CANOPY GROWTH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2025

MAY 30, 2025

This document (this "MD&A") contains information under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" which has been excerpted from our Annual Report on Form 10-K for the year ended March 31, 2025 (the "Annual Report") filed concurrently with this MD&A on the date hereof on our profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. This MD&A should be read in conjunction with our Annual Report, including the consolidated financial statements and the related notes thereto included in Item 8, as well as Part I, and Item 1 "Business", Part I, Item 1A "Risk Factors", and incorporates by reference herein Item 1A "Risk Factors" from our Annual Report. Defined terms used herein but otherwise not defined have the meaning ascribed to them in the Annual Report.

Special Note Regarding Forward-Looking Statements; Risk Factor Summary

This Form 10-K 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 CBD) products and the scope of any regulations by the U.S. Food and Drug Administration (the "FDA"), the U.S. Drug Enforcement Administration (the "DEA"), the U.S. Federal Trade Commission (the "FTC"), the U.S. Patent and Trademark Office, the U.S. Department of Agriculture (the "USDA") 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 Jetty (as defined below) pursuant to the exercise of the Jetty Options (as defined below);
- 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 us 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;
- 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 ability to continue as a going concern;
- our ability to maintain effective 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;
- 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;
- 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 Form 10-K 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, our limited operating history; our ability to continue as a going concern; 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); our ability to maintain an effective system of internal control; the diversion of management 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 related to the financial statements of Acreage Holdings, Inc. ("Acreage") expressing doubt about its ability to continue as a going concern; the risks in the event that Acreage cannot satisfy its debt obligations as they become due; risks related to finalization of the consideration payable by us for the acquisition by Canopy USA of the remaining interests in Jetty; 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 and hemp 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; and the factors discussed under the heading "Risk Factors" in this Form 10-K. 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 Form 10-K 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.

Risk Factor Summary

- We may not be able to achieve or maintain profitability and may continue to incur losses in the future.
- We are in the early stages of developing global infrastructure in a new industry and therefore we are subject to many risks common in developing companies.
- In the past, we have identified conditions and events that raised substantial doubt about our ability to continue as a going concern and it is possible that we may identify conditions and events in the future that raise substantial doubt about our ability to continue as a going concern.
- We have been and may in the future be required to write down intangible assets, including goodwill, due to impairment.
- The anticipated benefits of the strategy involving Canopy USA may not be realized and the fair value of our equity method investment in Canopy USA is volatile.
- There is limited long-term data with respect to the efficacy, side effects and safety of our products; and our products have been and may be in the future subject to recalls.

- We are subject to extensive regulation and licensing and may not successfully comply with all applicable laws and regulations.
- The production and distribution of our products are subject to disruption, the risks of an agricultural business and the risk that third party suppliers and distributors may not perform their obligations to us.
- Our businesses face highly competitive conditions.
- As a result of self-reporting the BioSteel Review (as defined below), 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.
- In the event Acreage cannot satisfy its debt obligations as they become due, the Acquired Debt (as defined below) may not be repaid and the Company may lose the entirety of its investment.
- The price of the Canopy Shares has been and may continue to be highly volatile.
- We are subject to other risks generally applicable to our industry and the conduct of our businesses.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

This Management's Discussion and Analysis of our financial condition and results of operations ("MD&A"), which should be read in conjunction with our consolidated financial statements and the notes thereto included in Item 8 of this Form 10-K (the "Financial Statements"), provides additional information on our business, current developments, financial condition, cash flows and results of operations. It 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 (1) fiscal 2025 in comparison to fiscal 2024; and (2) fiscal 2024 in comparison to fiscal 2023.
- *Part 3 - Financial Liquidity and Capital Resources.* This section provides an analysis of our cash flows and outstanding debt and commitments for fiscal 2025. Included in this analysis is a discussion of the amount of financial capacity available to fund our ongoing operations and future commitments.
- *Part 4 - Critical Accounting Policies and Estimates.* This section identifies those accounting policies that are considered important to our results of operations and financial condition, require significant judgment and involve significant management estimates. Our significant accounting policies, including those considered to be critical accounting policies, are summarized in Note 3 of the Financial Statements.

We prepare and report our Financial Statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Our 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.

In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those in this discussion as a result of various factors, including but not limited to those discussed in Part 1, Item 1A, "Risk Factors" in this Form 10-K.

Part 1 - Business Overview

We are a world-leading cannabis company which produces, distributes, and sells a diverse range of cannabis and cannabis related products. We are a collective of dynamic and engaged leaders, united by a passion for cannabis, focused on delighting our consumers and medical cannabis patients while creating value for our stakeholders and one another. Above all else, we are driven by an unwavering commitment to providing our consumers with the best possible experiences rooted in our vision of unleashing the power of cannabis to improve lives. From product and process innovation to market execution, we are driven by a commitment to drive the industry forward.

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. Our primary medical brand is Spectrum Therapeutics and we have also launched Canopy Medical, a medical cannabis brand in select international markets. Our curated cannabis product formats include dried flower, pre-rolled joints ("PRJ"), 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").

Our cannabis cultivation operations are focused in two facilities, our greenhouse facility in Kincardine, Ontario and the DOJA facility in Kelowna, British Columbia. We believe that the cultivation capacity in the Kincardine facility and the DOJA facility, as well as externally sourced cannabis flower supply can meet the current demand for our premium dried flower. The receipt of our European Union Good Manufacturing Practices ("EU-GMP") certification at the Kincardine facility enables us to continue exporting certified medical cannabis to medical markets in Europe as well as other medical cannabis markets around the world.

Our licensed operational capacity in Canada includes advanced manufacturing capability for oil and softgel encapsulation, PRJ (infused and non-infused), and hash production, which is primarily completed at our Smiths Falls, Ontario facility. Through our in-house manufacturing capabilities of adult-use cannabis products, we can process and package bulk cannabis flower, PRJ and vape products, whether internally or externally sourced, into high quality cannabis products. Our remaining products are manufactured

through an adaptive third-party sourcing model for all edibles and extracts. We are confident that our production and manufacturing capabilities and know-how are sufficient to meet the diverse needs of our adult-use and medical cannabis consumers in Canada.

Today, we offer a broad portfolio of brands and products and continue to expand our portfolio to include new innovative cannabis products and formats. We maintain agreements to supply all Canadian provinces and territories with our adult-use products for sale through their established retail distribution systems. Through our Spectrum Therapeutics website, patients who have registered with Spectrum Therapeutics are able to purchase products online and have them shipped directly to the address indicated on their registration document. We have developed several programs to improve access to medical cannabis for authorized patients through income-tested compassionate pricing program whereby eligible low-income patients may obtain a 20% discount on regular prices of medical cannabis. We also provide support through our customer care team to help patients identify if their medication is covered under the growing number of private health plans that have a medical cannabis component.

Segment Reporting

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

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

These segments reflect how 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. The remainder of our operations include revenue derived from, and cost of sales associated with, our non-cannabis extraction activities and other ancillary activities; these are included within "other".

Recent Developments

Balance Sheet Deleveraging Initiatives

On April 18, 2024, the Company entered into an exchange agreement (the "April 2024 Exchange Agreement") with Greenstar Canada Investment Limited Partnership ("Greenstar"), an affiliate of Constellation Brands, Inc. ("CBI"), pursuant to which Greenstar converted approximately $81.2 million of the principal amount of the $100 million principal amount of a promissory note (the "CBI Note") into 9,111,549 Exchangeable Shares (the "Note Exchange"), calculated based on a price per Exchangeable Share equal to $8.91. Pursuant to the terms of the April 2024 Exchange Agreement, all accrued but unpaid interest on the CBI Note together with the remaining principal amount of the CBI Note was cancelled and forgiven for no additional consideration by Greenstar. Following the closing of the Note Exchange, there is no outstanding balance owing under the CBI Note and the CBI Note has been cancelled.

On April 29, 2024 and June 28, 2024, the Company repurchased additional outstanding principal amounts under the Credit Facility (the "First Quarter 2025 Paydowns"). The First Quarter 2025 Paydowns resulted in an aggregate principal reduction of $11.2 million (US$8.2 million) for a cash payment of $11.2 million (US$8.2 million).

On August 20, 2024, the Company entered into an exchange and subscription agreement (the "August 2024 Supreme Convertible Debt Exchange") with a single institutional investor (the "August 2024 Investor") pursuant to which, among other things, the August 2024 Investor delivered to the Company approximately $2.7 million of aggregate principal amount of outstanding Supreme Debentures (as defined below) in exchange for 291,351 common shares of the Company and $0.03 million in cash for accrued interest.

On September 27, 2024, the Company repurchased additional outstanding principal amounts under the Credit Facility (the "Second Quarter 2025 Paydown"). The Second Quarter 2025 Paydown resulted in an aggregate principal reduction of $1.1 million (US$0.9 million) for a cash payment of $1.1 million (US$0.9 million).

On October 16, 2024, the Company made an early prepayment under the Credit Facility in an aggregate principal amount equal to US$100.0 million of the principal amount outstanding thereunder at a discounted price of US$97.5 million (the "Third Quarter 2025 Paydown"). Pursuant to the Amending Agreement (as defined below), the US$100.0 million prepayment of the Credit Facility was required to be made by December 31, 2024.

On March 31, 2025, the Company made an optional prepayment under the Credit Facility in an aggregate principal amount equal to US$100.0 million of the principal amount outstanding thereunder at a discounted price of US$97.5 million (the "Optional Prepayment"), and as a result, the maturity date under the Credit Facility was further extended to September 18, 2027.

Facility Lease Renegotiation

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

ATM Programs

On June 6, 2024, the Company established an at-the-market equity program that allowed it to issue and sell up to US$250 million of Canopy Shares to the public from time to time at the Company's discretion (the "June 2024 ATM Program") pursuant to an equity distribution agreement (the "2024 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").

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

During the fiscal year ended March 31, 2025, the Company sold 71,044,862 Canopy Shares for gross proceeds of $347.1 million (US$250 million) under the June 2024 ATM Program and 23,169,358 Canopy Shares for gross proceeds of $38.3 million (US$26.7 million) under the February 2025 ATM Program.

Acreage Acquisition

On December 9, 2024, Canopy USA completed its acquisition of Acreage (the "Acreage Acquisition") and now owns 100% of the issued and outstanding shares of Acreage. In connection with: (i) 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") and restated plan of arrangement (the "Acreage Amended Arrangement"); and (ii) the arrangement agreement among Canopy Growth, Canopy USA and Acreage, as amended (the "Floating Share Arrangement Agreement"), Canopy USA acquired all of the issued and outstanding Class D subordinate voting shares (the "Floating Shares") of Acreage on the terms and conditions set forth in the court-approved plan of arrangement (the "Floating Share Arrangement"). Immediately following the implementation of the Floating Share Arrangement, Canopy USA acquired all of the issued and outstanding Class E subordinate voting shares (the "Fixed Shares") of Acreage (the "Fixed Share Acquisition").

In accordance with the Floating Share Arrangement, registered holders of Floating Shares received 0.045 of a common share of Canopy Growth for each Floating Share (the "Floating Share Exchange Ratio"). In connection with the Fixed Share Acquisition, each of the outstanding Fixed Shares was exchanged for 0.00000000617 of a common share of Canopy Growth for each Fixed Share, as adjusted pursuant to the terms and conditions set forth in the Existing Acreage Arrangement Agreement (the "Fixed Share Exchange Ratio"). In aggregate, Canopy Growth issued 5,888,291 common shares to former shareholders of Acreage.

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

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

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

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

In exchange for the issuances of Canopy Growth common shares, warrants and other replacement securities in connection with the Acreage Acquisition, Canopy Growth received additional Non-Voting Shares with a value of $50.8 million and Canopy USA delivered guarantees in respect of the obligations owing pursuant to the Elevate (as defined below) loan receivable. Refer to Note 13 for more information on Canopy USA investment balances and refer to Note 21 for more information on the share and warrant issuances as part of the Acreage Acquisition.

Canadian Federal Income Tax Proposals

Proposed amendments to the *Income Tax Act* (Canada) originally released on June 10, 2024 with revised proposals released on August 12, 2024 and September 23, 2024, (collectively the "**Capital Gains Proposals**"), would, if enacted, generally increase the capital gains inclusion rate from one-half to two-thirds for corporations and trusts, and from one-half to two-thirds for individuals on the portion of capital gains realized, including capital gains realized indirectly through a trust or partnership, in a taxation year that exceed $250,000.

On March 21, 2025, Prime Minister Carney announced that the Government of Canada will cancel the Capital Gains Proposals.

Factors Impacting our Business

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

Furthering our Leadership Position with Medical Cannabis Patients Worldwide - 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. 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. 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.

Leadership of Global Vaporization through Storz &Bickel - Vaporization is a consumption method that aligns with the desires of several 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.

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, 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 and Power Growth - As the cannabis market continues to rapidly evolve, we remain focused on driving efficiency for the greatest return on asset investments. 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.

Unparalleled exposure to the expanding U.S. cannabis market - Unlike other cannabis businesses, our investment in Canopy USA provides a unique opportunity to maximize the value of our previously-held conditional U.S. THC investments. 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 a Stock Exchange Permissibility Date (as defined below) occurs. Canopy USA's powerhouse brands, Wana (as defined below) and Jetty (as defined below), establish a foundation for us to participate in the world's largest and fastest growing cannabis market and to offer our shareholders unique exposure to this market's growth.

Canopy USA and certain entities over which Canopy USA exercises control (such entities, the "Canopy USA LPs") currently hold an ownership interest in the following assets, among others:

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

Part 2 - Results of Operations

The results of operations presented below reports the financial performance of the continuing operations of Canopy Growth for the years ended March 31, 2025 and 2024. Further to Note 6 in the Company's accompanying financial statements, the BioSteel segment results for all periods prior to the September 14, 2023 and November 16, 2023, being the effective dates of deconsolidation as a result of the CCAA Proceedings (as defined below), are classified as discontinued operations and therefore are excluded from continuing operations.

On September 14, 2023, Canopy Growth ceased funding the operations of BioSteel Sports Nutrition Inc. ("BioSteel Canada") and commenced proceedings (the "CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (the "CCAA") in the Ontario Superior Court of Justice (Commercial List) and obtained recognition of that proceeding under Chapter 15 of the United States Bankruptcy Code.

Discussion of Fiscal 2025 Results of Operations

The following table presents selected consolidated financial information for the years ended March 31, 2025 and 2024:

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Years ended March 31, 2025	Years ended March 31, 2024	$ Change	% Change
Selected consolidated financial information:				
Net revenue	$ 268,995	$ 297,146	$ (28,151)	(9%)
Gross margin percentage	30%	27%	-	300 bps
Net loss from continuing operations	$ (604,138)	$ (483,682)	$ (120,456)	(25%)
Net loss from continuing operations attributable to Canopy Growth Corporation	$ (604,138)	$ (483,682)	$ (120,456)	(25%)
Basic and diluted loss per share from continuing operations[1]	$ (5.62)	$ (6.47)	$ 0.85	13%

[1] For the year ended March 31, 2025, the weighted average number of outstanding common shares, basic and diluted, totaled 107,553,729 (year ended March 31, 2024 - 74,787,521).

Net Revenue

We report net revenue in four segments: (i) Canada cannabis; (ii) international markets cannabis; (iii) Storz & Bickel; and (iv) This Works. Revenue derived from the remainder of our operations are included within "other". The following table presents segmented net revenue for the years ended March 31, 2025 and 2024:

Net Revenue	Years ended March 31,			
(in thousands of Canadian dollars)	2025	2024	$ Change	% Change
Canada cannabis				
Canadian adult-use cannabis[1,3]	$ 78,828	$ 92,803	$ (13,975)	(15%)
Canadian medical cannabis[2,4]	77,032	66,362	10,670	16%
	$ 155,860	$ 159,165	$ (3,305)	(2%)
International markets cannabis[5]	$ 39,734	$ 41,312	$ (1,578)	(4%)
Storz & Bickel	$ 73,401	$ 70,670	$ 2,731	4%
This Works	$ -	$ 21,256	$ (21,256)	(100%)
Other[1,2]	-	4,743	(4,743)	(100%)
Net revenue	$ 268,995	$ 297,146	$ (28,151)	(9%)

[1] A reclassification of $433 of ancillary cannabis revenues from Other to Canadian adult-use cannabis occurred for the year ended March 31, 2024.
[2] A reclassification of $5,016 of ancillary cannabis revenues from Other to Canadian medical cannabis occurred for the year ended March 31, 2024.
[3] Reflects excise taxes of $36,442 and other revenue adjustments, representing our determination of returns and pricing adjustments, of $4,166 for the year ended March 31, 2025 (year ended March 31, 2024 - excise taxes of $40,115 and other revenue adjustments of $3,514).
[4] Reflects excise taxes of $8,532 for the year ended March 31, 2025 (year ended March 31, 2024 - $6,673).
[5] Reflects other revenue adjustments of $100 for the year ended March 31, 2025 (year ended March 31, 2024 - $645).

Net revenue was $269.0 million in fiscal 2025, as compared to $297.1 million in fiscal 2024. The year-over-year decrease is primarily attributable to: (i) the divestiture of This Works on December 18, 2023; (ii) a decrease in Canada adult-use cannabis; and (iii) a decline in our U.S. CBD business. These decreases were partially offset by: (i) growth in Canada medical; and (ii) growth in Storz & Bickel.

Canada cannabis

Net revenue from our Canada cannabis segment was $155.9 million in fiscal 2025, as compared to $159.2 million in fiscal 2024.

Canadian adult-use cannabis net revenue was $78.8 million in fiscal 2025, as compared to $92.8 million in fiscal 2024. The year-over-year decrease is primarily attributable to lower sales volumes and sales velocity on our core flower and PRJ offerings due to continued increase in price competition, partially offset by a shift towards infused PRJs and opportunistic bulk sales.

Canadian medical cannabis net revenue was $77.0 million in fiscal 2025, as compared to $66.4 million in fiscal 2024. The year-over-year increase is primarily attributable to an increase in the average size of medical orders placed by our customers due largely to an increase in the percentage of insured customers, and a larger assortment of cannabis product choices offered to our customers.

International markets cannabis

International markets cannabis revenue was $39.7 million in fiscal 2025, as compared to $41.3 million in fiscal 2024. The year-over-year decrease is primarily attributable to: (i) a decline in our Australian medical cannabis business and (ii) a decline in our U.S. CBD business resulting from a transition of our U.S. CBD business to Canopy USA which was deconsolidated on April 30, 2024, offset by increased shipments of flower products in Europe, driven by Poland and Germany.

Storz & Bickel

Revenue from Storz & Bickel was $73.4 million in fiscal 2025, as compared to $70.7 million in fiscal 2024. The year-over-year increase is primarily attributable to strong growth in Germany and the United Kingdom, sales of our Mighty vaporizer and sales of Venty, our newest portable vaporizer.

This Works

Revenue from This Works was $nil in fiscal 2025, as compared to $21.3 million in fiscal 2024. The year-over-year decrease is due to the completion of the divestiture of This Works on December 18, 2023.

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 years ended March 31, 2025 and 2024:

(in thousands of Canadian dollars except where indicated)	Years ended March 31, 2025	Years ended March 31, 2024	$ Change	% Change
Net revenue	$ 268,995	$ 297,146	$ (28,151)	(9%)
Cost of goods sold	$ 189,484	$ 216,264	$ (26,780)	(12%)
Gross margin	79,511	80,882	(1,371)	(2%)
Gross margin percentage	30%	27%	-	300 bps

Cost of goods sold was $189.5 million in fiscal 2025, as compared to $216.3 million in fiscal 2024. Our gross margin was $79.5 million in fiscal 2025, or 30% of net revenue, as compared to a gross margin of $80.9 million and gross margin percentage of 27% of net revenue in fiscal 2024. The year-over-year increase in the gross margin percentage was primarily attributable to improvement in our Canada cannabis segment resulting from (i) the realized benefit of our cost savings program and strategic changes to our business that were initiated in the fourth quarter of fiscal 2023; and (ii) a shift in channel mix to higher margin medical sales, partially offset by costs related to new product launches, increased price competition and higher indirect costs.

We report gross margin and gross margin percentage in four segments: (i) Canada cannabis; (ii) international markets cannabis; (iii) Storz & Bickel; and (iv) This Works. Gross margin and gross margin percentage associated with the remainder of our operations are included within “other". The following table presents segmented gross margin and gross margin percentage for the years ended March 31, 2025 and 2024:

(in thousands of Canadian dollars except where indicated)	Years ended March 31, 2025	Years ended March 31, 2024	$ Change	% Change
Canada cannabis segment				
Net revenue[1]	$ 155,860	$ 159,165	$ (3,305)	(2%)
Cost of goods sold[2]	119,343	133,525	(14,182)	(11%)
Gross margin	36,517	25,640	10,877	42%
Gross margin percentage	23%	16%		700 bps
International markets cannabis segment				
Revenue	$ 39,734	$ 41,312	$ (1,578)	(4%)
Cost of goods sold	24,509	24,630	(121)	0%
Gross margin	15,225	16,682	(1,457)	(9%)
Gross margin percentage	38%	40%		(200) bps
Storz & Bickel segment				
Revenue	$ 73,401	$ 70,670	$ 2,731	4%
Cost of goods sold	45,632	40,542	5,090	13%
Gross margin	27,769	30,128	(2,359)	(8%)
Gross margin percentage	38%	43%		(500) bps
This Works segment				
Revenue	$ -	$ 21,256	$ (21,256)	(100%)
Cost of goods sold	-	10,722	(10,722)	(100%)
Gross margin	-	10,534	(10,534)	(100%)
Gross margin percentage	-%	50%		N/A
Other				
Revenue[1]	$ -	$ 4,743	$ (4,743)	(100%)
Cost of goods sold[2]	-	6,845	(6,845)	(100%)
Gross margin	-	(2,102)	2,102	100%
Gross margin percentage	-%	(44%)		N/A

[1] A reclassification of $5,449 of ancillary cannabis revenues from Other to Canada cannabis occurred for the year ended March 31, 2024.
[2] A reclassification of $4,705 of ancillary cannabis cost of goods sold from Other to Canada cannabis occurred for the year ended March 31, 2024.

Canada cannabis

Gross margin for our Canada cannabis segment was $36.5 million in fiscal 2025, or 23% of net revenue, as compared to $25.6 million in fiscal 2024, or 16% of net revenue. The year-over-year increase in the gross margin percentage was primarily attributable to: (i) the realized benefit of our cost savings program and strategic changes to our business that were initiated in the fourth quarter of fiscal 2023; and (ii) a shift in channel mix to higher margin medical sales.

International markets cannabis

Gross margin for our international markets cannabis segment was $15.2 million in fiscal 2025, or 38% of net revenue, as compared to $16.7 million in fiscal 2024, or 40% of net revenue. The year-over-year decrease in the gross margin percentage is primarily attributable to recent pricing pressures in Poland and lower selling prices in Germany. Lower sales in our Australian medical cannabis business and the decline in U.S. CBD sales also contributed to the decline in gross margin percentage.

Storz & Bickel

Gross margin for our Storz & Bickel segment was $27.8 million in fiscal 2025, or 38% of net revenue, as compared to $30.1 million in fiscal 2024, or 43% of net revenue. The year-over-year decrease in the gross margin percentage is driven primarily by a shift in product mix as additional rebates were provided to clear out remaining stock of a previously planned discontinued product and increases in indirect costs.

This Works

Gross margin for our This Works segment was $nil in fiscal 2025, or 0% of net revenue, as compared to $10.5 million in fiscal 2024, or 50% of net revenue. The year-over-year decrease in the gross margin percentage is due to the completion of the divestiture of This Works on December 18, 2023.

Operating Expenses

The following table presents operating expenses for the years ended March 31, 2025 and 2024:

	Years ended March 31,			
(in thousands of Canadian dollars)	2025	2024	$ Change	% Change
Operating expenses				
General and administrative	$ 65,060	$ 90,265	$ (25,205)	(28%)
Sales and marketing	60,852	76,145	(15,293)	(20%)
Acquisition, divestiture, and other costs	19,524	34,767	(15,243)	(44%)
Depreciation and amortization	24,190	28,252	(4,062)	(14%)
Selling, general and administrative expenses	169,626	229,429	(59,803)	(26%)
Share-based compensation	(4,205)	14,180	(18,385)	(130%)
Loss on asset impairment and restructuring	31,233	65,987	(34,754)	(53%)
Total operating expenses	$ 196,654	$ 309,596	$ (112,942)	(36%)

Selling, general and administrative expenses

Selling, general and administrative expenses were $169.6 million in fiscal 2025, as compared to $229.4 million in fiscal 2024.

General and administrative expense was $65.1 million in fiscal 2025, as compared to $90.3 million in fiscal 2024. The year-over-year decrease is primarily attributable to: (i) the impact of the restructuring actions and cost savings program initiated in the fourth quarter of fiscal 2023; (ii) continued decrease in people costs and professional service costs; and (iii) the divestiture of This Works on December 18, 2023.

Sales and marketing expense was $60.9 million in fiscal 2025, as compared to $76.1 million in fiscal 2024. The year-over-year decrease is primarily attributable to: (i) the divestiture of This Works on December 18, 2023; (ii) the impact of the restructuring actions and cost savings program initiated in the fourth quarter of fiscal 2023; and (iii) continued decrease in people costs and professional service costs.

Acquisition-related costs were $19.5 million in fiscal 2025, as compared to $34.8 million in fiscal 2024. In fiscal 2025, costs were incurred primarily in relation to:

- 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;
- the Reorganization of Canopy USA;
- costs associated with the Debt Acquisition of Acreage; and
- costs relating to the modification of the Credit Agreement that occurred in August 2024;

Comparatively, in fiscal 2024, costs were incurred primarily in relation to:

- approximately $8.3 million of costs relating to the modification of the Credit Agreement that occurred in July 2023;
- approximately $10.7 million of legal and audit costs related to the restatement of our consolidated financial statements for the following previously filed periods: (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, originally included in our Annual Report on Form 10-K 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, originally included in the our Quarterly Reports on Form 10-Q for such quarterly periods, in connection with the correction of material misstatement arising from an internal review of financial reporting matters related to sales in the BioSteel business unit that were accounted for incorrectly, and the filing of our Annual Report on Form 10-K for the fiscal years ended March 31, 2023 and 2022 in June 2023;
- the Reorganization of Canopy USA, including the Reorganization Amendments and the Additional Reorganization Amendments; and
- evaluating other potential opportunities.

Depreciation and amortization expense was $24.2 million in fiscal 2025, as compared to $28.3 million in fiscal 2024. The year-over-year decrease is primarily attributable to the previously-noted restructuring actions and cost savings programs, including the closure of certain of our Canadian facilities and other operational changes to implement cultivation-related efficiencies and improvements in the Canadian adult-use cannabis business.

Share-based compensation

Share-based compensation was $(4.2) million in fiscal 2025, as compared to $14.2 million in fiscal 2024. The year-over-year change from an expense to an expense reversal is driven by the departure of our former CEO which resulted in a deemed modification of his existing share-based compensation and reversal of expensing associated with unvested tranches. The expense reversal is partially offset by (i) the first quarter of fiscal 2025 grant of 0.8 million options and 0.7 million restricted share units and (ii) higher forfeitures in fiscal 2024 due to previously-noted restructuring actions.

Asset impairment and restructuring costs

Asset impairment and restructuring costs recorded in operating expenses were $31.2 million in fiscal 2025, as compared to $66.0 million in fiscal 2024.

Loss on asset impairment and restructuring recorded in fiscal 2025 is primarily related to the non-cash impairment of divestiture-related assets, employee restructuring costs, and ongoing holding costs to maintain previously restructured sites. These amounts were offset by a gain related to remeasurement of a lease liability upon execution of the exit agreement.

Comparatively, in fiscal 2024, the loss on asset impairment and restructuring was primarily related to: (i) the Storz & Bickel goodwill and intangible asset impairment resulting from our annual impairment testing; (ii) the charges associated with the completion of the This Works divestiture; and (iii) incremental impairment losses and other costs associated with the restructuring of our Canadian cannabis operations that were initiated in the three months ended March 31, 2023. These charges were offset by a gain on the sale of our production facility at 1 Hershey Drive in Smiths Falls, Ontario. The gain is due to the sale proceeds exceeding the carrying value that was previously impaired at March 31, 2023.

Other

The following table presents other income (expense), net, and income tax (expense) recovery for the years ended March 31, 2025 and 2024:

	Years ended March 31,			
(in thousands of Canadian dollars)	2025	2024	$ Change	% Change
Other income (expense), net	(479,854)	(242,641)	(237,213)	(98%)
Income tax expense	(7,141)	(12,327)	5,186	42%

Other income (expense), net

Other income (expense), net, was an expense amount of $479.9 million in fiscal 2025, as compared to an expense amount of $242.6 million in fiscal 2024. The year-over-year change of $237.3 million, increase in expense, is primarily attributable to:

- Increase in non-cash expense of $275.4 million related to fair value changes on our Canopy USA related and other financial assets, from an expense amount of $124.8 million in fiscal 2024 to an expense amount of $400.2 million in fiscal 2025. The fiscal 2025 expense amount is primarily attributable to fair value decreases relating to our investments in:
    - the Canopy USA equity method investment in the amount of $98.6 million;
    - the Canopy USA LPs equity method investment in the amount of $148.1 million;
    - the Canopy Elevate I LLC, Canopy Elevate II LLC and Canopy Elevate III LLC (collectively, “Elevate”) loan receivable, in the amount of $7.3 million relating to fair value movements in consideration of the debtor's net assets;

- the Acreage Debt (as defined below) loan receivable, in the amount of $140.1 million, primarily attributable to changes in market conditions and assumptions;
- the Acreage financial instrument, in the amount of $31.8 million. On a quarterly basis, we determine the fair value of the Acreage financial instrument using a probability-weighted expected return model, incorporating several potential scenarios and outcomes associated with the Acreage Amended Arrangement. The fair value decrease in fiscal 2025 is primarily attributable to an increase of approximately 75% in our share price up to the Deconsolidation Date (as defined below), relative to an increase of approximately 46% in Acreage's share price during that same period. As a result, the model at the Deconsolidation Date reflects both a higher estimated value of the Canopy Growth common shares that were expected to be issued upon the Acreage Acquisition, and a higher estimated value of the Acreage shares that were expected to be acquired at that time. In the period up to the Deconsolidation Date, the relative share price movements resulted in a decrease in the value of the Acreage financial instrument; and
- Indiva Limited ("Indiva") shares, in the amount of $2.8 million due to a decrease in the price per Indiva share as a result of Indiva's CCAA proceedings.

These fair value decreases were partially offset by a fair value increase related to our investment in:

- the TerrAscend Exchangeable Shares, in the amount of $17.3 million, which was primarily attributable to an increase of approximately 16% in TerrAscend's share price up to April 30, 2024, being the date that Canopy Growth deconsolidated the financial results of Canopy USA (the "Deconsolidation Date");
- the TerrAscend Warrants, in the amount of $7.9 million, which was primarily attributable to an increase of approximately 16% in TerrAscend's share price up to the Deconsolidation Date; and
- the Option Premium, in the amount of $3.1 million related to closing of the Acreage Debt Acquisition and release of the amount that was previously held in escrow pursuant to the Option Agreement.

Comparatively, the fiscal 2024 expense amount is primarily attributable to fair value decreases relating to our investments in:

- The Wana financial instrument, in the amount of $83.2 million, primarily attributable to changes in expectations of future cash flows to be generated by Wana;
- The Jetty financial instrument, in the amount of $15.1 million, primarily attributable to changes in expectations of future cash flows to be generated by Jetty;
- The Acreage financial instrument, in the amount of $45.4 million. On a quarterly basis, we determine the fair value of the Acreage financial instrument using a probability-weighted expected return model, incorporating several potential scenarios and outcomes associated with the Acreage Amended Arrangement. The fair value decrease for fiscal 2024 is primarily attributable to a decrease of approximately 51% in our share price, relative to a decrease of approximately 49% in Acreage's share price during the same period. As a result, the model at March 31, 2024 reflects both a lower estimated value of the Canopy Growth common shares expected to be issued upon changes in U.S. federal law to permit the general cultivation, distribution, and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States (the "Triggering Event"), and a lower estimated value of the Acreage shares expected to be acquired at that time. In fiscal 2024, the relative share price movements resulted in a decrease in the value of the Acreage financial instrument.
- The Universal Hemp, LLC ("Acreage Hempco") debenture, in the amount of $15.8 million, primarily attributable to changes in expectations of future cash flows to be received.

These fair value decreases were partially offset by a fair value increases related to our investments in:

- The TerrAscend Exchangeable Shares, in the amount of $26.9 million, primarily attributable to an increase of approximately 23% in TerrAscend's share price during fiscal 2024; and
- The 22,474,130 TerrAscend Warrants, in the amount of $6.6 million, primarily attributable to an increase of approximately 23% in TerrAscend's share price during fiscal 2024.

- Decrease in expense of $35.8 million related to non-cash fair value changes on our debt, from $35.8 million in fiscal 2024 to $nil in fiscal 2025. The year-over-year change is driven primarily by the fair value change of the CBI Note in fiscal 2024. In fiscal 2025 there are no debt balances recorded at fair value.

- Change of $47.8 million related to fair value changes on acquisition related contingent consideration and other, from an income of $12.3 million in fiscal 2024 to an expense of $35.5 million in fiscal 2025. The fair value change in fiscal 2025 relates primarily to various acquisition related contingent consideration. Comparatively, the fair value change in fiscal 2024 related primarily to the estimated deferred payments associated with our investment in Wana.

- Change of $34.4 million related to charges associated with the settlement of our debt, from an expense amount of $12.1 million in fiscal 2024 to an income amount of $22.3 million in fiscal 2025. For fiscal 2025, we recognized a gain of $22.3 million, primarily in connection with the exchange of the CBI Note. Comparatively, in fiscal 2024, we recognized a charge of $12.1 million, which is primarily due to the settlement of our unsecured senior notes and principal repayments on the Credit Facility.

- Decrease in interest income of $7.4 million, from $16.2 million in fiscal 2024 to $8.8 million in fiscal 2025. The year-over-year decrease is attributable to lower cash and cash equivalents and short-term investment balances.
- Decrease in interest expense of $30.8 million, from $105.4 million in fiscal 2024 to $74.6 million in fiscal 2025. The year-over-year decrease is primarily attributable to the reduction of our debt balances.

Income tax expense

Income tax expense in fiscal 2025 was $7.1 million, as compared to an income tax expense of $12.3 million in fiscal 2024. In fiscal 2025, the income tax expense consisted of a deferred income tax expense of $6.8 million (compared to an expense of $12.0 million in fiscal 2024) and current income tax expense of $0.3 million (compared to an expense of $0.3 million in fiscal 2024).

The decrease of $5.2 million in the deferred income tax expense is primarily a result of: (i) a decrease due to the settlements of the Canopy Notes in fiscal 2024 relative to the settlements of the CBI Notes in fiscal 2025; and (ii) an increase due to the realization of deferred taxes for entities that historically did not meet the deferred tax asset recognition criteria.

The current income tax expense remained consistent year over year 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.

Restructuring, Asset Impairments and Related Costs

Fiscal 2025

Total restructuring, asset impairments and related costs of $33.2 million were recognized in fiscal 2025. The fiscal 2025 expense amount is primarily attributable to the non-cash impairment of divestiture-related assets, employee restructuring costs and other costs associated with previous restructuring actions. This was partially offset by a gain related to the Lease Renegotiation and reversal of a previous restructuring charge.

A summary of the pre-tax charges recognized in fiscal 2025 in connection with our restructuring actions described above is as follows:

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

Fiscal 2024

Total restructuring, asset impairments and related costs of $65.0 million were recognized in fiscal 2024.

Restructuring and other charges totaling $(14.5) million were recognized in fiscal 2024 comprised of: (i) a gain on property, plant and equipment, (ii) reversal of inventory write-downs and other charges, (iii) reversal of contractual and other settlement costs, and (iv) employee-related costs and other restructuring costs. These charges relate to various incremental impairment losses and other costs associated with the restructuring of the Company's Canadian cannabis operations that were initiated in the three months ended March 31, 2023, in addition to continued evaluation of the Company's overall operations throughout fiscal 2024. The gain on property, plant and equipment was primarily driven by a gain on the sale of the Company's production facility at 1 Hershey Drive in Smiths Falls, Ontario.

Impairment charges totaling $79.5 million were recognized in fiscal 2024, comprised of: (i) goodwill impairment losses of $42.1 million relating to the Storz & Bickel reporting unit, (ii) impairment charges of $9.0 million for the Storz & Bickel acquired brand intangible asset, (iii) impairment charges of $28.1 million relating to This Works divestiture including $7.9 million for the acquired brand and $20.2 million for the excess of carrying amount over the fair value less costs to sell of This Works, and (iv) other intangible asset impairment charges of $0.3 million.

A summary of the pre-tax charges recognized in fiscal 2024 in connection with our restructuring actions described above is as follows:

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

Net Loss

The net loss from continuing operations in fiscal 2025 was $604.1 million, as compared to a net loss from continuing operations of $483.7 million in fiscal 2024. The year-over-year increase in the net loss from continuing operations is primarily attributable to the year-over-year increase in expense relating to other income (expense), net, of $237.3 million, which was primarily driven by increased fair value losses on Canopy USA related assets. The higher expense was partially offset by a decrease in operating loss resulting from lower 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; depreciation and amortization expense; asset impairment and restructuring costs; restructuring costs recorded in cost of goods sold; and charges related to the flow-through of inventory step-up on business combinations, and further adjusted to remove acquisition, divestiture, and other costs. 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. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information as this measure demonstrates the operating performance of businesses.

The following table presents Adjusted EBITDA for the years ended March 31, 2025 and 2024:

	Years ended March 31,			
(in thousands of Canadian dollars)	2025	2024	$ Change	% Change
Net loss from continuing operations	$ (604,138)	$ (483,682)	$ (120,456)	(25%)
Income tax expense	7,141	12,327	(5,186)	(42%)
Other (income) expense, net	479,854	242,641	237,213	98%
Share-based compensation	(4,205)	14,180	(18,385)	(130%)
Acquisition, divestiture, and other costs	21,502	37,435	(15,933)	(43%)
Depreciation and amortization	43,118	53,176	(10,058)	(19%)
Loss on asset impairment and restructuring	31,233	65,987	(34,754)	(53%)
Restructuring costs recorded in cost of goods sold	1,991	(986)	2,977	302%
Adjusted EBITDA	$ (23,504)	$ (58,922)	$ 35,418	60%

The Adjusted EBITDA loss in fiscal 2025 was $23.5 million, as compared to an Adjusted EBITDA loss of $58.9 million in fiscal 2024. The year-over-year decrease in the Adjusted EBITDA loss is primarily attributable to the year-over-year reduction in our total selling, general and administrative expense. These variances are described above.

Discussion of Fiscal 2024 Results of Operations

The following table presents selected consolidated financial information for the years ended March 31, 2024 and 2023:

(in thousands of Canadian dollars, except share amounts and where otherwise indicated)	Years ended March 31, 2024	2023	$ Change	% Change
Selected consolidated financial information:				
Net revenue	$ 297,146	$ 333,253	$ (36,107)	(11%)
Gross margin percentage	27%	(19%)	-	4,600 bps
Net loss from continuing operations	$ (483,682)	$ (3,080,430)	$ 2,596,748	84%
Net loss from continuing operations attributable to Canopy Growth Corporation	$ (483,682)	$ (3,078,533)	$ 2,594,851	84%
Basic and diluted loss per share from continuing operations[1]	$ (6.47)	$ (66.39)	$ 59.92	90%

[1]For the year ended March 31, 2024, the weighted average number of outstanding common shares, basic and diluted, totaled 74,787,521 (year ended March 31, 2023 - 46,372,441).

[2] Share and per share amounts have been retrospectively adjusted to reflect the Company's share consolidation on the basis of one post-consolidation common share for every 10 pre-consolidation common shares, which became effective on December 15, 2023.

Net Revenue

The following table presents segmented net revenue for the years ended March 31, 2024 and 2023:

Net Revenue *(in thousands of Canadian dollars)*	Years ended March 31, 2024	2023	$ Change	% Change
Canada cannabis				
Canadian adult-use cannabis				
Business-to-business[1,3]	$ 92,803	$ 97,343	$ (4,540)	(5%)
Business-to-consumer	-	36,243	(36,243)	(100%)
	92,803	133,586	(40,783)	(31%)
Canadian medical cannabis net revenue[2,4]	66,362	61,859	4,503	7%
	$ 159,165	$ 195,445	$ (36,280)	(19%)
International markets cannabis[5]	$ 41,312	$ 38,949	$ 2,363	6%
Storz & Bickel	$ 70,670	$ 64,845	$ 5,825	9%
This Works	$ 21,256	$ 26,029	$ (4,773)	(18%)
Other[1,2]	4,743	7,985	(3,242)	(41%)
Net revenue	$ 297,146	$ 333,253	$ (36,107)	(11%)

[1] A reclassification of $433 and $2,317 of ancillary cannabis revenues from Other to Canadian adult-use cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.

[2] A reclassification of $5,016 and $6,061 of ancillary cannabis revenues from Other to Canadian medical cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.

[3] Reflects excise taxes of $40,115 and other revenue adjustments, representing our determination of returns and pricing adjustments, of $3,514 for the year ended March 31, 2024 (year ended March 31, 2023 - excise taxes of $43,071 and other revenue adjustments of $3,503).

[4] Reflects excise taxes of $6,673 for the year ended March 31, 2024 (year ended March 31, 2023 - $4,926).

[5] Reflects other revenue adjustments of $645 for the year ended March 31, 2024 (year ended March 31, 2023 - $8,569).

Net revenue was $297.1 million in fiscal 2024, as compared to $333.3 million in fiscal 2023. The year-over-year decrease is primarily attributable to: (i) the divestiture of our retail business in Canada in the third quarter of fiscal 2023; (ii) the divestiture of This Works on December 18, 2023; and (iii) a decrease in the Canada business-to-business channel. These decreases were partially offset by: (i) growth in Canada medical; (ii) growth in Storz & Bickel; and (iii) international markets cannabis sales growth.

Canada cannabis

Net revenue from our Canada cannabis segment was $159.2 million in fiscal 2024, as compared to $195.4 million in fiscal 2023.

Canadian adult-use cannabis net revenue was $92.8 million in fiscal 2024, as compared to $133.6 million in fiscal 2023.

- Net revenue from the business-to-business channel was $92.8 million in fiscal 2024, as compared to $97.3 million in fiscal 2023. The year-over-year decrease is primarily attributable to lower sales volumes across our premium and value-priced categories which, for the value-priced category, is largely the result of a strategy shift. For the premium category, the decrease is primarily attributable to supply constraints resulting from shortages of in-demand flower. This decrease was partially offset by increased sales of our mainstream brands, primarily resulting from improved product attributes and new products introduced under the Tweed brand.

- Revenue from the business-to-consumer channel was $nil in fiscal 2024, as compared to $36.2 million in fiscal 2023. The year-over-year decrease is attributable to the divestiture of our retail business in Canada in the third quarter of fiscal 2023.

Canadian medical cannabis net revenue was $66.4 million in fiscal 2024, as compared to $61.9 million in fiscal 2023. The year-over-year increase is primarily attributable to an increase in the average size of medical orders placed by our customers due largely to an increase in the percentage of insured customers, and a larger assortment of cannabis product choices offered to our customers. These factors were partially offset by a year-over-year decrease in the total number of medical orders, which was primarily related to the increasing number of adult-use cannabis retail stores across Canada.

International markets cannabis

International markets cannabis revenue was $41.3 million in fiscal 2024, as compared to $38.9 million in fiscal 2023. The year-over-year increase is attributable to growth in our global medical cannabis business in Australia, Germany, Poland, and Czech Republic. This increase was partially offset by: (i) a decline in our U.S. CBD business resulting from the continuing impact of our strategy shift to re-focus and refine our portfolio of product and brand offerings; and (ii) bulk cannabis sales in fiscal 2023, predominantly to a customer in an exited international market, which did not recur in fiscal 2024.

Storz & Bickel

Revenue from Storz & Bickel was $70.7 million in fiscal 2024, as compared to $64.8 million in fiscal 2023. The year-over-year increase is primarily attributable to the launch of a new portable vaporizer in the third quarter of fiscal 2024, expansion of our distribution and retail channels in the United States, and favorable foreign currency translation.

This Works

Revenue from This Works was $21.3 million in fiscal 2024, as compared to $26.0 million in fiscal 2023. The year-over-year decrease is primarily attributable to the completion of the divestiture of This Works on December 18, 2023.

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 years ended March 31, 2024 and 2023:

	Years ended March 31,			
(in thousands of Canadian dollars except where indicated)	2024	2023	$ Change	% Change
Net revenue	$ 297,146	$ 333,253	$ (36,107)	(11%)
Cost of goods sold	$ 216,264	$ 396,782	$ (180,518)	(45%)
Gross margin	80,882	(63,529)	144,411	227%
Gross margin percentage	27%	(19%)	-	4,600 bps

Cost of goods sold was $216.3 million in fiscal 2024, as compared to $396.8 million in fiscal 2023. Our gross margin was $80.9 million in fiscal 2024, or 27% of net revenue, as compared to gross margin of $(63.5) million and gross margin percentage of (19%) of net revenue in fiscal 2023. The year-over-year increase in the gross margin percentage was primarily attributable to:

- Improvement in our Canada cannabis segment, primarily attributable to: (i) the realized benefit of our cost savings program and strategic changes to our business that were initiated in the fourth quarter of fiscal 2023; (ii) a year-over-year decrease in write-downs of excess inventory; and (iii) opportunistic utilization of lower cost inputs.
- A year-over-year decrease in restructuring charges, from $81.8 million in fiscal 2023 to a reversal of $1.0 million in fiscal 2024. In fiscal 2023, restructuring charges related primarily to inventory write-downs resulting from: (i) the strategic changes to our business that were initiated in the fourth quarter of fiscal 2022, including the shift to a contract manufacturing model for certain product format; and (ii) amounts deemed excess based on current and projected demand; and
- Improvement in our international markets cannabis and This Works segments, primarily due to lower excess and obsolete inventory charges in fiscal 2024.

The following table presents segmented gross margin and gross margin percentage for the years ended March 31, 2024 and 2023:

(in thousands of Canadian dollars except where indicated)	Years ended March 31, 2024	2023	$ Change	% Change
Canada cannabis segment				
Net revenue[1]	$ 159,165	$ 195,445	$ (36,280)	(19%)
Cost of goods sold[2]	133,525	288,339	(154,814)	(54%)
Gross margin	25,640	(92,894)	118,534	128%
Gross margin percentage	16%	(48%)		6,400 bps
International markets cannabis segment				
Revenue	$ 41,312	$ 38,949	$ 2,363	6%
Cost of goods sold	24,630	42,271	(17,641)	(42%)
Gross margin	16,682	(3,322)	20,004	602%
Gross margin percentage	40%	(9%)		4,900 bps
Storz & Bickel segment				
Revenue	$ 70,670	$ 64,845	$ 5,825	9%
Cost of goods sold	40,542	38,733	1,809	5%
Gross margin	30,128	26,112	4,016	15%
Gross margin percentage	43%	40%		300 bps
This Works segment				
Revenue	$ 21,256	$ 26,029	$ (4,773)	(18%)
Cost of goods sold	10,722	15,824	(5,102)	(32%)
Gross margin	10,534	10,205	329	3%
Gross margin percentage	50%	39%		1,100 bps
Other				
Revenue[1]	$ 4,743	$ 7,985	$ (3,242)	(41%)
Cost of goods sold[2]	6,845	11,615	(4,770)	(41%)
Gross margin	(2,102)	(3,630)	1,528	42%
Gross margin percentage	(44%)	(45%)		100 bps

[1] A reclassification of $5,449 and $8,378 of ancillary cannabis revenues from Other to Canada cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.
[2] A reclassification of $4,705 and $5,981 of ancillary cannabis cost of goods sold from Other to Canada cannabis occurred for the year ended March 31, 2024 and March 31, 2023, respectively.

Canada cannabis

Gross margin for our Canada cannabis segment was $25.6 million in fiscal 2024, or 16% of net revenue, as compared to $(92.9) million in fiscal 2023, or (48%) of net revenue. The year-over-year increase in the gross margin percentage was primarily attributable to: (i) the realized benefit of our cost savings program and strategic changes to our business that were initiated in the fourth quarter of fiscal 2023; (ii) year-over-year decrease in write-downs of excess inventory; and (iii) opportunistic utilization of lower cost inputs.

International markets cannabis

Gross margin for our international markets cannabis segment was $16.7 million in fiscal 2024, or 40% of net revenue, as compared to $(3.3) million in fiscal 2023, or (9%) of net revenue. The year-over-year increase in the gross margin percentage is primarily attributable to an improvement in our U.S. CBD business, due primarily to the year-over-year decrease in restructuring charges, as we recorded charges of $8.2 million in fiscal 2023 relating to inventory write-downs resulting from strategic changes to our business. Further supporting the improved gross margin was a shift in the business mix to increased sales in Australia, Poland and Czech Republic.

Storz & Bickel

Gross margin for our Storz & Bickel segment was $30.1 million in fiscal 2024, or 43% of net revenue, as compared to $26.1 million in fiscal 2023, or 40% of net revenue. The year-over-year increase in the gross margin percentage is primarily attributable to lower input costs and a positive shift in product and channel mix.

This Works

Gross margin for our This Works segment was $10.5 million in fiscal 2024, or 50% of net revenue, as compared to $10.2 million in fiscal 2023, or 39% of net revenue. The year-over-year increase in the gross margin percentage is primarily attributable to lower excess and obsolete inventory charges.

Operating Expenses

The following table presents operating expenses for the years ended March 31, 2024 and 2023:

(in thousands of Canadian dollars)	Years ended March 31, 2024	2023	$ Change	% Change
Operating expenses				
General and administrative	$ 90,265	$ 135,313	$ (45,048)	(33%)
Sales and marketing	76,145	137,342	(61,197)	(45%)
Acquisition, divestiture, and other costs	34,767	35,584	(817)	(2%)
Depreciation and amortization	28,252	34,278	(6,026)	(18%)
Selling, general and administrative expenses	229,429	342,517	(113,088)	(33%)
Share-based compensation	14,180	25,322	(11,142)	(44%)
Loss on asset impairment and restructuring	65,987	2,199,146	(2,133,159)	(97%)
Total operating expenses	$ 309,596	$ 2,566,985	$ (2,257,389)	(88%)

Selling, general and administrative expenses

Selling, general and administrative expenses in fiscal 2024 were $229.4 million, as compared to $342.5 million in fiscal 2023.

General and administrative expense was $90.3 million in fiscal 2024, as compared to $135.3 million in fiscal 2023. The year-over-year decrease is due primarily to the restructuring actions initiated in the fourth quarter of fiscal 2023, which included operational changes designed to align general and administrative costs with business objectives, and further streamline the organization to drive process-related efficiencies. We realized reductions relative to fiscal 2023, primarily in relation to: (i) compensation costs for finance, information technology, legal and other administrative functions; (ii) a reduction in facilities and insurance costs; (iii) curtailment of research and development projects; and (iv) shift to outsourced contract model for certain research and development projects.

Sales and marketing expense was $76.1 million in fiscal 2024, as compared to $137.3 million in fiscal 2023. The year-over-year decrease is primarily attributable to: (i) the divestiture of our retail business in Canada in the third quarter of fiscal 2023; (ii) the divestiture of This Works on December 18, 2023; and (iii) cost reductions related to the previously-noted restructuring actions and cost savings programs, which resulted in a rationalization of our sales and marketing spending in certain areas of our business, particularly for our Canadian cannabis and U.S. CBD business, and a reduction in compensation costs.

Acquisition-related costs were $34.8 million in fiscal 2024, as compared to $35.6 million in fiscal 2023. In fiscal 2024, costs were incurred primarily in relation to:

- approximately $8.3 million of costs relating to the modification of the Credit Agreement that occurred in July 2023;
- approximately $10.7 million of legal and audit costs related to the restatement of our consolidated financial statements for the following previously filed periods: (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, originally included in our Annual Report on Form 10-K 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, originally included in the our Quarterly Reports on Form 10-Q for such quarterly periods, in connection with the correction of material misstatement arising from an internal review of financial reporting matters related to sales in the BioSteel business unit that were accounted for incorrectly, and the filing of our Annual Report on Form 10-K for the fiscal years ended March 31, 2023 and 2022 in June 2023;
- the Reorganization of Canopy USA, including the Reorganization Amendments and the Additional Reorganization Amendments; and
- evaluating other potential opportunities.

Depreciation and amortization expense was $28.3 million in fiscal 2024, as compared to $34.3 million in fiscal 2023. The year-over-year decrease is primarily attributable to:

- the previously-noted restructuring actions and cost savings programs, including the closure of certain of our Canadian facilities and other operational changes to implement cultivation-related efficiencies and improvements in the Canadian adult-use cannabis business; and
- the divestiture of our retail business in Canada in the third quarter of fiscal 2023.

Share-based compensation

Share-based compensation was $14.2 million in fiscal 2024, as compared to $25.3 million in fiscal 2023. The year-over-year decrease is primarily attributable to the impact of our previously-noted restructuring actions, which resulted in forfeitures of stock options, restricted share units and performance units and results in lower relative expenses in future periods. While 2.4 million stock options were granted in the first quarter of fiscal 2024 and 1.5 million restricted share units were granted in the second quarter of fiscal 2024, the associated expense relating to both items partially offset the decrease noted.

Asset impairment and restructuring costs

Asset impairment and restructuring costs recorded in operating expenses were $66.0 million in fiscal 2024, as compared to $2.2 billion in fiscal 2023.

Loss on asset impairment and restructuring recorded in fiscal 2024 is primarily related to: (i) the Storz & Bickel goodwill and intangible asset impairment resulting from our annual impairment testing; (ii) the charges associated with the completion of the This Works divestiture; and (iii) incremental impairment losses and other costs associated with the restructuring of our Canadian cannabis operations that were initiated in the three months ended March 31, 2023. These charges were offset by a gain on the sale of our production facility at 1 Hershey Drive in Smiths Falls, Ontario. The gain is due to the sale proceeds exceeding the carrying value that was previously impaired at March 31, 2023. Comparatively, in fiscal 2023, these costs included charges of $456.9 million related to restructuring actions and charges of $1.7 billion related to other asset impairments.

Other

The following table presents other income (expense), net, and income tax (expense) recovery for the years ended March 31, 2024 and 2023:

	Years ended March 31,			
(in thousands of Canadian dollars)	2024	2023	$ Change	% Change
Other income (expense), net	(242,641)	(455,644)	213,003	47%
Income tax (expense) recovery	(12,327)	5,728	(18,055)	(315%)

Other income (expense), net

Other income (expense), net was an expense amount of $242.6 million in fiscal 2024, as compared to an income amount of $455.6 million in fiscal 2023. The year-over-year change of $213.0 million, decrease in expense, was primarily attributable to:

- Decrease in non-cash income of $26.9 million related to fair value changes on the warrant derivative liability associated with the warrants held by CBI to acquire 3,845,444 common shares at a price of $766.80 per common share (the "Tranche B Warrants"). The income of $nil in fiscal 2024 is due to the warrant derivative liability being written down to $nil value in fiscal 2023 and the Tranche B Warrants being considered expired as of November 1, 2023. Comparatively, the income of $26.9 million is primarily attributable to a decrease of approximately 75% in our share price during fiscal 2023, further impacted by a shorter expected time to maturity of the Tranche B Warrants.

- Decrease in non-cash income of $47.0 million related to fair value changes on the liability arising from the Acreage Acquisition, from income of $47.0 million in fiscal 2023 to $nil in fiscal 2024. The income amount recognized in fiscal 2023, associated with a decrease in the liability arising from the Acreage Acquisition to $nil during the first quarter of fiscal 2023, is primarily attributable to a decrease of approximately 61% in our share price during the first quarter of fiscal 2023, relative to a decrease of approximately 27% in Acreage's share price during that same period. As a result, the model at June 30, 2022 reflected a lower estimated value of the Canopy Growth common shares expected to be issued at the exchange ratio of 0.03048 upon a Triggering Event, relative to the estimated value of the Fixed Shares expected to be acquired at that time; in the first quarter of fiscal 2023, this resulted in a change from a liability amount to an asset amount of $60.0 million in other financial assets. Fair value changes associated with the Acreage financial instrument asset is described below as part of the fair value changes on our Canopy USA related and other financial assets.

- Change of $7.3 million related to the non-cash fair value changes on our debt, from an expense amount of $43.1 million in fiscal 2023 to an expense amount of $35.8 million in fiscal 2024. The year-over-year change, is primarily attributable to the fair value changes on the unsecured non-interest bearing convertible debentures, offset by the fair value change of the unsecured senior notes prior to redemption in July 2023, compared to the fair value change of the unsecured senior notes in fiscal 2023.

- Increase of $12.7 million related to expenses associated with the settlement of our debt, from $0.6 million income in fiscal 2023 to $12.1 million expense in fiscal 2024. For fiscal 2024, we recognized charges of $12.1 million, primarily in connection with the conversion of the US$100 million aggregate principal amount of senior unsecured convertible debentures (the "Convertible Debentures") (as described under Note 18 of the Financial Statements) into Canopy Growth common shares at a conversion price of 92.5% of the volume-weighted average price of our common shares during the three consecutive trading days ending on the business day immediately prior to the date of conversion and the Second Quarter 2024 Paydowns (as defined below), Third Quarter 2024 Paydowns (as defined below), and Fourth Quarter 2024 Paydown (as defined below) which

resulted in a principal reduction of $73,313 (US$54,491), $65,379 (US$48,532) and $31,078 (US$23,000), respectively, for a cash payment of $69,647 (US$51,766), $63,167 (US$46,902) and $27,970 (US$20,700), respectively, and included write-offs of the related deferred financing costs. These charges were partially offset by a gain recognized upon the second payment made on April 17, 2023 to reduce principal indebtedness under the Credit Facility, as we repaid $125.6 million (US$93.8 million) of the principal amount outstanding under the Credit Agreement at a discounted price of US$930 per US$1,000.

- Decrease in non-cash income of $26.6 million related to fair value changes on acquisition related contingent consideration and other, from $38.9 million in fiscal 2023 to $12.3 million in fiscal 2024. These fair value changes relate primarily to the estimated deferred payments associated with our investment in Wana, with the fair value changes in both periods primarily associated with changes in expectations of future cash flows to be generated by Wana.
- Decrease in interest expense of $20.8 million, from $126.2 million in fiscal 2023 to $105.4 million in fiscal 2024. The year-over-year decrease is primarily attributable to the paydown of our Credit Facility throughout fiscal 2024, offset by increases in interest rates in fiscal 2024 relative to fiscal 2023.
- Decrease in interest income of $8.1 million, from $24.3 million in fiscal 2023 to $16.2 million in fiscal 2024. The year-over-year decrease is primarily attributable to the year-over-year combined decrease in our cash and cash equivalents and short-term investments balances, partially offset by higher interest rates in fiscal 2024 relative to fiscal 2023.
- Decrease in non-cash expense of $299.3 million related to fair value changes on our Canopy USA and other financial assets, from $424.1 million in fiscal 2023 to $124.8 million in fiscal 2023. The fiscal 2024 expense amount is primarily attributable to fair value decreases relating to our investments in:
    - The Wana financial instrument, in the amount of $83.2 million, primarily attributable to changes in expectations of future cash flows to be generated by Wana;
    - The Jetty financial instrument, in the amount of $15.1 million, primarily attributable to changes in expectations of future cash flows to be generated by Jetty;
    - The Acreage financial instrument, in the amount of $45.4 million. On a quarterly basis, we determine the fair value of the Acreage financial instrument using a probability-weighted expected return model, incorporating several potential scenarios and outcomes associated with the Acreage Amended Arrangement. The fair value decrease for fiscal 2024 is primarily attributable to a decrease of approximately 51% in our share price, relative to a decrease of approximately 49% in Acreage's share price during the same period. As a result, the model at March 31, 2024 reflects both a lower estimated value of the Canopy Growth common shares expected to be issued upon a Triggering Event, and a lower estimated value of the Acreage shares expected to be acquired at that time. In fiscal 2024, the relative share price movements resulted in a decrease in the value of the Acreage financial instrument.
    - The Acreage Hempco debenture, in the amount of $15.8 million, primarily attributable to changes in expectations of future cash flows to be received.

  These fair value decreases were partially offset by fair value increases primarily attributable to our investments in:
    - The TerrAscend Exchangeable Shares, in the amount of $26.9 million, primarily attributable to an increase of approximately 23% in TerrAscend’s share price during fiscal 2024; and
    - The TerrAscend Warrants, in the amount of $6.6 million, primarily attributable to an increase of approximately 23% in TerrAscend’s share price during fiscal 2024.

  Comparatively, the expense amount in fiscal 2023 was primarily attributable to fair value decreases relating to our investments in: (i) the TerrAscend Exchangeable Shares ($186.5 million); (ii) the secured debentures issued by TerrAscend Canada Inc. and Arise Bioscience Inc. and associated 22,474,130 TerrAscend warrants, being all of the previously issued TerrAscend warrants controlled by the Canopy USA LPs that were cancelled and exchanged for the TerrAscend Warrants (totaling $58.7 million); (iii) the TerrAscend Warrants issued by TerrAscend ($7.0 million) and (iv) the option to purchase 1,072,450 TerrAscend Common Shares for an aggregate price of $1.00 ($4.7 million), which were all driven largely by a decrease of approximately 71% in TerrAscend’s share price in fiscal 2023. Additionally, the fair value of our investment in the Wana and Jetty financial instruments decreased $154.9 million and $19.9 million, respectively, due primarily to changes in expectations of the future cash flows to be generated by Wana and an increase in discount rates used in the valuation of both the Wana and Jetty financial instruments and the fair value of HSCP's amended tax receivable agreement decreased by $38.0 million, due primarily to changes in estimates. The fair value decreases were partially offset by a fair value increase related to the Acreage financial instrument in the amount of $55.4 million.

Income tax expense (recovery)

Income tax expense in fiscal 2024 was $12.3 million, as compared to an income tax recovery of $5.7 million in fiscal 2023. In fiscal 2024, the income tax expense consisted of deferred income tax expense of $12.0 million (compared to a recovery of $1.6 million in fiscal 2023) and current income tax expense of $0.3 million (compared to a recovery of $4.1 million in fiscal 2023).

The increase of $13.6 million in the deferred income tax expense is primarily a result of an increase due to the settlements of the Canopy Notes, net of recognition of losses for tax purposes, where the accounting criteria for recognition of an asset has been met.

The increase of $4.4 million in the current income tax expense arose primarily in connection with tax on income for tax purposes that could not be reduced by the group's tax attributes in current taxation year, as compared to, legal entities that generated a loss for tax purposes during the prior taxation period, which loss was carried back to a prior taxation period to reduce that prior period's income for tax purposes.

Restructuring, Asset Impairments and Related Costs

Fiscal 2024

Total restructuring, asset impairments and related costs of $65.0 million were recognized in fiscal 2024.

Restructuring and other charges totaling $(14.5) million were recognized in fiscal 2024 comprised of: (i) a gain on property, plant and equipment, (ii) reversal of inventory write-downs and other charges, (iii) reversal of contractual and other settlement costs, and (iv) employee-related costs and other restructuring costs. These charges relate to various incremental impairment losses and other costs associated with the restructuring of the Company's Canadian cannabis operations that were initiated in the three months ended March 31, 2023, in addition to continued evaluation of the Company's overall operations throughout fiscal 2024. The gain on property, plant and equipment was primarily driven by a gain on the sale of the Company's production facility at 1 Hershey Drive in Smiths Falls, Ontario.

Impairment charges totaling $79.5 million were recognized in fiscal 2024, comprised of: (i) goodwill impairment losses of $42.1 million relating to the Storz & Bickel reporting unit, (ii) impairment charges of $9.0 million for the Storz & Bickel acquired brand intangible asset, (iii) impairment charges of $28.1 million relating to This Works divestiture including $7.9 million for the acquired brand and $20.2 million for the excess of carrying amount over the fair value less costs to sell of This Works, and (iv) other intangible asset impairment charges of $0.3 million.

A summary of the pre-tax charges recognized in fiscal 2024 in connection with our restructuring actions described above is as follows:

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

Fiscal 2023

Total restructuring, asset impairments and related costs of $2.3 billion were recognized in fiscal 2023, including property, plant and equipment and intangible asset impairment charges, inventory write-downs and other charges, contractual and other settlement costs, and employee-related costs and other restructuring costs totaling $538.7 million associated with:

- The restructuring actions initiated in the fourth quarter of fiscal 2023 in relation to our Canadian cannabis operations;
- Impairment losses associated with the divestiture of our Canadian retail operations in connection with the acquisition by (i) OEG Retail Cannabis, a prior Canopy Growth licensee partner, of 23 of the Company's corporate-owned retail stores in Manitoba, Saskatchewan and Newfoundland and Labrador, as well as all Tokyo Smoke-related intellectual property and (ii) 420 Investments Ltd., a licensed cannabis retailer, of five of the Company's corporate-owned retail stores in Alberta;
- Incremental costs primarily associated with the restructuring actions completed in fiscal 2022, including the closure of certain of our Canadian production facilities, and operational changes initiated in the fourth quarter of fiscal 2022 to: (i) implement cultivation-related efficiencies and improvements in the Canadian adult-use cannabis business; and (ii) implement a flexible manufacturing platform, including contract manufacturing for certain product formats;

- Employee-related restructuring charges associated with actions completed in the third quarter of fiscal 2023 and fourth quarter of fiscal 2023 as part of our ongoing program to align general and administrative costs with business objectives, and further streamline the organization; and
- Inventory write-downs and associated restructuring charges of $81.8 million related primarily to: (i) the aforementioned strategic changes to our business that were initiated in the fourth quarter of fiscal 2023, including the closure of our production facility at 1 Hershey Drive in Smiths Falls, Ontario; and (ii) the strategic changes to our business initiated in fiscal 2022, including the shift to a contract manufacturing model for certain product formats and the closure of certain of our production facilities.

Impairment charges totaling $1.7 billion were recognized in fiscal 2023, comprised of: (i) goodwill impairment losses totaling $1.7 billion, including $1.7 billion associated with our cannabis operations reporting unit in the global cannabis segment in the first quarter of fiscal 2023, and impairment losses of $2.3 million recorded in the second quarter of fiscal 2023 in relation to our This Works reporting units (refer to "Impairment of Goodwill" in "Critical Accounting Policies and Estimates" section below; and (ii) impairment charges of $14.6 million relating to certain acquired brand intangible assets, primarily within our Canada cannabis segment.

A summary of the pre-tax charges recognized in fiscal 2023 in connection with our restructuring actions described above is as follows:

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

Net Loss

The net loss from continuing operations in fiscal 2024 was $483.7 million, as compared to a net loss from continuing operations of $3.1 billion in fiscal 2023. The year-over-year decrease in the net loss from continuing operations is primarily attributable to: (i) the year-over-year decrease in asset impairment and restructuring costs, which was largely related to the goodwill impairment losses of $1.7 billion recorded in the first quarter of fiscal 2023; and (ii) the year-over-year decrease in expense relating to other income (expense), net, of $213.0 million. These variances are described above.

Adjusted EBITDA (Non-GAAP Measure)

The following table presents Adjusted EBITDA for the years ended March 31, 2024 and 2023:

	Years ended March 31,			
(in thousands of Canadian dollars)	2024	2023	$ Change	% Change
Net loss from continuing operations	$ (483,682)	$ (3,080,430)	$ 2,596,748	84%
Income tax expense (recovery)	12,327	(5,728)	18,055	315%
Other (income) expense, net	242,641	455,644	(213,003)	(47%)
Share-based compensation	14,180	25,322	(11,142)	(44%)
Acquisition, divestiture, and other costs	37,435	35,584	1,851	5%
Depreciation and amortization[1]	53,176	80,033	(26,857)	(34%)
Loss on asset impairment and restructuring	65,987	2,199,146	(2,133,159)	(97%)
Restructuring costs recorded in cost of goods sold	(986)	81,802	(82,788)	(101%)
Adjusted EBITDA	$ (58,922)	$ (208,627)	$ 149,705	72%

The Adjusted EBITDA loss in fiscal 2024 was $58.9 million, as compared to an Adjusted EBITDA loss of $208.6 million in fiscal 2023. The year-over-year decrease in the Adjusted EBITDA loss is primarily attributable to the year-over-year improvement in

our gross margin, and the year-over-year reduction in our total selling, general and administrative expense. These variances are described above.

Part 3 – Financial Liquidity and Capital Resources

The 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.

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

As of the date of the Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (the "2024 Annual Report"), we were able to successfully mitigate the substantial doubt by completing several balance sheet actions, as described in the 2024 Annual Report. During the fiscal year ended March 31, 2025, we experienced recurring losses from operations and required additional capital to fund our operations, which raised substantial doubt about our ability to continue as a going concern. However, we also completed additional actions during the fiscal year ended March 31, 2025, which included: (i) establishing our ATM Programs, pursuant to which an aggregate of 71,044,862 common shares of the Company were issued and sold for gross proceeds of $347.1 million (US$250 million) under the June 2024 ATM Program and an aggregate of 23,169,358 common shares of the Company were issued and sold for gross proceeds of $38.3 million (US$26.7 million) under the February 2025 ATM Program; (ii) entering into the Second ARCA as well as making a mandatory US$100.0 million prepayment of the Credit Facility and the Optional Prepayment in connection therewith, which significantly reduced our short-term debt obligation and extended the maturity date of the Credit Facility; (iii) receiving additional proceeds from the liquidation and sale of assets of BioSteel Canada; and (iv) completing the Lease Renegotiation, which is expected to reduce our potential lease payment obligation. We continue to evaluate different strategies and may pursue additional actions that are expected to further increase our liquidity position, including, but not limited to, pursuing additional actions to find cost-savings and seeking additional financing from both the public and private markets through the issuance of equity and/or debt securities.

We have access to further liquidity through public offerings of equity and debt securities. To facilitate such offerings, in June 2024, we filed (a) a shelf registration statement with the SEC (as amended, the "Shelf Registration Statement"); and (b) a short form base shelf prospectus dated June 5, 2024 that is effective for a 25 month period (the "Canadian Shelf Prospectus"). Pursuant to the Shelf Registration Statement we may sell securities up to an aggregate total offering price of US$500 million. Pursuant to the Canadian Shelf Prospectus we may sell securities up to an aggregate total offering price of US$500 million (or the equivalent thereof in other currencies). The securities covered by the Shelf Registration Statement and the Canadian Shelf Prospectus include: (i) common 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.

We may also access liquidity through the February 2025 ATM Program, pursuant to which we may sell, from time to time, up to US$172.1 million of additional common shares of the Company as of the date hereof. Refer to Notes 21 and 36 to the Financial Statements.

As a result of our plans above and our financial results at March 31, 2025, we conclude that the substantial doubt about our ability to continue as a going concern has been alleviated.

As of March 31, 2025, we had cash and cash equivalents of $113.8 million and short-term investments of $17.7 million.

We have recently completed the following debt and equity financings:

- On April 18, 2024, we entered into the April 2024 Exchange Agreement with Greenstar, pursuant to which Greenstar completed the Note Exchange, calculated based on a price per Exchangeable Share equal to $8.91. Pursuant to the terms of the April 2024 Exchange Agreement, all accrued but unpaid interest on the CBI Note together with the remaining principal amount of the CBI Note was cancelled and forgiven for no additional consideration by Greenstar. Following the closing of the Note Exchange, there is no outstanding balance owing under the CBI Note and the CBI Note has been cancelled.
- On May 2, 2024, we entered into an exchange and subscription agreement (the "Exchange and Subscription Agreement") with a single institutional investor (the "May 2024 Investor") pursuant to which, among other things, the May 2024 Investor delivered to us approximately $27.5 million aggregate principal amount of outstanding Supreme Debentures and Accretion Debentures (as defined below) held by the May 2024 Investor and paid us approximately $68.3 million (US$50.0 million) in exchange for us issuing to the May 2024 Investor (i) a new senior unsecured convertible debenture of the Company (the "May 2024 Convertible Debenture") with an aggregate principal amount of approximately $96.4 million maturing five years from the closing date (the "Closing Date") of the transaction (the "Transaction") and (ii) 3,350,430 common share purchase warrants (the "May 2024 Investor Warrants"). Each May 2024 Investor Warrant entitles the holder to acquire one Canopy Share at an exercise price equal to $16.18 per Canopy Share for a period of five years from the Closing Date. The May 2024 Convertible Debenture bears interest at a rate of 7.50% per annum, payable in semi-annual payments in cash or, at our option, in Canopy

Shares for the first four semi-annual interest payments after the Closing Date, subject to satisfaction of certain conditions, including the prior approval of the TSX.

The May 2024 Convertible Debenture is convertible into Canopy Shares at the option of the May 2024 Investor at a conversion price equal to $14.38 per share. The May 2024 Convertible Debenture is subject to a forced conversion feature upon notice from us in the event that the average closing trading price of the Canopy Shares on the TSX exceeds $21.57 for a period of 10 consecutive trading days. In addition, pursuant to the terms of the May 2024 Convertible Debenture, for so long as the principal amount under the May 2024 Convertible Debenture remains outstanding (the "Debenture ROFR Term"), we granted the May 2024 Investor a right of first refusal to subscribe for, and to be issued, as an investor in any debt or equity financing that we wish to complete during the Debenture ROFR Term (the "Proposed Financing"); provided, however, that the May 2024 Investor shall subscribe for 25% of the Proposed Financing on the same terms and conditions contemplated in the Proposed Financing.

- On June 6, 2024, we established the June 2024 ATM Program that allowed us to issue and sell up to US$250 million of common shares of the Company to the public from time to time at the Company's discretion. As of March 31, 2025, the June 2024 ATM Program has been completed and a total of 71,044,862 common shares have been sold at an average price of $4.89 per common share, for gross proceeds of $347.1 million (US$250 million) and net proceeds, inclusive of commissions and fees, of $341.8 million. Since the establishment of the June 2024 ATM Program, we have paid an aggregate amount of $5.2 million as compensation to the Agents involved in the sale of our common shares under the June 2024 ATM Program.
- On August 20, 2024, we entered into the August 2024 Supreme Convertible Debt Exchange with the August 2024 Investor pursuant to which, among other things, the August 2024 Investor delivered to the Company approximately $2.7 million of aggregate principal amount of outstanding Supreme Debentures held by the August 2024 Investor in exchange for 291,351 common shares of the Company and $0.03 million in cash for accrued interest.
- On February 28, 2025, we established the February 2025 ATM Program that allows us to issue and sell up to US$200 million of common shares of the Company to the public from time to time at the Company's discretion. As of March 31, 2025, we sold an aggregate of 23,169,358 common shares at an average price of $1.65 per common share, for gross proceeds of $38.3 million and net proceeds, inclusive of commissions and fees, of $37.9 million. Since the establishment of the February 2025 ATM Program, we have paid an aggregate amount of $0.4 million as compensation to the agents involved in the sale of our common shares under the February 2025 ATM Program. As of May 28, 2025, we can issue and sell up to US$172.1 million of our common shares under the February 2025 ATM Program.

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 our common 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 table below presents cash flows for the years ended March 31, 2025, 2024, 2023:

	Years ended March 31,		
(in thousands of Canadian dollars)	2025	2024	2023
Net cash (used in) provided by:			
Operating activities[1]	$ (165,750)	$ (281,950)	$ (557,546)
Investing activities[2]	(47,788)	241,590	433,379
Financing activities	148,660	(465,055)	(19,694)
Effect of exchange rate changes on cash and cash equivalents	8,389	(1,292)	44,863
Net decrease in cash and cash equivalents	(56,489)	(506,707)	(98,998)
Cash and cash equivalents, beginning of period[3]	170,300	677,007	776,005
Cash and cash equivalents, end of period[4]	$ 113,811	$ 170,300	$ 677,007

[1] Includes net cash used in operating activities from discontinued operations of $nil, $(53,529) and $(163,123) for the years ended March 31, 2025, 2024 and 2023, respectively.

[2] Includes net cash provided by (used in) investing activities from discontinued operations of $14,127, $21,992 and $(24,050) for the years ended March 31, 2025, 2024 and 2023, respectively.

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

[4] Includes cash of our discontinued operations of $nil, $nil and $9,314 for March 31, 2025, 2024, and 2023, respectively.

Operating activities

Cash used in operating activities totaled $165.8 million in fiscal 2025, as compared to cash used of $282.0 million in fiscal 2024. The decrease in the cash used in operating activities is primarily due to: (i) the year-over-year decrease in our operating losses, resulting from our previously-noted restructuring actions and cost savings programs, including the closure of certain of our Canadian

facilities and other operational changes to implement cultivation-related efficiencies and improvements in the Canadian adult-use cannabis business; and (ii) a reduction in the cash interest paid resulting from a reduction in our debt balances.

Cash used in operating activities totaled $282.0 million in fiscal 2024, as compared to cash used of $557.5 million in fiscal 2023. The decrease in the cash used in operating activities is primarily due to: (i) the year-over-year decrease in our working capital spending, resulting from our previously-noted restructuring actions and cost savings programs, including the closure of certain of our Canadian facilities and other operational changes to implement cultivation-related efficiencies and improvements in the Canadian adult-use cannabis business; and (ii) a reduction in the cash interest paid resulting from a reduction in our debt balances.

Investing activities

The cash used in investing activities totaled $47.8 million in fiscal 2025. Purchases of property, plant and equipment were $10.8 million, primarily related to building improvements and production equipment enhancements made at certain of our Canadian cultivation and production facilities. Our strategic investments in other financial assets were $95.3 million and related primarily to the cash payment to acquire the outstanding principal, including all accrued and unpaid interest thereon, of Acreage's debt, being an amount up to US$150.0 million (the “Acreage Debt”). Additional cash outflows include $7.0 million relating to the deconsolidation of the financial results of Canopy USA within the Company's financial statements, refer to Note 5 in the Company's accompanying financial statements for details. Net redemptions of short-term investments were $16.4 million, and were made largely to fund operations and investing activities as described above. Proceeds of $4.9 million from the sale of property, plant and equipment primarily in relation to previous restructuring actions. Net cash inflow on loan receivable of $30.3 million, primarily related to cash receipts from various loan repayments.

The cash provided by investing activities totaled $241.6 million in fiscal 2024. Purchases of property, plant and equipment were $3.4 million, primarily related to production equipment enhancements made at certain of our Canadian cultivation and production facilities, and at our Storz & Bickel facilities. Our strategic investments in other financial assets were $0.3 million, and related primarily to our $2.2 million investment in Indiva Inc. Net redemptions of short-term investments were $78.5 million, and were made largely to fund operations and investing activities as described above. Proceeds of $154.1 million from the sale of property, plant and equipment primarily related to facilities sold in connection with the restructuring actions associated with our Canadian cannabis operations and transition to an asset-light model. Additional cash outflows include $1.0 million from the sale of certain wholly-owned subsidiaries, and other investing activities of $7.7 million, primarily related to completing the purchase of the remaining 45% of the common shares of Les Serres Vert Cannabis Inc., in connection with the restructuring actions related to our Canadian cannabis operations initiated in the fourth quarter of fiscal 2023.

The cash provided by investing activities totaled $433.4 million in fiscal 2023. Purchases of property, plant and equipment were $9.1 million, primarily related to improvements made at certain of our Canadian cultivation and production facilities, and at our Storz & Bickel facilities. Our strategic investments in other financial assets were $67.2 million, and related primarily to: (i) the upfront payment made as consideration for entering the option agreements granting the Jetty Options (the “Jetty Agreements”) ($29.2 million); and (ii) the payment of the Option Premium in the amount of $38.0 million (US$28.5 million) to acquire an option to purchase the Acreage Debt from the Lenders, pursuant to the option agreement entered into with the Lenders in connection with the Reorganization. Net redemptions of short-term investments were $502.6 million, and related to the redemption of short-term investments largely to fund operations and investing activities as described above. Additional cash inflows include proceeds of $14.9 million from the sale of certain wholly-owned subsidiaries, and proceeds of $13.6 million from the sale of property, plant and equipment. Finally, other investing activities resulted in a cash inflow of $3.9 million, primarily related to the partial repayment of the principal on a loan associated with the sale of a wholly-owned subsidiary in fiscal 2022, partially offset by the cash outflow associated with the redemption of the first tranche of the BioSteel redeemable noncontrolling interest. Included in the cash provided by investing activities for fiscal 2023 was cash used of $24.1 million relating to the BioSteel discontinued operations and is primarily driven by the acquisition of a manufacturing facility located in Verona, Virginia from Flow Beverage Corp. The acquisition was completed through BioSteel on November 8, 2022.

Financing activities

The cash provided by financing activities totaled $148.7 million in fiscal 2025. Proceeds from the issuance of common shares were $385.4 million and related to the sale of common shares as part of the ATM Programs and $8.5 million in gross proceeds were received from the exercise of warrants, these amounts were offset by share issuance costs of $10.2 million. In addition, $68.3 million was received relating to the Exchange and Subscription Agreement, offset by long-term debt repayments of $289.0 million which related primarily to the First Quarter 2025 Paydowns, Second Quarter 2025 Paydown, Third Quarter 2025 Paydown, and the Optional Prepayment. Other financing activities resulted in a cash outflow of $24.5 million, which related primarily to: (i) finance lease payments and (ii) share issuance costs, as noted above.

The cash used in financing activities totaled $465.1 million in fiscal 2024, as we made repayments of long-term debt in the amount of $509.8 million related primarily to the various paydowns on the Credit Facility throughout the year. Other financing activities resulted in a cash outflow of $36.3 million, primarily relating to finance lease payments made in connection with terminating the finance lease for the cultivation facility in Mirabel, Quebec, share issuance costs, and debt issuance and extinguishment costs. The

cash outflows are offset by proceeds from issuances of common shares and warrants of $81.1 million in September 2023 and January 2024.

The cash used in financing activities totaled $19.7 million in fiscal 2023, as we made repayments of long-term debt in the amount of $118.2 million related primarily to the first paydown of the Credit Facility. We received net proceeds of $135.2 million (US$100.0 million) pursuant to the purchase, by an institutional investor, of Convertible Debentures in February 2023. Also, other financing activities resulted in a cash outflow of $38.0 million, primarily related to fees paid in connection with the Exchange Transaction, the first paydown of the Credit Facility, and the registered direct offering of Convertible Debentures.

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.

The table below presents free cash flows for the years ended March 31, 2025, 2024, 2023:

	Years ended March 31,		
(in thousands of Canadian dollars)	2025	2024	2023
Net cash used in operating activities - continuing operations	$ (165,750)	$ (228,421)	$ (394,423)
Purchases of and deposits on property, plant and equipment - continuing operations	(10,813)	(3,449)	(9,114)
Free cash flow[1] - continuing operations	$ (176,563)	$ (231,870)	$ (403,537)

[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 fiscal 2025 was an outflow of $176.6 million, as compared to an outflow of $231.9 million in fiscal 2024. The year-over-year decrease in the free cash outflow primarily reflects the decrease in cash used in operating activities, as described above.

Free cash flow in fiscal 2024 was an outflow of $231.9 million, as compared to an outflow of $403.5 million in fiscal 2023. The year-over-year decrease in the free cash outflow primarily reflects the decrease in cash used in operating activities, as described above.

Debt

Since our formation, we have financed our cash requirements primarily through the issuance of common shares of Canopy Growth, including the $5.1 billion investment by CBI in the third quarter of fiscal 2019, and debt. Total debt outstanding as of March 31, 2025 was $304.1 million, as compared to $597.2 million as of March 31, 2024. The total principal amount owing, which excludes fair value adjustments, deferred debt costs, and interest payable, was $315.5 million at March 31, 2025, a decrease from $622.0 million at March 31, 2024. These decreases were due to: (i) the April 2024 Exchange Agreement, which resulted in the settlement of all amounts owing under the CBI Note; (ii) the First Quarter 2025 Paydowns resulting in an aggregate principal reduction of $11.2 million; (iii) the Second Quarter 2025 Paydown resulting in an aggregate principal reduction of $1.1 million; (iv) the Third Quarter 2025 Paydown resulting in an aggregate principal reduction of $137.7 million; (v) the August 2024 Supreme Convertible Debt Exchange (as defined below); and (v) the Optional Prepayment resulting in an aggregate principal reduction of $143.9 million and offset by the Exchange and Subscription Agreement where a cash payment of approximately US$50 million was received and approximately $27.5 million of aggregate principal amount outstanding Supreme Debentures and Accretion Debentures were settled in exchange for a new senior unsecured convertible debenture with an aggregate principal amount of $96.4 million.

Credit Facility

On March 18, 2021, the Company entered into the Credit Agreement providing for the Credit Facility in the aggregate principal amount of US$750.0 million.

The Company had the ability to obtain up to an additional US$500.0 million of incremental senior secured debt pursuant to the Credit Agreement. Pursuant to the balance sheet actions completed in connection with the Reorganization, on October 24, 2022, we entered into agreements with certain of our lenders under the Credit Agreement pursuant to which we agreed to purchase in the aggregate US$187.5 million of the principal amount outstanding under the Credit Facility at a discounted price of US$930 per US$1,000 or US$174.4 million in the aggregate. The first payment, which was oversubscribed, in the amount of approximately $117.5 million (US$87.9 million) was made on November 10, 2022 to reduce the principal indebtedness under the Credit Facility by approximately $126.3 million (US$94.4 million). The second payment of approximately $116.8 million (US$87.2 million) was made on April 17, 2023 to reduce principal indebtedness under the Credit Facility by approximately $125.6 million (US$93.8 million). Additionally, on October 24, 2022, we and certain of our lenders agreed to make certain amendments to the Credit Agreement which, among other things, resulted in: (i) a reduction to the minimum liquidity covenant to no less than US$100.0 million following completion of the second principal repurchase on April 17, 2023; (ii) certain changes to the application of net proceeds from asset

sales; (iii) the establishment of a new committed delayed draw term credit facility in an aggregate principal amount of US$100.0 million; and (iv) the elimination of the additional US$500.0 million incremental term loan facility.

On July 13, 2023, we entered into an amended Credit Agreement (the "Amended Credit Agreement"). The Amended Credit Agreement required the Company to prepay or repurchase principal indebtedness under the Credit Facility in an amount equal to the U.S. dollar equivalent of $93,000 at a discounted price of US$930 per US$1,000 (the "July 2023 Paydown"). In addition, pursuant to the Amended Credit Agreement we agreed to apply certain net proceeds from asset sales to prepay or repurchase principal indebtedness under the Credit Facility and receive principal reductions at, in certain circumstances, a discounted price of US$950 per US$1,000. The Amended Credit Agreement also includes, among other things, amendments to the minimum liquidity covenant such that the US$100.0 million minimum ceased to apply concurrently with the July 2023 Paydown. The July 2023 Paydown was made on July 21, 2023.

On each of August 11, 2023 and September 14, 2023, pursuant to the terms of the Amended Credit Agreement, we repurchased additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales (the "Second Quarter 2024 Paydowns"). The Second Quarter 2024 Paydowns resulted in an aggregate principal reduction of $73.3 million (US$54.5 million) for a cash payment of $69.6 million (US$51.8 million).

On each of November 28, 2023 and December 27, 2023, pursuant to the terms of the Amended Credit Agreement, we repurchased and repaid, as applicable, additional outstanding principal amounts under the Credit Facility using certain net proceeds from completed asset sales (the "Third Quarter 2024 Paydowns"). The Third Quarter 2024 Paydowns resulted in an aggregate principal reduction of $65.4 million (US$48.5 million) for a cash payment of $63.2 million (US$46.9 million).

On February 21, 2024, we repurchased and repaid, as applicable, additional outstanding principal amounts under the Credit Facility (the "Fourth Quarter 2024 Paydown"). The Fourth Quarter 2024 Paydown resulted in an aggregate principal reduction of $31.1 million (US$23.0 million) for a cash payment of $28.0 million (US$20.7 million).

On April 29, 2024 and June 28, 2024, we made the First Quarter 2025 Paydowns. The First Quarter 2025 Paydowns resulted in an aggregate principal reduction of $11.2 million (US$8.2 million) for a cash payment of $11.2 million (US$8.2 million).

On August 8, 2024, we entered into an amendment (the "Amending Agreement") with all of the lenders to the Credit Facility under the Amended Credit Agreement. Pursuant to the terms of the Amending Agreement, the maturity date of the Credit Facility was extended to December 18, 2026 and a mandatory US$97.5 million prepayment of the Credit Facility at 97.5% of par thereby reducing the outstanding amount of the Credit Facility by US$100 million was required to be made by December 31, 2024. In addition, the Amending Agreement provided for a further extension to the maturity date of the Credit Facility to September 18, 2027 if the Optional Prepayment was made on or before March 31, 2025. The Amending Agreement also includes changes to certain negative covenants, repayment provisions in the event of divestitures and events of default.

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

On September 27, 2024, we made the Second Quarter 2025 Paydown. The Second Quarter 2025 Paydown resulted in an aggregate principal reduction of $1.1 million (US$0.9 million) for a cash payment of $1.1 million (US$0.9 million).

On October 16, 2024, we made the Third Quarter 2025 Paydown. The Third Quarter 2025 Paydown resulted in an aggregate principal reduction of $137.7 million (US$100.0 million) for a cash payment of $134.3 million (US$97.5 million).

On March 31, 2025, we made the Optional Prepayment and, as a result, the maturity date under the Credit Agreement was extended to September 18, 2027. The Optional Prepayment resulted in an aggregate principal reduction of $143.9 million (US$100.0 million) for a cash payment of $140.3 million (US$97.5 million).

Unsecured Senior Notes (the "Canopy Notes")

In June 2018, we issued the Canopy Notes with an aggregate principal amount of $600.0 million. The Canopy Notes bore interest at a rate of 4.25% per annum, payable semi-annually on January 15th and July 15th of each year commencing January 15, 2019. The Canopy Notes matured on July 15, 2023. In June 2022, in connection with the 2022 Exchange Transaction, we entered into the 2022 Exchange Agreements with the Noteholders and agreed to acquire and cancel approximately $262.6 million of aggregate principal amount of the Canopy Notes from the Noteholders for an aggregate purchase price (excluding $5.4 million paid in cash to the Noteholders for accrued and unpaid interest) of $260.0 million which was paid in our common shares.

The Canopy Notes were issued pursuant to an indenture dated June 20, 2018, as supplemented on April 30, 2019 and June 29, 2022 (collectively, the "Canopy Notes Indenture"). As a result of a supplement to the Canopy Notes Indenture dated June 29, 2022

(the "Second Supplemental Indenture"), we irrevocably surrendered our right to settle the conversion of any Note with our common shares. As a result, had there been any conversions of Canopy Notes following the execution of the Second Supplemental Indenture these would have been settled entirely in cash, unless otherwise negotiated.

On April 13, 2023, we entered into the April 2023 Exchange Agreement with Greenstar in order to acquire and cancel $100.0 million aggregate principal amount of our outstanding Canopy Notes. Pursuant to the April 2023 Exchange Agreement, we agreed to acquire and cancel $100.0 million aggregate principal amount of the Canopy Notes held by Greenstar in exchange for: (i) a cash payment to Greenstar in the amount of the unpaid and accrued interest owing under the Canopy Notes held by Greenstar; and (ii) the CBI Note. As a result, Greenstar no longer holds any Canopy Notes. On April 18, 2024, the CBI Note was cancelled in connection with the Note Exchange.

On June 29, 2023, we entered into the June 2023 Exchange Agreements with certain Noteholders to acquire and cancel $12.5 million aggregate principal amount of the Canopy Notes from such Noteholders in exchange for cash, including accrued and unpaid interest owing under the Canopy Notes, and the issuance of approximately 2.43 million Canopy Growth common shares.

On July 13, 2023, we entered into the Redemption Agreements with certain Noteholders of our Canopy Notes, pursuant to which approximately $193 million aggregate principal amount of the Canopy Notes were redeemed on the applicable closing date for: (i) an aggregate cash payment of approximately $101 million; (ii) the issuance of approximately 9.04 million Canopy Growth common shares; and (iii) the issuance of approximately $40.4 million aggregate principal amount of Debentures. The Debentures were issued pursuant to a debenture indenture dated July 14, 2023 between us and Odyssey Trust Company, as trustee. The Debentures are convertible into Debenture Shares at the option of the holder at any time or times following the Shareholder Approval until the maturity date of January 15, 2024, at a conversion price equal to $5.50, subject to adjustment in certain events. Following the Redemption, we settled the remaining aggregate principal amount owing under the outstanding Canopy Notes and, as of the maturity date, there were no Canopy Notes outstanding.

As of September 30, 2023, all conversions pursuant to the Debentures have been completed and the amount outstanding under the Debentures was $nil.

Supreme Convertible Debentures and Accretion Debentures

On October 19, 2018, The Supreme Cannabis Company, Inc. ("Supreme Cannabis") issued 6.0% senior unsecured convertible debentures (the "Supreme Debentures") for gross proceeds of $100.0 million. On September 9, 2020, the Supreme Debentures were amended to effect, among other things: (i) the cancellation of $63.5 million of principal amount of the Supreme Debentures; (ii) an increase in the interest rate to 8% per annum; (iii) the extension of the maturity date to September 10, 2025; and (iv) a reduction in the conversion price to $2.85.

In addition, on September 9, 2020, Supreme Cannabis issued new senior unsecured non-convertible debentures (the "Accretion Debentures"). The principal amount began at $nil and accretes at a rate of 11.06% per annum based on the remaining principal amount of the Supreme Debentures of $36.5 million to a maximum of $13.5 million, compounding on a semi-annual basis commencing on September 9, 2020, and ending on September 9, 2023. As of September 9, 2023, the principal amount of the Accretion Debentures was finalized as $10.4 million. The Accretion Debentures are payable in cash, but do not bear cash interest and are not convertible into Supreme Shares (as defined below). The principal amount of the Accretion Debentures will amortize, or be paid, at 1.0% per month over the 24 months prior to maturity.

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

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

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

On August 20, 2024, we entered into the August 2024 Supreme Convertible Debt Exchange with the August 2024 Investor pursuant to which, among other things, the August 2024 Investor delivered to the Company approximately $2.7 million of aggregate

principal amount of outstanding Supreme Debentures held by the August 2024 Investor in exchange for 291,351 common shares of the Company and $0.03 million in cash for accrued interest.

For the years ended March 31, 2025 and March 31, 2024 principal payments on the Accretion Debentures totaled $1.5 million and $3.5 million, respectively, and approximately $30.2 million of aggregate principal amount of outstanding Supreme Debenture and Accretion Debentures were settled through the August 2024 Supreme Convertible Debt Exchange and the Exchange and Subscription Agreement.

Refer to the May 2024 Convertible Debenture details below for details on partial settlement of the Supreme Debentures and Accretion Debentures.

May 2024 Convertible Debenture

On May 2, 2024, we entered into the Exchange and Subscription Agreement with the May 2024 Investor pursuant to which, among other things, the May 2024 Investor delivered to us approximately $27.5 million aggregate principal amount of outstanding Supreme Debentures and Accretion Debentures held by the May 2024 Investor and paid us approximately US$50 million in exchange for us issuing to the May 2024 Investor (i) the May 2024 Convertible Debenture with an aggregate principal amount of $96.4 million maturing five years from the Closing Date of the Transaction and (ii) 3,350,430 May 2024 Investor Warrants of Canopy Growth. Each May 2024 Investor Warrant entitles the holder to acquire one Canopy Growth common share at an exercise price equal to $16.18 per Canopy Growth common share for a period of five years from the Closing Date. The May 2024 Convertible Debenture bears interest at a rate of 7.50% per annum, payable in semi-annual payments in cash or, at our option, in Canopy Growth common shares for the first four semi-annual interest payments after the Closing Date, subject to satisfaction of certain conditions, including the prior approval of the TSX.

The May 2024 Convertible Debenture is convertible into Canopy Growth common shares at the option of the May 2024 Investor at a conversion price equal to $14.38 per share. The May 2024 Convertible Debenture is subject to a forced conversion feature upon notice from us in the event that the average closing trading price of the Canopy Growth common shares on the TSX exceeds $21.57 for a period of 10 consecutive trading days. In addition, pursuant to the terms of the May 2024 Convertible Debenture, during the Debenture ROFR Term, we granted the May 2024 Investor a right of first refusal to subscribe for, and to be issued, as an investor in a Proposed Financing; provided, however, that the May 2024 Investor shall subscribe for 25% of the Proposed Financing on the same terms and conditions contemplated in the Proposed Financing.

Contractual Obligations and Commitments

The table below presents information about our contractual obligations and commitments as of March 31, 2025 and the timing and effect that such obligations and commitments are expected to have on our liquidity and cash flows in future periods:

	Payments due by period				
(CDN $000's)	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
Long-term debt obligations	$ 315,466	$ 2,422	$ 216,686	$ 96,358	$ -
Interest payments on debt obligations	102,275	35,856	56,382	10,037	-
Operating leases[1]	24,937	8,371	13,503	3,063	-
Finance leases[1]	22,319	9,819	12,500	-	-
Purchase obligations	36,468	36,264	204	-	-
Other liabilities[2]	17,379	8,892	8,487	-	-
	$ 518,844	$ 101,624	$ 307,762	$ 109,458	$ -

[1] Refer to Note 32 of our Financial Statements for further information on our leases. Amounts include interest related to operating and finance leases of $1.8 million and $1.1 million, respectively.
[2] Refer to Note 19 of our Financial Statements for further information on our other liabilities.

Part 4 – Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 3 of our Financial Statements. Certain of our accounting policies require the application of significant judgment by management and, as a result, are subject to an inherent degree of uncertainty. We believe that the following accounting policies and estimates are the most critical to fully understand and evaluate our reported financial position and results of operations, as they require our most subjective or complex management judgments. The estimates used are based on our historical experience, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Actual results may vary from our estimates in amounts that may be material to the Financial Statements.

The following critical accounting policies and estimates are those which we believe have the most significant effect on the amounts recognized in the Financial Statements.

Inventory valuation

Critical judgment. Inventory is valued at the lower of cost and net realizable value. The valuation of our inventory balances involves calculating the estimated net realizable value of our inventory and assessing it against the cost. A component of this analysis therefore involves determining whether there is excess, slow-moving or obsolete inventory on hand.

Assumptions and judgment. When determining whether there is excess, slow-moving or obsolete inventory, management makes assumptions around future demand and production forecasts, which are then compared to current inventory levels. Management also makes assumptions around future pricing, and considers historical experience and the application of the specific identification method for identifying obsolete inventory.

Impact if actual results differ from assumptions. If the assumptions around future demand for our inventory are more optimistic than actual future results, the net realizable value calculated using these assumptions may be overstated, resulting in an overstatement of the inventory balance.

Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Critical estimates. During the purchase or construction of our property, plant and equipment, and during the acquisition or purchase of intangible assets, amounts are capitalized onto the balance sheet. When the assets go into service, a useful life is assigned to determine the required quarterly depreciation and amortization expense. The useful lives are determined through the exercise of judgment. When an asset is abandoned or ceases to be used the carrying value of the asset is adjusted to its salvage value.

Assumptions and judgment. The useful lives are determined based on the nature of the asset. Management considers information from manufacturers, historical data, and industry standards to estimate the appropriate useful life and salvage value. In certain cases management may obtain third party appraisals to estimate salvage value.

Impact if actual results differ from assumptions. If actual useful lives differ from the estimates used, the timing of depreciation and amortization expense will be impacted. For example, a longer useful life will result in lower depreciation and amortization expense recorded each year, but will also increase the periods over which depreciation and amortization expense is taken. When an asset is abandoned, if the salvage value differs from the estimates used the abandonment cost will be impacted.

Impairment of property, plant and equipment and finite lived intangible assets

Critical estimates. Property, plant and equipment and finite lived intangible assets need to be assessed for impairment when an indicator of impairment exists. If an indicator of impairment exists, further judgement and assumptions will be required in determining the recoverable amount.

Assumptions and judgment. When determining whether an impairment indicator exists, judgement is required in considering the facts and circumstances surrounding these long-lived assets. Management considers whether events such as a change in strategic direction, changes in business climate, or changes in technology would indicate that a long-lived asset may be impaired. When an impairment indicator does exist, judgement and assumptions are required to estimate the future cash flows used in assessing the recoverable amount of the long-lived asset.

Impact if actual results differ from assumptions. If impairment indicators exist and are not identified, or judgement and assumptions used in assessing the recoverable amount change, the carrying value of long-lived assets can exceed the recoverable amount.

Impairment of goodwill and indefinite lived intangible assets

Critical estimates. Indefinite lived intangible assets and goodwill need to be tested for impairment annually at the measurement date of March 31 or sooner, if events or circumstances indicate that the carrying amount of an asset may not be recoverable. An entity may first perform a qualitative assessment of impairment, and a quantitative assessment is only required if the qualitative assessment determines that it is more likely than not that the fair value of the reporting unit is less than its carrying amount.

Assumptions and judgment. When performing a qualitative assessment, judgment is required when considering relevant events and circumstances that could affect the fair value of the indefinite lived intangible asset or reporting unit to which goodwill is assigned. Management considers whether events and circumstances such as a change in strategic direction and changes in business climate would impact the fair value of the indefinite lived intangible asset or reporting unit to which goodwill is assigned. If a quantitative analysis is required, assumptions are required to estimate the fair value to compare against the carrying value.

Goodwill

Fiscal 2023

As a result of the continued decline in the price of our common shares in the first quarter of fiscal 2023, we determined there to be an indicator of impairment for the cannabis operations reporting unit in the global cannabis segment, which was a reportable segment in the first quarter of fiscal 2023. As a result, we performed a quantitative interim goodwill impairment assessment for the cannabis operations reporting unit as of June 30, 2022. We concluded that the carrying value of the cannabis operations reporting unit was higher than its estimated fair value, and a goodwill impairment loss totaling $1.7 billion was recognized in the first quarter of fiscal 2023, representing the entirety of the goodwill assigned to the cannabis operations reporting unit.

The estimated fair value of the cannabis operations reporting unit was determined using the market valuation method, which is consistent with the methodology we used for our annual impairment test conducted at March 31, 2022. The most significant assumptions used in applying this method were: (i) the price of our common shares; and (ii) the estimated control premium associated with ownership of our common shares.

While we changed our reportable segments in the second quarter of fiscal 2023, there were no changes to the composition of our reporting units to which goodwill remained assigned at September 30, 2022. In the second quarter of fiscal 2023, we determined there to be indicators of impairment for our This Works reporting unit, as slower growth rates resulted in updated long-term financial forecasts indicating lower forecasted revenue and cash flow generation. As a result, we performed a quantitative interim goodwill impairment test for This Works as of September 30, 2022 and concluded that the carrying value was higher than its estimated fair value, as determined using the income valuation method. We recognized a goodwill impairment loss totaling $2.3 million in the second quarter of fiscal 2023, representing the entirety of the goodwill assigned to our This Works the reporting unit.

At March 31, 2023, we performed our annual goodwill impairment analysis using the quantitative assessment. No impairment was noted for our Storz & Bickel reporting unit, as the estimated fair value of the Storz & Bickel reporting unit exceeded its carrying value. The estimated fair value of the Storz & Bickel reporting unit was determined using the income valuation method, with the most significant assumptions used in applying this method being: (i) the discount rate; (ii) the expected long-term growth rate; (iii) revenue growth rate projections; and (iv) annual cash flow projections. This methodology is consistent with that used by us for our annual impairment test conducted at March 31, 2022.

The carrying value, at March 31, 2023, of the goodwill associated with the Storz & Bickel reporting unit was $85.6 million. For the Storz & Bickel reporting unit, if all other assumptions were held constant and the discount rate was increased by 50 basis points, the estimated fair value would decrease by 5% and result in an impairment charge. If all other assumptions were held constant and the long-term growth rate was decreased by 50 basis points, the estimated fair value would decrease by 4% and result in an impairment charge. If all other assumptions were held constant and the revenue growth rate projections were decreased by 250 basis points, the estimated fair value would decrease by 11% and result in an impairment charge. If all other assumptions were held constant and the annual cash flow projections were decreased by 250 basis points, the estimated fair value would decrease by 3%.

At March 31, 2023, the fair value of the Storz & Bickel reporting unit to which goodwill is assigned exceeded its carrying value by approximately 3%. Accordingly, the goodwill assigned to the Storz & Bickel reporting unit is at risk for impairment in future periods. We may be required to perform a quantitative goodwill impairment assessment in future periods for the Storz & Bickel reporting unit, to the extent we experience declines in the expected long-term growth rate, revenue growth rate projections or annual cash flow projections, or if discount rates increase, or if other indicators of impairment arise.

Fiscal 2024

As part of our annual impairment testing, we performed a quantitative goodwill impairment assessment for our remaining goodwill balance, which is assigned to the Storz & Bickel reporting unit. From the analysis, an impairment of $42.1 million to Storz & Bickel's goodwill was recognized as the estimated fair value of the Storz & Bickel reporting unit was less than its carrying value. The estimated fair value of the Storz & Bickel reporting unit was determined using the income valuation method, with the most significant assumptions used in applying this method being: (i) the discount rate; (ii) the expected long-term growth rate; (iii) revenue growth rate projections; and (iv) annual cash flow projections. Certain negative trends, including slower growth rates, resulted in updated long-term financial forecasts indicating lower forecasted revenue and cash flow generation for the Storz & Bickel reporting unit. This methodology is consistent with that used by us for our annual impairment test conducted at March 31, 2023. At March 31, 2024, the remaining carrying value of the Storz & Bickel goodwill is $43.2 million.

Fiscal 2025

As part of our annual impairment testing, we performed a quantitative goodwill impairment assessment for our remaining goodwill balance, which is assigned to the Storz & Bickel reporting unit. From the analysis, no impairment was noted for our Storz & Bickel reporting unit, as the estimated fair value of the Storz & Bickel reporting unit exceeded its carrying value. The estimated fair value of the Storz & Bickel reporting unit was determined using the income valuation method, with the most significant assumptions used in applying this method being: (i) the discount rate; (ii) the expected long-term growth rate; (iii) revenue growth rate projections; and (iv) annual cash flow projections. This methodology is consistent with that used by us for our annual impairment test conducted at March 31, 2024.

The carrying value, at March 31, 2025, of the goodwill associated with the Storz & Bickel reporting unit was $46.0 million. For the Storz & Bickel reporting unit, if all other assumptions were held constant and the discount rate was increased by 50 basis points, the estimated fair value would decrease by 5%. If all other assumptions were held constant and the long-term growth rate was decreased by 50 basis points, the estimated fair value would decrease by 4%. If all other assumptions were held constant and the revenue growth rate projections were decreased by 250 basis points, the estimated fair value would decrease by 13% and result in an impairment charge. If all other assumptions were held constant and the annual cash flow projections were decreased by 250 basis points, the estimated fair value would decrease by 3%.

At March 31, 2025, the fair value of the Storz & Bickel reporting unit to which goodwill is assigned exceeded its carrying value by approximately 10%. Accordingly, the goodwill assigned to the Storz & Bickel reporting unit is at risk for impairment in future periods. We may be required to perform a quantitative goodwill impairment assessment in future periods for the Storz & Bickel reporting unit, to the extent we experience declines in the expected long-term growth rate, revenue growth rate projections or annual cash flow projections, or if discount rates increase, or if other indicators of impairment arise.

Indefinite lived intangible assets

If a quantitative analysis is required, our acquired intangible assets are evaluated for impairment by comparing the carrying value of the intangible assets to their estimated fair value. The estimated fair value of the acquired brand indefinite lived intangible assets is calculated based on an income approach using the relief-from-royalty method. The estimated fair value of the operating license indefinite life intangible assets is calculated based on a market valuation approach.

In fiscal 2023, we recognized intangible asset impairment losses totaling $14.6 million in connection with certain acquired brand intangible assets, primarily within our Canada cannabis segment.

In fiscal 2024, we recognized intangible asset impairment losses totaling $9.0 million in connection with certain acquired brand intangible assets relating to our Storz & Bickel segment. Certain negative trends, including slower growth rates and increased competition, resulted in updated long-term financial forecasts indicating lower forecasted revenue and cash flow generation for the specific acquired brands. This change in financial forecasts indicated it was more likely than not that the fair value of our indefinite lived intangible asset associated with the acquired brands might also be below their carrying values, and accordingly we performed a quantitative assessment for impairment. The most significant assumptions used in the relief-from-royalty method to determine the estimated fair value of intangible assets with indefinite lives are: (i) the estimated royalty rate, (ii) the discount rate, (iii) the expected long-term growth rate, and (iv) the annual revenue projections.

In fiscal 2025, no intangible asset impairments were recognized.

Impact if actual results differ from assumptions. If the judgements relating to the qualitative or quantitative assessments performed differ from actual results, or if assumptions are different, the values of the indefinite lived intangible assets and goodwill can differ from the amounts recorded.

Fair value measurement of equity method investments

Critical estimates. The Canopy USA and the Canopy USA LPs equity method investments are measured at fair value. The valuation of the equity method investments use an asset based approach where Level 3 inputs are used. As a result of the deconsolidation of Canopy USA and the Acreage Acquisition, the fair value measurement of the Canopy USA equity method investment is dependent on fair value measurements of the Acreage financial instrument, Wana financial instrument and Jetty financial instrument which are described below. The fair value measurement of the Canopy USA LPs equity method investment is dependent on fair value measurement of the TerrAscend Exchangeable Shares and TerrAscend Warrants which are described below.

Assumptions and judgment. The valuation techniques require assumptions and judgment around the inputs to be used.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculations will be impacted. Certain assumptions will have greater impact on the determination of fair value. Information on the valuation techniques and inputs used in determining fair values are disclosed in Note 25 of our Financial Statements.

Acreage financial instrument fair value measurement

Critical estimates. The Acreage financial instrument is measured at fair value through net income (loss) using Level 3 inputs.

Assumptions and judgment. The valuation of the Acreage financial instrument is highly subjective and management applies a probability-weighted expected return model which considers a number of potential outcomes. We use judgment to make assumptions on the key inputs including the: (i) probability of each scenario; (ii) number of common shares to be issued; (iii) probability and timing of U.S. legalization; (iv) estimated premium on U.S. legalization; (v) control premium; and (vi) market access premium.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculation will be impacted. Information on the valuation technique and inputs used in determining fair values are disclosed in Note 25 of our Financial Statements.

TerrAscend Exchangeable Shares and TerrAscend Warrants fair value measurement

Critical estimates. The TerrAscend Exchangeable Shares and TerrAscend Warrants are measured at fair value through net income (loss) using Level 3 inputs.

Assumptions and judgment. The valuation of the TerrAscend Exchangeable Shares is based on a put option pricing model and the valuation of the TerrAscend Warrants is based on a Black-Scholes option pricing model. We use judgment to make assumptions on the key input, being the probability and timing of U.S. legalization.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculation will be impacted. Information on the valuation technique and inputs used in determining fair values are disclosed in Note 25 of our Financial Statements.

Wana financial instrument fair value measurement

Critical estimates. As a result of entering into the Wana Agreements, we recognized: (i) the call options associated with the Wana Agreements (the "Wana Options"), which represents options to purchase 100% of Wana for payments equal to 15% of Wana's fair market value at the time the option is exercised; and (ii) additional deferred payments that we expect to make in respect of Wana as of the 2.5- and 5-year anniversaries of October 14, 2021, computed based on a pre-determined contractual formula (the "Wana Deferred Payments"). The Wana Options and Wana Deferred Payments are measured at fair value through net income (loss) using Level 3 inputs.

Assumptions and judgment. The valuation of the Wana Options is measured using a discounted cash flow model, which requires assumptions and judgment to determine the expected future cash flows associated with Wana. The valuation of the Wana Deferred Payments is based on a Monte Carlo simulation model, and we are required to use judgment and make assumptions on the key inputs, being the probability and timing of U.S. legalization and the volatility of Wana equity.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculation will be impacted. Information on the valuation techniques and inputs used in determining fair valued are disclosed in Note 25 of our Financial Statements.

Jetty financial instrument fair value measurement

Critical estimates. As a result of entering into the Jetty Agreements, we recognized: (i) the call options associated with the Jetty Agreements (the "Jetty Options"), which represents two option agreements, with the first option agreement exercisable in two tranches, to purchase 100% of Jetty; and (ii) additional deferred payments that we expect to make in respect of Jetty, computed based on a pre-determined contractual formula (the "Jetty Deferred Payments"). The Jetty Options and Jetty Deferred Payments are measured at fair value through net income (loss) using Level 3 inputs.

Assumptions and judgment. The valuation of the Jetty Options is measured using a discounted cash flow model, which requires assumptions and judgment to determine the expected future cash flows associated with Jetty. The valuation of the Jetty Deferred Payments is based on a Monte Carlo simulation model, and we are required to use judgment and make assumptions on the key inputs, being the probability and timing of U.S. legalization and the volatility of Jetty equity and revenues.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculation will be impacted. Information on the valuation techniques and inputs used in determining fair valued are disclosed in Note 25 of our Financial Statements.

Other fair value measurements

Critical estimates. Some of our assets and liabilities are measured at fair value. In certain cases where Level 1 inputs are not available, valuation approaches using Level 2 and Level 3 inputs are required.

Assumptions and judgment. The valuation techniques require assumptions and judgment around the inputs to be used.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculations will be impacted. Certain assumptions will have greater impact on the determination of fair value depending on the nature of the asset or liability. Information on the valuation techniques and inputs used in determining fair values are disclosed in Note 25 of our Financial Statements.

Revenue recognition

Critical estimates. The determination of the reduction of the transaction price for variable consideration requires that we make certain estimates and assumptions that affect the timing and amounts of revenue recognized.

Assumptions and judgment. We estimate the variable consideration by taking into account factors such as historical information, current trends, forecasts, inventory levels, availability of actual results and expectations of customer and consumer behavior.

Impact if actual results differ from assumptions. A more optimistic outlook on future demand can result in lower expected returns and reduced likelihood of price adjustments necessary to sell the product. This outlook will reduce the provision against revenue.

Stock-based compensation

Critical estimates. We use the Black-Scholes option pricing model to calculate our share-based compensation expense.

Assumptions and judgment. The option pricing model relies on key inputs such as rate of forfeiture, expected life of the option, the volatility of our share price, and the risk-free interest rate used.

Impact if actual results differ from assumptions. If key inputs differ, the fair value of options will be impacted. A higher fair value of the options will result in higher share-based compensation expense over the vesting period of the option.

Income taxes

Critical estimates. Many of our normal course transactions may have uncertain tax consequences. We use judgment to determine income for tax purposes and this may impact the recognized amount of assets or liabilities, the disclosure of contingent liabilities or the reported amount of revenue or expense and may result in an unrealized tax benefit for transactions that have not yet been reviewed by tax authorities and that may in the future be under discussion, audit, dispute or appeal.

Assumptions and judgment. We use historical experience, current and expected future outcomes, third-party evaluations and various other assumptions believed to be reasonable in making judgements.

Impact if actual results differ from assumptions. An unrealized tax benefit will be recognized when we determine that it is more likely than not that the tax position is sustainable based on its technical merits. In any case, if the final outcome is different from our estimate this will impact our income taxes and cash flow.

Item 7A. 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 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 March 31, 2025, would affect the carrying value of net assets by approximately $1.6 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income or loss. A hypothetical 10% change in the euro against the Canadian dollar compared to the exchange rate at March 31, 2025, would affect the carrying value of net assets by approximately $20.2 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income or 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 March 31, 2025, our cash and cash equivalents, and short-term investments, consisted of $17.8 million in interest rate sensitive instruments, as compared to $88.0 million at March 31, 2024, in interest rate sensitive instruments.

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		Fair Value		Decrease in Fair Value - Hypothetical 1% Rate Increase	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Promissory note	$ -	$ 100,000	$ -	$ 89,224	$ -	$ (523)
Fixed interest rate debt	98,778	38,186	N/A	N/A	N/A	N/A
Variable interest rate debt	216,686	469,819	N/A	N/A	N/A	N/A

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 25 of the Financial Statements.