As Previously Reported</u>	<u>Restatement Adjustment</u>	<u>As Restated</u>
Cashflows from operating activities:			
Net loss	\$ (583,458)	\$ 19,747	\$ (563,711)
Net loss from continuing operations	(389,007)	19,747	(369,260)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	188,452	(19,747)	168,705
Net cash used in operating activities - continuing operations	(205,961)	-	(205,961)
Net cash used in operating activities	(259,891)	-	(259,891)

	<u>Three months ended June 30, 2024</u>		
	<u>As Previously Reported</u>	<u>Restatement Adjustment</u>	<u>As Restated</u>
Cashflows from operating activities:			
Net loss	\$ (127,138)	\$ 21,263	\$ (105,875)
Net loss from continuing operations	(129,191)	21,263	(107,928)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	79,793	(21,263)	58,530
Net cash used in operating activities - continuing operations	(51,780)	-	(51,780)
Net cash used in operating activities	(51,780)	-	(51,780)

	<u>Six months ended September 30, 2024</u>		
	<u>As Previously Reported</u>	<u>Restatement Adjustment</u>	<u>As Restated</u>
Cashflows from operating activities:			
Net loss	\$ (255,431)	\$ 40,592	\$ (214,839)
Net loss from continuing operations	(260,741)	40,592	(220,149)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	147,290	(40,592)	106,698
Net cash used in operating activities - continuing operations	(105,632)	-	(105,632)
Net cash used in operating activities	(105,632)	-	(105,632)

	<u>Nine months ended December 31, 2024</u>		
	<u>As Previously Reported</u>	<u>Restatement Adjustment</u>	<u>As Restated</u>
Cashflows from operating activities:			
Net loss	\$ (377,327)	\$ 64,405	\$ (312,922)
Net loss from continuing operations	(382,637)	64,405	(318,232)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	223,591	(64,405)	159,186
Net cash used in operating activities - continuing operations	(132,598)	-	(132,598)
Net cash used in operating activities	(132,598)	-	(132,598)

	Three months ended June 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Cashflows from operating activities:			
Net loss	\$ (41,527)	\$ (3,334)	\$ (44,861)
Net loss from continuing operations	(41,527)	(3,334)	(44,861)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	10,049	3,334	13,383
Net cash used in operating activities	(10,337)	-	(10,337)

	Six months ended September 30, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Cashflows from operating activities:			
Net loss	\$ (43,166)	\$ (6,673)	\$ (49,839)
Net loss from continuing operations	(43,166)	(6,673)	(49,839)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	(12,571)	6,673	(5,898)
Net cash used in operating activities	(28,316)	-	(28,316)

	Nine months ended December 31, 2025		
	As Previously Reported	Restatement Adjustment	As Restated
Cashflows from operating activities:			
Net loss	\$ (105,793)	\$ (2,391)	\$ (108,184)
Net loss from continuing operations	(105,793)	(2,391)	(108,184)
Non-cash fair value adjustments and charges related to settlement of unsecured senior notes	19,246	2,391	21,637
Net cash used in operating activities	(45,552)	-	(45,552)