UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38496

Canopy Growth Corporation

(Exact name of registrant as specified in its charter)

Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1 Hershey Drive	
Smiths Falls, Ontario	**K7A 0A8**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (855) 558-9333

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, no par value	**CGC**	**NASDAQ Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 4, 2026, there were 423,352,668 common shares of the registrant outstanding and 26,261,474 non-voting and non-participating exchangeable shares of the registrant outstanding which are convertible at any time, at the option of the holder, into common shares of the registrant on a one for one basis.

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Unless otherwise noted or the context indicates otherwise, references in this Quarterly Report on Form 10-Q (this "Quarterly Report") to the "Company," "Canopy Growth," "we," "us" and "our" refer to Canopy Growth Corporation and its direct and indirect wholly-owned subsidiaries and investments accounted for by the equity method; the term "cannabis" means the plant of any species or subspecies of genus *Cannabis* and any part of that plant, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers; and the term "hemp" has the meaning given to such term in the U.S. Agricultural Improvement Act of 2018, including hemp-derived cannabidiol ("CBD").

This Quarterly Report contains references to our trademarks and trade names and to trademarks and trade names belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies' trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us or our business by, any other companies.

All currency amounts in this Quarterly Report are stated in Canadian dollars, which is our reporting currency, unless otherwise noted. All references to "dollars" or "CDN$" are to Canadian dollars and all references to "US$" are to U.S. dollars.

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)

	September 30, 2026	March 31, 2026
ASSETS		
Current assets:		
Cash and cash equivalents	$ 247,340	$ 364,683
Short-term investments	72,451	-
Restricted short-term investments	4,741	5,046
Amounts receivable, net	37,190	36,289
Inventory	105,087	110,513
Prepaid expenses and other assets	13,974	12,935
Total current assets	480,783	529,466
Other investments	113,401	108,010
Property, plant and equipment	304,304	316,494
Intangible assets	85,481	92,411
Goodwill	55,685	55,685
Other assets	18,147	16,666
Total assets	$ 1,057,801	$ 1,118,732
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 29,564	$ 34,817
Accrued expenses and liabilities	40,973	42,999
Current portion of long-term debt	43,130	16,237
Warrant derivative liability	22,755	27,522
Other liabilities	34,187	36,868
Total current liabilities	170,609	158,443
Long-term debt	202,734	217,123
Deferred income tax liabilities	6,546	8,199
Other liabilities	27,589	37,373
Total liabilities	407,478	421,138
Commitments and contingencies		
Canopy Growth Corporation shareholders' equity:		
Share capital Common shares - $nil par value; Authorized - unlimited; Issued and outstanding - 423,352,668 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.	9,236,201	9,233,577
Additional paid-in capital	2,593,697	2,591,714
Accumulated other comprehensive income	13,925	10,530
Deficit	(11,193,500)	(11,138,227)
Total shareholders' equity	650,323	697,594
Total liabilities and shareholders' equity	$ 1,057,801	$ 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 September 30,		Six months ended September 30,	
	2026	2025	2026	2025
Revenue	$ 99,507	$ 82,998	$ 199,871	$ 171,746
Excise taxes	18,134	16,315	37,333	32,929
Net revenue	81,373	66,683	162,538	138,817
Cost of goods sold	58,018	44,778	116,945	98,874
Gross margin	23,355	21,905	45,593	39,943
Operating expenses				
Selling, general and administrative expenses	39,693	36,296	79,916	74,404
Share-based compensation	4,032	2,009	5,391	1,910
Loss on asset impairment and restructuring	2,593	494	5,359	3,147
Total operating expenses	46,318	38,799	90,666	79,461
Operating loss	(22,963)	(16,894)	(45,073)	(39,518)
Other income (expense), net	(18,531)	12,130	(11,129)	(9,816)
Loss before income taxes	(41,494)	(4,764)	(56,202)	(49,334)
Income tax recovery (expense)	800	(214)	929	(505)
Net loss	$ (40,694)	$ (4,978)	$ (55,273)	$ (49,839)
Basic and diluted loss per share	$ (0.10)	$ (0.02)	$ (0.13)	$ (0.22)
Basic and diluted weighted average common shares outstanding	423,109,807	274,025,102	422,689,227	231,407,491
Comprehensive income (loss):				
Net loss	$ (40,694)	$ (4,978)	$ (55,273)	$ (49,839)
Other comprehensive income (loss), net of income tax				
Foreign currency translation	(1,435)	6,771	3,395	13,484
Comprehensive income (loss)	$ (42,129)	$ 1,793	$ (51,878)	$ (36,355)

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.

	Six months ended September 30, 2026						
		Additional paid-in capital					
	Share capital	Share-based reserve	Warrants	Ownership changes	Accumulated other comprehensive income (loss)	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 income (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
Other issuances of common shares and share issue costs	(213)	-	-	-	-	-	(213)
Share-based compensation	-	4,032	-	-	-	-	4,032
Issuance and vesting of restricted share units and performance share units	945	(945)	-	-	-	-	-
Comprehensive loss	-	-	-	-	(1,435)	(40,694)	(42,129)
Balance at September 30, 2026	$ 9,236,201	$ 504,015	$ 2,612,631	$ (522,949)	$ 13,925	$ (11,193,500)	$ 650,323

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.

	Six months ended September 30, 2025						
		Additional paid-in capital			Accumulated other comprehensive income (loss)		
	Share capital	Share-based reserve	Warrants	Ownership changes		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
Common shares issued from February 2025 ATM Program	200,118	-	-	-	-	-	200,118
Common shares issued from August 2025 ATM Program	43,137	-	-	-	-	-	43,137
Other issuances of common shares and share issue costs	(3,359)	-	-	-	-	-	(3,359)
Share-based compensation	-	2,009	-	-	-	-	2,009
Issuance and vesting of restricted share units and performance share units	1,910	(1,910)	-	-	-	-	-
Comprehensive income (loss)	-	-	-	-	6,771	(4,978)	1,793
Balance at September 30, 2025	$ 9,064,336	$ 499,960	$ 2,590,485	$ (522,949)	$ 14,019	$ (10,925,158)	$ 720,693

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

	Six months ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (55,273)	$ (49,839)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	11,116	9,531
Amortization of intangible assets	9,274	9,384
Share-based compensation	5,391	1,910
Loss on asset impairment and restructuring	628	412
Income tax (recovery) expense	(929)	505
Non-cash fair value adjustments and charges related to settlement of long-term debt	(9,041)	(5,898)
Change in operating assets and liabilities, net of effects from purchases of businesses:		
Amounts receivable	(854)	25,381
Inventory	5,665	(5,154)
Prepaid expenses and other assets	(1,039)	(5,538)
Accounts payable and accrued liabilities	(8,097)	(8,002)
Other, including non-cash foreign currency	5,578	(1,008)
Net cash used in operating activities	(37,581)	(28,316)
Cash flows from investing activities:		
Purchases of and deposits on property, plant and equipment	(3,714)	(2,532)
Purchases of intangible assets	(1,992)	(420)
Proceeds on sale of property, plant and equipment	1,505	4
(Purchases) redemption of short-term investments	(71,708)	18,391
Other investing activities	-	581
Net cash (used) provided in investing activities	(75,909)	16,024
Cash flows from financing activities:		
Proceeds from issuance of common shares and warrants	-	281,516
Payment of debt issue costs	(932)	-
Repayment of long-term debt	-	(71,660)
Finance lease payments	(6,250)	(10,328)
Other financing activities	(784)	(5,071)
Net cash (used) provided by financing activities	(7,966)	194,457
Effect of exchange rate changes on cash and cash equivalents	4,113	2,082
Net (decrease) increase in cash and cash equivalents	(117,343)	184,247
Cash and cash equivalents, beginning of period	364,683	113,811
Cash and cash equivalents, end of period	$ 247,340	$ 298,058

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)

	Six months ended September 30,	
	2026	**2025**
Supplemental disclosure of cash flow information		
Cash received during the period:		
Income taxes	$ -	$ 330
Interest	$ 6,344	$ 3,099
Cash paid during the period:		
Income taxes	$ 1,994	$ 365
Interest	$ 15,329	$ 16,526
Noncash investing and financing activities		
Additions to property, plant and equipment	$ 136	$ 457

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 unaudited 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 unaudited 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 unaudited 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 unaudited 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 unaudited 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 unaudited 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 unaudited 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 20 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 September 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, Ohio 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 September 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 "2025 Acreage Financing"). In connection with the 2025 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"). 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.

In connection with a default by Acreage 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 forbearance 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").

On October 19, 2026, the Optionor, the ARCA Lender and Acreage, among others, amended and restated the Third ARCA by entering into a fourth amended and restated credit agreement (the "Fourth ARCA" and such amounts owing under the Fourth ARCA, the "Acreage and Wana Debt"), pursuant to which, among other things, Canopy USA secured from the ARCA Lender an additional US$13,333 in financing for Acreage and its subsidiaries (the "2026 Acreage Financing"). Acreage continues to be in default under the Fourth ARCA. Pursuant to the terms of the Fourth ARCA, the forbearances provided to Acreage pursuant to the Initial Forbearance Agreement and the Second Forbearance Agreement were further extended to January 31, 2027.

As of September 30, 2026, the aggregate principal amount of the Acreage and Wana Debt owing under the Third ARCA to the Optionor was approximately $193,093 (US$136,096) and the aggregate principal amount of the Acreage and Wana Debt owing under the Third ARCA to the ARCA Lender was approximately $121,275 (US$85,477).

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 the rights and remedies related thereto 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 September 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 10 for more information on Canopy USA investment balances.

4. LOSS ON ASSET IMPAIRMENT AND RESTRUCTURING

In the three and six months ended September 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 and six months ended September 30, 2026, the Company recognized a loss on asset impairment and restructuring of $2,593 and $5,359, respectively (three and six months ended September 30, 2025 – loss of $494 and $3,147, respectively).

5. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	September 30, 2026	March 31, 2026
Cash	$ 82,785	$ 126,435
Cash equivalents	164,555	238,248
	$ 247,340	$ 364,683

6. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	September 30, 2026	March 31, 2026
Term Deposits	$ 72,451	$ -
	$ 72,451	$ -

7. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	September 30, 2026	March 31, 2026
Accounts receivable, net	$ 31,743	$ 31,241
Indirect taxes receivable	2,688	3,224
Interest receivable	869	1,533
Other receivables	1,890	291
	$ 37,190	$ 36,289

Included in the accounts receivable, net balance at September 30, 2026 is an allowance for doubtful accounts of $1,640 (March 31, 2026 – $1,798).

8. INVENTORY

The components of inventory are as follows:

	September 30, 2026	March 31, 2026
Raw materials, packaging supplies and consumables	$ 19,536	$ 20,519
Work in progress	46,123	46,200
Finished goods	39,428	43,794
	$ 105,087	$ 110,513

In the three and six months ended September 30, 2026, the Company recorded write-downs related to inventory in cost of goods sold of $743 and $458, respectively (three and six months ended September 30, 2025 – $1,079 and $2,982, respectively).

9. PREPAID EXPENSES AND OTHER ASSETS

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

	September 30, 2026	March 31, 2026
Prepaid expenses	$ 6,165	$ 7,544
Deposits	672	944
Other assets	7,137	4,447
	$ 13,974	$ 12,935

10. 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 20.

Entity	Instrument	Balance at March 31, 2026	Additions	Fair value changes	Foreign currency translation adjustments	Other	Balance at September 30, 2026
Canopy USA Loans Receivable	Loan receivable	$ 63,900	$ -	$ 436	$ 1,142	$ -	$ 65,478
Canopy USA LPs	Equity method investment	42,079	-	3,838	82	-	45,999
Other	Various	2,031	-	-	-	(107)	1,924
		$ 108,010	$ -	$ 4,274	$ 1,224	$ (107)	$ 113,401

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 20 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 22 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 2025 Acreage Financing. In connection with the 2025 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.

In connection with a default by Acreage 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.

On October 19, 2026, the Optionor, the ARCA Lender and Acreage, among others, entered into the Fourth ARCA, pursuant to which, among other things, Canopy USA secured from the ARCA Lender the 2026 Acreage Financing. Acreage continues to be in default under the Fourth ARCA. Pursuant to the terms of the Fourth ARCA, the forbearances provided to Acreage pursuant to the Initial Forbearance Agreement and the Second Forbearance Agreement were further extended to January 31, 2027.

As of September 30, 2026, the aggregate principal amount of the Acreage and Wana Debt owing under the Third ARCA to the Optionor was approximately $193,093 (US$136,096) and the aggregate principal amount of the Acreage and Wana Debt owing under the Third ARCA to the ARCA Lender was approximately $121,275 (US$85,477).

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 the rights and remedies related thereto 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 20 for information on the valuation technique and other inputs used in determining the fair value.

As of September 30, 2026, the aggregate principal and interest amount owing to Canopy Growth is $245,042 (US$172,711) and $86,750 (US$61,143), respectively.

11. PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2026	March 31, 2026
Buildings and greenhouses	$ 311,176	$ 313,234
Production and warehouse equipment	73,556	72,897
Leasehold improvements	8,194	7,524
Office and lab equipment	12,490	12,343
Computer equipment	8,067	7,281
Land	5,160	5,286
Right-of-use-assets		
Buildings and greenhouses	26,678	26,221
Production and warehouse equipment	986	986
Assets in process	2,200	2,108
	448,507	447,880
Less: Accumulated depreciation	(144,203)	(131,386)
	$ 304,304	$ 316,494

Depreciation expense included in cost of goods sold for the three and six months ended September 30, 2026 is $4,163 and $8,374, respectively (three and six months ended September 30, 2025 – $4,208 and $8,409, respectively). Depreciation expense included in selling, general and administrative expenses for the three and six months ended September 30, 2026 is $1,602 and $2,742, respectively (three and six months ended September 30, 2025 – $570 and $1,122, respectively).

12. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	September 30, 2026		March 31, 2026	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
Finite lived intangible assets				
Intellectual property	$ 145,705	$ 19,772	$ 90,646	$ 24,300
Distribution channel	57,014	10,900	56,985	11,817
Operating licenses	24,400	8,361	24,400	9,885
Software and domain names	34,200	1,142	33,404	797
Brands	33,672	21,789	31,722	21,876
Amortizable intangibles in process	-	-	237	237
Total	$ 294,991	$ 61,964	$ 237,394	$ 68,912
Indefinite lived intangible assets				
Acquired brands		$ 23,517		$ 23,499
Total intangible assets		$ 85,481		$ 92,411

Amortization expense included in cost of goods sold for the three and six months ended September 30, 2026 is $3 and $6, respectively (three and six months ended September 30, 2025 – $3 and $6, respectively). Amortization expense included in selling, general and administrative expenses for the three and six months ended September 30, 2026 is $4,588 and $9,268, respectively (three and six months ended September 30, 2025 – $4,464 and $9,378, respectively).

13. 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, September 30, 2026	$ 55,685

The Company does not believe that an event occurred or circumstances changed during the six months ended September 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 September 30, 2026. The carrying value of goodwill associated with the Cannabis reporting unit was $55,685 at September 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.

14. ACCRUED EXPENSES AND LIABILITIES

The components of accrued expenses and liabilities are as follows:

	September 30, 2026	March 31, 2026
Employee compensation	$ 9,820	$ 15,661
Taxes and government fees	19,407	14,402
Professional fees	3,597	4,022
Other	8,149	8,914
	$ 40,973	$ 42,999

15. DEBT

The components of debt are as follows:

	Maturity Date	September 30, 2026 Principal	September 30, 2026 Book Value	March 31, 2026 Principal	March 31, 2026 Book Value
Loan Agreement	January 31, 2031	$ 230,009	$ 189,490	$ 225,972	$ 177,042
January 2026 Convertible Debenture	July 8, 2031	55,000	56,374	55,000	56,318
		285,009	245,864	280,972	233,360
Less: current portion			(43,130)		(16,237)
Long-term portion			$ 202,734		$ 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.

16. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at September 30, 2026			As at March 31, 2026		
	Current	Long-term	Total	Current	Long-term	Total
Lease liabilities	$ 14,272	$ 21,304	$ 35,576	$ 14,327	$ 31,027	$ 45,354
Acquisition consideration and other investment related liabilities	-	4,555	4,555	-	4,552	4,552
Refund liability	1,681	-	1,681	3,638	-	3,638
Settlement liabilities and other	18,234	1,730	19,964	18,903	1,794	20,697
	$ 34,187	$ 27,589	$ 61,776	$ 36,868	$ 37,373	$ 74,241

17. SHARE CAPITAL

CANOPY GROWTH

Authorized

An unlimited number of Canopy 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 Canopy 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 Canopy 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 and six months ended September 30, 2026, no Canopy Shares have been sold under the August 2025 ATM Program.

During the three and six months ended September 30, 2025, the Company sold 106,498,970 and 127,505,498 Canopy Shares, respectively, for gross proceeds of $200,118 (US$145,350) and $238,379 (US$173,278), respectively, under the February 2025 ATM Program. In addition, during the three and six months ended September 30, 2025, the Company sold 20,307,503 and 20,307,503 Canopy Shares, respectively, for gross proceeds of $43,137 (US$31,014) and $43,137 (US$31,014), respectively, under the August 2025 ATM Program.

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

During the six months ended September 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	-	$ (784)	$ -
Total	-	$ (784)	$ -

During the six months ended September 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	-	$ (4,944)	$ -
Total	-	$ (4,944)	$ -

(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 22 for details. The following is a summary of the Company's liability classified warrant activity during the six months ended September 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 September 30, 2026	30,838,728	$ 4.57	3.61

	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 September 30, 2025	12,133,150	$ 8.61	3.59

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

	Warrant derivative liability
Balance outstanding at March 31, 2026	$ 27,522
Fair value change	(4,767)
Balance outstanding at September 30, 2026	$ 22,755

	Warrant derivative liability
Balance outstanding at March 31, 2025	$ 8,647
Fair value change	6,673
Balance outstanding at September 30, 2025	$ 15,320

(iv) Equity classified warrants

The following is a summary of the Company's equity classified warrant activity during the six months ended September 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 September 30, 2026	23,528,830	$ 4.08	2.95	$ 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 September 30, 2025	3,350,430	$ 16.18	3.62	2,590,485

(v) Issuances of Exchangeable Shares

During the six months ended September 30, 2026 and 2025, the Company did not issue any Exchangeable Shares.

18. 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 Canopy Shares available for issuance under the Omnibus Equity Incentive Plan remains at 10% of the issued and outstanding Canopy Shares from time to time, less the number of Canopy Shares issuable pursuant to other security-based compensation arrangements of the Company (including Canopy 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 Canopy 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 42,335,267 as at September 30, 2026. As of September 30, 2026, the only Awards outstanding are Options 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 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 six months ended September 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	(401,157)	4.36
Balance outstanding at September 30, 2026[1]	5,182,660	$ 2.67

(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 September 30, 2026:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices	Outstanding at September 30, 2026	Weighted Average Remaining Contractual Life (years)	Exercisable at September 30, 2026	Weighted Average Remaining Contractual Life (years)
$1.40 - $2.50	4,634,880	5.14	779,972	3.69
$2.51 - $10.00	419,273	3.62	268,429	3.20
$10.01 - $308.70	128,507	2.98	101,512	2.79
	5,182,660	4.96	1,149,913	3.50

At September 30, 2026, the weighted average exercise price of the Options outstanding and Options exercisable was $2.67 and $5.98, respectively (March 31, 2026 – $4.19 and $10.06, respectively).

The Company recorded $1,012 and $1,308 in share-based compensation expense related to Options issued to employees and contractors for the three and six months ended September 30, 2026, respectively (three and six months ended September 30, 2025 – $664 and $334, respectively).

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

	September 30, 2026	September 30, 2025
Risk-free interest rate	2.98%	2.64%
Expected life of options (years)	3 - 5	3 - 5
Expected volatility	123%	123%
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 and six months ended September 30, 2026, the Company recorded $3,020 and $4,083, respectively, in share-based compensation expense related to RSUs (for the three and six months ended September 30, 2025 – $1,345 and $1,576, respectively).

The following is a summary of the changes in the Company's RSUs during the six months ended September 30, 2026:

	Number of RSUs
Balance outstanding at March 31, 2026	2,922,618
RSUs granted[1]	7,077,095
RSUs released	(1,284,443)
RSUs cancelled and forfeited	(501,910)
Balance outstanding at September 30, 2026[1]	8,213,360

[1] Included are 2,888,620 RSUs which are subject to performance conditions.

19. 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	3,395	3,395
As at September 30, 2026	$ 13,925	$ 13,925

	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
As at March 31, 2025	$ 535	$ 535
Other comprehensive income	13,484	13,484
As at September 30, 2025	$ 14,019	$ 14,019

20. 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 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
September 30, 2026				
Assets:				
Short-term investments	72,451	$ -	$ -	$ 72,451
Restricted short-term investments	4,741	-	-	4,741
Other investments	47	-	111,477	111,524
Liabilities:				
Warrant derivative liability	-	-	22,755	22,755
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 U.S. legalization	Increase or decrease in probability of U.S. 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 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	Volatility of TerrAscend's Common Share price	Increase or decrease in volatility will result in a decrease or increase in fair value
		Probability and timing of U.S. legalization	Increase or decrease in probability of U.S. 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

21. REVENUE

Revenue is disaggregated as follows:

	Three months ended		Six months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Cannabis				
Canadian adult-use cannabis[1]	$ 28,127	$ 23,940	$ 57,829	50,961
Canadian medical cannabis[2]	25,840	21,821	51,626	43,027
International markets cannabis	12,268	5,091	21,865	13,846
	$ 66,235	$ 50,852	$ 131,320	$ 107,834
Storz & Bickel	$ 15,138	$ 15,831	$ 31,218	$ 30,983
Net revenue	$ 81,373	$ 66,683	$ 162,538	$ 138,817

[1]Canadian adult-use net revenue during the three and six months ended September 30, 2026 includes excise taxes of $14,885 and $31,088, respectively (three and six months ended September 30, 2025 – $13,802 and $28,001, respectively).
[2]Canadian medical cannabis net revenue for the three and six months ended September 30, 2026 includes excise taxes of $3,249 and $6,245, respectively (three and six months ended September 30, 2025 – $2,513 and $4,928, respectively).

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 $(1,025) and $994 for the three and six months ended September 30, 2026, respectively (three and six months ended September 30, 2025 – $322 and $1,245, respectively). As of September 30, 2026, the liability for estimated returns and price adjustments was $1,681 (March 31, 2026 – $3,638).

22. OTHER INCOME (EXPENSE), NET

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

	Three months ended		Six months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Fair value changes on Canopy USA related assets	$ (11,934)	$ 23,887	$ 4,274	$ 13,838
Fair value changes on derivative liability	4,108	(3,339)	4,767	(6,673)
Loss related to settlement of debt	-	(1,267)	-	(1,267)
Interest income	3,110	1,976	6,344	3,033
Interest expense	(13,017)	(8,802)	(25,694)	(18,541)
Foreign currency loss	(569)	(817)	(1,051)	(664)
Other income (expense), net	(229)	492	231	458
	$ (18,531)	$ 12,130	$ (11,129)	$ (9,816)

23. INCOME TAXES

There have been no material changes to income tax matters in connection with normal course operations during the six months ended September 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 unaudited 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.

24. 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 and six months ended September 30, 2026, there have been no material changes with respect to provisions relating to legal proceedings for the Company.

25. 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		Six months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Segmented net revenue				
Cannabis	$ 66,235	$ 50,852	$ 131,320	$ 107,834
Storz & Bickel	15,138	15,831	31,218	30,983
	$ 81,373	$ 66,683	$ 162,538	$ 138,817
Segmented gross margin:				
Cannabis	$ 17,388	$ 15,873	$ 31,845	$ 29,464
Storz & Bickel	5,967	6,032	13,748	10,479
	23,355	21,905	45,593	39,943
Selling, general and administrative expenses	39,693	36,296	79,916	74,404
Share-based compensation	4,032	2,009	5,391	1,910
Loss on asset impairment and restructuring	2,593	494	5,359	3,147
Operating loss	(22,963)	(16,894)	(45,073)	(39,518)
Other income (expense), net	(18,531)	12,130	(11,129)	(9,816)
Loss before incomes taxes	$ (41,494)	$ (4,764)	$ (56,202)	$ (49,334)

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		Six months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Canada	$ 55,341	$ 45,760	$ 110,281	$ 93,988
Germany	19,415	12,725	37,005	27,106
United States	5,941	6,371	12,170	12,343
Other	676	1,827	3,082	5,380
	$ 81,373	$ 66,683	$ 162,538	$ 138,817

Disaggregation of property, plant and equipment by geographic area:

	September 30, 2026	March 31, 2026
Canada	$ 254,446	$ 265,362
Germany	49,335	50,406
Other	523	726
	$ 304,304	$ 316,494

For the three months ended September 30, 2026, one customer from the Cannabis segment represented greater than 10% of the Company's net revenue (three months ended September 30, 2025 – none).

For the six months ended September 30, 2026, two customers from the Cannabis segment represented greater than 10% of the Company's net revenue (six months ended September 30, 2025 – none).

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

Introduction

This Management's Discussion and Analysis ("MD&A") should be read together with other information, including our unaudited condensed interim consolidated financial statements and the related notes to those statements included in Part I, Item 1 of this Quarterly Report (the "Interim Financial Statements"), our consolidated financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended March 31, 2026 (the "Annual Report"), and Part I, Item 1A, Risk Factors, of the Annual Report. This MD&A provides additional information on our business, recent developments, financial condition, cash flows and results of operations, and is organized as follows:

- *Part 1 - Business Overview.* This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition, and potential future trends.

- *Part 2 - Results of Operations.* This section provides an analysis of our results of operations for the second quarter of fiscal 2027 in comparison to the second quarter of fiscal 2026, and for the six months ended September 30, 2026 in comparison to the six months ended September 30, 2025.

- *Part 3 - Financial Liquidity and Capital Resources.* This section provides an analysis of our cash flows and outstanding debt and commitments. Included in this analysis is a discussion of the amount of financial capacity available to fund our ongoing operations and future commitments.

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

Special Note Regarding Forward-Looking Statements

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

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

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

of additional Non-Voting Shares (as defined below) issuable to Canopy Growth from Canopy USA in consideration thereof;
- the acquisition of additional Canopy USA Common Shares (as defined below) in connection with the Trust Transaction (as defined below), including any warrants of Canopy USA issued to the Trust (as defined below) in accordance with the Trust SPA (as defined below);
- expectations regarding the potential success of, and the costs and benefits associated with, our acquisitions, equity investments and dispositions, including our acquisition of MTL Cannabis Corp. ("MTL");
- the grant, renewal and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- our international activities, including required regulatory approvals and licensing, anticipated costs and timing, and expected impact;
- our ability to successfully create and launch brands and further create, launch and scale products in jurisdictions where such products are legal and that we currently operate in;
- the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, including CBD and other cannabinoids;
- our remediation plan and our ability to remediate the material weakness in our internal control over financial reporting;
- expectations regarding the use of proceeds of equity financings;
- the legalization of the use of cannabis for medical or adult-use in jurisdictions outside of Canada, the related timing and impact thereof and our intentions to participate in such markets, if and when such use is legalized;
- the impact of the implementation of the rescheduling of medical cannabis from Schedule I controlled substance under the Controlled Substances Act (21 U.S.C. § 811) to a Schedule III controlled substance;
- our ability to execute on our strategy and the anticipated benefits of such strategy;
- the ongoing impact of the legalization of additional cannabis product types and forms for adult-use in Canada, including federal, provincial, territorial and municipal regulations pertaining thereto, the related timing and impact thereof and our intentions to participate in such markets;
- the ongoing impact of developing provincial, state, territorial and municipal regulations pertaining to the sale and distribution of cannabis, the related timing and impact thereof, as well as the restrictions on federally regulated cannabis producers participating in certain retail markets and our intentions to participate in such markets to the extent permissible;
- the timing and nature of legislative changes in the U.S. regarding the regulation of cannabis including tetrahydrocannabinol ("THC");
- the future performance of our business and operations;
- our competitive advantages and business strategies;
- the competitive conditions of the industry;
- the expected growth in the number of customers using our products;
- expectations regarding revenues, expenses and anticipated cash needs;
- expectations regarding cash flow, liquidity and sources of funding;
- expectations regarding capital expenditures;
- the expansion of our production and manufacturing, the costs and timing associated therewith and the receipt of applicable production and sale licenses;
- expectations with respect to our growing, production and supply chain capacities;
- expectations regarding the resolution of litigation and other legal and regulatory proceedings, reviews and investigations;
- expectations with respect to future production costs;
- the effects of tariffs and related retaliatory measures, the levels of inflation, interest rates and trade policy and risks relating to the evolving regulatory landscape in the United States, on our costs and our margins;
- the effects of the conflict in the Middle East and its impact on global commerce and shipping supply chains and potential shipping delays;
- expectations with respect to future sales and distribution channels and networks;
- the expected methods to be used to distribute and sell our products;
- our future product offerings;
- the anticipated future gross margins of our operations;
- accounting standards and estimates;
- expectations regarding our distribution network;
- expectations regarding the costs and benefits associated with our contracts and agreements with third parties, including under our third-party supply and manufacturing agreements;
- our ability to comply with the listing requirements of the Nasdaq Stock Market LLC ("Nasdaq") and the Toronto Stock Exchange ("TSX"); and
- expectations on price changes for products in cannabis markets.

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

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

By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking statements in this Quarterly Report and other reports we file with, or furnish to, the Securities and Exchange Commission (the "SEC") and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf. Such factors include, without limitation, risks related to our ability to remediate the material weakness identified in our internal control over financial reporting, or inability to otherwise maintain an effective system of internal control; the risk that our March 31, 2026 restatement of our consolidated financial statements could negatively affect investor confidence and raise reputation risks; our limited operating history; risks that we may be required to write down intangible assets, including goodwill, due to impairment; the adequacy of our capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute our business plan (either within the expected timeframe or at all); the diversion of management's time on matters related to Canopy USA; the risks that the Trust's future ownership interest in Canopy USA is not quantifiable, and the Trust may have significant ownership and influence over Canopy USA; the risks in the event that Acreage Holdings, Inc. ("Acreage") and Wana cannot satisfy their debt obligations as they become due; volatility in and/or degradation of general economic, market, industry or business conditions; risks relating to the overall macroeconomic environment, which may impact customer spending, our costs and our margins, including tariffs (and related retaliatory measures), the levels of inflation, interest rates and trade policy; risks relating to the evolving regulatory landscape in the United States; risks relating to our current and future operations in emerging markets; compliance with applicable environmental, economic, health and safety, energy and other policies and regulations and in particular health concerns with respect to vaping and the use of cannabis products in vaping devices; risks and uncertainty regarding future product development; changes in regulatory requirements in relation to our business and products; our reliance on licenses issued by and contractual arrangements with various federal, state and provincial governmental authorities; inherent uncertainty associated with projections; future levels of revenues and the impact of increasing levels of competition; third-party manufacturing risks; third-party transportation risks; our exposure to risks related to an agricultural business, including wholesale price volatility and variable product quality; changes in laws, regulations and guidelines and our compliance with such laws, regulations and guidelines; risks relating to inventory write downs; risks relating to our ability to refinance debt as and when required on terms favorable to us and to comply with covenants contained in our debt facilities and debt instruments; risks associated with jointly owned investments; our ability to manage disruptions in credit markets or changes to our credit ratings; the success or timing of completion of ongoing or anticipated capital or maintenance projects; risks related to the integration of acquired businesses; the timing and manner of the legalization of cannabis in the United States; business strategies, growth opportunities and expected investment; counterparty risks and liquidity risks that may impact our ability to obtain loans and other credit facilities on favorable terms; the potential effects of judicial, regulatory or other proceedings, litigation or threatened litigation or proceedings, or reviews or investigations, on our business, financial condition, results of operations and cash flows; risks associated with divestment and restructuring; the anticipated effects of actions of third parties such as competitors, activist investors or federal, state, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; consumer demand for cannabis products; the implementation and effectiveness of key personnel changes; risks related to stock exchange restrictions; risks related to the protection and enforcement of our intellectual property rights; the risks related to our exchangeable shares (the "Exchangeable Shares") having different rights from Canopy Shares and there may never be a trading market for the Exchangeable Shares; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; risks related to finalization of the consideration payable by us for the acquisition by Canopy USA of the remaining interests in Jetty; and the factors discussed under the heading "Risk Factors" in

the Annual Report. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Forward-looking statements are provided for the purposes of assisting the reader in understanding our financial performance, financial position, and cash flows as of and for periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and the reader is cautioned that the forward-looking statements may not be appropriate for any other purpose. While we believe that the assumptions and expectations reflected in the forward-looking statements are reasonable based on information currently available to management, there is no assurance that such assumptions and expectations will prove to have been correct. Forward-looking statements are made as of the date they are made and are based on the beliefs, estimates, expectations, and opinions of management on that date. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by law. The forward-looking statements contained in this Quarterly Report and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees, and other persons authorized to speak on our behalf are expressly qualified in their entirety by these cautionary statements.

Part 1 - Business Overview

We are here to better lives through cannabis.

We believe in the power of a plant – not as a trend or commodity, but as a catalyst for elevating human potential. For the patient seeking to function more fully in their everyday lives, the veteran finding relief, and the individual rediscovering balance, clarity, and purpose. We believe that, with responsible enjoyment, cannabis can enrich experiences, deepen connection, and enhance well-being.

Cannabis is a global economic force in the making. We believe it will stand alongside – and eventually rival – the largest consumer packaged goods industries in the world. The companies that lead will not be those who move fastest, but those who are principled, disciplined, and focused on the consumer.

Guided by these beliefs, we choose to lead the industry. We are making decisions for the long term, creating standards others will follow, and earning trust every day – with every product, interaction, and every commitment kept.

We are building a global, consumer-centric company with a clear and uncompromising ambition: to lead the world in bettering lives through cannabis. A company with brands and category-defining products that can scale globally, grounded in superior flower cultivation, driven by innovation across formats and technologies, and consistently delighting consumers. A company driven by focused and disciplined operators, relentless in execution, strategic prioritization, and financial performance. Our foundation is built on four enduring values:

- **Leadership.** We courageously set the standard for what this industry can and should be.
- **Excellence.** We pursue uncompromising quality in everything we do – from cultivation to consumer experience.
- **Trust.** We earn it through consistency, transparency, and integrity.
- **Innovation.** We challenge assumptions and seek to unlock the full potential of cannabis as a plant and category.

Together, these values shape how we operate and create value, and how we better the lives of our people, and everyone we serve.

The full potential of cannabis is just beginning to be unlocked – and we intend to lead that future.

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

Today, we are a leader in the medical as well as adult use cannabis market in Canada where we offer a broad portfolio of brands and products and continue to expand our portfolio to include new innovative cannabis products and formats. We produce, distribute, and sell a diverse range of cannabis and cannabis-related products for 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*"), and globally pursuant to applicable legislation, regulations, and permits. Our curated cannabis product formats include dried flower, pre-rolled joints, oil, softgel capsules, edibles including gummies, vapes and beverages, as well as a wide range of cannabis accessories including our premier herbal vaporizer devices Storz & Bickel® (collectively with Storz & Bickel GmbH, "Storz & Bickel").

We aspire to demonstrate how cannabis can be used to bettering lives and communities, and we have defined a clear strategy to bring this ambition to life. Our overall strategy is anchored in our commitment to building beloved consumer brands within an asset-right operating model, which focuses on driving efficiency for the greatest return on investment while owning the core capabilities that are critical to long-term sustainable success. We believe that this will enable us to compete more effectively, and lead, in today's rapidly evolving market.

To achieve our vision, our strategy consists of six pillars:

- ***We are and expect to continue to be Canada's #1 medical cannabis provider by revenue*** - We are committed to the high-quality production of medical cannabis products and are equally committed to helping medical professionals confidently prescribe and patients to responsibly use our products. As the leaders in providers of medical cannabis to patients in Canada, our award-winning network of clinics allows us to serve patients nationwide across the Apollo, Canada House and Abba Medix banners. We provide services that ensure the patient comes first by providing quick access to medical care to start their cannabis journey or helping medical cannabis patients seek reimbursement for their medicines. We are strong advocates for our patients and consistently seek to deliver products that are responsive to their needs.

- ***Leadership of global vaporization through Storz &Bickel*** - Vaporization is a consumption method that aligns with the desires of many of our medical cannabis patients and adult-use consumers. With an already extensive product portfolio, our focus is to continue to push for more impactful product innovations that allow for the expansion of new product formats. Like our cannabis, these devices are crafted with the same attention to quality, performance and safety and undergo rigorous manufacturing procedures and certification. While already internationally established, Storz & Bickel is focused on addressing consumer needs in the North American market and intends to continue to deliver its award-winning products to a broader audience.

- ***Focused growth in international medical cannabis market*** - Our unwavering commitment to the safety and effectiveness of our products is a critical strategic imperative which also helps differentiate us in the growing cannabis market. We deliver medical cannabis to patients in Germany, Poland, Australia and the United Kingdom. To remain successful, we consistently strive to make significant investments in our operations within Canada and Europe and we are well-positioned to pursue international growth opportunities with our strong medical cannabis brands and distribution networks. We intend to fuel the continued demand for our European Union Good Manufacturing Practices ("EU-GMP") certified medical grade cannabis internationally with supply from within Europe and from our Canadian EU-GMP certified facility in Kincardine, Ontario. In addition, we will continue to maximize our existing routes to market to further our execution on our international growth plans, while leveraging our cannabis expertise and well-established medical brands.

- ***Focusing on profitable scale in adult-use cannabis through our powerhouse brands backed by exceptional product quality*** - The heart of our business is in North America with our roots in Canada and investments in the U.S. Our brand portfolio includes Tweed, Claybourne™, HiWay, 7ACRES, Twd., Wana, DOJA, DeeLish, MTL Cannabis, LowKey, R'belle, and Deep Space in our Canadian adult-use market. As markets continue to evolve, we believe the role of brands will become more prominent in consumers' desire for trustworthy products that deliver quality and consistency of experience. We are investing in our brands to further our position of leadership in the market and to continually strengthen their relationship with consumers. We understand that the success of our products and brands is only achievable with the support and buy-in of customers. As consumer needs and trends evolve, we are continuing to focus our efforts on product categories with the highest and most tangible profit opportunities that also align to customer needs and consumer desires. At the same time, we are significantly optimizing our wholesale capabilities to ensure that our products have the broadest distribution in our highest profit geographies.

- ***Leveraging our disciplined "asset-right" model to build world class cultivation and to power our growth*** - As the cannabis market continues to rapidly evolve, we remain focused on driving efficiency for the greatest return on asset investments. With our acquisition of MTL completed in fiscal 2026, we have access to world leading genetics and talent that will shape our cultivation practices. Our objective is to excel at our own internal manufacturing capabilities by making selective investments in assets that will accelerate returns and secure long-term sustainable profitability. This means we will invest where necessary and continue to leverage local and/or regional suppliers for raw materials to complement our owned operations. We continually and consistently seek to optimize our operating footprint in order to achieve profitability and foster growth while retaining a steadfast commitment to the quality of our products and the integrity of our global supply chain.

- ***Exposure to the expanding U.S. cannabis market*** - We have an unconsolidated and non-controlling interest in Canopy USA which is, and is expected to continue to be, accounted for as an equity method (fair value) investment until such time as 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"). We continue to explore brand opportunities to continue building a foundation for us to participate indirectly in the world's largest cannabis market and to offer our shareholders unique exposure to this market's growth. See "Risk Factors – Our expansion plans into the United States rely upon the continued operations and success of Canopy USA and its subsidiaries and the anticipated benefits of the strategy involving Canopy USA is uncertain and may not be realized; and the fair value of our equity method investment in Canopy USA is volatile" under Item 1A of the Annual Report.

Segment Reporting

We report our financial results for the following two reportable segments:

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

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

Canopy USA

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

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

On May 19, 2023, Canopy USA and Huneeus 2017 Irrevocable Trust (the "Trust") entered into a share purchase agreement (the "Trust SPA"), which sets out the terms of the Trust's investment in Canopy USA in the aggregate amount of up to US$20 million (the "Trust Transaction"). Agustin Huneeus, Jr. is the trustee of the Trust and is an affiliate of a shareholder of Jetty. On April 26, 2024, Canopy USA completed the first tranche closing of the Trust Transaction and pursuant to the Trust SPA, the timeline to complete the second tranche closing has lapsed. As of September 30, 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 and Jetty, as applicable, Canopy Growth may be required to issue additional Canopy Shares in satisfaction of certain deferred and/or option exercise payments to the shareholders of Wana and Jetty. Canopy Growth will receive additional Non-Voting Shares from Canopy USA as consideration for any Canopy Shares issued in the future to the shareholders of Wana and Jetty.

On April 30, 2024, Canopy USA and its members entered into a second amended and restated limited liability company agreement (the "Second A&R LLC Agreement"). In accordance with the terms of the Second A&R LLC Agreement, the terms of the Non-Voting Shares have been amended such that the Non-Voting Shares are only convertible into Canopy USA Class B Shares following the date that the NASDAQ Stock Market or The New York Stock Exchange permit the listing of companies that consolidate the financial statements of companies that cultivate, distribute or possess marijuana (as defined in 21 U.S.C 802) in the United States. Based on the Company's discussions with the Office of the Chief Accountant of the SEC, the Company believes that the staff of the SEC would not object to the deconsolidation of the financial results of Canopy USA from the Company's financial statements in accordance with U.S. GAAP.

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 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, 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, Ohio 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 - *Consolidations* ("ASC 810"). In accordance with ASC 810, Canopy Growth consolidated the financial results of Canopy USA up to April 30, 2024. As of April 30, 2024, Canopy Growth has deconsolidated the financial results of Canopy USA and has a non-controlling interest in Canopy USA as of such date.

Ownership of U.S. Cannabis Investments

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

As of September 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 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 US$99.8 million of Acreage's outstanding debt (the "Acquired Debt") in exchange for approximately US$69.8 million in cash and the release of approximately US$30.1 million that was held in escrow.

The Optionor subsequently transferred approximately US$2.2 million of the Acquired Debt and entered into a series of agreements, including an amended and restated credit agreement (the "First ARCA"), which provided for, among other things, the Acquired Debt, certain interest payments to be paid-in-kind, revisions to certain financial covenants and, following certain events, an extension to the maturity date.

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

On July 29, 2025, Canopy USA secured from the ARCA Lender an additional US$22 million in financing for Acreage and its subsidiaries (the "2025 Acreage Financing"). In connection with the 2025 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"). 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.

In connection with a default by Acreage 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 forbearance 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").

On October 19, 2026, the Optionor, the ARCA Lender and Acreage, among others, amended and restated the Third ARCA by entering into the fourth amended and restated credit agreement (the "Fourth ARCA" and such amounts owing under the Fourth ARCA, the "Acreage and Wana Debt"), pursuant to which, among other things, Canopy USA secured from the ARCA Lender an additional US$13,333 in financing for Acreage and its subsidiaries. Acreage continues to be in default under the Fourth ARCA. Pursuant to the terms of the Fourth ARCA, the forbearances provided to Acreage pursuant to the Initial Forbearance Agreement and the Second Forbearance Agreement were further extended to January 31, 2027.

As of September 30, 2026, the aggregate principal amount of the Acreage and Wana Debt owing under the Third ARCA to the Optionor was approximately $193.1 million (US$136.1 million) and the aggregate principal amount of the Acreage and Wana Debt owing under the Third ARCA to the ARCA Lender was approximately $121.3 million (US$85.5 million).

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 the rights and remedies related thereto 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 connection with such acquisition, Canopy Growth issued an aggregate of 5,888,291 Canopy Shares to former shareholders of Acreage.

In addition, Canopy Growth: (i) issued 5,118,426 Canopy Shares pursuant to the tax receivable bonus plans of 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 were issued as of September 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 approximately $50.8 million and Canopy USA delivered guarantees in respect of the obligations owing pursuant to the intercompany loans (collectively the "Elevate loan") that existed prior to Canopy Growth's deconsolidation of Canopy USA, between subsidiaries. Refer to Note 10 for more information on Canopy USA investment balances.

Recent Developments

Canadian Federal Income Tax Proposals

Pursuant to proposed amendments to the *Income Tax Act* (Canada) and the regulations thereunder (the "Tax Act"), released by the Department of Finance (Canada) on July 23, 2026 for purposes of the definition of "taxable Canadian property" under the Tax Act (the "TCP Proposals"), Canopy Shares that are listed on a "designated stock exchange" for purpose of the Tax Act would be deemed to include an option in respect of, an interest in or for civil law a right in such shares, whether or not such shares exist, such that any options, interests or rights held by a non-resident of Canada for purposes of the Tax Act would be included in determining whether such person exceeds the relevant 25% threshold used to determine whether such Canopy Shares constitute "taxable Canadian property" for purposes of the Tax Act. The TCP Proposals are proposed to come into force on Royal Assent.

Part 2 - Results of Operations

The results of operations presented below reports the financial performance of Canopy Growth for the three and six months ended September 30, 2026.

Discussion of Results of Operations for the Three Months Ended September 30, 2026

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Three months ended September 30, 2026	2025	$ Change	% Change
Selected consolidated financial information:				
Net revenue	$ 81,373	$ 66,683	$ 14,690	22%
Gross margin percentage	29%	33%	-	(400) bps
Net loss	$ (40,694)	$ (4,978)	$ (35,716)	(717%)
Basic and diluted loss per share[1]	$ (0.10)	$ (0.02)	$ (0.08)	(400%)

[1] For the three months ended September 30, 2026, the weighted average number of outstanding Canopy Shares, basic and diluted, totaled 423,109,807 (three months ended September 30, 2025 - 274,025,102).

Revenue

We report net revenue in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented net revenue for the three months ended September 30, 2026 and 2025:

Net Revenue *(in thousands of Canadian dollars)*	Three months ended September 30, 2026	2025	$ Change	% Change
Cannabis				
Canadian adult-use cannabis[1]	$ 28,127	$ 23,940	$ 4,187	17%
Canadian medical cannabis[2]	25,840	21,821	4,019	18%
International markets cannabis[3]	12,268	5,091	7,177	141%
	$ 66,235	$ 50,852	$ 15,383	30%
Storz & Bickel	$ 15,138	$ 15,831	$ (693)	(4%)
Net revenue	$ 81,373	$ 66,683	$ 14,690	22%

[1] Includes excise taxes of $14,885 and other revenue adjustments, representing our determination of returns and pricing adjustments, of -$189 for the three months ended September 30, 2026 (three months ended September 30, 2025 - excise taxes of $13,802 and other revenue adjustments of -$37).
[2] Includes excise taxes of $3,249 for the three months ended September 30, 2026 (three months ended September 30, 2025 - excise taxes of $2,513).
[3] Reflects other revenue adjustments of $135 for the three months ended September 30, 2026 (three months ended September 30, 2025 - $359).

Net revenue was $81.4 million in the second quarter of fiscal 2027, an increase of $14.7 million as compared to $66.7 million in the second quarter of fiscal 2026.

Cannabis

Net revenue from our Cannabis segment was $66.2 million in the second quarter of fiscal 2027, as compared to $50.9 million in the second quarter of fiscal 2026.

Canadian adult-use cannabis net revenue was $28.1 million in the second quarter of fiscal 2027, as compared to $23.9 million in the second quarter of fiscal 2026. The year-over-year increase is primarily attributable to increased flower sales, driven by the acquisition of MTL, partially offset by declines in opportunistic bulk sales.

Canadian medical cannabis net revenue was $25.8 million in the second quarter of fiscal 2027, as compared to $21.8 million in the second quarter of fiscal 2026. The year-over-year increase is primarily attributable to continued growth in the number of insured customers and the acquisition of MTL, partially offset by the Canadian government's Veterans Affairs Canada reduction in the reimbursement rate for medical cannabis which became effective on April 1, 2026.

International markets cannabis revenue was $12.3 million in the second quarter of fiscal 2027, as compared to $5.1 million in the second quarter of fiscal 2026. The year-over-year increase is primarily attributable to strength in Europe, specifically in Germany and Poland.

Storz & Bickel

Revenue from Storz & Bickel was $15.1 million in the second quarter of fiscal 2027, as compared to $15.8 million in the second quarter of fiscal 2026. The year-over-year decrease is primarily attributable to decreased consumer spending on Storz & Bickel products in certain geographic regions.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold, gross margin and gross margin percentage on a consolidated basis for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,			
(in thousands of Canadian dollars except where indicated)	2026	2025	$ Change	% Change
Net revenue	$ 81,373	$ 66,683	$ 14,690	22%
Cost of goods sold	$ 58,018	$ 44,778	$ 13,240	30%
Gross margin	23,355	21,905	1,450	7%
Gross margin percentage	29%	33%	-	(400) bps

Cost of goods sold was $58.0 million in the second quarter of fiscal 2027, as compared to $44.8 million in the second quarter of fiscal 2026. Our gross margin was $23.4 million in the second quarter of fiscal 2027, or 29% of net revenue, as compared to a gross margin of $21.9 million and gross margin percentage of 33% of net revenue in the second quarter of fiscal 2026.

We report gross margin and gross margin percentage in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented gross margin and gross margin percentage for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,			
(in thousands of Canadian dollars except where indicated)	2026	2025	$ Change	% Change
Cannabis segment				
Net revenue	$ 66,235	$ 50,852	$ 15,383	30%
Cost of goods sold	48,847	34,979	13,868	40%
Gross margin	17,388	15,873	1,515	10%
Gross margin percentage	26%	31%		(500) bps
Storz & Bickel segment				
Revenue	$ 15,138	$ 15,831	$ (693)	(4%)
Cost of goods sold	9,171	9,799	(628)	(6%)
Gross margin	5,967	6,032	(65)	(1%)
Gross margin percentage	39%	38%		100 bps

Cannabis

Gross margin for our Cannabis segment was $17.4 million in the second quarter of fiscal 2027, or 26% of net revenue, as compared to $15.9 million in the second quarter of fiscal 2026, or 31% of net revenue. The year-over-year decrease in the gross margin percentage was primarily attributable to the Canadian government's Veterans Affairs Canada reduction in the reimbursement rate for medical cannabis which became effective on April 1, 2026.

Further impacting our Cannabis gross margin in the second quarter of fiscal 2027 is $2.1 million in flow-through of inventory step-up relating to inventory acquired as part of the acquisition of MTL.

Storz & Bickel

Gross margin for our Storz & Bickel segment was $6.0 million in the second quarter of fiscal 2027, or 39% of net revenue, as compared to $6.0 million in the second quarter of fiscal 2026, or 38% of net revenue. The year-over-year consistency in gross margin percentage despite a 4% decline in revenues is driven by our continued focus on cost efficiencies and product mix.

Operating Expenses

The following table presents operating expenses for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,			
(in thousands of Canadian dollars)	2026	2025	$ Change	% Change
Operating expenses				
General and administrative	$ 16,199	$ 14,412	$ 1,787	12%
Sales and marketing	15,929	15,120	809	5%
Acquisition, divestiture, and other costs	1,375	1,730	(355)	(21%)
Depreciation and amortization	6,190	5,034	1,156	23%
Selling, general and administrative expenses	39,693	36,296	3,397	9%
Share-based compensation	4,032	2,009	2,023	101%
Loss on asset impairment and restructuring	2,593	494	2,099	425%
Total operating expenses	$ 46,318	$ 38,799	$ 7,519	19%

Selling, general and administrative expenses

Selling, general and administrative expenses were $39.7 million in the second quarter of fiscal 2027, as compared to $36.3 million in the second quarter of fiscal 2026.

General and administrative expense was $16.2 million in the second quarter of fiscal 2027, as compared to $14.4 million in the second quarter of fiscal 2026. The year-over-year increase is primarily attributable to the acquisition of MTL, offset by lower costs resulting from continued reductions in headcount.

Sales and marketing expense was $15.9 million in the second quarter of fiscal 2027, as compared to $15.1 million in the second quarter of fiscal 2026. The year-over-year increase is driven by increased marketing costs to help drive revenues and the acquisition of MTL but offset by continued cost reduction initiatives.

Acquisition, divestiture, and other costs were $1.4 million in the second quarter of fiscal 2027, as compared to $1.7 million in the second quarter of fiscal 2026. In the second quarter of fiscal 2027, costs were incurred primarily in relation to:

- approximately $0.5 million of costs relating to the MTL acquisition and the integration of MTL's business;
- approximately $0.2 million of continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the following previously filed periods: (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, and (ii) unaudited consolidated financial statements for the quarterly periods ended June 30, 2022, September 30, 2022 and December 31, 2022 (collectively, the "Prior Periods");
- approximately $0.1 million of litigation costs; and
- other acquisition and divestiture costs.

Comparatively, in the second quarter of fiscal 2026, costs were incurred primarily in relation to:

- approximately $0.8 million of litigation costs;
- approximately $0.3 million of continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the Prior Periods; and
- other acquisition and divestiture costs.

Depreciation and amortization expense was $6.2 million in the second quarter of fiscal 2027, as compared to $5.0 million in the second quarter of fiscal 2026. The year-over-year increase is primarily attributable to the acquisition of MTL resulting in higher depreciation and amortization costs.

Share-based compensation

Share-based compensation was $4.0 million in the second quarter of fiscal 2027, as compared to $2.0 million in the second quarter of fiscal 2026. The year-over-year increase is due to the Company's common share purchase options ("Options") and restricted share units ("RSUs") that were granted at the end of the first quarter of fiscal 2027.

Loss on asset impairment and restructuring

Loss on asset impairment and restructuring recorded in operating expenses was $2.6 million in the second quarter of fiscal 2027, as compared to $0.5 million in the second quarter of fiscal 2026.

Loss on asset impairment and restructuring recorded in the second quarter of fiscal 2027 related primarily to employee restructuring costs.

Comparatively, in the second quarter of fiscal 2026, the loss on asset impairment and restructuring related primarily to employee restructuring costs.

Other

The following table presents other income (expense), net, and income tax expense for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,			
(in thousands of Canadian dollars)	2026	2025	$ Change	% Change
Other income (expense), net				
Fair value changes on Canopy USA related assets	$ (11,934)	$ 23,887	$ (35,821)	(150%)
Fair value changes on derivative liability	4,108	(3,339)	7,447	223%
Loss related to settlement of debt	-	(1,267)	1,267	100%
Interest income	3,110	1,976	1,134	57%
Interest expense	(13,017)	(8,802)	(4,215)	(48%)
Foreign currency loss	(569)	(817)	248	30%
Other income (expense), net	(229)	492	(721)	(147%)
	(18,531)	12,130	(30,661)	(253%)
Income tax recovery (expense)	800	(214)	1,014	474%

Other income (expense), net

Other income (expense), net was an expense amount of $18.5 million in the second quarter of fiscal 2027, as compared to an income amount of $12.1 million in the second quarter of fiscal 2026. The year-over-year change of $30.7 million is primarily attributable to:

- Change of $35.8 million related to non-cash fair value changes on our Canopy USA related assets, from an income amount of $23.9 million in the second quarter of fiscal 2026 to an expense amount of $11.9 million in the second quarter of fiscal 2027. The expense amount recognized in the second quarter of fiscal 2027 is primarily attributable to a fair value decrease relating to our investment in:
    - the Canopy USA LPs equity method investment in the amount of $12.9 million, driven primarily by a decrease in the price of the TerrAscend Common Shares.

  The fair value decrease was partially offset by a fair value increase related to our investment in:
    - the Elevate loan receivable and the Acreage and Wana Debt, in the amount of $0.9 million relating to fair value movements in consideration of the debtor's net assets.

  Comparatively, the income amount in the second quarter of fiscal 2026 was primarily attributable to a fair value increase relating to our investments in:
    - the Canopy USA LPs equity method investment in the amount of $42.0 million, driven primarily by an increase in the price of the TerrAscend Common Shares.

  This fair value increase was partially offset by a fair value decrease related to our investment in:
    - the Elevate loan receivable in the amount of $18.1 million relating to fair value movements in consideration of the debtor's net assets.
- Increase in interest income of $1.1 million, from $2.0 million in the second quarter of fiscal 2026 to $3.1 million in the second quarter of fiscal 2027. The year-over-year increase is attributable to higher cash, cash equivalents and short-term investment balances.
- Increase in interest expense of $4.2 million, from $8.8 million in the second quarter of fiscal 2026 to $13.0 million in the second quarter of fiscal 2027. The year-over-year increase is primarily attributable to the refinanced debt balances at the end of fiscal 2026.
- Change of $7.4 million related to fair value changes on warrant derivative liability, from a fair value loss of $3.3 million in the second quarter of fiscal 2026 to a fair value gain of $4.1 million in the second quarter of fiscal 2027. The fair value change in the second quarter of fiscal 2027 was driven by the passage of time and a decrease in our share price during the period.

Comparatively, the fair value change in the second quarter of fiscal 2026 was driven by an increase in our share price during the period.

Income tax recovery (expense)

Income tax recovery in the second quarter of fiscal 2027 was $0.8 million, compared to income tax expense of $0.2 million in the second quarter of fiscal 2026. In the second quarter of fiscal 2027, income tax recovery consisted of deferred income tax recovery of $1.3 million (compared to a recovery of $0.1 million in the second quarter of fiscal 2026) and current income tax expense of $0.5 million (compared to an expense of $0.3 million in the second quarter of fiscal 2026).

The increase of $1.2 million in deferred income tax recovery is primarily due to the acquired MTL entities, where the recognition of tax losses and fair value adjustments reduced the overall net deferred tax liability.

The increase of $0.2 million in the current income tax expense arose primarily in connection with the current income tax expense in Canada House Clinics and Abba Medix Corp., both of which generated taxable income during the year. In addition, Apollo Applied Research Inc. was in a loss position for the quarter and the loss was carried back, resulting in a current tax recovery of $0.1 million during the period. Otherwise, the current tax expense remained consistent period over period and arose primarily in connection with tax on income for tax purposes that could not be reduced by the group's tax attributes in the current taxation year.

Net Loss

The net loss in the second quarter of fiscal 2027 was $40.7 million, as compared to a net loss of $5.0 million in the second quarter of fiscal 2026. The year-over-year increase in the net loss is primarily attributable to the year-over-year change in other income (expense), net, of $30.7 million and an increase in operating expenses. These variances are described above.

Adjusted EBITDA (Non-GAAP Measure)

Our "Adjusted EBITDA" is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management calculates Adjusted EBITDA as the reported net income (loss), adjusted to exclude income tax recovery (expense); other (income) expense, net; loss on equity method investments; share-based compensation expense; acquisition, divestiture, and other costs; depreciation and amortization expense; loss on asset impairment and restructuring; acquisition and divestiture related inventory write-downs; and charges related to the flow-through of inventory step-up on business combinations.

The rationale for excluding costs for the significant components of other (income) expense, net, from Adjusted EBITDA include:

- Fair value changes on various financial assets and liabilities, which are non-cash mark-to-market adjustments. The fluctuations in fair values are not related to our revenue-generating activities and movements in fair values do not relate to our core operations. Our revenue generating activities and core operations relate to the sale of cannabis and cannabis-related products principally for adult-use and medical purposes.
- Gains or losses on settlement of debts, which relate to discrete debt transactions for which the financial impacts of settling debt are not representative of our normal operations and do not occur on a regular or consistent basis.
- Interest income and expenses, which are excluded to demonstrate the performance of the underlying business before the effects of financing and capital structure decisions.

Asset impairments related to periodic changes to our supply chain processes are not excluded from Adjusted EBITDA given their occurrence through the normal course of core operational activities.

We believe that Adjusted EBITDA provides useful information to investors because it facilitates comparison of our operating performance on a consistent basis between periods and, when viewed in combination with our results prepared in accordance with U.S. GAAP, helps provide a broader picture of factors and trends affecting our results of operations. Management uses Adjusted EBITDA on an internal basis, period-over-period, to evaluate its operating performance, to analyze trends within its business, to assess its performance relative to its competitors, and to establish operational goals and forecasts that are used in allocating resources.

The following table presents Adjusted EBITDA for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,			
(in thousands of Canadian dollars)	2026	2025	$ Change	% Change
Net loss	$ (40,694)	$ (4,978)	$ (35,716)	(717%)
Income tax (recovery) expense	(800)	214	(1,014)	(474%)
Other (income) expense, net[1]	18,531	(12,130)	30,661	253%
Share-based compensation	4,032	2,009	2,023	101%
Acquisition, divestiture, and other costs[2]	1,060	2,097	(1,037)	(49%)
Depreciation and amortization	10,356	9,245	1,111	12%
Loss on asset impairment and restructuring	2,593	494	2,099	425%
Acquisition and divestiture related inventory write-downs	(39)	-	(39)	(100%)
Charges related to the flow-through of inventory step-up on business combinations	2,083	-	2,083	100%
Adjusted EBITDA	$ (2,878)	$ (3,049)	$ 171	6%

[1] For a breakdown of other (income) expense, net and discussion of changes, see above under the heading "Discussion of Results of Operations for the Three Months Ended September 30, 2026 - Other" in this Item 2.

[2] Acquisition, divestiture, and other costs for the three months ended September 30, 2026 include costs relating to the MTL acquisition and the integration of MTL's business of $0.5 million, continued costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the Prior Periods of $0.2 million, litigation costs of $0.1 million, and other acquisition and divestiture costs of $0.3 million. Acquisition, divestiture, and other costs for the three months ended September 30, 2025 include litigation costs of $0.8 million, continued costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the Prior Periods of $0.3 million, and other acquisition and divestiture costs of $1.0 million.

The Adjusted EBITDA loss in the second quarter of fiscal 2027 was $2.9 million, as compared to an Adjusted EBITDA loss of $3.0 million in the second quarter of fiscal 2026. The year-over-year decrease in Adjusted EBITDA loss is primarily attributable to revenue growth across the Cannabis segment and continued cost savings, partially offset by the impact of the Canadian government's Veterans Affairs Canada reduction in the reimbursement rate for medical cannabis which became effective on April 1, 2026.

Discussion of Results of Operations for the Six Months Ended September 30, 2026

	Six months ended September 30,			
(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	2026	2025	$ Change	% Change
Selected consolidated financial information:				
Net revenue	$ 162,538	$ 138,817	$ 23,721	17%
Gross margin percentage	28%	29%	-	(100) bps
Net loss from continuing operations	$ (55,273)	$ (49,839)	$ (5,434)	(11%)
Basic and diluted loss per share from continuing operations[1]	$ (0.13)	$ (0.22)	$ 0.09	41%

[1] For the six months ended September 30, 2026, the weighted average number of outstanding Canopy Shares, basic and diluted, totaled 422,689,227 (six months ended September 30, 2025 - 231,407,491).

Revenue

We report net revenue in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented net revenue for the six months ended September 30, 2026 and 2025:

Net Revenue	Six months ended September 30,			
(in thousands of Canadian dollars)	2026	2025	$ Change	% Change
Cannabis				
Canadian adult-use cannabis[1]	$ 57,829	$ 50,961	$ 6,868	13%
Canadian medical cannabis[2]	51,626	43,027	8,599	20%
International markets cannabis[3]	21,865	13,846	8,019	58%
	$ 131,320	$ 107,834	$ 23,486	22%
Storz & Bickel	$ 31,218	$ 30,983	$ 235	1%
Net revenue	$ 162,538	$ 138,817	$ 23,721	17%

[1] Includes excise taxes of $31,088 and other revenue adjustments, representing our determination of returns and pricing adjustments, of $811 for the six months ended September 30, 2026 (six months ended September 30, 2025 - excise taxes of $28,001 and other revenue adjustments of $886).
[2] Includes excise taxes of $6,245 for the six months ended September 30, 2026 (six months ended September 30, 2025 - excise taxes of $4,928).
[3] Reflects other revenue adjustments of $183 for the six months ended September 30, 2026 (six months ended September 30, 2025 - $359).

Net revenue was $162.5 million in the six months ended September 30, 2026, an increase of $23.7 million as compared to $138.8 million in the six months ended September 30, 2025.

Cannabis

Net revenue from our Cannabis segment was $131.3 million in the six months ended September 30, 2026, as compared to $107.8 million in the six months ended September 30, 2025.

Canadian adult-use cannabis net revenue was $57.8 million in the six months ended September 30, 2026, as compared to $51.0 million in the six months ended September 30, 2025. The year-over-year increase is primarily attributable to increased flower sales, driven by the acquisition of MTL, partially offset by declines in opportunistic bulk sales.

Canadian medical cannabis net revenue was $51.6 million in the six months ended September 30, 2026, as compared to $43.0 million in the six months ended September 30, 2025. The year-over-year increase is primarily attributable to growth in the number of insured customers and the acquisition of MTL, partially offset by the Canadian government's Veterans Affairs Canada reduction in the reimbursement rate for medical cannabis which became effective on April 1, 2026.

International markets cannabis revenue was $21.9 million in the six months ended September 30, 2026, as compared to $13.8 million in the six months ended September 30, 2025. The year-over-year increase is primarily attributable to strength in Europe, specifically in Germany and Poland.

Storz & Bickel

Revenue from Storz & Bickel was $31.2 million in the six months ended September 30, 2026, as compared to $31.0 million in the six months ended September 30, 2025. The year-over-year change is relatively flat, driven by decreased consumer spending and offset by growth in non-core markets.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold, gross margin and gross margin percentage on a consolidated basis for the six months ended September 30, 2026 and 2025:

	Six months ended September 30,			
(in thousands of Canadian dollars except where indicated)	2026	2025	$ Change	% Change
Net revenue	$ 162,538	$ 138,817	$ 23,721	17%
Cost of goods sold	$ 116,945	$ 98,874	$ 18,071	18%
Gross margin	45,593	39,943	5,650	14%
Gross margin percentage	28%	29%	-	(100) bps

Cost of goods sold was $116.9 million in the six months ended September 30, 2026, as compared to $98.9 million in the six months ended September 30, 2025. Our gross margin was $45.6 million in the six months ended September 30, 2026, or 28% of net revenue, as compared to a gross margin of $39.9 million and gross margin percentage of 29% of net revenue in the six months ended September 30, 2025.

We report gross margin and gross margin percentage in two segments: (i) Cannabis; and (ii) Storz & Bickel. The following table presents segmented gross margin and gross margin percentage for the six months ended September 30, 2026 and 2025:

(in thousands of Canadian dollars except where indicated)	Six months ended September 30, 2026	2025	$ Change	% Change
Cannabis segment				
Net revenue	$ 131,320	$ 107,834	$ 23,486	22%
Cost of goods sold	99,475	78,370	21,105	27%
Gross margin	31,845	29,464	2,381	8%
Gross margin percentage	24%	27%		(300) bps
Storz & Bickel segment				
Revenue	$ 31,218	$ 30,983	$ 235	1%
Cost of goods sold	17,470	20,504	(3,034)	(15%)
Gross margin	13,748	10,479	3,269	31%
Gross margin percentage	44%	34%		1,000 bps

Cannabis

Gross margin for our Cannabis segment was $31.8 million in the six months ended September 30, 2026, or 24% of net revenue, as compared to $29.5 million in the six months ended September 30, 2025, or 27% of net revenue. The year-over-year decrease in the gross margin percentage was primarily attributable to the Canadian government's Veterans Affairs Canada reduction in the reimbursement rate for medical cannabis which became effective on April 1, 2026.

Further impacting our Cannabis gross margin in the six months ended September 30, 2026 is $4.7 million in flow-through of inventory step-up relating to inventory acquired as part of the acquisition of MTL.

Storz & Bickel

Gross margin for our Storz & Bickel segment was $13.7 million in the six months ended September 30, 2026, or 44% of net revenue, as compared to $10.5 million in the six months ended September 30, 2025, or 34% of net revenue. The year-over-year increase in gross margin was driven by our cost rationalization exercise at the end of fiscal 2026, as well as a refund of the U.S. tariffs imposed under the International Emergency Economic Powers Act in the period.

Operating Expenses

The following table presents operating expenses for the six months ended September 30, 2026 and 2025:

(in thousands of Canadian dollars)	Six months ended September 30, 2026	2025	$ Change	% Change
Operating expenses				
General and administrative	$ 32,963	$ 29,110	$ 3,853	13%
Sales and marketing	31,801	30,953	848	3%
Acquisition, divestiture, and other costs	3,142	3,841	(699)	(18%)
Depreciation and amortization	12,010	10,500	1,510	14%
Selling, general and administrative expenses	79,916	74,404	5,512	7%
Share-based compensation	5,391	1,910	3,481	182%
Loss on asset impairment and restructuring	5,359	3,147	2,212	70%
Total operating expenses	$ 90,666	$ 79,461	$ 11,205	14%

Selling, general and administrative expenses

Selling, general and administrative expenses were $79.9 million in the six months ended September 30, 2026, as compared to $74.4 million in the six months ended September 30, 2025.

General and administrative expense was $33.0 million in the six months ended September 30, 2026, as compared to $29.1 million in the six months ended September 30, 2025. The year-over-year increase is primarily attributable to the acquisition of MTL, offset by lower costs resulting from continued reductions in headcount.

Sales and marketing expense was $31.8 million in the six months ended September 30, 2026, as compared to $31.0 million in the six months ended September 30, 2025. The year-over-year increase is driven by increased marketing costs to help drive revenues and the acquisition of MTL but offset by continued cost reduction initiatives.

Acquisition, divestiture, and other costs were $3.1 million in the six months ended September 30, 2026, as compared to $3.8 million in the six months ended September 30, 2025. In the six months ended September 30, 2026, costs were incurred primarily in relation to:

- approximately $1.0 million of costs relating to the MTL acquisition and the integration of MTL's business;
- approximately $0.5 million of accounting and legal costs arising from the March 31, 2026 restatement of our consolidated financial statements in connection with our warrant derivative liability;
- approximately $0.4 million of continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the Prior Periods;
- approximately $0.4 million of litigation costs; and
- other acquisition and divestiture costs.

Comparatively, in the six months ended September 30, 2025, costs were incurred primarily in relation to:

- approximately $1.3 million of litigation costs;
- approximately $0.9 million of continued legal costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the Prior Periods; and
- other acquisition and divestiture costs.

Depreciation and amortization expense was $12.0 million in the six months ended September 30, 2026, as compared to $10.5 million in the six months ended September 30, 2025. The year-over-year increase is primarily attributable to the acquisition of MTL resulting in higher depreciation and amortization costs.

Share-based compensation

Share-based compensation was $5.4 million in the six months ended September 30, 2026, as compared to $1.9 million in the six months ended September 30, 2025. The year-over-year increase is due to departures of certain executives that occurred in the first quarter of fiscal 2026, resulting in a reversal of expensing in the comparative period, and the Options and RSUs that were granted at the end of the first quarter of fiscal 2027, resulting in increased expensing in the current period.

Loss on asset impairment and restructuring

Loss on asset impairment and restructuring recorded in operating expenses was $5.4 million in the six months ended September 30, 2026, as compared to $3.1 million in the six months ended September 30, 2025.

Loss on asset impairment and restructuring recorded in the six months ended September 30, 2026 related primarily to employee restructuring costs.

Comparatively, in the six months ended September 30, 2025, the loss on asset impairment and restructuring related primarily to employee restructuring costs.

Other

The following table presents other income (expense), net, and income tax expense for the six months ended September 30, 2026 and 2025:

	Six months ended September 30,			
(in thousands of Canadian dollars)	2026	2025	$ Change	% Change
Other income (expense), net				
Fair value changes on Canopy USA related assets	$ 4,274	$ 13,838	$ (9,564)	(69%)
Fair value changes on derivative liability	4,767	(6,673)	11,440	171%
Loss related to settlement of debt	-	(1,267)	1,267	100%
Interest income	6,344	3,033	3,311	109%
Interest expense	(25,694)	(18,541)	(7,153)	(39%)
Foreign currency loss	(1,051)	(664)	(387)	(58%)
Other income (expense), net	231	458	(227)	(50%)
	(11,129)	(9,816)	(1,313)	(13%)
Income tax recovery (expense)	929	(505)	1,434	284%

Other income (expense), net

Other income (expense), net was an expense amount of $11.1 million in the six months ended September 30, 2026, as compared to an expense amount of $9.8 million in the six months ended September 30, 2025. The year-over-year change of $1.3 million is primarily attributable to:

- Change of $9.6 million related to non-cash fair value changes on our Canopy USA related assets, from an income amount of $13.8 million in the six months ended September 30, 2025 to an income amount of $4.3 million in the six months ended September 30, 2026. The income amount recognized in the six months ended September 30, 2026 is primarily attributable to a fair value increase relating to our investments in:
    - the Canopy USA LPs equity method investment in the amount of $3.8 million, driven by the probability and timing of U.S. legalization and partially offset by a decrease in the price of the TerrAscend Common Shares; and
    - the Elevate loan receivable, in the amount of $0.4 million relating to fair value movements in consideration of the debtor's net assets.

  Comparatively, the income amount in the six months ended September 30, 2025 was primarily attributable to a fair value increase relating to our investments in:
    - the Canopy USA LPs equity method investment in the amount of $26.4 million, driven primarily by an increase in the price of the TerrAscend Common Shares.

  This fair value increase was partially offset by a fair value decrease related to our investment in:
    - the Elevate loan receivable, in the amount of $12.6 million relating to fair value movements in consideration of the debtor's net assets.
- Increase in interest income of $3.3 million, from $3.0 million in the six months ended September 30, 2025 to $6.3 million in the six months ended September 30, 2026. The year-over-year increase is attributable to higher cash, cash equivalents and short-term investment balances.
- Increase in interest expense of $7.2 million, from $18.5 million in the six months ended September 30, 2025 to $25.7 million in the six months ended September 30, 2026. The year-over-year increase is primarily attributable to the refinanced debt balances at the end of fiscal 2026.
- Change of $11.4 million related to fair value changes on warrant derivative liability, from a fair value loss of $6.7 million in the six months ended September 30, 2025 to a fair value gain of $4.8 million in the six months ended September 30, 2026. The fair value change in the six months ended September 30, 2026 was driven by the passage of time and a decrease in our share price during the period. Comparatively, the fair value change in the second quarter of fiscal 2026 was driven by an increase in our share price during the period.

Income tax recovery (expense)

Income tax recovery in the six months ended September 30, 2026 was $0.9 million, compared to income tax expense of $0.5 million in the six months ended September 30, 2025. In the six months ended September 30, 2026, income tax recovery consisted of deferred income tax recovery of $1.6 million (compared to a recovery of $nil in the six months ended September 30, 2025) and current income tax expense of $0.7 million (compared to an expense of $0.5 million in the six months ended September 30, 2025).

The change of $1.6 million in deferred income tax recovery is primarily due to the acquired MTL entities, where the recognition of tax losses and fair value adjustments reduced the overall net deferred tax liability.

The increase of $0.2 million in current income tax expense is primarily a result of the increase in the current income tax expense in Abba Medix Corp., IsoCanMed Inc., and Canada House Clinics.

Net Loss

The net loss in the six months ended September 30, 2026 was $55.3 million, as compared to a net loss of $49.8 million in the six months ended September 30, 2025. The year-over-year increase in the net loss is primarily attributable to the increase in operating loss and the year-over-year change in other income (expense), net, of $1.3 million. These variances are described above.

Adjusted EBITDA (Non-GAAP Measure)

For additional information regarding our use of Adjusted EBITDA, including the rationale for excluding certain significant components of "other (income) expense, net" from Adjusted EBITDA, see "Discussion of Results of Operations for the Three Months Ended September 30, 2026—Adjusted EBITDA (Non-GAAP Measure)" above in this Item 2.

The following table presents Adjusted EBITDA for the six months ended September 30, 2026 and 2025:

	Six months ended September 30,			
(in thousands of Canadian dollars)	2026	2025	$ Change	% Change
Net loss from continuing operations	$ (55,273)	$ (49,839)	$ (5,434)	(11%)
Income tax (recovery) expense	(929)	505	(1,434)	(284%)
Other (income) expense, net[1]	11,129	9,816	1,313	13%
Share-based compensation	5,391	1,910	3,481	182%
Acquisition, divestiture, and other costs[2]	3,142	4,581	(1,439)	(31%)
Depreciation and amortization	20,390	18,915	1,475	8%
Loss on asset impairment and restructuring	5,359	3,147	2,212	70%
Charges related to the flow-through of inventory step-up on business combinations	4,669	-	4,669	100%
Adjusted EBITDA	$ (6,122)	$ (10,965)	$ 4,843	44%

[1] For a breakdown of other (income) expense, net and discussion of changes, see above under the heading "Discussion of Results of Operations for the Six Months Ended September 30, 2026 - Other" in this Item 2.

[2] Acquisition, divestiture, and other costs for the six months ended September 30, 2026 include costs relating to the MTL acquisition and the integration of MTL's business of $1.0 million, accounting and legal costs arising from the March 31, 2026 restatement of our consolidated financial statements in connection with our warrant derivative liability of $0.5 million, continued costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the Prior Periods of $0.4 million, litigation costs of $0.4 million, and other acquisition and divestiture costs of $0.8 million. Acquisition, divestiture, and other costs for the six months ended September 30, 2025 include litigation costs of $1.3 million, continued costs arising from the restatement of our consolidated financial statements in connection with the review of the financial reporting matters related to the BioSteel business unit for the Prior Periods of $0.9 million, and other acquisition and divestiture costs of $2.4 million.

The Adjusted EBITDA loss in the six months ended September 30, 2026 was $6.1 million, as compared to an Adjusted EBITDA loss of $11.0 million in the six months ended September 30, 2025. The year-over-year decrease in Adjusted EBITDA loss is primarily attributable to revenue growth across the Cannabis segment and continued cost savings, partially offset by the impact of the Canadian government's Veterans Affairs Canada reduction in the reimbursement rate for medical cannabis which became effective on April 1, 2026.

Part 3 – Financial Liquidity and Capital Resources

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

As of September 30, 2026, we had cash and cash equivalents of $247.3 million and short-term investments of $72.5 million.

We have recently completed the following debt and equity financings:

- On August 29, 2025, we established a new at-the-market equity program (the "August 2025 ATM Program") that allows us to issue and sell up to US$200 million of Canopy Shares to the public from time to time at our discretion in the concurrent public offerings in the United States (the "U.S. Offering") and Canada; provided, however; that (i) sales of Canopy Shares in Canada is limited to aggregate gross sales proceeds to us of up to US$50 million (or its Canadian dollar equivalent) (the "Canadian Offering"); and (ii) in no event will the combined gross sales proceeds of the August 2025 ATM Program in the United States and Canada exceed US$200 million. We established the August 2025 ATM Program pursuant to an equity distribution agreement (the "August 2025 Equity Distribution Agreement") entered into among us and BMO Nesbitt Burns Inc., as Canadian agent, and BMO Capital Markets Corp., as U.S. agent (together, the "Agents").

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

SEC (the "Registration Statement") has ceased to be useable for sales of Shelf Securities (as defined in the August 2025 Equity Distribution Agreement) pursuant to General Instruction I.B.1 of Form S-3; (D) the date on which the Company receives notice from the SEC that the Registration Statement has ceased to be effective; and (E) the date on which the August 2025 Equity Distribution Agreement is terminated by the parties. 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 us and the Agents that established our prior at-the-market equity program (the "February 2025 ATM Program").

As of November 4, 2026, we sold an aggregate of 56,206,101 Canopy Shares at an average price of $2.42 per Canopy Share, for gross proceeds of $135.8 million (US$98.0 million) and net proceeds, inclusive of commissions and fees, of $134.4 million (US$97.1 million). Since the establishment of the August 2025 ATM Program, we have paid an aggregate amount of $1.4 million (US$0.9 million) as compensation to the Agents under the August 2025 ATM Program. As of November 4, 2026, we can issue and sell up to US$102.0 million of Canopy Shares in the U.S. Offering under the August 2025 ATM Program.

- On January 7, 2026, we entered into the Exchange Agreement (as defined below) pursuant to which, among other things, on the Exchange Closing Date (as defined below), the Convertible Debenture Investor (as defined below) exchanged the May 2024 Convertible Debenture (as defined below) 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 $10.5 million cash payment.
- On January 8, 2026, we entered into the Loan Agreement (as defined below) pursuant to which, among other things, the Lenders (as defined below) advanced US$150 million in cash pursuant to a senior secured term loan in the aggregate principal amount of US$162.1 million. The Loans (as defined below) were funded on January 8, 2026 with an original issue discount of US$12.1 million. The Loans mature on the earlier of (i) January 31, 2031, and (ii) the date that is 120 days prior to the maturity date of the January 2026 Convertible Debentures.

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

  On June 15, 2026, we entered into the Amendment (as defined below), 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 (as defined below). Pursuant to the Amendment, the Lenders have, among other things, imposed the Exchange Restriction (as defined below) on the Company.

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

Under the Shelf Registration Statement, we may access liquidity through the August 2025 ATM Program, pursuant to which we may sell, from time to time, up to US$102.0 million of additional Canopy Shares as of November 4, 2026.

In addition to the above, we continue to review and pursue selected external financing sources to ensure adequate financial resources. These potential sources include, but are not limited to: (i) obtaining financing from traditional or non-traditional investment capital organizations; (ii) obtaining funding from the sale of Canopy Shares or other equity or debt instruments; and (iii) obtaining debt financing with lending terms that more closely match our business model and capital needs. We may from time to time seek to retire our outstanding debt through cash purchases and/or exchanges for equity securities, and open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table presents cash flows for the six months ended September 30, 2026 and 2025:

(in thousands of Canadian dollars)	Six months ended September 30, 2026	2025
Net cash (used in) provided by:		
Operating activities	$ (37,581)	$ (28,316)
Investing activities	(75,909)	16,024
Financing activities	(7,966)	194,457
Effect of exchange rate changes on cash and cash equivalents	4,113	2,082
Net (decrease) increase in cash and cash equivalents	(117,343)	184,247
Cash and cash equivalents, beginning of period	364,683	113,811
Cash and cash equivalents, end of period	$ 247,340	$ 298,058

Operating activities

Cash used in operating activities totaled $37.6 million in the six months ended September 30, 2026, as compared to cash used of $28.3 million in the six months ended September 30, 2025. The increase in the cash used in operating activities is primarily due to the year-over-year change in working capital movements.

Investing activities

The cash used in investing activities totaled $75.9 million in the six months ended September 30, 2026, as compared to cash provided of $16.0 million in the six months ended September 30, 2025.

In the six months ended September 30, 2026, purchases of property, plant and equipment were $3.7 million, primarily related to production equipment enhancements made at certain of our Canadian cultivation and production facilities. Comparatively, in the six months ended September 30, 2025, we invested $2.5 million in building improvements and production equipment enhancements made at certain of our Canadian cultivation and production facilities.

Net purchases of short-term investments in the six months ended September 30, 2026 were $71.7 million, as compared to net redemptions of $18.4 million in the six months ended September 30, 2025. The year-over-year change in purchases and redemption of short-term investments relates to timing of maturities and timing around investment of certain cash balances. As at September 30, 2026, we had short-term investments of $72.5 million.

Financing activities

The cash used by financing activities in the six months ended September 30, 2026 was $8.0 million, as compared to cash provided of $194.5 million in the six months ended September 30, 2025. In the six months ended September 30, 2026, no Canopy Shares were sold under the August 2025 ATM Program. Comparatively, in the six months ended September 30, 2025, $238.4 million in gross proceeds were received from the sale of Canopy Shares under the February 2025 ATM Program and $43.1 million in gross proceeds were received from the sale of Canopy Shares under the August 2025 ATM Program.

For the six months ended September 30, 2026, payment of debt issuance costs of $0.9 million related to the Loan Agreement. Other financing activities resulted in a cash outflow of $7.0 million, which related primarily to: (i) finance lease payments and (ii) share issuance costs. Comparatively, for the six months ended September 30, 2025, long-term debt repayments of $71.7 million related primarily to (i) certain prepayments in the aggregate of $50 million to reduce the principal balance of the Credit Facility pursuant to the agreement dated July 29, 2025 among the Company and certain lenders under the Credit Facility, and (ii) the settlement of the 6.0% senior unsecured convertible debentures for gross proceeds of $100,000 and the 11.06% senior unsecured non-convertible debentures issued by Supreme Cannabis Company Inc. ("Supreme Cannabis"), which, in connection with our acquisition of Supreme Cannabis, became outstanding securities of Canopy Growth. Other financing activities resulted in a cash outflow of $15.4 million, which related to: (i) finance lease payments and (ii) share issuance costs.

Free Cash Flow (Non-GAAP Measure)

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

The following table presents free cash flows for the three and six months ended September 30, 2026, and 2025:

	Three months ended September 30,		Six months ended September 30,	
(in thousands of Canadian dollars)	2026	2025	2026	2025
Net cash used in operating activities	$ (12,570)	$ (17,979)	$ (37,581)	$ (28,316)
Purchases of and deposits on property, plant and equipment	(2,977)	(1,226)	(3,714)	(2,532)
Free cash flow[1]	$ (15,547)	$ (19,205)	$ (41,295)	$ (30,848)

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

Free cash flow in the three months ended September 30, 2026 was an outflow of $15.5 million, as compared to an outflow of $19.2 million in the three months ended September 30, 2025. The year-over-year decrease in the free cash outflow primarily reflects the decrease in cash used in operating activities, primarily due to the timing of changes in working capital items, partially offset by an increase in purchases of property, plant and equipment related to production equipment enhancements made at certain of our Canadian cultivation and production facilities.

Free cash flow in the six months ended September 30, 2026 was an outflow of $41.3 million, as compared to an outflow of $30.8 million in the six months ended September 30, 2025. The year-over-year increase in the free cash outflow primarily reflects the increase in cash used in operating activities, primarily due to the timing of changes in working capital items, further impacted by an increase in purchases of property, plant and equipment related to production equipment enhancements made at certain of our Canadian cultivation and production facilities.

Debt

Since our formation, we have financed our cash requirements primarily through the issuance of Canopy Shares, including the $5.1 billion investment by Constellation Brands, Inc. in the third quarter of fiscal 2019, and debt. Total debt outstanding as of September 30, 2026 was $245.9 million, an increase from $233.4 million as of March 31, 2026. The total principal amount owing was $285.0 million at September 30, 2026, an increase from $281.0 million at March 31, 2026. The increase is due to the impact of foreign currency translations on our U.S. dollar-denominated debt.

January 2026 Convertible Debenture

On January 7, 2026, we 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 $96.4 million maturing May 14, 2029 (the "May 2024 Convertible Debenture") pursuant to which, among other things, on January 8, 2026 (the "Exchange Closing Date"), the Convertible Debenture Investor delivered to us 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 $55.0 million maturing on July 8, 2031 (the "January 2026 Convertible Debentures"), (ii) 12,731,481 common share purchase warrants (the "January 2026 Investor Warrants") of the Company, and (iii) 9,493,670 Canopy Shares (the "Exchange Shares") and (B) a $10.5 million cash payment from the Company (collectively, the "Exchange Transaction").

Each January 2026 Investor Warrant 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 TSX exceeds $2.75 for a period of 10 consecutive trading days.

Loan Agreement

On January 8, 2026, we entered into a loan and guaranty agreement (the "Loan Agreement"), by and among us, as a borrower, certain subsidiaries of the Company party thereto, as borrowers and/or guarantors, the parties identified therein as lenders (the "Lenders"), and JGB Collateral LLC, as administrative and collateral agent ("JGB"), pursuant to which, among other things, the Lenders advanced US$150 million in cash pursuant to a senior secured term loan in the aggregate principal amount of approximately

US$162.1 million (collectively, the "Loans" and such transaction, the "Loan Transaction"). The Loans were funded on January 8, 2026 (the "Loan Closing Date") with an original issue discount of approximately US$12.1 million. The Loans mature on the earlier of (i) January 31, 2031, and (ii) the date that is 120 days prior to the maturity date of the January 2026 Convertible Debentures.

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 million of principal per calendar month on each payment date thereafter. Prepayment and repayment of the Loans will be subject to (i) an interest make-whole equal to 12 monthly interest payments less any payments made by the borrowers on account of interest prior to the date of such prepayment for any prepayments or repayments made during the first year of the Loans and (ii) an exit fee equal to approximately US$6.5 million, provided that, with respect to any partial prepayment or repayment of the Loans, only the pro rata portion of such exit fee will be payable at the time of each such partial payment. The Loans and obligations under the Loan Agreement and other related loan documents are secured by substantially all of the assets of the Company and each of its material subsidiaries.

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

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

A portion of the net proceeds from the Loans was used to repay all outstanding amounts owing under our prior five-year, first lien senior secured term loan facility (the "Credit Facility").

On June 15, 2026, we 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 our and certain of our subsidiaries' ability to exchange any Non-Voting Shares into Canopy USA Class B Shares at any time prior to the Stock Exchange Permissibility Date (the "Exchange Restriction").

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations and commitments from the information provided in the MD&A section in the Annual Report.

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates

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

Impairment of goodwill

We do not believe that an event occurred or circumstances changed during the six months ended September 30, 2026 that would, more likely than not, reduce the fair value of the Cannabis reporting unit below its carrying value. Therefore, we concluded that the quantitative goodwill impairment assessment was not required for the Cannabis reporting unit at September 30, 2026. The carrying value of goodwill associated with the Cannabis reporting unit was $55.7 million at September 30, 2026.

We are required to perform our 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Foreign currency risk

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

A hypothetical 10% change in the U.S. dollar against the Canadian dollar compared to the exchange rate at September 30, 2026, would affect the carrying value of net assets by approximately $18.9 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income (loss). A hypothetical 10% change in the euro against the Canadian dollar compared to the exchange rate at September 30, 2026, would affect the carrying value of net assets by approximately $11.4 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income (loss).

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

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

Interest rate risk

Our cash equivalents and short-term investments are held in both fixed-rate and adjustable-rate securities. Investments in fixed-rate instruments carry a degree of interest rate risk. The fair value of fixed-rate securities may be adversely impacted due to a rise in interest rates. Additionally, a falling-rate environment creates reinvestment risk because as securities mature, the proceeds are reinvested at a lower rate, generating less interest income. As at September 30, 2026, our cash and cash equivalents, and short-term investments consisted of $237.0 million in interest rate sensitive instruments (March 31, 2026 – $238.2 million).

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

	Aggregate Notional Value	
	September 30, 2026	March 31, 2026
Fixed interest rate debt	$ 55,000	$ 55,000
Variable interest rate debt	230,009	225,972

Equity price risk

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

Information regarding the fair value of financial instrument assets and liabilities that are measured at fair value on a recurring basis, and the relationship between the unobservable inputs used in the valuation of these financial assets and their fair value is presented in Note 20 of the Interim Financial Statements.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, and summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2026, our disclosure controls and procedures were not effective as of such date due to a material weakness in our internal control over financial reporting that was disclosed in Item 9A of the Annual Report.

Previously Reported Material Weakness.

As previously disclosed in Item 9A of the Annual Report, we previously identified a material weakness in our internal control over financial reporting related to incorrect non-cash technical accounting application over equity-linked instruments. Specifically, management identified a deficiency in the design and operating effectiveness of a control intended to review and approve the financial reporting implications of significant technical accounting and, specifically, the classification between equity and liabilities. This occurred due to incorrect assessments of the functional currency interaction with instrument terms, triggered by new U.S. dollar-denominated fact pattern that arose in the second quarter of the fiscal year ended March 31, 2024. As a consequence, the Company determined that certain share-settled warrants with exercise prices denominated in U.S. dollars, first issued during the fiscal year ended March 31, 2024, 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.

Status of Remediation of Material Weakness in Internal Control over Financial Reporting.

Management has developed and is executing a remediation plan to address the previously disclosed material weakness. We are actively engaged in the remediation for which we have implemented process and control improvements as follows:

- Enhanced technical accounting review controls and procedures for all complex and non-routine transactions involving equity-linked financial instruments to ensure compliance with applicable accounting standards and guidance. This included the design and implementation of a formal control involving the engagement of third-party experts for new equity-instrument issuances.
- Training aimed at improving employee knowledge and skills in accounting requirements for complex financial instruments and raising awareness of applicable guidance and frameworks has been completed.
- Enhanced management oversight and monitoring of significant accounting matters.

To remediate the existing material weakness, additional time is required to demonstrate the effectiveness of the remediation efforts. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We may also conclude that additional measures may be required to remediate the material weakness in our internal control over financial reporting, which may necessitate further action. Remediation actions are subject to ongoing senior management review as well as oversight by the Audit Committee of our board of directors.

Changes in Internal Control over Financial Reporting.

We are taking actions to remediate the material weakness relating to our internal control over financial reporting as described above. Except as discussed above, there were no changes in our "internal control over financial reporting" (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Other than as disclosed below, we are not aware of: (a) any legal proceedings to which we are a party, or to which any of our properties is subject, which would be material to us or of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor making an investment decision, and (c) any settlement agreements that we have entered into before a court relating to securities legislation or with a securities regulatory authority.

On June 27, 2023, an ostensible shareholder commenced a putative class action (Dziedziejko v. Canopy Growth Corporation et al., Court File No. CV-23-00701769-00CP) in the Ontario Superior Court of Justice against the Company, two of its former officers, and the Company's former auditor on behalf of a putative class of all persons or entities who acquired Canopy Growth's securities in the secondary market between June 1, 2021 to June 22, 2023 and held some or all of those securities until the close of trading on May 10, 2023 or June 22, 2023. The plaintiff alleges that the Company's disclosures contained misrepresentations within the meaning of the Securities Act (Ontario), that certain officers authorized, permitted, or acquiesced in the release of the impugned disclosures, that the Company and one of its officers acted in a manner that was oppressive or unfairly prejudicial to the proposed class members by failing to remedy alleged deficiencies in the Company's internal controls, and that all of the defendants are liable for damages to the putative class. The action seeks an unspecified amount of damages, interest, legal fees, and the costs of administering a plan of distribution of the recovery. The Company was also named in two other putative class proceedings that were commenced between May 2023 and July 2023 in the Ontario Superior Court of Justice alleging that the Company's disclosures contained misrepresentations. However, on November 10, 2023, the Ontario Superior Court of Justice decided a carriage motion staying those actions (Leonard v. Canopy Growth Corporation et al., Court File No. CV-23-00702281-00CP and Twidale v. Canopy Growth Corporation et al., Court File No. CV-23-00700135-00CP), and allowing the Dziedziejko action to proceed to a hearing of the plaintiff's motions for leave to proceed under the Securities Act and class certification. On December 22, 2025, the Ontario Superior Court of Justice granted the plaintiff in the Dziedziejko action leave to proceed with the claims under the Securities Act against the Company and the two former officers, and certified the Dziedziejko action as a class proceeding pursuant to the Class Proceedings Act (Ontario), defining the class as all persons or entities, other than certain excluded persons, who, between June 1, 2021 and June 22, 2023, acquired the Company's securities in the secondary market and who held some or all of those securities until the close of trading on May 10, 2023 or June 22, 2023 and who either: (i) are residents of Canada or were residents of Canada at the time of such acquisitions; or (ii) acquired the Company's securities on an exchange in Canada or another exchange located outside of the United States.

On June 15, 2023, an ostensible shareholder commenced a putative class action (Asmaro v. Canopy Growth Corporation et al., Court File No. VLC-S-S-234351) against the Company and two of its officers in the Supreme Court of British Columbia on behalf of a putative class of all persons and entities who purchased or otherwise acquired securities of the Company between August 6, 2021 and May 10, 2023. The lawsuit alleged that the Company's disclosures contained misrepresentations within the meaning of the Securities Act (British Columbia), that certain officers authorized, permitted, or acquiesced in the release of the impugned disclosures, and that all of the defendants are liable for damages to the putative class. The plaintiff sought an unspecified amount of damages. On September 16, 2026, the Supreme Court of British Columbia dismissed the Asmaro action on consent without costs to any party, with such dismissal having the same force and effect as if judgment had been pronounced at the trial of the action upon its merits.

In May 2023, in connection with the Company's internal review of the financial reporting matters related to BioSteel Canada (the "BioSteel Review"), as previously disclosed in the Annual Report, the Company voluntarily self-reported to the SEC that the timing and amount of revenue recognition in the BioSteel Canada segment were under review. As a result of self-reporting the BioSteel Review, the Company is the subject of an ongoing investigation by the SEC. Although the Company is fully cooperating with the SEC and continues to voluntarily respond to requests in connection with this matter, it cannot predict when such matters will be completed or the outcome and potential impact. Any remedial measures, sanctions, fines or penalties, including, but not limited to, financial penalties and awards, injunctive relief and compliance conditions, imposed on the Company in connection with this matter could have a material adverse impact on our business, financial condition and results of operations. See "Risk Factors — Risks Relating to Our Growth Strategy — As a result of self-reporting the BioSteel Review, the Company is the subject of a regulatory investigation and inquiry in connection with the BioSteel Review, and it cannot predict the timing of developments, and any adverse outcome of these continuing matters could have a material adverse effect on the Company" under Item 1A of the Annual Report.

The Company denies any alleged misconduct and liability for each of the claims asserted in the above-noted Court and arbitration proceedings, believes that the defendants/respondents have meritorious defenses to the claims, and expects to vigorously defend the claims, although the Company cannot predict when or how they will be resolved or estimate what the potential loss or range of loss would be, if any.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently a party to any other legal proceedings other than described above, the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, results of operations or prospects. Please refer to "Risk Factors" under Item 1A of the Annual Report for further discussion.

Item 1A. Risk Factors.

For information regarding factors that could affect our results of operations, financial condition and liquidity, see the risk factors discussed in Part I, Item 1A in the Annual Report. There have been no material changes to the risk factors previously disclosed in Part I, Item 1A in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Arrangements

During the three months ended September 30, 2026, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement", as each term is defined in Item 408(c) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Certificate of Incorporation and Articles of Amendment of Canopy Growth Corporation (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended March 31, 2020, filed with the SEC on June 1, 2020).
3.2	Amendment to Articles of Canopy Growth Corporation, filed on December 15, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 18, 2023).
3.3	Articles of Amendment to Articles of Incorporation of Canopy Growth Corporation, filed on April 12, 2024 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 16, 2024).
3.4	Bylaws of Canopy Growth Corporation (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, filed with the SEC on November 8, 2021).
3.5	By-Law No. 2 of Canopy Growth Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 27, 2026).
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act or the Exchange Act.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CANOPY GROWTH CORPORATION

Date: November 6, 2026

By: /s/ Luc Mongeau
Luc Mongeau
Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2026

By: /s/ Thomas Stewart
Thomas Stewart
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)