CANOPY GROWTH CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026
(IN CANADIAN DOLLARS)

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CANOPY GROWTH CORPORATION
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

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

	June 30, 2026	March 31, 2026
ASSETS		
Current assets:		
Cash and cash equivalents	$ 336,625	$ 364,683
Restricted short-term investments	5,058	5,046
Amounts receivable, net	42,588	36,289
Inventory	107,456	110,513
Prepaid expenses and other assets	14,634	12,935
Total current assets	506,361	529,466
Other investments	125,468	108,010
Property, plant and equipment	311,203	316,494
Intangible assets	88,476	92,411
Goodwill	55,685	55,685
Other assets	16,725	16,666
Total assets	$ 1,103,918	$ 1,118,732
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 28,606	$ 34,817
Other accrued expenses and liabilities	47,119	42,999
Current portion of long-term debt	28,824	16,237
Warrant derivative liability	26,863	27,522
Other liabilities	35,341	36,868
Total current liabilities	166,753	158,443
Long-term debt	211,379	217,123
Deferred income tax liabilities	7,915	8,199
Other liabilities	29,238	37,373
Total liabilities	415,285	421,138
Commitments and contingencies		
Canopy Growth Corporation shareholders' equity:		
Share capital		
Common shares - $nil par value; Authorized - unlimited; Issued and outstanding - 423,021,942 shares and 422,068,225 shares, respectively. Exchangeable shares - $nil par value; Authorized - unlimited; Issued and outstanding - 26,261,474 shares and 26,261,474 shares, respectively.	9,235,469	9,233,577
Additional paid-in capital	2,590,610	2,591,714
Accumulated other comprehensive income	15,360	10,530
Deficit	(11,152,806)	(11,138,227)
Total shareholders' equity	688,633	697,594
Total liabilities and shareholders' equity	$ 1,103,918	$ 1,118,732

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

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

	Three months ended June 30,	
	2026	2025
Revenue	$ 100,364	$ 88,748
Excise taxes	19,199	16,614
Net revenue	81,165	72,134
Cost of goods sold	58,927	54,096
Gross margin	22,238	18,038
Operating expenses		
Selling, general and administrative expenses	40,223	38,108
Share-based compensation	1,359	(99)
Loss on asset impairment and restructuring	2,766	2,653
Total operating expenses	44,348	40,662
Operating loss	(22,110)	(22,624)
Other income (expense), net	7,402	(21,946)
Loss before income taxes	(14,708)	(44,570)
Income tax recovery (expense)	129	(291)
Net loss	$ (14,579)	$ (44,861)
Basic and diluted loss per share	$ (0.03)	$ (0.24)
Basic and diluted weighted average common shares outstanding	422,264,025	188,321,555
Comprehensive income (loss):		
Net loss	$ (14,579)	$ (44,861)
Other comprehensive income (loss), net of income tax		
Foreign currency translation	4,830	6,713
Total other comprehensive income (loss), net of income tax	4,830	6,713
Comprehensive loss	$ (9,749)	$ (38,148)

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

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

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

	Three months ended June 30, 2026						
		Additional paid-in capital			Accumulated other comprehensive income (loss)		
	Share capital	Share-based reserve	Warrants	Ownership changes		Deficit	Total
Balance at March 31, 2026	$ 9,233,577	$ 502,032	$ 2,612,631	$ (522,949)	$ 10,530	$ (11,138,227)	$ 697,594
Other issuances of common shares and share issue costs	(571)	-	-	-	-	-	(571)
Share-based compensation	-	1,359	-	-	-	-	1,359
Issuance and vesting of restricted share units and performance share units	2,463	(2,463)	-	-	-	-	-
Comprehensive loss	-	-	-	-	4,830	(14,579)	(9,749)
Balance at June 30, 2026	$ 9,235,469	$ 500,928	$ 2,612,631	$ (522,949)	$ 15,360	$ (11,152,806)	$ 688,633

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

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

	Three months ended June 30, 2025						
		Additional paid-in capital					
	Share capital	Share-based reserve	Warrants	Ownership changes	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at March 31, 2025	$ 8,782,405	$ 503,409	$ 2,590,485	$ (522,949)	$ 535	$ (10,875,319)	$ 478,566
Common shares issued from February 2025 ATM Program	38,261	-	-	-	-	-	38,261
Other issuances of common shares and share issue costs	(1,585)	-	-	-	-	-	(1,585)
Share-based compensation	-	(99)	-	-	-	-	(99)
Issuance and vesting of restricted share units and performance share units	3,449	(3,449)	-	-	-	-	-
Comprehensive income (loss)	-	-	-	-	6,713	(44,861)	(38,148)
Balance at June 30, 2025	$ 8,822,530	$ 499,861	$ 2,590,485	$ (522,949)	$ 7,248	$ (10,920,180)	$ 476,995

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

	Three months ended June 30, 2026	Three months ended June 30, 2025
Cash flows from operating activities:		
Net loss	$ (14,579)	$ (44,861)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	5,351	4,753
Amortization of intangible assets	4,683	4,917
Share-based compensation	1,359	(99)
Loss on asset impairment and restructuring	167	109
Income tax (recovery) expense	(129)	291
Non-cash fair value adjustments and charges related to settlement of long-term debt	(16,867)	13,383
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Amounts receivable	(6,130)	2,915
Inventory	3,454	2,838
Prepaid expenses and other assets	(1,541)	(2,668)
Accounts payable and accrued liabilities	(2,417)	5,184
Other, including non-cash foreign currency	1,638	2,901
Net cash used in operating activities	(25,011)	(10,337)
Cash flows from investing activities:		
Purchases of and deposits on property, plant and equipment	(737)	(1,306)
Purchases of intangible assets	-	(183)
Proceeds on sale of property, plant and equipment	-	5
Redemption of short-term investments	-	779
Net cash used in investing activities	(737)	(705)
Cash flows from financing activities:		
Proceeds from issuance of common shares and warrants	-	38,261
Payment of debt issue costs	(647)	-
Repayment of long-term debt	-	(916)
Other financing activities	(6,821)	(11,885)
Net cash (used) provided by financing activities	(7,468)	25,460
Effect of exchange rate changes on cash and cash equivalents	5,158	(2,027)
Net (decrease) increase in cash and cash equivalents	(28,058)	12,391
Cash and cash equivalents, beginning of period	364,683	113,811
Cash and cash equivalents, end of period	$ 336,625	$ 126,202

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

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

	Three months ended June 30,	
	2026	2025
Supplemental disclosure of cash flow information		
Cash received during the period:		
Income taxes	$ -	$ -
Interest	$ 3,234	$ 1,090
Cash paid during the period:		
Income taxes	$ 1,954	$ 365
Interest	$ 8,623	$ 5,958
Noncash investing and financing activities		
Additions to property, plant and equipment	$ 52	$ -

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

1. DESCRIPTION OF BUSINESS

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

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

2. BASIS OF PRESENTATION

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

Certain information and footnote disclosures normally included in the audited annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026 (the "Annual Report") and have been prepared on a basis consistent with the accounting policies as described in the Annual Report.

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

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

Principles of consolidation

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

Variable interest entities

A variable interest entity ("VIE") is an entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to control the entity's activities or do not substantially participate in the gains and losses of the entity. Upon inception of a contractual agreement, and thereafter, if a reconsideration event occurs, the Company performs an assessment to determine whether the arrangement contains a variable interest in an entity and whether that entity is a VIE. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Under ASC 810 – *Consolidations* ("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 condensed interim consolidated financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates. Financial statement areas that require significant judgments and estimates are as follows:

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

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

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

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

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

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

Fair value measurement of financial instruments - The use of various valuation approaches described in Note 19 may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

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

New accounting policies

Accounting Guidance Not Yet Adopted

Disaggregation of Income Statement Expenses

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

3. CANOPY USA

Canopy USA

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

On May 19, 2023, the Company and Canopy USA entered into the First A&R Protection Agreement (as defined below) and amended and restated Canopy USA's limited liability company agreement (the "A&R LLC Agreement"). Pursuant to the A&R LLC Agreement, the share capital of Canopy USA was amended to, among other things, (a) create a new class of Canopy USA Class B

Shares (as defined below), which may not be issued prior to the conversion of the Non-Voting Shares (as defined below) or the Class A shares of Canopy USA (the "Canopy USA Common Shares") into Canopy USA Class B Shares; (b) amend the terms of the Non-Voting Shares such that the Non-Voting Shares will be convertible into Canopy USA Class B Shares (as opposed to Canopy USA Common Shares); and (c) amend the terms of the Canopy USA Common Shares such that upon conversion of all of the Non-Voting Shares into Canopy USA Class B Shares, the Canopy USA Common Shares will, subject to their terms, automatically convert into Canopy USA Class B Shares, provided that the number of Canopy USA Class B Shares to be issued to the former holders of the Canopy USA Common Shares will be equal to no less than 10% of the total issued and outstanding Canopy USA Class B Shares following such issuance. Accordingly, in no circumstances will the Company, at the time of such conversions, own more than 90% of the Canopy USA Class B Shares.

On May 19, 2023, Canopy USA and Huneeus 2017 Irrevocable Trust (the "Trust") entered into a share purchase agreement (the "Trust SPA"), which sets out the terms of the Trust's investment in Canopy USA in the aggregate amount of up to US$20 million (the "Trust Transaction"). Agustin Huneeus, Jr. is the trustee of the Trust and is an affiliate of a shareholder of Jetty (as defined below). On April 26, 2024, Canopy USA completed the first tranche closing of the Trust Transaction and pursuant to the Trust SPA, the timeline to complete the second tranche closing has lapsed. As of June 30, 2026, the Trust holds an aggregate of 28,571,429 Canopy USA Common Shares and warrants to acquire up to 85,714,284 Voting Shares (as defined in the A&R LLC Agreement) expiring on April 26, 2031. Subject to the terms of the Trust SPA, the Trust has been granted options to acquire additional Voting Shares with a value of up to an additional US$10 million and one such additional option includes the issuance of additional warrants of Canopy USA.

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

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

Canopy USA and certain entities controlled by Canopy USA (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 Mountain High Products, LLC, Wana Wellness, LLC and The Cima Group, LLC (collectively, "Wana"), a leading cannabis edibles brand in North America.
- **Jetty** – Canopy USA holds approximately 77% of the shares of Lemurian, Inc. ("Jetty"), a California-based producer of high-quality cannabis extracts and pioneer of clean vape technology.
- **Acreage** – Canopy USA holds 100% of the issued and outstanding 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.
- **TerrAscend** – the Canopy USA LPs hold an aggregate of 64,564,487 common shares (the "TerrAscend Common Shares") in the capital of TerrAscend Corp. ("TerrAscend") on an as-converted basis and 22,474,130 TerrAscend Common Share purchase warrants with a weighted average exercise price of $6.07 per TerrAscend Common Share and expiring on December 31, 2032 (the "TerrAscend Warrants"). Assuming full exercise of the TerrAscend Warrants, the Canopy USA LPs will hold an aggregate of 87,038,617 TerrAscend Common Shares on an as-converted basis assuming conversion of the TerrAscend exchangeable shares held by the Canopy USA LPs. TerrAscend is 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 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 has deconsolidated the financial results of Canopy USA and has a non-controlling interest in Canopy USA as of such date.

Ownership of U.S. Cannabis Investments

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

As of June 30, 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 option to acquire the issued and outstanding Class E subordinate voting shares (the “Fixed Shares”) of Acreage (“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 (as defined below). Accordingly, Canopy Growth does not hold any Fixed Shares or Floating Shares (as defined below). 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.

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, Canopy USA secured 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 June 30, 2026, the aggregate principal amount of the Acreage and Wana Debt owing to the Optionor was approximately $185,929 (US$130,844) and the aggregate principal amount of the Acreage and Wana Debt owing to the ARCA Lender was approximately $112,319 (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 an initial forbearance agreement (the "Initial Forbearance Agreement"), which was extended from time to time by agreement of the lenders. As required under the Initial Forbearance Agreement, Acreage appointed, among others, a chief restructuring officer and financial advisor in order to assist Acreage with a strategic review of its business. On July 31, 2026, the Optionor, the ARCA Lender and Acreage, among others, entered into a second forbearance agreement (the "Second Forbearance Agreement"). Upon the satisfaction of certain conditions precedent, the Second Forbearance Agreement shall become effective and have an outside date of January 31, 2027, which 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," in Item 1A of the Annual Report.

Acreage Acquisition

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") and now owns 100% of the issued and outstanding shares of Acreage. In aggregate, Canopy Growth issued 5,888,291 common shares of the Company (each whole share, a "Canopy Share" or a "Share") to former shareholders of Acreage.

In addition, Canopy Growth: (i) issued 5,118,426 Canopy Shares pursuant to the tax receivable bonus plans of High Street Capital Partners, LLC, as subsidiary of Acreage; and (ii) 306,151 Canopy Shares were issuable in connection with Canopy USA's acquisition of the minority interests of certain subsidiaries of Acreage, of which 268,057 Canopy Shares have been issued as of June 30, 2026.

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

In exchange for the issuances of Canopy Shares, warrants and other replacement securities in connection with the Acreage Acquisition, Canopy Growth received additional Non-Voting Shares with a value of $50,786 and Canopy USA delivered guarantees in respect of the obligations owing pursuant to the Elevate loan (as defined below) receivable. Refer to Note 9 for more information on Canopy USA investment balances.

4. LOSS ON ASSET IMPAIRMENT AND RESTRUCTURING

In the three months ended June 30, 2026, the Company recorded a loss on asset impairment and restructuring which primarily related to employee restructuring costs.

As a result, in the three months ended June 30, 2026, the Company recognized a loss on asset impairment and restructuring of $2,766 (three months ended June 30, 2025 – loss of $2,653).

5. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	June 30, 2026	March 31, 2026
Cash	$ 93,669	$ 126,435
Cash equivalents	242,956	238,248
	$ 336,625	$ 364,683

6. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	June 30, 2026	March 31, 2026
Accounts receivable, net	$ 32,546	$ 31,241
Indirect taxes receivable	4,898	3,224
Interest receivable	3,359	1,533
Other receivables	1,785	291
	$ 42,588	$ 36,289

Included in the accounts receivable, net balance at June 30, 2026 is an allowance for doubtful accounts of $1,578 (March 31, 2026 – $1,798).

7. INVENTORY

The components of inventory are as follows:

	June 30, 2026	March 31, 2026
Raw materials, packaging supplies and consumables	$ 19,102	$ 20,519
Work in progress	48,967	46,200
Finished goods	39,387	43,794
	$ 107,456	$ 110,513

In the three months ended June 30, 2026, the Company recorded a write-down reversal related to inventory in cost of goods sold of $(285) (three months ended June 30, 2025 – $1,903).

8. PREPAID EXPENSES AND OTHER ASSETS

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

	June 30, 2026	March 31, 2026
Prepaid expenses	$ 7,293	$ 7,544
Deposits	1,180	944
Other assets	6,161	4,447
	$ 14,634	$ 12,935

9. OTHER INVESTMENTS

The following table outlines changes in other financial assets. Additional details on how the fair value of significant investments is calculated are included in Note 19.

Entity	Instrument	Balance at March 31, 2026	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at June 30, 2026
Canopy USA Loans Receivable	Loan receivable	$ 63,900	$ -	$ (506)	$ 1,242	$ -	$ 64,636
Canopy USA LPs	Equity method investment	42,079	-	16,714	92	-	58,885
Other	Various	2,031	-	-	-	(84)	1,947
		$ 108,010	$ -	$ 16,208	$ 1,334	$ (84)	$ 125,468

Equity Method Investments

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 19 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 21 for information on fair value movements.

Canopy USA Loans Receivable

Acreage and Wana Debt

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

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

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

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

On July 29, 2025, Canopy USA secured 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 June 30, 2026, the aggregate principal amount of the Acreage and Wana Debt owing to the Optionor was approximately $185,929 (US$130,844) and the aggregate principal amount of the Acreage and Wana Debt owing to the ARCA Lender was approximately $112,319 (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 Initial Forbearance Agreement, which was extended from time to time by agreement of the lenders. As required under the Initial Forbearance Agreement, Acreage appointed, among others, a chief restructuring officer and financial advisor in order to assist Acreage with a strategic review of its business. On July 31, 2026, the Optionor, the ARCA Lender and Acreage, among others, entered into the Second Forbearance Agreement. Upon the satisfaction of certain conditions precedent, the Second Forbearance Agreement shall become effective and have an outside date of January 31, 2027, which 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," in Item 1A of the Annual Report.

Elevate Loan Receivable

Prior to Canopy Growth's deconsolidation of Canopy USA, which became effective as of April 30, 2024, intercompany loans (collectively the "Elevate loan") existed between subsidiaries and the Elevate loan was eliminated in Canopy Growth's consolidated financial statements. Upon deconsolidation of Canopy USA, the Elevate loan (together with the Acreage and Wana Debt, the "Canopy USA Loans Receivable") is now considered a related party loan and has been recognized in Canopy Growth's consolidated financial statements at fair value.

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 19 for information on the valuation technique and other inputs used in determining the fair value.

As of June 30, 2026, the aggregate principal and interest amount owing to Canopy Growth is $245,422 (US$172,711) and $81,338 (US$57,240), respectively.

10. PROPERTY, PLANT AND EQUIPMENT

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

	June 30, 2026	March 31, 2026
Buildings and greenhouses	$ 313,654	$ 313,234
Production and warehouse equipment	73,272	72,897
Leasehold improvements	7,538	7,524
Office and lab equipment	12,494	12,343
Computer equipment	7,640	7,281
Land	5,300	5,286
Right-of-use-assets		
Buildings and greenhouses	26,244	26,221
Production and warehouse equipment	990	986
Assets in process	1,857	2,108
	448,989	447,880
Less: Accumulated depreciation	(137,786)	(131,386)
	$ 311,203	$ 316,494

Depreciation expense included in cost of goods sold for the three months ended June 30, 2026 is $4,211 (three months ended June 30, 2025 – $4,201). Depreciation expense included in selling, general and administrative expenses for the three months ended June 30, 2026 is $1,140 (three months ended June 30, 2025 – $552).

11. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	June 30, 2026		March 31, 2026	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	$ 146,546	$ 22,241	$ 90,646	$ 24,300
Distribution channel	57,035	11,316	56,985	11,817
Operating licenses	24,400	9,127	24,400	9,885
Software and domain names	34,197	1,198	33,404	797
Brands	31,722	20,877	31,722	21,876
Amortizable intangibles in process	4	4	237	237
Total	$ 293,904	$ 64,763	$ 237,394	$ 68,912
Indefinite lived intangible assets				
Acquired brands		$ 23,713		$ 23,499
Total intangible assets		$ 88,476		$ 92,411

Amortization expense included in cost of goods sold for the three months ended June 30, 2026 is $3 (three months ended June 30, 2025 – $3). Amortization expense included in selling, general and administrative expenses for the three months ended June 30, 2026 is $4,680 (three months ended June 30, 2025 – $4,914).

12. GOODWILL

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

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	$ 55,685
Foreign currency translation adjustments	-
Balance, June 30, 2026	$ 55,685

The Company does not believe that an event occurred or circumstances changed during the three months ended June 30, 2026 that would, more likely than not, reduce the fair value of the Cannabis reporting unit below its carrying value. Therefore, the Company concluded that the quantitative goodwill impairment assessment was not required for the Cannabis reporting unit at June 30, 2026. The carrying value of goodwill associated with the Cannabis reporting unit was $55,685 at June 30, 2026.

The Company is required to perform its next annual goodwill impairment analysis on March 31, 2027, or earlier should there be an event that occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

13. OTHER ACCRUED EXPENSES AND LIABILITIES

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

	June 30, 2026	March 31, 2026
Employee compensation	$ 17,578	$ 15,661
Taxes and government fees	16,607	14,402
Professional fees	3,876	4,022
Other	9,058	8,914
	$ 47,119	$ 42,999

14. DEBT

The components of debt are as follows:

	Maturity Date	June 30, 2026 Principle	June 30, 2026 Book Value	March 31, 2026 Principle	March 31, 2026 Book Value
Loan Agreement	January 31, 2031	$ 230,365	$ 184,843	$ 225,972	$ 177,042
January 2026 Convertible Debenture	July 8, 2031	55,000	55,360	55,000	56,318
		285,365	240,203	280,972	233,360
Less: current portion			(28,824)		(16,237)
Long-term portion			$ 211,379		$ 217,123

January 2026 Convertible Debenture

On January 7, 2026, the Company entered into an exchange agreement (the "Exchange Agreement") with a single institutional investor (the "Convertible Debenture Investor") that previously held a senior unsecured convertible debenture of the Company with an aggregate principal amount of $96,358 maturing May 14, 2029 (the "May 2024 Convertible Debenture") pursuant to which, among other things, on January 8, 2026, the Convertible Debenture Investor delivered to the Company the May 2024 Convertible Debenture held by the Convertible Debenture Investor in exchange for (A) the Company issuing to the Convertible Debenture 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 Convertible Debenture 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 Toronto Stock Exchange (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.

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 Company's prior five-year, first lien senior secured term loan 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.

15. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at June 30, 2026			As at March 31, 2026		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	$ 14,242	$ 22,884	$ 37,126	$ 14,327	$ 31,027	$ 45,354
Acquisition consideration and other investment related liabilities	-	4,593	4,593	-	4,552	4,552
Refund liability	2,097	-	2,097	3,638	-	3,638
Settlement liabilities and other	19,002	1,761	20,763	18,903	1,794	20,697
	$ 35,341	$ 29,238	$ 64,579	$ 36,868	$ 37,373	$ 74,241

16. SHARE CAPITAL

CANOPY GROWTH

Authorized

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

(i) Equity financings

On August 29, 2025, the Company established a new at-the-market equity program (the "August 2025 ATM Program") that allows it to issue and sell up to US$200,000 of Canopy Shares 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. In accordance with the August 2025 Equity Distribution Agreement, the Canadian Offering automatically terminated on July 5, 2026. The termination of the Canadian Offering does not affect the U.S. Offering and the August 2025 Equity Distribution Agreement continues in full force and effect with respect to the U.S. Offering. The August 2025 Equity Distribution Agreement replaced the equity distribution agreement dated February 28, 2025, as amended, among the Company and the Agents that established the Company's prior at-the-market equity program (the "February 2025 ATM Program").

During the three months ended June 30, 2026, no Canopy Shares have been sold under the August 2025 ATM Program.

During the three months ended June 30, 2025, the Company sold 21,006,528 common shares for gross proceeds of $38,261 under the February 2025 ATM Program. The February 2025 ATM Program has been completed and was replaced by the August 2025 ATM Program.

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

During the three months ended June 30, 2026, the Company had the following other issuances and share capital transactions:

	Number of common shares	Share capital	Share and warrant reserve
Other issuances and share issue costs	-	$ (571)	$ -
Total	-	$ (571)	$ -

During the three months ended June 30, 2025, the Company had the following other issuances and share capital transactions:

	Number of common shares	Share capital	Share based reserve
Other issuances and share issue costs	-	$ (1,585)	$ -
Total	-	$ (1,585)	$ -

(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 21 for details. The following is a summary of the Company's liability classified warrant activity during the three months ended June 30, 2026 and 2025:

	Number of whole warrants	Weighted average exercise price	Weighted average remaining life (years)
Balance outstanding at March 31, 2026	30,838,728	$ 4.49	4.11
Issuance of warrants	-	-	-
Balance outstanding at June 30, 2026	30,838,728	$ 4.58	3.87

	Number of whole warrants	Weighted average exercise price	Weighted average remaining life (years)
Balance outstanding at March 31, 2025	12,133,150	$ 8.90	4.09
Issuance of warrants	-	-	-
Balance outstanding at June 30, 2025	12,133,150	$ 8.41	3.84

The following is a summary of the Company's liability classified warrant balances during the three months ended June 30, 2026 and 2025:

	Warrant derivative liability
Balance outstanding at March 31, 2026	$ 27,522
Fair value change	(659)
Balance outstanding at June 30, 2026	$ 26,863

	Warrant derivative liability
Balance outstanding at March 31, 2025	$ 8,647
Fair value change	3,334
Balance outstanding at June 30, 2025	$ 11,981

(iv) Equity classified warrants

The following is a summary of the Company's equity classified warrant activity during the three months ended June 30, 2026 and 2025:

	Number of whole warrants	Weighted average exercise price	Weighted average remaining life (years)	Warrant reserve
Balance outstanding at March 31, 2026	23,528,830	$ 4.08	3.46	$ 2,612,631
Issuance of warrants	-	-	-	-
Balance outstanding at June 30, 2026	23,528,830	$ 4.08	3.21	$ 2,612,631

	Number of whole warrants	Weighted average exercise price	Weighted average remaining life (years)	Warrant reserve
Balance outstanding at March 31, 2025	3,350,430	$ 16.18	4.12	$ 2,590,485
Issuance of warrants	-	-	-	-
Balance outstanding at June 30, 2025	3,350,430	$ 16.18	3.87	$ 2,590,485

(v) Issuances of Exchangeable Shares

During the three months ended June 30, 2026, the Company did not issue any Exchangeable Shares.

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

17. 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 SEC on August 9, 2023.

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

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

The maximum number of common shares reserved for issuance upon the exercise, vesting or settlement, as applicable, of Awards granted pursuant to the Omnibus Equity Incentive Plan and the Previous Equity Incentive Plan is 42,302,194 as at June 30, 2026. As of June 30, 2026, the only Awards issued have been Options, RSUs and performance share units ("PSUs") under the Previous Equity Incentive Plan, and Options, RSUs and PSUs under the Omnibus Equity Incentive Plan.

The Omnibus Equity Incentive Plan is administered by the Corporate Governance, Compensation and Nominating Committee of the board of directors of the Company, which establishes in its discretion, among other things, exercise prices, at not less than the Fair

Market Value (as defined in the Omnibus Equity Incentive Plan) at the date of grant, vesting terms and expiry dates (set at up to ten years from issuance) for Awards, subject to the limits contained in the Omnibus Equity Incentive Plan.

The following is a summary of the changes in the Options outstanding during the three months ended June 30, 2026:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2026[1]	2,743,855	$ 4.19
Options granted	2,839,962	1.41
Options expired/forfeited	(173,381)	3.64
Balance outstanding at June 30, 2026[1]	5,410,436	$ 2.77

(1) Included is 70,515 replacement compensation options ("Replacement Compensation Options") that were issued by the Company in connection with its acquisition of MTL Cannabis Corp. on March 16, 2026, 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.

The following is a summary of the Options outstanding as at June 30, 2026:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at June 30, 2026	Weighted Average Remaining Contractual Life (years)	Exercisable at June 30, 2026	Weighted Average Remaining Contractual Life (years)
$1.41 - $2.50	4,778,597	5.42	715,716	3.97
$2.51 - $10.00	479,617	3.50	327,929	2.98
$10.01 - $308.70	152,222	2.95	123,111	2.71
	5,410,436	5.18	1,166,756	3.56

At June 30, 2026, the weighted average exercise price of the Options outstanding and Options exercisable was $2.77 and $6.51, respectively (March 31, 2026 – $4.19 and $10.06, respectively).

The Company recorded $296 in share-based compensation expense related to Options issued to employees and contractors for the three months ended June 30, 2026 (three months ended June 30, 2025 – $(330)).

The Company uses the Black-Scholes option pricing model to establish the fair value of Options granted during the three months ended June 30, 2026 and 2025, on their measurement date by applying the following assumptions:

	June 30, 2026	June 30, 2025
Risk-free interest rate	2.98%	2.73%
Expected life of options (years)	3 - 5	3 - 5
Expected volatility	123%	121%
Expected forfeiture rate	31%	18%
Expected dividend yield	nil	nil
Black-Scholes value of each Option	$1.12	$1.57

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

For the three months ended June 30, 2026, the Company recorded $1,063 in share-based compensation expense related to RSUs and PSUs (for the three months ended June 30, 2025 – $231).

The following is a summary of the changes in the Company's RSUs and PSUs during the three months ended June 30, 2026:

	Number of RSUs and PSUs
Balance outstanding at March 31, 2026	2,922,618
RSUs and PSUs granted	7,077,095
RSUs released	(953,717)
RSUs cancelled and forfeited	(212,669)
Balance outstanding at June 30, 2026	8,833,327

18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income includes the following components:

	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
As at March 31, 2026	$ 10,530	$ 10,530
Other comprehensive income	4,830	4,830
As at June 30, 2026	$ 15,360	$ 15,360

	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
As at March 31, 2025	$ 535	$ 535
Other comprehensive income	6,713	6,713
As at June 30, 2025	$ 7,248	$ 7,248

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
June 30, 2026				
Assets:				
Restricted short-term investments	$ 5,058	$ -	$ -	$ 5,058
Other investments	47	-	123,521	123,568
Liabilities:				
Warrant derivative liability	-	-	26,863	26,863
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

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

20. REVENUE

Revenue is disaggregated as follows:

	Three months ended	
	June 30, 2026	June 30, 2025
Cannabis		
Canadian adult-use cannabis[1]	$ 29,702	$ 27,021
Canadian medical cannabis[2]	25,786	21,206
International markets cannabis	9,597	8,755
	$ 65,085	$ 56,982
Storz & Bickel	$ 16,080	$ 15,152
Net revenue	$ 81,165	$ 72,134

[1]Canadian adult-use net revenue during the three months ended June 30, 2026 includes excise taxes of $16,203 (three months ended June 30, 2025 – $14,199).
[2]Canadian medical cannabis net revenue for the three months ended June 30, 2026 includes excise taxes of $2,996 (three months ended June 30, 2025 – $2,415).

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 $2,019 for the three months ended June 30, 2026 (three months ended June 30, 2025 – $923). As of June 30, 2026, the liability for estimated returns and price adjustments was $2,097 (March 31, 2026 – $3,638).

21. OTHER INCOME (EXPENSE), NET

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

	Three months ended	
	June 30, 2026	June 30, 2025
Fair value changes on Canopy USA related assets	$ 16,208	$ (10,049)
Fair value changes on derivative liability	659	(3,334)
Interest income	3,234	1,057
Interest expense	(12,677)	(9,739)
Foreign currency gain (loss)	(482)	153
Other income (expense), net	460	(34)
	$ 7,402	$ (21,946)

22. INCOME TAXES

There have been no material changes to income tax matters in connection with normal course operations during the three months ended June 30, 2026.

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

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

23. COMMITMENTS AND CONTINGENCIES

Legal proceedings

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

For the three months ended June 30, 2026, there have been no material changes with respect to provisions relating to legal proceedings for the Company.

24. SEGMENT INFORMATION

Reportable segments

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

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

These segments reflect how the Company's operations are managed, how the Company's Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), allocates resources and evaluates performance, and how the Company's internal management financial reporting is structured. The Company's CODM evaluates the performance of these segments, with a focus on (i) segment net revenue, and (ii) segment gross margin as the measure of segment profit or loss. Accordingly, information regarding segment net revenue and segment gross margin for the comparative periods has been restated to reflect the aforementioned change in reportable segments.

	Three months ended June 30, 2026	Three months ended June 30, 2025
Segmented net revenue		
Cannabis	$ 65,085	$ 56,982
Storz & Bickel	16,080	15,152
	$ 81,165	$ 72,134
Segmented gross margin:		
Cannabis	$ 14,457	$ 13,591
Storz & Bickel	7,781	4,447
	22,238	18,038
Selling, general and administrative expenses	40,223	38,108
Share-based compensation	1,359	(99)
Loss on asset impairment and restructuring	2,766	2,653
Operating loss	(22,110)	(22,624)
Other income (expense), net	7,402	(21,946)
Loss before incomes taxes	$ (14,708)	$ (44,570)

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

Entity-wide disclosures

Disaggregation of net revenue by geographic area:

	Three months ended June 30, 2026	Three months ended June 30, 2025
Canada	$ 54,940	$ 48,228
Germany	17,590	14,381
United States	6,229	5,972
Other	2,406	3,553
	$ 81,165	$ 72,134

Disaggregation of property, plant and equipment by geographic area:

	June 30, 2026	March 31, 2026
Canada	$ 260,674	$ 265,362
Germany	49,896	50,406
Other	633	726
	$ 311,203	$ 316,494

For the three months ended June 30, 2026, two customers represented greater than 10% of the Company's net revenue (three months ended June 30, 2025 – one).