Risk Factors Comparison 2023-06-22 to 2022-05-31 Form: 10-K

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An investment in us involves a number of risks. In addition to the other information contained in this ~~Annual Report~~ **Comprehensive Form 10- K** and in other filings we make, investors should give careful consideration to the following risk factors. Any of the matters highlighted in these risk factors could adversely affect our business, results of operations ~~and~~ **,** financial condition **and growth prospects** , causing an investor to lose all, or part of, ~~its, his or her~~ **their** investment. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of our securities could be materially and adversely affected. Risks Relating to **the Restatement of the Prior Financial Statements We have concluded that certain of our previously issued financial statements should not be relied upon and have restated certain of our previously issued financial statements which was time- consuming and expensive and could expose us to additional risks that could have a negative effect on us. As discussed in the Explanatory Note of this Comprehensive Form 10- K and in Note 2, " Basis of Presentation — Restatement of Previously Issued Consolidated Financial Statements " under Item 8 of this Comprehensive Form 10- K, we have concluded that the Prior Financial Statements should not be relied upon. We have restated our previously issued (i) audited consolidated financial statements for the fiscal year ended March 31, 2022, included in the 2022 10- K, and (ii) unaudited consolidated financial statements for the quarterly periods ended June 30, 2022, September 30, 2022 and December 31, 2022, included in the Form 10- Qs for such quarterly periods. The restatement process was time consuming and expensive and could expose us to additional risks that could have a negative effect on us. In particular, we incurred substantial unanticipated expenses and costs, including audit, legal and other professional fees, in connection with the BioSteel Review, the restatement of the Prior Financial Statements and the ongoing remediation of material weaknesses in our internal control over financial reporting. Certain remediation actions were recommended, and we are in the process of implementing them (see Part II, Item 9A, Controls and Procedures of this Comprehensive Form 10- K for a description of these remediation measures). To the extent these steps are not successful, we could be required to incur additional time and expense. Our management' s attention was also diverted from some aspects of the operation of our business in connection with the BioSteel Review and restatement of the Prior Financial Statements and these ongoing remediation efforts. In addition, the restatement and related matters could impair our reputation and could cause our counterparties to lose confidence in us. Each of these occurrences could have an adverse effect on our business, results of operations, financial condition and stock price. As a result of self- reporting the BioSteel Review, the Company is the subject of an investigation by the SEC and an ongoing informal inquiry by regulatory authorities in Canada, 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. The Company is the subject of an investigation by the SEC and an informal inquiry by the Ontario Securities Commission (the " OSC ") which relate to the Company' s accounting policies and related matters. The Company cannot predict when the investigation and inquiry will be completed or the further timing of any other developments in connection with the review and inquiry. The Company also cannot predict their results or outcomes. While the Company is fully cooperating with the SEC and the OSC with respect to these inquiries, it cannot predict when such matters will be completed, the further timing of any other developments in connection with these matters, or the outcome and potential impact. Such matters may be closed without any action taken against the Company, or conversely may ultimately have a material adverse effect on the Company, the trading price of the Canopy Shares, and our ability to raise additional capital, among other consequences. If the SEC or OSC initiates a civil enforcement proceeding against the Company for alleged violations of securities laws or regulations, the Company may face a variety of civil sanctions and penalties, including, but not limited to, financial penalties and awards, injunctive relief and compliance conditions, which may have a material adverse effect on the financial condition or results of operations of the Company. As with any regulatory investigation, the expense of cooperating and responding to the SEC and the OSC and the distraction to management may have a material adverse effect on the Company even if the investigation is ultimately closed or resolved in a manner favorable to the Company. The restatement of the Prior Financial Statements may lead to future shareholder litigation. Putative class action lawsuits alleging violations of securities laws have been filed against the Company and members of its management following our announcement that the Company had determined that it is appropriate to restate the Prior Financial Statements, which it has now done as more fully described under Item 3 in this Comprehensive Form 10- K. Substantial damages or other monetary remedies assessed against the Company could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additional lawsuits may be commenced against the Company and its officers and directors based in part or whole on allegations related to the restatement of the Prior Financial Statements. As with any substantial litigation, the Company expects to devote significant time, attention and resources to the defense of the litigation, which may have a material adverse effect on the Company even if the litigation is resolved in a manner favorable to the Company, and cannot predict when or how the litigation will be resolved or estimate what the potential loss or range of loss would be, if any. We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, which may adversely**

affect investor confidence in our company and, as a result, the value of the Canopy Shares. Section 404 of the Sarbanes-Oxley Act of 2002 requires that public companies evaluate and report on their systems of internal control over financial reporting. As disclosed in Part II, Item 9A, Controls and Procedures of this Comprehensive Form 10- K, our management, including our Chief Executive Officer and our Chief Financial Officer, has determined that we had material weaknesses in our internal control over financial reporting as of March 31, 2023 due to an ineffective control environment, which contributed to the following material weaknesses: (i) the accounting for sales recorded by the BioSteel segment, which resulted in material misstatements relating to revenue and trade receivables, particularly with respect to the timing and amount of revenue recognition; and (ii) IT general control deficiencies that aggregated to a material weakness. These material weaknesses resulted in identified material misstatements to the financial statements, and the Prior Financial Statements are restated in this filing. As a result of the material weaknesses, the Company' s management, under the supervision of the Audit Committee and with participation of the Company' s Chief Executive Officer and Chief Financial Officer, concluded that the Company' s internal control over financial reporting was not effective as of March 31, 2023. Although we are working to remedy the material weaknesses and ineffectiveness of the Company' s internal control over financial reporting and disclosure controls and procedures, there can be no assurance as to when the remediation plan will be fully developed and implemented or the outcome of such remediation efforts. Until our remediation plan is fully implemented, our management will continue to devote significant time, attention and financial resources to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk that our future consolidated financial statements could contain errors that will be undetected. Further and continued determinations that there are one or more material weaknesses in the effectiveness of the Company' s internal control over financial reporting could adversely affect our business, reputation, revenues, results of operations, financial condition and share price, adversely affect our ability to timely file periodic reports under the Exchange Act and applicable Canadian securities legislation, and limit our ability to access the capital markets through equity or debt issuances. For more information relating to the Company' s internal control over financial reporting, the material weaknesses that existed as of March 31, 2023 and the remediation activities undertaken by us, see Part II, Item 9A, Controls and Procedures of this Comprehensive Form 10- K. See also " — Failure to establish and maintain effective internal control over financial reporting may result in our not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of the Canopy Shares. " Failure to establish and maintain effective internal control over financial reporting may result in us not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of the Canopy Shares. We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U. S. GAAP (as defined below). Because we are continuing to implement remedial actions to strengthen our financial control and management systems, our internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the price of the Canopy Shares and harm our ability to raise capital in the future. If our management is unable to certify the effectiveness of our internal controls or if material weaknesses or significant deficiencies in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of the Canopy Shares. As disclosed under " Item 9A. Controls and Procedures " in this Comprehensive Form 10- K, in connection with preparing our financial statements for the year ended March 31, 2023, management concluded that material weaknesses existed in our internal control over financial reporting due to an ineffective control environment, which contributed to the following material weaknesses: (i) the accounting for sales recorded by the BioSteel segment, which resulted in material misstatements relating to revenue and trade receivables, particularly with respect to the timing and amount of revenue recognition; and (ii) IT general control deficiencies that aggregated to a material weakness. In addition, due to the same material weaknesses, we determined that our disclosure controls and procedures were not effective as of March 31, 2023. See " — We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, which may adversely affect investor confidence in our company and, as a result, the value of the Canopy Shares. " In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the price of the Canopy Shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or Nasdaq. Delisting of the Canopy Shares on any exchange would have implications pursuant to our Credit Agreement, including interest rate increases and / or an event of default and reduce the liquidity of the market for the Canopy Shares, which would reduce the price of, and increase the volatility of, the price of the Canopy Shares. We do not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system' s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization will be detected. The inherent limitations include the realities that judgments in decision- making

can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the price of the Canopy Shares. In addition, acquisitions can pose challenges in implementing the required processes, procedures and controls in the new operations. Companies that are acquired by us may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by the securities laws that currently apply to us. Risks Relating to Our Growth Strategy ~~We~~ and **Entry into New Markets Management has raised substantial doubt as to the Company' s ability to continue as a going concern due to** certain ~~of our subsidiaries have limited operating history and therefore~~ **material debt obligations coming due in the short term. If** we are **unable to obtain additional capital, our financial results, financial condition and our ability to continue as a going concern will be adversely affected and we may have to delay or terminate some or all of our business development or commercialization plans or cease certain of our operations. Our financial stability and ability to continue as a going concern are** subject to **significant** ~~many of the~~ risks ~~common to early~~ **and uncertainties. As reflected in our consolidated financial statements, we have certain material debt obligations coming due in the short** - **term,** ~~stage enterprises. We~~ have ~~a limited history of~~ **suffered recurring losses from** operations and ~~are in~~ **require additional financing to fund our business** ~~an~~ **and operations** ~~early stage of development as we attempt to create a global infrastructure to capitalize on the opportunity in the cannabis industry~~ . **If** ~~Accordingly,~~ we are ~~subject~~ **unable** to **raise additional capital** ~~many of the risks common to early- stage enterprises~~ , ~~including under- capitalization, limitations with respect to personnel, other resources and lack of revenue. Our limited operating history may also make~~ it ~~difficult for investors to evaluate our prospects for success. There~~ is **possible** ~~no assurance~~ that we will be ~~successful~~ **unable to meet certain of our financial obligations. For example, we may not be able to satisfy the minimum liquidity covenant under our Credit Facility during our first quarter of fiscal year 2025, which breach could trigger** ~~and~~ - **an acceleration** ~~our likelihood~~ of **our senior secured indebtedness. As of March 31, 2023, we had $ 468. 0 million in required principal repayments under debt obligations to be settled in cash due within the next 12 months and cash flow from operations was negative throughout fiscal 2023. As of March 31, 2023, we had cash and cash equivalents of $ 677. 0 million and short- term investments of $ 105. 6 million, which are predominantly invested in liquid securities issued by the United States government. Based on our management' s assessment and the above factors considered in the aggregate, our management has raised substantial doubt about our ability to continue as a going concern for at least twelve months from the issuance of our consolidated financial statements. In view of these matters, continuation as a going concern is dependent upon our continued operations, which in turn is dependent upon our ability to meet our financial requirements and to raise additional capital, and the** success ~~must be considered in light~~ of our **future** ~~stage of~~ operations. **While we** ~~We may not be able to successfully manage our growth. We~~ have **plans** ~~completed our initial investment phase and have begun pivoting~~ to **fund** ~~a focused execution phase, and may be subject to growth- related risks, including capacity constraints and pressure on~~ our ~~internal systems and controls, which may place significant strain on our operational~~ **operations** and **debt obligations** ~~managerial resources. In addition~~ , ~~we are subject to a variety of business risks generally associated with developing companies. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. There~~ **there** can be no assurances that we will be **successful in accomplishing any of our proposed financing plans. Our management also cannot provide any assurance as to unforeseen circumstances that could occur within the next 12 months or, if after we raise capital, thereafter, which could increase our need to raise additional capital on an immediate basis, which capital may not be available to us. We constantly evaluate options with respect to external financing sources including from traditional and non- traditional investment capital organizations, sales of Canopy Shares or other equity or debt instruments and debt financings. Any additional equity or debt financing could be extremely dilutive to our current shareholders. Additional capital may not be available on reasonable terms, or at all, and we may be required to terminate or significantly curtail our operations, or enter into arrangements with third parties that may require us to relinquish rights to certain aspects of our business. If we are unable to obtain capital, our business would be jeopardized and we may need to cease or reduce further commercialization efforts or delay or terminate some or all of our business development plans or cease our operation. See " — We may not be** able to ~~manage growth successfully. Our inability~~ **secure adequate or reliable sources of funding required** to **operate** ~~manage growth successfully could have a material adverse effect on~~ our business ~~, financial condition, results of operations and growth prospects~~ . **"** We may not be able to achieve or maintain profitability and may continue to incur losses in the future. We have incurred losses in recent periods. We had negative operating cash flow for ~~the~~ **each of our** fiscal years **since 2019, including the fiscal year** ended March 31, ~~2022~~ **2023** ~~, March 31, 2021, March 31, 2020, and March 31, 2019~~ . We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future even in light of ~~our Restructuring Actions~~ **the Canadian Transformative Plan** . In addition, we expect to continue to increase our capital investments and incur significant operating expenses as we implement initiatives to continue to ~~grow~~ **improve** our business. If our revenues do not increase to offset these expected costs and operating expenses, we will not be profitable. If our revenue declines or fails to grow at a rate faster than our operating expenses, and we are unable to secure funding under terms that are favorable or acceptable to us, or at all, we will not be able to achieve and maintain profitability in future periods. As a result, we may continue to generate losses. We may not achieve profitability in the future and, even if we do become profitable, we might not be able to sustain that profitability. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding. We **and certain of our subsidiaries** have ~~been~~

limited operating history and **therefore we are subject to** ~~may~~ **many** ~~in~~ **of** the **risks common** ~~future be required~~ to ~~write down intangible assets~~ **early- stage enterprises. We have a limited history of operations and are in an early stage of development as we attempt to create a global infrastructure to capitalize on the opportunity in the cannabis industry. Accordingly, we are subject to many of the risks common to early- stage enterprises** , including ~~goodwill~~ **under- capitalization** , ~~due~~ **limitations with respect** to ~~impairment~~ **personnel** , ~~which~~ **other resources and lack of revenue. Our limited operating history may also make it difficult for investors to evaluate our prospects for success. There is no assurance that we will be successful and our likelihood of success must be considered in light of our stage of operations. Further, we are subject to a variety of business risks generally associated with developing companies. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to train and manage our employee base. There can be no assurances that we will be able to manage growth successfully. Our inability to manage growth successfully** could have a material adverse effect on our **business, financial condition,** results of operations ~~or financial position. We have in the past~~ and ~~may in the future be required to write down intangible assets, including goodwill, due to impairment, which would reduce earnings. We periodically calculate the fair value of our reporting units and intangible assets to test for impairment. This calculation may be affected by several factors, including general economic conditions, regulatory developments, changes in category~~ growth **prospects** ~~rates as a result of changing adult consumer preferences, success of planned new product introductions, and competitive activity. Certain events can also trigger an immediate review of goodwill and intangible assets. If the carrying value of our reporting unit and other intangible assets exceed their fair value and the loss in value is other than temporary, the goodwill and other intangible assets are considered impaired, which would result in impairment losses and could have a material adverse effect on our consolidated financial position or results of operations. At March 31, 2022, we performed our annual goodwill impairment analysis using the quantitative assessment. We concluded that the carrying values of the KeyLeaf and This Works reporting units were higher than their respective estimated fair values as determined using the income valuation method, and a goodwill impairment loss totaling $ 40. 7 million was recognized in fiscal 2022. No impairment was noted for any of our other reporting units, as the estimated fair value of each of the other reporting units with goodwill exceeded their carrying value. However, at March 31, 2022, the fair value of the goodwill associated with our cannabis operations reporting unit exceeded its carrying value by approximately 5 % to 10 %. Accordingly, the goodwill assigned to the cannabis operations 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 cannabis operations reporting unit, to the extent we continue to experience declines in the price of our common shares, reductions in the estimated control premium associated with ownership of our common shares, or if other indicators of impairment arise. The carrying value, at March 31, 2022, of the goodwill associated with our cannabis operations reporting unit was $ 1. 7 billion~~ . There can be no assurance that the ~~Restructuring Actions~~ **Canadian Transformative Plan** will have a beneficial impact on our business, financial condition and results of operations. The timing, costs and benefits of the ~~Restructuring Actions~~ **Canadian Transformative Plan** cannot be guaranteed. In the fourth quarter of our fiscal year ended March 31, ~~2022~~ **2023** , we announced the ~~Restructuring Actions~~ **Canadian Transformative Plan** aligned to our strategic review of our business, which included (i) reducing cultivation costs in the Canadian ~~recreational~~ **adult- use** cannabis business through cultivation- related efficiencies and facility improvements; (ii) implementing a flexible manufacturing platform, including contract manufacturing for certain product formats; (iii) right- sizing indirect costs and generating efficiencies across our supply chain and procurement; (iv) aligning general and administrative costs with short- term business expectations; (v) further streamlining the organization to drive process- related efficiencies; and (vi) a reduction in headcount. There can be no assurance that these initiatives will achieve the expected benefits to our business or reduce costs or grow our revenue as intended **and, if achieved at all, the timing thereof** . The execution and implementation of these initiatives involve risk, including that significant amounts of management' s time and resources could be diverted from our core operations in order to complete such initiatives. In addition, these initiatives could present unforeseen obstacles, lead to operating inefficiencies and negatively disrupt our corporate culture, which could lead to further employee attrition, any of which would have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . We have **incurred** and will continue to incur costs to implement these initiatives, and we could be subject to litigation risks and expenses. **We** Risks Relating to Our Products There is...... products remains in early stages. There have been ~~relatively few clinical trials on the potential benefits of cannabis, U. S. hemp or isolated cannabinoids~~ and **may in** ~~there~~ - **the future be required** ~~is limited long- term data with respect~~ to ~~efficacy~~ **write down intangible assets** , **including goodwill** ~~side effects and / or interaction of these substances with human or animal biochemistry. As a result~~ , **due to impairment** ~~our products could have unexpected side effects or safety concerns~~ , ~~the discovery of~~ which ~~could lead to civil litigation, regulatory actions and even possibly criminal enforcement actions. In addition, if the products we sell do not or are not perceived to have the effects intended by the end user, this~~ could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . ~~See~~ **We have in the past and may in the future be required to write down intangible assets, including goodwill, due to impairment, which would reduce earnings. We periodically calculate the fair value of our reporting units and intangible assets to test for impairment. This calculation may be affected by several factors, including general economic conditions, regulatory developments, changes in category growth rates as a result of changing adult consumer preferences, success of planned new product introductions, and competitive activity. Certain events can** also **trigger** ~~" — We may be subject to, or prosecute, litigation in the ordinary course of business. ", " — We may be subject to product liability claims. " and~~ - **an** ~~" — Our products have in~~ **immediate review of goodwill and intangible assets. If the carrying value of our reporting unit and** ~~the~~ **other intangible assets exceeds** ~~past and may in the~~ **their fair value and the loss** ~~future be subject to recalls. " The statements made by us, including~~ in **value is** ~~this Annual Report, concerning the~~ **other than temporary** ~~potential benefits of cannabis~~ , **the goodwill** ~~U. S. hemp~~ and ~~isolated cannabinoids~~ **other intangible assets** are **considered impaired** ~~based on published articles and reports and~~

~~therefore are subject to the experimental parameters, qualifications and limitations in such studies that have been completed. Although we believe that the existing public scientific literature generally supports our beliefs regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, U. S. hemp and cannabinoids, future research and clinical trials may cast doubt or disprove such beliefs, or could raise or heighten concerns regarding, and perceptions relating to, cannabis, U. S. hemp and cannabinoids~~, which **would result in impairment losses and** could have a material adverse effect on **our business, financial condition, results of operations and growth prospects. At March 31, 2023,** the ~~demand~~ **Company performed its annual goodwill impairment analysis using the quantitative assessment. No impairment was noted** for ~~our products~~ **the Company' s Storz & Bickel reporting unit, as the estimated fair value of the Storz & Bickel reporting unit exceeded its carrying value. The carrying value, at March 31, 2023, of the goodwill associated** with the ~~potential~~ **Storz & Bickel reporting unit was $ 85. 6 million. For a discussion of previous write downs of intangible assets and goodwill, see Note 14, " Intangible Assets " and Note 15, " Goodwill "** to ~~lead~~ **the consolidated financial statements in Item 8 of this Comprehensive Form 10- K. There can be no assurance that our current and future acquisitions, strategic alliances, investments or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations. We have entered into, and may in the future enter into additional acquisitions, strategic alliances or investments with third parties that we believe will complement or augment our existing business. Our ability** to complete acquisitions ~~or~~ **,** strategic alliances **or investments** is dependent upon,and may be limited by,the availability of suitable candidates and capital.In addition,acquisitions ~~or~~ **,** strategic alliances **or investment** could present unforeseen integration obstacles or costs,may not enhance our business,and / or may involve risks that could adversely affect us,including **by diverting** significant amounts of management time ~~that may be diverted~~ from operations in order to pursue and complete such transactions or maintain such strategic alliances.Future acquisitions or strategic alliances could result in the incurrence of additional debt,costs and contingent liabilities,and there can be no assurance that future acquisitions or strategic alliances will achieve,or that our existing acquisitions or strategic alliances will continue to achieve,the expected benefits to our business or that we will be able to consummate future acquisitions ~~or~~ **,** strategic alliances **or investments** on satisfactory terms,or at all.Any of the foregoing could have ~~a material adverse effect~~ a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . ~~Given make it more difficult for us to obtain additional capital and to pursue business opportunities,including potential acquisitions or other strategic joint venture opportunities.We could have difficulty integrating the operations of businesses that we have acquired and will acquire.~~ The success of our acquisitions,including **Canopy USA' s acquisition of** Acreage (if the **arrangements contemplated by the Amended** Acreage Arrangement **and the Floating Share Arrangement Agreement (the " Acreage Arrangement ")** is completed) ~~and~~ **,** Wana (if the acquisition of Wana is completed) **and Jetty (if the acquisition of Jetty is completed)** ,depends upon our ability to integrate any businesses that we acquire **and / or that Canopy USA acquires** .The integration of acquired business operations could disrupt our business by causing unforeseen operating difficulties,diverting management' s attention from day- to- day operations and requiring significant financial resources that would otherwise be used for the ongoing development of our business.The difficulties of integrations could be increased by the necessity of coordinating geographically dispersed organizations,coordinating personnel with disparate business backgrounds,managing different corporate cultures,or discovering previously unknown liabilities.In addition,we could be unable to retain key employees or customers of the acquired businesses.We could face integration issues **,** including those related to operations,internal controls,information systems and operational functions of the acquired companies and we also could fail to realize cost efficiencies or synergies that we anticipated when selecting our acquisition candidates or these ~~risks, uncertainties~~ **acquisitions could fail to compete successfully** and **may** ~~assumptions, undue reliance should~~ not ~~be placed on such literature~~ **produce the anticipated revenues and profits. Any of these items could adversely affect our financial condition, results of operations or growth prospects** . In ~~particular~~ **addition** , **future** ~~the FDA has raised several questions~~ **acquisitions** ~~regarding the safety of CBD and gaps in the public scientific literature supporting the use of CBD~~ by **Canopy USA, including** the **acquisition** ~~general population. Required clinical trials~~ of ~~cannabis- based medical products and treatments are novel terrain~~ **Acreage (if the Acreage Arrangement is completed), could result in future issuances of Canopy Shares, including up to 171, 227, 420 Canopy Shares that may be issued in the future in connection** with **the closing of the Acreage Arrangement** ~~very limited or non- existent clinical trial history ; we face a significant risk that any trials will not result in commercially viable products~~ and **the associated** ~~treatments. We are required to~~ **top** ~~conduct clinical trial of our products under applicable laws. Clinical trials are expensive, time consuming and difficult to design and implement. Regulatory authorities may suspend, delay or terminate any clinical trials we commence at any time, may require us, for various reasons, to conduct additional clinical trials, or may require a particular clinical trial to continue for a longer duration than originally planned. Clinical trials face many risks, including, among others: • lack of effectiveness of any formulation or delivery system during clinical trials; • discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues ; • slower than expected subject recruitment and enrollment rates in clinical trials ; • delays or inability in manufacturing or in obtaining sufficient quantities of materials for use in clinical trials due to regulatory and manufacturing constraints ; • delays in obtaining regulatory authorization to commence a trial, including licenses required for obtaining and using cannabis, U. S. hemp or isolated cannabinoids for research, either before or after a trial is commenced ; • unfavorable results from ongoing pre- clinical studies and clinical trials; • trial participants or investigators failing to comply with study protocols ; • trial participants failing to return for post- treatment follow~~ - up **right of the CBI Group pursuant to the Amended Investor Rights Agreement. Such issuances of securities may have an adverse effect on the market price of the Canopy Shares. See " — Our expansion plans into the United States rely on the success of the Acreage Arrangement, the Wana Options, and Jetty Options and we cannot guarantee that the Acreage Arrangement, Wana Options or Jetty Options will close in the near future, or** at **all, and even if closed, that we will achieve** the expected ~~rate ; •~~ **benefits of such transactions. " The anticipated benefits of the strategy involving Canopy USA may not be**

realized. Achieving the benefits anticipated through Canopy USA depends in part on the ability of Canopy USA to effectively capitalize on ~~sites~~ -- **its** ~~participating in~~ **scale, to realize the anticipated capital** ~~an~~ **and operating synergies, to profitably sequence the growth prospects and to maximize the potential of its growth opportunities. The ability to realize these benefits from the acquisitions of Acreage, Wana and Jetty by Canopy USA will depend, in part, on successfully consolidating certain functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on Canopy USA' s ability to realize the anticipated growth opportunities and synergies. The integration of Acreage, Wana and Jetty by Canopy USA will require the dedication of substantial effort, time and resources on the part of Canopy USA' s management which may divert management' s focus and resources from other strategic opportunities available to Canopy USA and from operational matters during this process. In addition, the integration process could result in disruption of existing relationships with suppliers, employees, customers and other constituencies of each company. There can be no assurance that Canopy USA' s management will be able to integrate the operations of each of the businesses successfully or achieve any of the synergies or other benefits that are anticipated. Operational and strategic decisions with respect to the integration of Acreage, Wana and Jetty have not yet been made and may present challenges. It is possible that the integration process could result in the loss of key employees, the disruption of the respective** ongoing ~~clinical study withdraw~~ **businesses or inconsistencies in standards** , **controls, procedures** ~~requiring us to engage new sites ;~~ and ~~• third- party clinical investigators declining~~ **policies that adversely affect the ability of management** to **maintain relationships with clients, suppliers, employees or to achieve the** ~~participate~~ - **anticipated** ~~in our clinical studies~~ **benefits. The performance of Canopy USA could be adversely affected if Canopy USA cannot retain key employees. As a result of these factors** , **it is possible that certain benefits expected from the formation of Canopy USA may** not **be realized** ~~performing the clinical studies on the anticipated schedule, or acting in ways inconsistent with the established investigator agreement, clinical study protocol or good clinical practices~~ . Any **inability** of **Canopy USA' s management** ~~the foregoing could cause our products or treatments not~~ to ~~be commercially viable which~~ **successfully integrate the operations** could have a material adverse effect on **the** ~~our business, results of operations and~~ financial condition ~~. The controversy surrounding vaporizers~~ and ~~vaporizer products~~ **results of operations of Canopy USA. Canopy USA** may ~~materially~~ **impact third party business relationships. Third parties with which we currently have business relationships, including banks, industry partners, customers** and ~~adversely affect the market~~ **suppliers, may experience uncertainty associated with our U. S. strategy, including with respect to maintaining current** ~~for~~ - **or future relationships with** ~~vaporizer products and expose~~ us ~~to litigation and additional regulation~~ . **While we believe, based on** ~~There have been a number of highly publicized cases involving lung and other~~ -- **the** ~~illnesses and deaths~~ **advice of our legal advisors,** that **we** ~~appear to be related to vaporizer devices and / or products used in such devices (such as vaporizer liquids). The focus is~~ currently **comply with all applicable** on the vaporizer devices, the manner...... Cannabis Act, Cannabis Regulations and other laws and regulations ~~of general application. Negative public sentiment may prompt regulators to decide to further limit or defer the industry' s ability to sell cannabis vaporizer products,~~ and ~~may also diminish consumer demand for such products. For instance, Health Canada has proposed new regulations that would place stricter limits on the advertising and promotion of vaping products and make health warnings on vaping products mandatory, although such regulations explicitly exclude cannabis and cannabis accessories. The provincial governments in Quebec, Alberta and Newfoundland and Labrador have imposed provincial regulatory restrictions on the sale of cannabis vape products, and Health Canada is seeking to limit the flavours of inhaled cannabis extracts. In June 2021, Health Canada opened a consultation into the use of flavours in inhaled cannabis extracts as it claims that the availability of flavours is one of the factors that contributes to the increase in cannabis vaping in youth and young adults. As part of this consultation, Health Canada released proposed regulations that contemplate prohibiting the production, sale, promotion, packaging and labelling of inhaled cannabis extracts from having a flavour, other than the flavour of cannabis. The proposed amendments would apply equally to inhaled cannabis extracts sold for medical and non- medical purposes. The consultation period closed in September 2021 and the new regulations will come into force 180 days from the day of registration, a date which has yet to be determined. These actions, together with potential deterioration in the public' s perception of cannabis containing vaping liquids, may result in a reduced market for our vaping products. There can be no assurance~~ that we will **remain in** ~~be able to meet any additional~~ compliance ~~requirements~~ **in the event that Canopy USA acquires Acreage, Wana or Jetty, exercises the Cultiv8 Option or converts the TerrAscend Exchangeable Shares into common shares of TerrAscend, there is a risk that** ~~or~~ **our interpretation of laws,** ~~regulatory~~ **regulations** ~~restrictions~~ , **and guidelines, may differ from those of others, including those of** ~~or~~ **our banks, industry partners, customers and suppliers** ~~remain competitive in face of unexpected changes in market conditions~~ . ~~This controversy~~ **Such uncertainty** could **have a** ~~well extend to non- nicotine vaporizer devices and other product formats. Any such extension could materially~~ -- **material** and ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our **current and future** business **, operations, results of operations** , financial condition ~~, operating results, liquidity, cash flow~~ and **prospects** ~~operational performance~~ . ~~Litigation pertaining~~ **The failure** to **approve the Amendment Proposal** ~~vaporizer products is ongoing and that litigation~~ could **negatively impact us** ~~potentially expand to include our products, which would materially~~ and ~~adversely affect~~ our ~~business~~ **future operations** , financial condition ~~, operating results, liquidity,~~ **and prospects. The resolution to approve the Amendment Proposal requires approval by 662/3 % of the votes** ~~cash~~ **cast** ~~flow and operational performance~~ **by our shareholders present in person or represented by proxy at the Meeting** . ~~Future research may lead to findings~~ **There can be no certainty, nor can we provide any assurance,** that ~~vaporizers~~ **the required shareholder approval will be obtained. If the Amendment Proposal is not approved** , ~~electronic cigarettes~~ **the Floating Share Arrangement will not be completed and the Acreage Option, Wana Options and Jetty Options will not be exercised on the anticipated timeline. In addition, the Company is contractually required pursuant to the terms of the Third Consent Agreement, to convert the Non- Voting Shares into Canopy USA Class B Shares and cause Canopy USA to repurchase all of the Canopy USA Common Shares held by third parties in the event that the Third Consent**

Agreement is terminated, which will occur if CBG and Greenstar have not converted its Canopy Shares into Exchangeable Shares by 60 days after the Meeting. Canopy USA has the right to repurchase any Voting Shares held by the Trust on or before the earlier of Canopy USA' s acquisition of Jetty, Wana or Acreage in exchange for the amount paid by the Trust for such Voting Shares and any repurchase following the 60 month anniversary of the T1 Closing Date will be at a price per Voting Share equal to the fair market value as determined by ~~and~~ - **an** ~~related products~~ **appraiser appointed by Canopy USA. There** are **risks that** ~~not safe for their~~ -- **the dedication of substantial resources by** ~~intended use. Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or~~ **our** ~~medical communities~~ **management to the completion of these transactions could** have ~~had~~ a **negative impact** ~~limited period of time to study the long- term health effects of their use. Currently, there is limited scientific or medical data~~ on **our current business relationships (** ~~the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products,~~ including **with current** ~~the long- term health effects. If a consensus were to develop among the scientific or medical community that the use of any or all of these products pose long- term health risks, market demand for these products~~ and **prospective employees** ~~their use could materially decline. Such a development could also lead to litigation~~ , **customers** ~~reputational harm and significant regulation. Loss of demand for our product~~ , ~~product liability claims~~ **distributors, suppliers** and **partners) and** ~~increased regulation stemming from unfavorable scientific studies on vaporizer products~~ could have a material adverse effect on our **current and future** business, **operations,** results of operations ~~and~~ **,** financial condition **and prospects. In addition, failure to approve the Amendment Proposal for any reason could materially and negatively impact the market price of the Canopy Shares. The Trust' s ownership interest in Canopy USA is currently not quantifiable and the Trust may have significant ownership and influence over Canopy USA upon completion of the Trust Transaction. In connection with the Trust Transaction, the Trust will, subject to the terms and conditions of the Trust SPA, be issued certain securities with a total aggregate value of up to US $ 20 million. In accordance with the Trust SPA, the purchase price will be determined by a future fair market valuation and accordingly, the number of shares of Canopy USA to be issued to the Trust pursuant to the terms of the Trust SPA is currently not known and is not quantifiable as of the date hereof. Upon completion of the Trust Transaction, the Trust may hold a significant ownership interest in Canopy USA and as a result, shareholders of Canopy USA, including Canopy, may be significantly diluted following the completion of the Trust Transaction. Further, if the Trust holds a significant ownership interest in Canopy USA, the Trust will be in a position to exercise significant influence over matters requiring Canopy USA shareholder approval, subject to the terms of the A & R Protection Agreement. In addition, pursuant to the A & R LLC Agreement, the Trust has the right to designate one person for appointment to the Canopy USA Board so long as the Trust holds at least 4. 4 % of the issued and outstanding shares of Canopy USA and, along with one other nominee to the Canopy USA Board, will have approval rights over Key Decisions. There can be no assurance that the Trust' s interests will align with the interests of Canopy or other shareholders of Canopy USA** . We **have not received audited financial statements with respect to Jetty. The current financial information regarding Jetty that management has reviewed was prepared from Jetty' s internal management accounts. These internal management accounts and other information provided by Jetty has not been audited, reviewed, compiled, examined or subject to any procedures by an independent public accountant, and Canopy Growth has not independently verified the management accounts or the related financial information provided by Jetty. In addition, actual results for such periods may not be indicative of future results. While the Company understands that Jetty is working to produce audited financial statements, the Company has not received such audited financial statements to date. These audited financial statements may include financial results that** are **different than** ~~subject to risks and uncertainty regarding our~~ - **or** ~~U~~ **less positive than the unaudited financial information for Jetty that has been provided to the Company** . **Acreage' s financial statements express doubt about** ~~S. hemp operations. A small part of our business involves products containing U. S. hemp. There is~~ **its** ~~substantial uncertainty~~ **ability to continue as a going** ~~concerning~~ --- **concern** ~~the legal status of U~~ . **Acreage' s publicly available audited financial statements as** ~~S. hemp and U. S. hemp products containing U. S. hemp- derived ingredients, including CBD. The status~~ of **and** ~~products derived from the cannabis or~~ **for** ~~hemp plant, under both federal and state law depends on the~~ **three years ended December 31, 2022** ~~THC content of the plant or derivative~~ (~~including whether the plant meets the statutory definition of~~ " ~~industrial hemp " or " hemp~~ **Acreage' s Annual 2022 Financial Statements** ") **express doubt about Acreage' s ability to continue as a going concern. In particular** , ~~the part of the plant from which~~ **Acreage' s Annual 2022 Financial Statements state: " [Acreage] had** an **accumulated deficit as** ~~individual or entity produces the derivative (including whether the plant meets the statutory definition~~ of **December 31** ~~" marihuana " under the CSA)~~ , **2022** ~~whether the cultivator, processor, manufacturer or product marketer engages in cannabis- related activities for research versus purely commercial purposes~~ , as well as ~~the form and intended use of the product. The mere presence of~~ a **net loss** cannabinoid (such as CBD) is...... hemp grown outside the parameters of an **and negative** ~~approved U. S. hemp pilot program or U. S. hemp cultivated in violation of the 2018 Farm Bill. Even after enactment of the 2018 Farm Bill, the DEA may not treat all products containing U. S. hemp- derived ingredients, including CBD, as exempt from the Controlled Substances Act. If the DEA takes action against us or other participants in the U. S. hemp industry, this could have a material and adverse effect on our business, financial condition, operating results, liquidity,~~ cash flow and operational performance. The number of...... not obtained, we may be prevented from operating **activities** and / or expanding our business,...... Various regulatory agencies have established maximum limits for ~~pathogens, toxins, chemicals and other~~ -- **the year** compounds that may be present in agricultural...... some of our products that are intended --- **ended December 31** ~~to primarily contain U. S. hemp- derived CBD~~ , **2022** ~~or other U~~ . S. hemp- derived cannabinoids,...... cash flow and operational performance. There **These** ~~is continuing uncertainty regarding the FDA~~ **factors raise substantial doubt about [Acreage]** ' s ~~potential position~~ **ability to continue as a going concern for at least one year from the issuance of these financial statements. " In the event that Acreage is unable to continue as a going concern, the Acreage Arrangement may not be**

completed. In the event that the Acreage Arrangement is completed and Acreage is unable to continue as a going concern, this would have a negative impact on **Canopy USA** ~~CBG and other cannabinoids. Cannabigerol (“ CBG ”) is a cannabinoid which can be lawfully derived from U. S. hemp. The Company has begun and plans to continue developing products with CBG and other rare cannabinoids (i. e., cannabinoids other than THC and CBD). The 2018 Farm Bill preserved the FDA~~ ’ s **business** ~~authority over U. S. hemp- derived consumer products and to date~~ , **financial results and operations and** ~~the FDA has provided no guidance as to how cannabinoids other than CBD will be regulated under the FFDCA. Future regulatory changes or enforcement actions by the FDA, with respect to CBG or other U. S. hemp- derived cannabinoids, could~~ have **an** ~~a materially~~ adverse impact on ~~our business, financial condition, results of operations or prospects. We are subject to risks and uncertainty regarding future product development. We expect to derive a portion of our future revenues from the sale of new products, including Cannabis 2. 0 products, some of which are still being actively developed and put into production. If we fail to adequately meet market demand for such products in a timely fashion, it may adversely impact our profitability. Manufacturers and distributors of products are sometimes subject to the recall or return of their~~ -- **the Company’ s** products for a variety of reasons,...... our joint ventures operate outside of the United States and Canada are new and are still...... and USDA requirements (and analogous state **strategy** ~~agencies) may result in~~ , ~~among~~ **and, ultimately,** ~~other~~ -- **the Company** things, injunctions, product withdrawals,...... substantial costs or a diversion of management ’ s ~~attention and resources, negatively impact our future growth plans and opportunities or have a material adverse impact on our business,~~ financial ~~condition and~~ results ~~of~~ **and** operations . If our U. S....... and the authorization of private delivery services . There is no guarantee that **we will be** ~~the applicable legislation regulating the distribution and sale~~ - **able to achieve our business objectives. Our continued development may require additional financing. The failure to raise such capital could result in a delay or indefinite postponement** of ~~cannabis~~ **our current business objectives or in our inability to continue to operate our business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to us. If additional funds are raised through issuances of equity or convertible debt securities or we exchange outstanding debt** for ~~recreational purposes~~ **such** securities,existing shareholders could suffer significant dilution,and any new equity securities issued could have rights,preferences and privileges superior to those of holders of **Canopy** ~~our common shares~~ **Shares** .In addition,from time to time,we may enter into transactions to acquire assets or the equity of other companies.These transactions may be financed wholly or partially with debt,which may temporarily increase our debt levels above industry standards.Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters,which may make it more difficult for us to obtain additional capital and to pursue business opportunities , including **potential acquisitions** ~~as amended to respond to the COVID- 19 pandemic, will allow for~~ - **or** ~~the~~ **other** ~~growth~~ **strategic joint venture** opportunities we currently anticipate. Furthermore, additional...... or longer operating histories in such jurisdictions . We are subject to ~~certain restrictions of~~ the ~~TSX~~ **risk of defects or impairment charges related to potential write- downs of acquired assets or goodwill in future acquisitions. A defect in any business arrangement, including Acreage (if the Acreage Arrangement is completed), Wana (if the acquisition of Wana is completed),** and ~~Nasdaq~~ **Jetty (if the acquisition of Jetty is completed), may arise to defeat or impair our claim to such transaction** , which may constrain our ability to expand our business...... listed on the TSX, which could have a material adverse effect on ~~the trading price~~ **our business, financial condition, results** of **operations and growth prospects. It is possible that material changes could occur that may adversely affect management’ s estimate of the recoverable amount for any agreement we enter into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management’ s best knowledge of the amounts, events** ~~our~~ - **or** ~~common~~ **actions at such time, and the actual future outcomes may differ from any estimates that are provided by us. Any impairment** ~~shares~~ **charges** ~~and~~ **on our carrying value of business arrangements** could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations ~~. While Nasdaq has not issued official rules specific to the cannabis or hemp industry, stock exchanges in the United States, including Nasdaq, have historically refused to list certain cannabis related businesses, including cannabis retailers, that operate primarily in the United States. Failure to comply with any requirements imposed by Nasdaq could result in the delisting of our common shares from Nasdaq or denial of any application to have additional securities listed on Nasdaq, which could have a material adverse effect on the trading price of our common shares. We are constrained by law in our ability to market and advertise our products. Our marketing and advertising are subject to regulation by various regulatory bodies in the jurisdictions we operate. In Canada, the development of our business and related results of operations may be hindered by applicable regulatory restrictions on sales and marketing activities. For example, the regulatory environment in Canada limits our ability to compete for market share in a manner similar to other industries. Furthermore, the applicable regulatory restrictions on sales and marketing activities are not always clear, may be subject to interpretation and have in the past, and may in the future, be interpreted or applied inconsistently by the applicable Canadian regulatory agencies, which have broad interpretative and enforcement discretion with respect to such activities. This may result in such restrictions on sale and marketing activities being interpreted unfavorably by a regulatory agency against some market participants, including us, but not others. If we are unable to effectively market our products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for our products, our sales and results of operations could be adversely affected. See “ Business – Canadian Regulatory Framework. ” In the United States, our advertising is subject to regulation by the FTC under the Federal Trade Commission Act as well as the FDA under the Federal Food, Drug, and Cosmetic Act and USDA, including as amended by the Dietary Supplement Health and Education Act of 1994, and by state agencies under analogous and similar state and local laws and regulations. In recent years, the FTC, the FDA, USDA and state agencies have initiated numerous investigations of food and dietary supplement products both because of their CBD content and based on allegedly deceptive or misleading marketing claims and have, on occasion, issued “ Warning Letters ” or instituted enforcement actions due to such claims. Some U. S. states also permit content, advertising and labeling laws and~~

~~regulations to be enforced by state attorneys general, who may seek civil and criminal penalties, relief for consumers, class action certifications, class wide damages and recalls of products sold by us. There has also been an increase in private litigation that seeks, among other things, relief for consumers, class action certifications, class wide damages and recalls of products. We have been subject to such litigation in Canada and may be subject to additional private class action litigation. Any actions against us by governmental authorities or private litigants could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance. We could be adversely affected by violations of the Corruption of Foreign Public Officials Act (Canada), the U. S. Foreign Corrupt Practices Act and other similar anti- bribery laws. Our business is subject to the Corruption of Foreign Public Officials Act (Canada) and the U. S. Foreign Corrupt Practices Act (" FCPA ") and other similar laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, we are or will be subject to the anti- bribery laws of any other countries in which we conduct business now or in the future. Our employees or other agents may, without our knowledge and despite our efforts, engage in conduct prohibited under our policies and procedures and under anti- bribery laws, for which we may be held responsible. Our policies mandate compliance with these anti- corruption and anti- bribery laws. However, there can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by our affiliates, employees, contractors or agents. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations. Cannabis is a controlled substance in the United States and therefore subject to the Controlled Substances Act. We are indirectly involved in ancillary activities related to the cannabis industry in jurisdictions in the United States where local state law permits such activities and, by virtue of, among other transactions, the Acreage Amended Arrangement, the Wana Agreements and our holding of securities in the capital of TerrAscend, we may be indirectly associated with the cultivation, processing or distribution of cannabis in the United States. In the United States, cannabis is regulated at both the federal and state levels. To our knowledge, there are to date a total of 37 states, and the District of Columbia, that have now legalized cannabis in some form, including California, Nevada, New York, New Jersey, Washington and Florida. Although several states allow the sale of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and, as such, cultivation, distribution, sale and possession of cannabis violates federal law in the United States. The inconsistency between federal and state laws and regulations may result in a loss of the value of our investments and alliances in these businesses. As a result of the Sessions Memorandum, federal prosecutors have prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state- level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities and, as a result, it is uncertain how active federal prosecutors will be in relation to such activities. There can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. On March 11, 2021, Merrick Garland was appointed as U. S. Attorney General. At his confirmation hearing, he said, " It does not seem to me a useful use of limited resources that we have, to be pursuing prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise ". He has not yet reissued the Cole Memorandum, however, or issued substitute guidance. In the fiscal 2021 omnibus spending bill, Congress included the Rohrabacher- Farr amendment which prohibits the Department of Justice from spending funds to interfere with the implementation of state medical cannabis laws until September 30, 2021. The omnibus appropriations bill for fiscal 2022 passed on March 15, 2022 and extends the Rohrabacher- Farr amendment' s effectiveness to and including September 30, 2022. While state law in certain U. S. states may take a permissive approach to medical and / or recreational use of cannabis, the CSA may still be enforced by U. S. federal law enforcement officials against individuals and companies operating in those states for activity that is legal under state law. If the Department of Justice opted to pursue a policy of aggressively enforcing U. S. federal law against financiers or equity owners of cannabis- related businesses, then Acreage, TerrAscend and Wana, for instance, could face (i) seizure of their cash and other assets used to support or derived from their business activities; and / or (ii) the arrest of its employees, directors, officers, managers and / or investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state- licensed or permitted cultivators, processors, distributors, and / or retailers of cannabis. In addition, under such an aggressive enforcement policy, the Department of Justice could allege that we and our board of directors, and potentially our shareholders, " aided and abetted " violations of federal law as a result of the Acreage Arrangement, the Wana Agreements or other transactions involving us. In these circumstances, we may lose our entire investment and directors, officers and / or our shareholders may be required to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison. Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on us, including our reputation and ability to conduct business, the listing of our securities on the TSX, Nasdaq or other exchanges, our financial position, operating results, profitability or liquidity or the market price of our listed securities. Overall, an investor' s contribution to and involvement in our activities may result in federal civil and / or criminal prosecution, including forfeiture of his or her entire investment. We are subject to a number of federal, state, and foreign environmental and safety laws and regulations that may expose us to significant costs and liabilities. Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land~~ - **and** , the handling and disposal of hazardous...... ability to access financing and hamper our growth . We are subject to a variety...... Attorney General Cole issued to federal prosecutors --- **prospects** relating to the prosecution of money laundering...... achieve the expected benefits of such transactions . Our expansion plans into the United States are primarily constituted by the **proposed acquisition**

of Acreage **,** ~~Amended Arrangement and the~~ Wana ~~Purchase Option~~ **and Jetty by Canopy USA** . See " Business — **Our Company** ~~U. S. Regulatory Framework~~ — **Canopy USA** ~~The Acreage Arrangement " and " Business — U. S. Regulatory Framework – Wana Purchase Option~~ " for additional information regarding the Acreage Arrangement ~~and~~ **,** the Wana ~~Purchase Option~~ **Options and the Jetty Options** . ~~The~~ **These agreements are** ~~effectiveness of the Acreage Amended Arrangement is~~ subject to certain conditions, including, among other things, that U. S. federal law is amended 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 and the receipt of the certain regulatory approvals. Such conditions have not yet occurred. See " — Cannabis is a controlled substance in the United States and therefore subject to the Controlled Substances Act. " ~~The ability~~ **Accordingly, Canopy USA was formed, in part, in order** to ~~exercise~~ **expedite** the ~~option to acquire~~ **consolidation of the businesses of Acreage,** Wana ~~is also conditioned upon amendments to U. S. federal law to permit the general cultivation, distribution~~ and **Jetty** ~~possession of marijuana or to remove the regulation of such activities from the federal laws of the United States~~ . **However** ~~There is no guarantee that U. S. federal law will be amended to legalize cannabis in the near future, or at all. Additionally~~ , the regulatory approval processes may take a lengthy period of time to complete, which could delay **Canopy USA' s acquisition of Acreage. Certain of the** closing ~~of the Acreage Arrangement. Certain of these~~ conditions ~~, including the U. S. federal legalization of cannabis,~~ are outside of our control. There can be no certainty, nor can we provide any assurance, that all conditions precedent to the consummation of the acquisitions of Acreage ~~or~~ **,** Wana **or Jetty** will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, ~~the Acreage Amended Arrangement and / or the Wana Purchase Option may not be completed. If, for any reason, the Acreage Amended Arrangement and / or the Wana Purchase Option are not completed or their respective completions are materially delayed and / or~~ the Acreage Arrangement Agreement (as modified by the Acreage Amending Agreement) and / or the Wana ~~Purchase Option~~ **Options , and / or the Jetty Options may not be completed. If, for any reason, the Acreage Arrangement, and / or the Wana Options, and / or the Jetty Options are not completed or their respective completions are materially delayed and / or the Acreage Arrangement and / or the Wana Options and / or the Jetty Options** are terminated, the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** may be materially adversely affected. In such events, our business, financial condition or results of operations could also be subject to various material adverse consequences, including that we would remain liable for costs relating to the Acreage ~~Amended~~ Arrangement ~~and~~ **,** the Wana ~~Purchase Option~~ **Options and the Jetty Options** . Even if ~~we do~~ **Canopy USA** ~~acquire~~ **acquires** the ~~Acreage~~ Fixed Shares and, if applicable, the ~~Acreage~~ Floating Shares, as well as the membership interests of Wana **and the shares of Jetty** , the intended benefits of the Acreage ~~Amended~~ Arrangement and / or the Wana ~~Purchase Option~~ **Options and / or the Jetty Options** may not be realized. The Acreage ~~Amended~~ Arrangement ~~and~~ **,** the Wana ~~Purchase Option~~ **Options and the Jetty Options** pose risks for our ongoing operations, including, among others, (i) that senior management' s attention may be diverted from the management of daily operations to the integration of the Acreage and / or Wana **and / or Jetty** operations, (ii) costs and expenses associated with any undisclosed or potential liabilities, (iii) that the Acreage and / or Wana **and / or Jetty** businesses may not perform as well as anticipated and (iv) that unforeseen difficulties may arise in integrating the Acreage and / or Wana **and / or Jetty** businesses. We cannot assure you that the ~~Acreage Amended~~ **Floating Share** Arrangement **Agreement** and / or the Wana ~~Purchase Option~~ **Options and / or the Jetty Options** will be ~~accretive~~ **beneficial** to us in the near term or at all. Furthermore, if we fail to realize the intended benefits of ~~Acreage Amended~~ **the Floating Share** Arrangement **Agreement** and / or the Wana ~~Purchase Option~~ **Options and / or the Jetty Options** , the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** could decline to the extent that the market price reflects those benefits. **There can be no certainty that all conditions to the Floating Share Arrangement will be satisfied, including obtaining approval of the Amendment Proposal by the Exercise Outside Date. There can be no certainty, nor can the Company provide any assurance, that all conditions precedent contained in the Floating Share Arrangement Agreement and the Existing Acreage Arrangement Agreement will be satisfied or waived, including that the Exercise Outside Date of August 31, 2023 is extended or in the event of a default pursuant to the Acreage Debt. In addition, the Floating Share Arrangement is subject to certain conditions precedent which, among other things, includes the receipt of approval from our shareholders on the Amendment Proposal by the Exercise Outside Date. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If such conditions precedent are not satisfied, it may result in the acquisition of Acreage not being completed.** Controlled substance and other legislation and treaties may restrict or limit our ability to research, manufacture and develop a commercial market for our products outside of the jurisdictions in which we currently operate and our expansion into ~~such~~ **additional** jurisdictions is subject to risks **. Our ability to expand internationally is also contingent, in part, upon compliance with applicable regulatory requirements enacted by governmental authorities and obtaining all requisite regulatory approvals. We cannot predict the impact of the compliance regime that governmental authorities may implement to regulate the adult- use or medical cannabis industry. Similarly, we cannot predict how long it will take to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by governmental authorities** . Approximately 250 substances, including cannabis, are listed in the Schedules annexed to the UN Single Convention on Narcotic Drugs (New York, 1961), the Convention on Psychotropic Substances (Vienna, 1971) and the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (introducing control on precursors) (Vienna, 1988). The purpose of these listings is to control and limit the use of these drugs according to a classification of their therapeutic value, risk of abuse and health dangers, and to minimize the diversion of precursor chemicals to illegal drug manufacturers. The 1961 UN Single Convention on Narcotic Drugs, as amended in 1972, classifies cannabis as a Schedule I (" substances with addictive properties, presenting a serious risk of abuse ") narcotic drug and as further amended by the December 2020 Commission on Narcotic Drugs, a Schedule IV (" the most dangerous substances, already listed in Schedule I, which are particularly harmful and of extremely limited medical or therapeutic value ") narcotic drug. The 1971 UN Convention on Psychotropic Substances classifies THC as a

Schedule I psychotropic substance (substances presenting a high risk of abuse, posing a particularly serious threat to public health **,** which are of very little or no therapeutic value). Many countries are parties to these conventions, which govern international trade and domestic control of these substances, including cannabis. They may interpret and implement their obligations in a way that creates legal obstacles to our obtaining manufacturing and / or marketing approval for our products in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit our products to be manufactured and / or marketed **,** and achieving such amendments to the laws and regulations may take a prolonged period of time. There can be no assurance that any market for our products will develop in any jurisdiction in which we do not currently have operations. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors, including economic instability, political instability, changes in laws and regulations and the effects of competition. These factors may limit our capability to successfully expand our operations into such jurisdictions and may have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . Investments ~~and joint ventures~~ outside of Canada and the United States are subject to the risks normally associated with any conduct of business in foreign countries, including varying degrees of political, legal, regulatory and economic risk. Much of our exposure to markets in jurisdictions outside of Canada and the United States is through **strategic** investments ~~and joint ventures~~ . These investments ~~and joint ventures~~ are subject to the risks normally associated with any conduct of business in foreign and / or emerging countries **,** including political risks; civil disturbance risks; changes in laws, regulations or policies of particular countries, including those relating to royalties, duties, imports, exports and currency; the cancellation or renegotiation of contracts; the imposition of royalties, net profits payments, tax increases or other claims by government entities, including retroactive claims; a disregard for due process and the rule of law by local courts; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain necessary governmental permits or the reimbursement of refundable tax from fiscal authorities. Threats or instability in a country caused by political events **,** including elections, ~~change~~ **changes** in government, changes in personnel or legislative bodies, foreign relations or military control present serious political and social risk and instability causing interruptions to the flow of business negotiations and influencing relationships with government officials. Changes in policy or law may have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . The risks include increased " unpaid " state participation, higher energy costs, higher taxation levels and potential expropriation. Other risks include the potential for fraud and corruption by suppliers **,** ~~or personnel or~~ government officials ~~which~~ **, or our personnel that** may implicate us **. We operate in certain parts of the world that may experience higher incidents of governmental corruption** , **bribery, facilitating payments, collusion, kickbacks, improper commissions, theft, fraud, conflicts of interest, and related- party transactions. Company policies, including the Company' s Code of Business Conduct and Ethics, Whistleblower Protection Policy, Insider Trading Policy and Anti-Bribery and Anti- Corruption Policy mandate** compliance with applicable ~~anti- corruption~~ laws ~~and regulations~~ , including **but not limited to** the **U. S. Foreign Corrupt Practices Act ("** FCPA ~~and~~ **"),** the Corruption of Foreign Public Officials Act (Canada) ~~by virtue of our operating in jurisdictions~~ **, and other anti- bribery laws. However, we cannot provide complete assurance** that ~~may be vulnerable to the possibility of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions and our possible failure to identify, manage and mitigate instances of fraud, corruption or~~ **our policies, procedures, and internal controls will always prevent** violations of ~~our code of conduct and~~ applicable ~~regulatory requirements~~ **laws. If we are found liable for violations of applicable laws, we could suffer from a range of criminal or civil penalties or other sanctions. Violations or allegations of violations could have a material adverse effect on our business** . There is also the risk of increased disclosure requirements; currency fluctuations; restrictions on the ability of local operating companies to hold Canadian dollars, U. S. dollars or other foreign currencies in offshore bank accounts; import and export restrictions; increased regulatory requirements and restrictions; increased health- related regulations; limitations on the repatriation of earnings or on our ability to assist in minimizing our expatriate workforce' s exposure to double taxation in both the home and host jurisdictions; and increased financing costs. These risks may limit or disrupt our ~~joint ventures,~~ strategic **investments and** alliances ~~or investments~~ , restrict the movement of funds, cause us to have to expend more funds than previously expected or required or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may **have a** ~~materially~~ -- **material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our business, financial **condition,** ~~position and / or~~ results of operations **and growth prospects** . In addition, the enforcement by us of our legal rights in foreign countries, including rights to exploit our properties or utilize our permits and licenses and contractual rights may not be recognized by the court systems in such foreign countries or enforced in accordance with the rule of law. We currently have investments in companies ~~and may in the future invest in companies, or engage in joint ventures,~~ in or with interests in countries with developing economies. It is difficult to predict the future political, social and economic direction of the countries in which we operate, and the impact government decisions may have on our business. Any political or economic instability in the countries in which we operate could have a material and adverse effect on our business, financial condition ~~and~~ **,** results of operations ~~. Our use of joint ventures may expose us to risks associated with jointly owned investments. We currently operate parts of our business through joint ventures with other companies, and we may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present for investments made solely by us, including: (i) we may not control the joint ventures, either by virtue of our economic or legal ownership share, or our ability to influence day- to- day operational decision- making; (ii) our joint venture partners may not agree to distributions that we believe are appropriate; (iii) where we do not have substantial decision- making authority, we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) our joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfill their obligations as a joint venture partner; (v) the arrangements governing our joint ventures may contain certain conditions or milestone events that may never be~~

~~satisfied or achieved; (vi) our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests; (vii) we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments; (viii) it may be difficult for us to exit a joint venture if an~~ **and growth prospects** ~~impasse arises or if we desire to sell our interest for any reason; and (ix) our joint venture partners may exercise termination rights under the relevant agreements~~ . Any of the foregoing risks could have...... expected benefits of such transactions. ” We are subject to risks relating to our current and future operations in emerging markets. We have operations in various emerging markets ~~, such as Latin America and the Caribbean, and may have operations in additional emerging markets in the future~~ . Such operations expose us to the socio- economic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labor unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that ~~favour~~ - **favor** or require us to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction. Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry policies or shifts in political attitude in the countries in which we operate may adversely affect our **business, financial condition, results of** operations ~~or profitability~~ **and growth prospects** . Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. We continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof to our operations; however, such developments cannot be accurately predicted and could have an adverse effect on our **business, financial condition, results of** operations ~~or profitability~~ **and growth prospects** . Risks Relating to ~~evolving consumer preferences.Consumers in the cannabis market have~~ demonstrated a degree of brand loyalty,but suppliers must continue to adapt their products in order to maintain their status among customers as the market evolves.Our continued success depends in part on our ability and our ~~suppliers~~ - **supplier** ’ **s** ability to continue to differentiate the brand names we represent,own or license and maintain similarly high levels of recognition with target consumers.Trends within the cannabis industry change often and our failure to anticipate,identify or react to changes in these trends could,among other things,lead to reduced demand for our products.Regulations have recently been and are likely to continue to be enacted in the future that would make it more difficult to appeal to consumers or to leverage the brands that we distribute,own or license.For example,the Canadian federal regulatory regime requires plain packaging on cannabis products in order to prohibit testimonials,lifestyle branding and packaging that is appealing to youth.The restriction on the use of logos and brand names on cannabis products could have a material adverse ~~effect~~ **impact** on our business,financial condition ~~,~~ **and** results of operations ~~and growth prospects~~ ,as it may be difficult to establish brand loyalty. ~~Furthermore~~ **In addition,the Cannabis Act allows for licenses to be granted for** Competition, Performance and Operations ~~invest in;complete acquisitions on satisfactory terms;successfully expand our infrastructure and sales force to support growth~~ ;achieve satisfactory returns on acquired companies,particularly in countries where we do not currently operate;or enter into successful business arrangements for technical assistance or management expertise outside of North America.In addition,the process of integrating acquired businesses,particularly in new markets,may involve unforeseen difficulties,such as loss of key employees,and may require a disproportionate amount of management’ s attention and financial and other resources.We can give no assurance that we will ultimately be able to effectively integrate and manage the operations of any acquired business **,including Acreage (if the Acreage Arrangement is completed) and Wana (if the acquisition of Wana is completed),** or realize anticipated synergies.The failure to successfully integrate the cultures,operating systems,procedures and information technologies of an acquired business could have a material adverse effect on our business,financial condition ~~,~~ **or** results of operations ~~and growth prospects~~ .If we succeed in expanding our existing businesses,such expansion may place increased demands on management,operating systems,internal controls and financial and physical resources.If not managed effectively,these increased demands may adversely affect the services provided to customers.In addition,our personnel,systems,procedures and controls may be inadequate to support future operations,particularly with respect ~~to~~ We have been and may in the future be required to write down inventory due to downward pressure on market prices, which could have a material adverse effect on our **business, financial condition,** results of operations ~~or financial position~~ **and growth prospects** . At the end of each reporting period, management performs an assessment of inventory obsolescence, prices and demand to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. We also consider factors such as slow- moving or non-marketable products in our determination of obsolescence. As a result of this assessment, inventory write- downs may occur from period to period. ~~Due to continued pricing pressures in the Canadian marketplace, we may incur further inventory write-downs in the future.~~ We have had a series of inventory write- downs due to price compression in the cannabis market. We expect these write- downs to continue as pricing pressures remain elevated. These inventory write- downs have in the past and may in the future **have a** ~~materially~~ -- **material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our results of operations and financial position. We may not be able to supply the provincial purchasers in various provinces and territories of Canada with our products in the quantities or prices anticipated, or at all. ~~Our~~ **A significant component of our** current revenues are ~~largely~~ dependent upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements with the provinces and territories, including but not limited to availability of supply, product selection and the popularity of our products with retail customers. If our supply agreements with certain Canadian provinces are amended, terminated or otherwise altered, our sales and operating results could be adversely affected, which could have a material adverse effect on our business, ~~operating results and~~ financial condition **, results of operations and growth prospects** . Our supply arrangements with provincial purchasers, each of which we understand to be substantially similar in all material respects with the supply arrangements entered into with the other license holders in the Canadian cannabis industry, do not contain any binding minimum purchase obligations on the part of the relevant provincial purchaser. We expect purchase orders to be primarily driven by end- consumer demand for our products and the relevant provincial purchaser supply at the relevant time. Accordingly, we cannot predict the quantities of our products that will be purchased by the provincial purchasers, or if our products will be purchased at all. Provincial purchasers may change the terms of the supply agreements at any time during the supply relationship including on pricing, have broad rights of return of products and are under no obligation to purchase our products or maintain any listings of our products for sale. As a result, provincial purchasers have a significant amount of control over the terms of the supply arrangements. The **adult** ~~effect of the legalization of recreational cannabis in Canada on the medical cannabis market in Canada is still uncertain, and it may have a significant negative effect upon our medical cannabis business if our existing or future medical~~ - use ~~patients decide to purchase products available in the recreational market instead of purchasing our medical- use products. On October 17, 2018, the Cannabis Act came into effect. The Cannabis Act allows individuals over the age of 18 to legally purchase, process and cultivate limited amounts of cannabis for recreational use in Canada, subject to provincial and territorial age restrictions which may increase the age of purchase in the province or territory. As a result, individuals who rely upon the medical cannabis market to supply their medical cannabis and cannabis- based products may cease this reliance, and instead turn to the recreational cannabis market to supply their cannabis and cannabis-based products. Factors that will influence this decision include the price of medical cannabis products in relation to similar recreational cannabis products, the amount of active ingredients in medical cannabis products in relation to similar recreational cannabis products, the types of cannabis products available to adult users and limitations on access to recreational cannabis products imposed by the regulations under the Cannabis Act and the legislation governing the distribution and sale of cannabis that has been enacted by the individual provinces and territories of Canada. The impact of the legalization of recreational cannabis in Canada on the medical cannabis market is uncertain, and while we cannot predict its impact on our sales and revenue prospects, it may be adverse. The recreational~~ cannabis market in Canada has in the past been and may in the future become oversupplied following the implementation of the Cannabis Act and the related legalization of cannabis for ~~recreational~~ **adult- use** use. As a result of the implementation of the Cannabis Act and the legalization of adult cannabis use, numerous additional cannabis producers have and may continue to enter the Canadian market. We and such other cannabis producers have in the past produced and may in the future produce more cannabis than is needed to satisfy the collective demand of the Canadian medical and ~~recreational~~ **adult- use** markets, and we may be unable to export that over- supply into other markets. As a result, the available supply of cannabis could exceed demand, which has in the past **,** and ~~could~~ **may** in the future **,** result in ~~a~~ significant **inventory write downs** ~~decline in the market price for cannabis, which could have a material adverse effect on our business, financial condition and results of operations~~ . We must rely largely on our own market research and internal data to forecast sales and market demand and market prices which may differ from our forecasts. Given the early stage of the cannabis and U. S. hemp industries, we rely largely on our own market research and internal data to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources. A failure in the demand for our products to materialize as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . We may be unsuccessful in competing in the legal ~~recreational~~ **adult- use** cannabis market in Canada. We face competition from a ~~very~~ large number of existing license holders licensed under the Cannabis Act. Certain of these competitors may have significantly greater financial, production, marketing, ~~R & D~~ **research and development** and technical and human resources than we do. As a result, our competitors may be more successful than us in gaining market penetration and market share in the ~~recreational~~ **adult- use** cannabis industry in Canada. Our commercial opportunity in the ~~recreational~~ **adult- use** market could be reduced or eliminated if our competitors produce and commercialize products for the ~~recreational~~ **adult- use** market that, among other things, are safer, more effective, more convenient or less expensive than the products that we ~~may~~ produce, have greater sales, marketing and distribution support than our products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our products ~~and~~ **or** receive more favorable publicity than our products. If our ~~recreational~~ **adult- use** products do not achieve an adequate level of acceptance by the ~~recreational~~ **adult- use** market, we may not generate sufficient revenue from these products, and our ~~proposed recreational~~ **adult- use** business may not become profitable. The Cannabis Act allows individuals over the age of 18 to legally cultivate up to four cannabis plants per household provided that each plant meets certain requirements, subject to any restrictions on these activities imposed in certain provinces and territories. If we are unable to effectively compete with other suppliers to the ~~recreational~~ **adult- use** cannabis market, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, our ~~recreational~~ **adult- use** business may be ~~negatively impacted~~ **adversely affected** . In addition, the Cannabis Act allows for licenses to be granted for outdoor cultivation, which may reduce start- up capital required for new entrants in the cannabis industry. It may also ultimately lower prices, as capital expenditure requirements related to outdoor growing are typically much lower than those associated with indoor growing. Such results may also have a material adverse ~~impact~~ **effect** on our business, financial condition ~~and~~ **,** ~~result~~ **results** of ~~operation~~ **operations materially** and **adversely affect our business,operations or** growth prospects.We face competition from the illegal cannabis market.We face competition from illegal market operators that are unlicensed and unregulated,and that are selling cannabis and cannabis products,including products with higher concentrations of active ingredients,using ~~flavors~~ **flavours** or other additives or engaging in advertising and promotion activities that we are not permitted to.As these illegal market participants do not comply with the regulations governing the cannabis industry,their operations may also have significantly lower costs and they may be able to sell products with significantly higher cannabinoid potencies or which include ingredients that are prohibited by law.The perpetuation of the illegal market for cannabis may ~~have a material adverse effect on our business~~ . The Canadian excise duty framework may affect **our** profitability. Canada' s excise duty framework imposes an excise duty and various regulatory- like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the Canada Revenue Agency (" CRA ") required to comply with this excise framework. Any change in the rates or application of excise duty to cannabis products sold by us in Canada, and any restrictive interpretations by the CRA or the courts of the provisions of the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market. ~~and financial condition.~~ We rely on third- party **manufacturers and** distributors to **manufacture and** distribute our products,and those ~~distributors~~ **third parties** may not perform their obligations.We rely on third- party **manufacturers,** distributors and other courier services,and may in the future rely on other third parties,to **manufacture and** distribute our products.If these ~~distributors~~ **third- parties** do not successfully carry out their contractual obligations or terminate or suspend their contractual arrangements with us,if there is a delay or interruption in the **manufacture** distribution of our products or if these third parties damage our products,it could ~~negatively impact~~ **adversely affect** our revenue and may require significant management attention.In addition,any damage to our products due to acts or omissions of our third- party distributors,such as product spoilage or improper storage or handling,could expose us to potential product liability,damage our reputation and the reputation of our products or brands or otherwise harm our business.We ~~rely on third- party manufacturers for the production of certain of our products and events adversely affecting them would adversely affect us.We rely on third- party manufacturers to produce certain products or constituent parts thereof required to meet our quality and market needs,and plan to continue to do so.If our contract manufacturers fail to maintain high manufacturing standards and processes,it could harm our business.In the event of a natural disaster or business failure,including due to bankruptcy of a contract manufacturer,we may not be able to secure a replacement of our products on a timely or cost-effective basis,which could result in delays,additional costs and reduced revenues.Additionally,our third- party manufacturers have been and may continue to be negatively affected by the ongoing COVID- 19 pandemic.We~~ are vulnerable to third- party transportation risks.We depend on fast and efficient courier services to distribute our products to our customers.Any prolonged disruption of this courier service could have a material adverse effect on our business,financial condition ~~and~~ **,** results of operations **and growth prospects** .Rising costs associated with the courier services that we use to ship our products may also adversely ~~impact~~ **affect** our business and our ability to operate profitably.Due to the nature of our products,security of the product during transportation to and from ~~our~~ facilities is of the utmost concern.A breach of security during transport or delivery could have a material and adverse effect on our business,financial condition **,results of operations** and **growth** prospects.Any breach of the security measures during transport or delivery,including any failure to comply with applicable recommendations or requirements,could also have an impact on our ability to continue operating under our current licenses or impact the prospects of renewing our licenses. **The inability of our customers or suppliers to meet their financial or contractual obligations to us may result in disruption to our supply chain and operations and could result in financial losses.** We ~~rely on~~ **have exposure to several customers who are license holders and,at least some of these customers are experiencing financial difficulties.In addition,we also face exposure to our** third- party ~~testing~~ **U.S.hemp,cannabis products** and ~~analytical methods~~ **non- cannabis product suppliers who may face financial difficulties,** which ~~are validated but still being standardized~~ **would impact our supply of U.S.hemp,cannabis products and non- cannabis products.For example,supply chains throughout the world were adversely impacted by COVID- 19 and this has increased the costs of products and shipping** .We **have** ~~are required to test our cannabis and U.S.hemp products,as well as cannabis accessories,~~ in **the past,and** ~~many~~ - **may in the future,have disruptions in our supply chain and need to take allowances against and need to write** ~~of~~ **off receivables due to** ~~our active markets,with independent third- party testing laboratories for,among other~~ -- **the creditworthiness of these customers.Further,the inability of these customers to purchase our products could have a material adverse effect on our results of operations.** Our business may be impacted as a result of increased rates of inflation. **Our** ~~Inflation is now a concern due to the impacts of the many government programs and the associated spending to fund them which has created large government deficits in almost every jurisdiction. This has resulted in increases to the money supply as well to fund some of these programs. The net result~~ **results** ~~has been~~ **of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including changes in inflation, interest rates and overall economic conditions and uncertainties. We have experienced** significant inflationary pressures, including, in particular, on wages **, and pricing with third- party suppliers and manufacturers** . Increased inflation could reduce our purchasing power and result in negative impacts on the ability to obtain goods and services required for the operation of our business or to pass on rising costs to our customers. To the extent that we are unable to offset such cost inflation through higher prices of our offerings or other cost savings, there could be a negative impact on ~~the~~ our business, sales and margin performance, net income, cash flows and the trading price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** ~~. Failure to establish and maintain effective internal control over financial reporting may result in our not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of our common shares. We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U. S. GAAP (as defined below). Because we are implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the price of our common shares and harm our ability to raise capital in the future. If our management is unable to~~

~~certify the effectiveness of our internal controls or if material weaknesses or significant deficiencies in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of our common shares. The accounting complexities encountered in financial reporting rely on complex spreadsheets, most significantly around the valuation of inventory and biological assets and the related classification of line items on the consolidated statements of operations. Spreadsheets are inherently prone to error due to their manual nature. Our controls related to spreadsheets did not address all risks associated with access security, data entry and evidence of review of completed spreadsheets. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the price of our common shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or Nasdaq. Delisting of our common shares on any exchange would reduce the liquidity of the market for our common shares, which would reduce the price of and increase the volatility of the price of our common shares. We do not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system' s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision- making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the trading price of our common shares. In addition, acquisitions can pose challenges in implementing the required processes, procedures and controls in the new operations. Companies that are acquired by us, including Acreage (if the Acreage Arrangement is completed) and Wana (if the Wana transaction is completed), may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by the securities laws that currently apply to us. We are subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants. We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and / or negligent conduct or disclosure of unauthorized activities to us that violates: (i) applicable laws and regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse of federal, state and provincial laws and regulations; or (iv) laws and regulations that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are brought against us, and we are not successful in defending us or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment of our operations, any of which could have a material adverse effect on our business, financial condition and results of operations. Our cannabis cultivation and U. S. hemp operations are subject to risks inherent in the agricultural business. Our business involves the growing of cannabis, an agricultural product, in certain jurisdictions where that activity is permitted. As such, our business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks that may create crop failures and supply interruptions for our customers. Weather conditions and climate, which can vary substantially from year to year, may have a significant impact on the size and quality of the harvest of the crops processed and sold by us. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect our business. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that it would be less desirable to our customers, which would result in a reduction in revenues. If such an event is also widespread, it could affect our ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of cannabis grown outdoors, including, among other things, the presence of non- cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides and herbicides. Significant increases or decreases in the total harvest will impact the sales of our products and, consequently, the profits and results of our operations. High degrees of quality variance can also affect processing velocity and capacity utilization, as the processes required to potentially upgrade lower or more variable quality product can slow overall processing times. There can be no assurance that natural elements will not have a material adverse effect on the production of our products~~ . Our cannabis cultivation operations are vulnerable to rising energy costs and dependent upon key inputs. Our cannabis cultivation operations consume considerable energy, making us vulnerable to rising energy costs. Rising or volatile energy costs may have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . In addition, our business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to our growing operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could **have a** ~~materially~~ -- **material** ~~impact~~ **adverse effect on** our **business,** financial condition **,** ~~and operating~~ results **of** ~~. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business,~~

~~financial condition and operating~~ **operations** ~~results~~ **and growth prospects** . We, or the cannabis and U. S. hemp industries more generally, may receive unfavorable publicity or become subject to negative consumer perception. We believe that the cannabis and U. S. hemp industries are highly dependent upon broad social acceptance and consumer perception regarding the safety, efficacy and quality of the cannabis and U. S. hemp products, as well as consumer views concerning regulatory compliance. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, market rumors or speculation and other publicity regarding the consumption or effects thereof of cannabis and U. S. hemp products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis or U. S. hemp markets or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the cannabis industry, and therefore demand for our products and services, our business, financial condition, results of operations and cash flows. Our dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the demand for our products, and our business, financial condition, results of operations and cash flows. Further, adverse publicity, reports or other media attention regarding the safety, efficacy and quality of cannabis or U. S. hemp in general, or our products specifically, or associating the consumption or use of cannabis or U. S. hemp with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed. The increased usage of social media and other web- based tools used to generate, publish and discuss user- generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views on our operations and activities and the cannabis and U. S. hemp industries in general, whether true or not. Social media permits user- generated content to be distributed to a broad audience which can respond or react, in near real time, with comments that are often not filtered or checked for accuracy. In ~~many~~ **most** cases, we do not have the ability to filter such comments or verify their accuracy. Accordingly, the speed with which negative publicity (whether true or not) can be disseminated has increased dramatically with the expansion of social media. The dissemination of negative or inaccurate posts, comments or other user- generated content about us on social media (including those published by third- parties) could damage our brand, image and reputation or how the cannabis or U. S. hemp industries are perceived generally, which could have a ~~detrimental impact~~ **material adverse effect** on the market for our products and thus on our business, financial condition and results of operations. In addition, certain businesses may have strong economic opposition to the cannabis or U. S. hemp industries. Lobbying by such groups, and any resulting inroads they might make in halting or rolling back the cannabis and U. S. hemp movements, could affect how the cannabis or U. S. hemp industries are perceived by others and could have a **material adverse effect** ~~detrimental impact on the market for our products and thus~~ on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . Moreover, the parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis or U. S. hemp related business activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . Any third- party service provider or supplier could suspend or withdraw its services to us if it perceives that the potential risks exceed the potential benefits to such services. For example, we face challenges making U. S. dollar wire transfers or engaging any third- party service provider or supplier with a substantial presence where cannabis is not federally legal (including the United States). In these circumstances, while we believe that such services can be procured from other institutions, we may in the future have difficulty maintaining existing, or securing new, bank accounts or clearing services, service providers or other suppliers. Although we take care in protecting our image and reputation, we do not ultimately have control over how we or the cannabis or U. S. hemp industries are perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to our overall ability to advance our business strategy and realize on our growth prospects, thereby having a material adverse ~~impact~~ **effect** on our business, financial condition ~~and~~ **,** results of operations ~~. We may not successfully execute our business strategy. An important part of our business strategy involves expanding operations in international markets, including in markets where we currently do not operate. We may be unable to pursue this strategy in the future at the desired pace or at all. We may be unable to, among other things, identify suitable companies to acquire or invest in; complete acquisitions on satisfactory terms; successfully expand our infrastructure~~ and ~~sales force to support~~ growth ; achieve satisfactory returns on acquired companies...... support future operations, particularly with respect **prospects** ~~to operations in countries outside of North America. Consequently, in order to manage growth effectively, we may be required to increase expenditures to increase our physical resources, expand, train and manage our employee base, improve management, financial and information systems and controls, or make other capital expenditures. Our business, financial condition and results of operations could be adversely affected if we encounter difficulties in effectively managing the budgeting, forecasting and other process control issues presented by future growth~~ . The markets that we operate in are increasingly competitive, and we may compete for market share with other companies, both domestically and internationally, that may have longer operating histories and more financial resources, manufacturing and marketing experience than us. The markets for cannabis and U. S. hemp are competitive and evolving and we face intense competition from both existing and emerging companies that offer similar products. Some of our current and potential competitors may have longer operating histories, greater financial, marketing and other resources and larger customer bases than we have. In addition, there is potential that the cannabis and U. S. hemp industries will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities and product offerings that are greater than ours. As a result of this competition, we may be unable to maintain our operations or develop them as currently proposed on terms we consider acceptable, or at all. Increased competition by larger, better- financed competitors with geographic advantages could ~~materially and~~ adversely affect our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . For example, we may not be able to enter into supply agreements or negotiate favorable prices. **In addition** ~~If we are unable to achieve our business objectives, such failure could materially and adversely affect our business, financial condition and results of operations. Moreover~~ , competitive factors may result in us being unable to enter into desirable arrangements with new partners, to recruit or retain qualified employees or to acquire the capital necessary to fund our capital investments. Given the rapid changes affecting global, national and regional economies generally, and the cannabis and U. S. hemp industries in particular, we may not be able to create and maintain a competitive advantage in the marketplace. Our success will depend on our ability to respond to, among other things, changes in the economy, regulatory conditions, market conditions and competitive pressures. Any failure by us to anticipate or respond adequately to such changes could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance. In Canada, the number of licenses granted, and the number of license holders ultimately authorized by Health Canada **,** could also have an impact on our **business, financial condition, results of** operations **and growth prospects** . We expect to face additional competition from new market entrants that are granted licenses under the Cannabis Act or existing license holders which are not yet active in the industry. If a significant number of new licenses are granted by Health Canada in the near term, we may experience increased competition for market share and may experience downward price pressure on our products as new entrants increase production. We may also face competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid license. Despite raids of dispensaries, many **illegal** dispensaries are still in operation, providing additional competition. If the number of users of medical and / or ~~recreational~~ **adult- use** cannabis increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in ~~R & D~~ **research and development** , sales and customer support. We may not have sufficient resources to maintain ~~R & D~~ **research and development** , sales and customer support efforts on a competitive basis **,** which could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . Furthermore, the Canadian federal authorization of home cultivation, outdoor grow, and the easing of other barriers to entry into a Canadian ~~recreational~~ **adult- use** cannabis market, could **have a** ~~materially~~ -- **material** ~~and adversely~~ -- **adverse** ~~affect~~ **effect on** our business, financial condition, results of operations ~~or~~ **and** growth prospects. Additionally, the legal landscape for medical and ~~recreational~~ **adult- use** cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another, and some of these countries may pass laws allowing for the production and distribution of ~~recreational~~ **adult- use** cannabis as well. Increased international competition could materially and adversely affect our business,...... of the illegal market for cannabis may have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations ~~, as well as the public perception of cannabis use. Our business~~ and **growth prospects. We are subject** ~~results of operations have been adversely affected and may continue~~ to ~~be adversely impacted~~ **liability arising from any fraudulent or illegal activity** by ~~the COVID- 19 pandemic. The COVID- 19 pandemic has severely restricted the level of economic activity around the world and in all countries in which we or~~ **our employees** ~~our affiliates operate. A public health epidemic~~ , **contractors and consultants. We are exposed to** ~~including COVID- 19, or the fear of a potential pandemic, poses~~ the risk that ~~we or~~ our employees, **independent** contractors ~~, suppliers,~~ and **consultants may engage in fraudulent or** other **illegal** ~~partners may be prevented from conducting business activities~~ **activity . Misconduct** ~~for an indefinite period of time, and our customers may be prevented from purchasing our products, due to shutdowns, " stay at home " mandates or other preventative measures that may be requested or mandated~~ by ~~governmental authorities. In response to the~~ **these parties** ~~COVID- 19 pandemic, the governments of many countries, states, provinces, municipalities and other geographic regions have taken such preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Many businesses have temporarily closed voluntarily or closed permanently. Although some preventative or protective actions have been eased or lifted in varying degrees by different governments of various countries, states and municipalities, COVID- 19, including new and highly contagious variants of COVID- 19, continues to spread quickly throughout the world. Notwithstanding widespread vaccine availability within Canada and the United States, the emergence of COVID- 19 variants and slowing vaccination rates in certain localities have resulted in increased infection rates and has caused, and may continue to cause, several jurisdictions to reinstitute certain COVID- 19 restrictions. Additional waves of increased COVID- 19 infections as well as COVID- 19 related restrictions imposed by various governmental authorities (including, for example, requirements to show proof of vaccination), could negatively impact our supply chain, as well as traffic and sales volume for retailers offering our products, which in turn could have an adverse effect on our business, financial condition and results of operations. The effect of the COVID- 19 pandemic, including emerging COVID- 19 variants,~~ could include ~~additional closures of~~ **intentional, reckless and /** ~~our~~ - **or negligent** ~~facilities or the facilities of our suppliers and other vendors in our supply chain and other preventive and protective measures in our supply chain. If the pandemic persists, closures or other restrictions on the~~ conduct ~~of business operations of our~~ - **or** ~~third- party~~ **unauthorized activity that violates: (i) applicable laws and regulations; (ii)** ~~manufacturers~~ **manufacturing standards; (iii) federal** ~~, suppliers or vendors could further disrupt our supply chain. The increased global demand on shipping~~ and ~~transport services may~~ **provincial healthcare fraud and** ~~cause~~ - **abuse of federal, state and provincial laws and regulations; or (iv) laws and regulations that require the true, complete and accurate reporting of financial information or data. It is not always possible for** us to **identify** ~~experience delays in the future which could impact our ability to obtain materials or deliver our products in a timely manner. These factors could otherwise disrupt our operations and could have an~~ **and** ~~adverse effect on our business, financial condition and results of operations. In various jurisdictions in Canada, cannabis retailers have from time- to- time been restricted to conducting sales via curbside pickup and online delivery or reducing opening hours, staff onsite and reducing the number of customers allowed in- store for cannabis~~

~~retailers that continue to be open as well as, in some cases, requiring customers to show proof of vaccination to enter~~ **deter misconduct by** ~~retail stores. Retailers of our products in Canada and the United States have in some cases been determined to be, and may in other cases be deemed in the future, nonessential and be required to close or~~ **our** ~~choose to suspend or significantly curtail their operations due to health and safety concerns for their~~ employees ~~. Further, those retail operations that we have been able to reopen may be closed in the future in the event that governments reinstitute closures for public health reasons. Even if our production facilities remain open, mandatory or voluntary self- quarantines and travel restrictions may limit our employees' ability to get to our facilities, and this, together with impacts on our supply chain and the uncertainty produced by the rapidly evolving nature of COVID- 19, may result in reduced or suspended production. Those types of restrictions could also impact the abilities of customers in certain Canadian jurisdictions or the United States to continue to have access to our products. Quarantines, shelter- in- place and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur could impact personnel at third- party manufacturing facilities in Canada and the United States and other countries, or the availability or cost of materials, which would disrupt our supply chain. As a result of COVID- 19, we have implemented work- from- home policies for many employees and the effects of our work- from- home policies may negatively impact productivity, disrupt access to books and records, increase cybersecurity risks and disrupt our business, and we do not yet know when we will be able to return to the office. In addition, the effects of COVID- 19 may delay our R & D programs and our ability to execute on certain of our strategic plans involving construction. So long as measures to combat COVID- 19 stay in effect, we expect COVID- 19 to negatively affect our results of operations. The global impact of COVID- 19 continues to evolve rapidly, and the extent of its effect on our operational and financial performance will depend on future developments, which are highly uncertain, including the duration, scope and severity of the pandemic, the development and availability of effective treatments and vaccines, further actions taken by governments~~ and other third parties ~~to contain or mitigate its impact~~ , ~~the direct~~ and ~~indirect economic~~ **the precautions taken by us to detect and prevent this activity may not be** ~~effects~~ **effective in controlling unknown or unmanaged risks or losses or in protecting us** ~~of the pandemic and related containment measures, and new information that will emerge concerning the severity and impact of COVID- 19 and new variants of the virus, among others. Any positive impacts~~ from **governmental investigations** ~~preventive measures, vaccines or treatments for~~ **or** ~~COVID- 19 may be~~ **other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are brought against us, and we are** not **successful** ~~be realized due to mutations~~ in **defending us** ~~the COVID- 19 virus, adverse side effects, difficulties in implementation or distribution or other factors, so there can be no assurance that such preventive measures, vaccines or treatments will have a material impact on our~~ **or asserting** ~~business, financial condition or~~ **our** ~~results of operations. Furthermore, any subsequent " wave " or mutated strains of COVID- 19 or the spread of other pathogens could also exacerbate the risks described in this risk factor. Even after the pandemic subsides, our businesses could also be negatively impacted should the effects of COVID- 19 lead to changes in consumer behavior, including as a result of a decline in discretionary spending. During the past year, financial conditions for the cannabis industry continued to face increased volatility. Moreover, future events could cause global financial conditions to suddenly and rapidly destabilize, and governmental authorities may have limited resources to respond to such future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability (including rising geopolitical tensions in Ukraine and Russia), changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact our ability to obtain equity or debt financing or make other suitable arrangements to finance our projects. If increased levels of volatility continue, there is a rapid destabilization of global economic conditions or a prolonged recession resulting from the pandemic, it would likely materially affect our business and the value of our common shares. We are subject to risks related to the protection and enforcement of our intellectual property~~ rights, ~~and we may be unable to protect or enforce our intellectual property rights. The ownership and protection of our intellectual property rights is a significant aspect of our future success. Currently we rely on trade secrets, technical know- how, proprietary information, trademarks, copyrights, designs and certain patent filings to maintain our competitive position. We try to protect our intellectual property by strategically seeking and obtaining registered protection where appropriate, developing and implementing standard operating procedures to protect trade secrets, technical know- how and proprietary information, and entering into agreements with parties that have access to our inventions, trade secrets, technical know- how and proprietary information, such as our partners, collaborators, employees and consultants, to protect confidentiality and ownership. We also seek to preserve the~~ **those actions** integrity and confidentiality of our inventions,...... therefor. Any such disclosure or failure could have a material adverse effect on our business ~~. We may be unable to protect our inventions~~ , **including** ~~trade secrets, and other~~ -- **the** ~~intellectual property from discovery~~ **imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment of** ~~or~~ **our operations** ~~unauthorized use. In relation to our agreements with parties that have access to our intellectual property~~ , any of ~~these parties may breach their obligations to us, and we may not have adequate remedies for such breach. In relation to our security measures, such security measures may be breached and we may not have adequate remedies for such breach. In addition, our intellectual property that has not yet been applied for or registered may otherwise become known to, or be independently developed by, competitors, or may already be the subject of applications for intellectual property registrations filed by our competitors,~~ which ~~may~~ **could** have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations . We cannot provide any assurances that...... or all of which may have an **and growth** ~~adverse impact on our business, financial condition and results of operations. In addition, we may need to obtain licenses from third parties who allege that we have infringed on their purported rights, whether or not such allegations have merit. Such licenses may not be available on terms acceptable to us, and we may be unable to obtain any licenses or other necessary or useful rights to such third- party intellectual property. Our germplasm collection is a key piece of our intellectual property, and we may be unable to protect~~ **prospects** , register or enforce our intellectual property......, financial condition or results of operations . Our production facilities are integral to our operations and any adverse changes or developments affecting our facilities may ~~impact~~ **affect** our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . Our activities and resources are focused on various production and manufacturing facilities ~~including in Canada, the United States (for U. S. hemp products), Denmark and Australia~~ . The licenses held by us are specific to individual facilities. Adverse changes or developments affecting any facility, including but not limited to a breach of security, an inability to successfully grow cannabis plants or produce finished goods, unanticipated cost overruns in growing or producing products, an outbreak of a communicable illness (such as COVID- 19) or a force majeure event, could have a material and adverse effect on our business, financial condition, **results of operations and growth** prospects ~~and results of operations~~ . Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by regulatory agencies, could also have an impact on our ability to continue operating under our licenses or the prospect of renewing our licenses or could result in a revocation of our licenses. All facilities continue to operate with routine maintenance. We bear many, if not all, of the costs of maintenance and upkeep at our facilities, including replacement of components over time. Our operations and financial performance may be adversely affected if we and our facilities are unable to keep up with maintenance requirements. Certain contemplated capital expenditures in Canada, including the construction of additional growing rooms and the expansion of cannabis oil extraction capacity, will require Health Canada approval. There is no guarantee that Health Canada will approve ~~the contemplated expansion~~ **expansions** and / or ~~renovation~~ **renovations** , which could adversely affect our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . We ~~may not be successful~~ **are subject to risks inherent** in ~~maintaining the consumer brand recognition and~~ - **an** ~~loyalty~~ **agricultural business, including the risk** of **crop failure. We grow cannabis, which is an agricultural process. As such, our business is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, insects, plant diseases and similar agricultural risks. Although we primarily grow** our products **indoors under climate- controlled conditions, we also** ~~. We compete in a market that relies on innovation and the ability to react to evolving consumer preferences. Consumers in the cannabis market~~ have **certain** demonstrated a degree of brand loyalty,...... allows for licenses to be granted for outdoor cultivation **capacity** ~~, which may reduce start- up capital required for new entrants in the cannabis industry. Outdoor cultivation may also ultimately lower prices, as capital expenditure requirements related to outdoor growing are typically much lower than those associated with indoor growing. Such results may also have a material adverse impact on our business, financial condition~~ and ~~result of operation. Furthermore, even if we are able to continue to distinguish our products,~~ there can be no assurance that ~~the sales~~ **natural elements** , ~~marketing~~ **such as insects** and **plant diseases,** ~~distribution efforts of our competitors~~ will not **interrupt our production activities** ~~be successful in persuading consumers of our~~ - **or** ~~products to switch to their products. Some of our competitors~~ have ~~greater access to resources than we do, which better positions them to conduct market research in relation to branding strategies or costly marketing campaigns. Any loss of consumer brand loyalty to our products or in our ability to effectively brand our products in a recognizable way will have a material effect on our ability to continue to sell our products and~~ - **an** ~~maintain our market share, which could have a material~~ adverse effect on our business, ~~results of operations and~~ financial condition ~~. If we fail to obtain and retain high- visibility sponsorship or endorsement arrangements with celebrities~~ , **results** ~~or if the reputation~~ of **operations** ~~any of the celebrities that we partner with is impaired, our business may suffer. A principal component of our marketing program is to partner with well- known celebrities for sponsorship and endorsement arrangements, such as Martha Stewart for our CBD line of gummies, oils and softgels and products for pets line, and professional and amateur athletes for our BioSteel products. Although we have partnered with several well- known celebrities in this manner, some of these persons may not continue their endorsements, may not continue to succeed in their fields or may engage in activities which could bring disrepute on themselves and, in turn, on us and our brand~~ -- **and growth prospects** ~~image and products. We also may not be able to attract and partner with new celebrities that may emerge in the future. Competition for endorsers is significant and adverse publicity regarding us or our industry could make it more difficult to attract and retain endorsers. Any of these failures by us or the celebrities that we partner with could adversely affect our business and revenues~~ . The majority of our assets are the capital stock of our material subsidiaries; therefore our investors are subject to the risks attributable to our material subsidiaries **,** which generate substantially all of our revenues. The majority of our assets are the capital stock of our material subsidiaries. We conduct substantially all of our business through our subsidiaries, which generate substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before us. We ~~jurisdictions in which we operate or which we may enter also have data privacy and~~ security laws and regulations that govern the collection,use,disclosure,transfer,storage,disposal,and protection of sensitive personal information.Data privacy and security are rapidly developing areas of law,as well,and imposition of new requirements is common.The interpretation and enforcement of such laws and regulations are uncertain and subject to change,and may require substantial costs to monitor and implement compliance **with any additional requirements** .Failure to comply with data protection laws and regulations could result in government enforcement actions (which could include substantial civil and / or criminal penalties),litigation,business disruption,and / or adverse publicity and could negatively affect our business **results** , **operations and** financial condition **.We are and may become subject to** , ~~results of~~ **or prosecute** may experience breaches of security at our facilities or fraudulent or unpermitted data access or other cyber- security breaches, which may cause our customers to lose confidence in our security or data protection measures and may expose us to risks related to breaches of applicable privacy and data security laws, regulations and requirements. Given the nature of our products and our **products'** lack of legal availability outside of certain legalized or regulated retail or distribution channels, as well as the concentration of inventory in our facilities, despite meeting or exceeding the applicable security requirements under applicable law, there remains a risk of theft. A security breach at one of our facilities could expose us to ~~additional~~ liability and to potentially costly litigation, increase expenses and business disruptions relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products. Our information systems and any of our third- party service providers and vendors are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the ~~rapid~~ **rapidly** evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third- party service providers, employees or vendors. Our operations depend, in part, on how well networks, equipment, IT systems and software are protected against damage from a number of threats. These operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre- emptive expenses to mitigate the risks of failures. **If** ~~However, if~~ we are unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity incident could materially increase. Any of these and other events could result in information system failures, delays and / or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact our **business** reputation and results of operations. We ~~may~~ **are dependent upon information technology systems in the conduct of our operations and we** collect ~~and~~ **,** store **and use certain data, intellectual property, our proprietary business information and** certain personal information ~~about~~ **of** our **employees and** customers **on our computer systems** ~~and are responsible for protecting such information from data security breaches~~. A data security breach may occur in a variety of ways, including, without limitation, a procedural or process failure, information technology malfunction, supply chain vulnerability, computer virus, cybersecurity threat (such as denial- of- service attacks, direct or indirect cyber- attacks or cyber- intrusions over the Internet, hacking, ransomware, phishing and other social engineering attacks), unauthorized access or use, natural disasters, terrorism, war, and telecommunication and electrical failures. In addition, theft of data such as customer lists and preferences and other consumer and employee personal information, for competitive, fraudulent, or other unauthorized purposes, is an ongoing and growing risk. Any such theft, data security breach or other incident may have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations ~~. We are dependent upon information technology systems in the conduct of our operations~~ and **growth prospects** ~~we collect, store and use certain data, intellectual property, our proprietary business information and certain personal information of our employees and customers on our computer systems. We have been, and expect to continue to be, subject to various cyberattacks and phishing schemes~~. Many highly publicized data security incidents and attacks have occurred to other companies over the last several years, and we expect such attacks to continue. **We have been, and expect to continue to be, subject to various cyberattacks and phishing schemes.** Any fraudulent, malicious or accidental breach of our data security could result in unintentional disclosure of, or unauthorized access to, third- party, customer, vendor, employee or other confidential or sensitive data or information, which could potentially result in business disruptions and additional costs to us **,** including, without limitation, to repair or replace damaged systems, remediate issues, enhance security or respond to occurrences, lost sales, violations of data privacy and security laws, regulations, and requirements, violations of other laws, penalties, fines, regulatory action or litigation. We also rely on third- party service providers for certain information technology systems, such as payment processing, and any data security breach at a third- party service provider could have similar effects. In addition, media or other reports of perceived security vulnerabilities to our systems or those of our third- party suppliers, even if no breach has been attempted or occurred, could adversely impact our brand and reputation and customers could lose confidence in our security measures and reliability, which would harm our ability to retain customers and gain new ones. If any of these **events** were to occur, it could have a material adverse effect on our business ~~and~~ **, financial condition,** results of operations **and growth prospects** . We are and may become subject to **, or prosecute,** ~~a variety of privacy and data security laws and contractual obligations~~ --- **litigation in the ordinary course of our manufacturing** , **marketing, distribution and sale of our products. We may from time to time be subject to litigation, claims, other legal and regulatory proceedings and disputes arising in the ordinary course of our manufacturing, marketing, distribution and sale of our products, some of** which could increase compliance costs and our failure...... and security of personal information, many - **may** of which differ from each other in...... our reputation and have a material adverse **adversely** ~~effect~~ **affect** ~~on~~ our business, financial condition ~~and~~ **,** results of operations ~~. Additional jurisdictions in which we operate or which we may enter also have data privacy~~ and **growth** security laws and regulations that govern the...... may become subject to, or prosecute - **prospects** ~~, litigation in the ordinary course of our manufacturing, marketing, distribution and sale of our products. We may from time to time be subject to litigation, claims, other legal and regulatory proceedings and disputes arising in the ordinary course of our manufacturing, marketing, distribution and sale of our products, some of which may adversely affect our business, financial condition and results of operations~~. Several companies in the U. S. hemp- derived CBD industry have become party to an increasing number of purported class actions lawsuits relating to their food and dietary supplement products containing U. S. hemp- derived CBD. Should we face similar class actions filed against us, plaintiffs in such class action lawsuits, as well as in other lawsuits against us, may seek very large or indeterminate amounts, including punitive damages, which may remain unknown for substantial periods of time. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating, adversely affect the market price for ~~our common~~ **the Canopy** ~~shares~~ **Shares** and require the use of significant resources. Even to the extent we ultimately prevail in litigation, litigation can consume and redirect significant resources. Litigation may also create a negative perception of us and our brands, which could have an adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . Securities litigation could also result in substantial costs and damages and divert management' s attention and resources. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We have been the target of such litigation and may in the future be the target of similar litigation. Regardless of merit, such litigation could ~~result in substantial costs and damages and divert management' s attention and resources, which could~~ adversely affect our business **, financial condition, results of operations and growth prospects** . Any adverse determination in litigation against us could also subject us to significant liabilities. Any decision resulting from any such litigation that is adverse to us could have a negative impact on our financial position. See **" Part I – Legal Proceedings " under** Item 3 of this ~~Annual Report~~ **Comprehensive Form 10- K** for more details on our legal proceedings. As a manufacturer and distributor of products designed to be topically applied, ingested or inhaled by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis and U. S. hemp products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from consumption of cannabis or U. S. hemp products alone or in combination with other medications or substances could occur as described under " — There is limited long- term data with respect to the efficacy and side effects of our products and future clinical research studies on the effects of cannabis, U. S. hemp, cannabinoids and cannabis- based products may lead to conclusions that dispute or conflict with our understanding and belief regarding their benefits, **commercial** viability, safety, efficacy, dosing and social acceptance. " We may be subject to various product liability claims, including, among others, that our products caused injury or illness, **are** ~~incorrect~~ **incorrectly** ~~labeling~~ **labeled** , include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. **In recent years, perfluorooctanesulfonic acid and other per- and polyfluoroaklyl substances (" PFAS ") have been targeted for risk assessment, restriction, regulation and high- priority remediation and are the subject of litigation and governmental investigations in the U. S. and other countries. We have in the past and may in the future be subject to personal injury or product liability claims as a result of human exposure to such PFAS if our products are found to contain chemical compounds such as PFAS.** A product liability claim or regulatory action against us could result in increased costs to us, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . Please refer to " Part 1 – Legal Proceedings " under Item 3 of this ~~Annual Report~~ **Comprehensive Form 10- K** for further discussion. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our products. We ~~disruption of this courier service could have a material adverse effect on our business,financial condition and results of operations.Rising costs associated with the courier services that we use to ship our products may also adversely impact our business and our ability to operate profitably.Due to the nature of our products,security of the product during transportation to and from our facilities is of the utmost concern.A breach of security during transport or delivery could have a material and adverse effect on our business,financial condition and prospects.Any breach of the security measures during transport or delivery,including any failure to comply with applicable recommendations or requirements,could also have an impact on our ability to continue operating under our current licenses or impact the prospects of renewing our licenses.We~~ rely on third- party testing and analytical methods which are validated but still being standardized.We are required to test our cannabis and U.S.hemp products,as well as cannabis accessories,in many of our active markets,with independent third- party testing laboratories for,among other things,cannabinoid levels.However,testing methods and analytical assays for cannabinoid levels of detection vary among different testing laboratories.There is currently no industry consensus on standards for testing methods or compendium of analytical assays or standard levels of detection.The detected and reported cannabinoid content in our cannabis and U.S.hemp products therefore can differ depending on the laboratory and testing methods (analytical assays) used.Variations in reported cannabinoid content will likely continue until the relevant regulatory agencies and independent certification bodies (e.g.,ISO,USP) collaborate to develop,publish and implement standardized testing approaches for cannabis (including U.S.hemp),cannabinoids and their derivative products.Until such standardized analytical assays and levels of detection are developed,the existing differences could cause confusion with our consumers **,** which could lead to a negative perception of us and our products,increase the risk of litigation **and regulatory enforcement action** regarding cannabinoid content ~~and regulatory enforcement action~~ and could make it more difficult for us to comply with regulatory requirements regarding contents of ingredients and packaging and labeling.We may decide,or be required,to divest or restructure certain of our interests.In certain circumstances,we may decide,or be required,to divest certain of our interests.In particular,if any of our interests give rise to a violation of any applicable laws and regulations,including U.S.federal law,we may be required to divest our interest or risk significant fines,penalties,administrative sanctions,convictions,settlements or delisting from the TSX and / or Nasdaq.For instance,if we determine that our operations are not compliant with U.S.laws or the policies of the TSX and Nasdaq,we will use commercially reasonable best efforts to divest our interest in the event that we cannot restructure our holdings.There is no assurance that these divestitures will be completed on terms favorable to us,or at all.Any opportunities resulting from these divestitures,and the anticipated effects of these divestitures on us,may never be realized or may not be realized to the extent we anticipate.Not all of our interests are liquid,and such interests may be difficult to dispose of and subject to illiquidity discounts on divestiture.Any required divestiture or an actual or perceived violation of applicable laws or regulations by us could have a material adverse effect on us,including on our reputation and ability to conduct business,the listing of ~~our common~~ **the Canopy** ~~shares~~ **Shares** on the TSX and Nasdaq,our financial position,operating results,profitability or liquidity or the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** .In addition,it is difficult for us to estimate the time or resources that may be required for the investigation of any such matter or its final resolution because,in part,the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved,and such time or resources could be substantial.If we decide,or are required,to restructure our interests to remain in compliance with laws or stock exchange requirements,such restructuring could result in the write- down of the value of our interests,which could have a material adverse effect on our business,financial condition ~~and~~ **,** results of operations **and growth prospects** .Fluctuations in wholesale and retail prices could result in earnings volatility.The cannabis industry is a margin- based business in which gross profits depend on the excess of sales prices over costs.Consequently,profitability is sensitive to fluctuations in wholesale ~~and~~ **,** retail **and supplier** prices caused by changes in supply (which itself depends on other factors such as weather,fuel,equipment and labor costs,shipping costs,economic situation and demand),taxes,government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis),and other market conditions,all of which are factors beyond our control.Our operating income may be **materially** ~~significantly and~~ adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry,as our profitability is directly related to the price of cannabis.There is currently not an established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control.Any price decline may have a material adverse effect on ~~us.We are subject to the risk of defects or~~ **our business,financial condition,results** ~~impairment charges related to potential write- downs~~ of ~~acquired~~ **operations and growth prospects.Our Credit Facility contains restrictive covenants that may limit our operating flexibility.Our Credit Facility contains various restrictive covenants that limit,among other things,our ability to transfer or dispose of** assets ~~or goodwill in future acquisitions.A defect in any business arrangement~~ , **merge with** ~~including Acreage (if the~~ **other companies** ~~Acreage Arrangement is completed) and Wana (if the acquisition of Wana is completed),may arise to defeat or impair our~~ - **or** ~~claim to such transaction~~ **consummate certain changes of control** , ~~which may have~~ **acquire other companies,open new offices that contain** a material ~~adverse effect on~~ **amount of assets,pay dividends,incur additional indebtedness and liens,enter into new businesses and amend,modify or otherwise supplement certain terms or conditions relating to our interests in Canopy USA.We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the applicable lenders or terminate the Credit Facility,which may limit our operating flexibility.In addition,our Credit Facility is secured by substantially all of our assets,including our intellectual property,and requires** us **to satisfy certain financial covenants including certain minimum liquidity requirements** . ~~It~~ **We may not be able to satisfy the minimum liquidity covenant under our Credit Facility during our first quarter of fiscal year 2025,which breach could trigger an acceleration of our senior secured indebtedness.There** is ~~possible~~ **no guarantee** that ~~material changes could occur~~ **we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any such debt.Furthermore,there is no guarantee** that ~~may~~ **future working capital,borrowings or equity financing will be available to repay or refinance any such debt.Any inability to make scheduled payments or meet the financial covenants on our Credit Facility would** adversely affect ~~management' s estimate of the recoverable amount for any agreement we enter into.Impairment estimates,based on applicable key assumptions and sensitivity analysis,will be based on management' s best knowledge of the amounts,events or~~ **our** ~~actions at such time,and the actual future outcomes may differ from any estimates that are provided by us.Any impairment charges on our carrying value of~~ business **,financial condition,results of operations and growth prospects.We** may be unable to attract or retain skilled labor and personnel with experience in our various areas of business, or to obtain adequate equipment, parts and components, and we may be unable to attract, develop and retain additional employees required for our operations and future developments. We may be unable to attract or retain employees with sufficient experience in our various areas of business, and may prove unable to attract, develop and retain additional employees required for our development and future success. Our success is currently largely dependent on the performance of our skilled employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, we ~~recently~~ **previously** announced the ~~Restructuring Actions~~ **Canadian Transformative Plan,** which included, among other things, aligning general and administrative costs with short-term business expectations and a reduction in headcount impacting a number of employees. The ~~Restructuring Actions~~ **Canadian Transformative Plan** could lead to increased attrition amongst those employees who were not directly affected by the reduction in headcount, and we may not be successful at retaining such employees or attracting new employees, which may have a material adverse effect on our business, ~~results of operations and~~ financial condition **, results of operations and growth prospects** . In addition, our ability to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labor, adequate equipment, parts and components. No assurances can be given that we will be successful in maintaining the required supply of skilled labor, adequate equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by our capital expenditure programs may be significantly greater than anticipated or available, in which circumstance there could be a materially adverse effect on our financial results...... acquire and retain customers would have a material adverse effect on our **financial** ~~business, operating~~ results and financial condition. We rely on...... Credit Facility would adversely affect our business . We are exposed to counterparty risks and liquidity risks that may impact our ability to obtain loans and other credit facilities on favorable terms. We are exposed to counterparty risks and liquidity risks **,** including, but not limited to, through: (i) financial institutions that may hold our cash and cash equivalents; (ii) companies that will have payables to us; (iii) our insurance providers; and (iv) our lenders, if any. These factors may impact our ability to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to us. If these risks materialize, our operations could be adversely impacted and the price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** could be adversely affected. We may hedge or enter into forward sales, which involves inherent risks. We may hedge or enter into forward sales of our forecasted right to purchase cannabis. Hedging involves certain inherent risks **,** including: (i) credit risk (the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with us or adversely affect the financial and other terms the counterparty is able to offer us); (ii) market liquidity risk (the risk that we have entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position); and (iii) unrealized fair value adjustment risk (the risk that, in respect of certain hedging products, an adverse change in market prices for cannabis will result in us incurring losses in respect of such hedging products as a result of the hedging products being out- of- the- money on their settlement dates). There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect us from adverse changes in price fluctuations, it may also prevent us from fully benefitting from positive changes in price fluctuations. **Risks Relating to Our Intellectual Property** We ~~must~~ **are subject to risks related to the protection and enforcement of our intellectual property rights, and we may be unable to protect or enforce our intellectual property rights. We currently** rely on ~~local counsel~~ **trade secrets, technical know- how, proprietary information, trademarks, copyrights, designs and certain patent filings to maintain our competitive position. We try to protect our intellectual property by strategically seeking and obtaining registered protection where appropriate, developing and implementing standard operating procedures to protect trade secrets, technical know- how and proprietary information, and entering into agreements with parties that have access to our inventions, trade secrets, technical know- how and proprietary information, such as our partners, collaborators, employees** and consultants ~~assurances that~~ **,to protect confidentiality and ownership.We also seek to preserve the integrity and confidentiality of** our inventions,trade secrets,technical know- how and ~~other~~ proprietary information **by maintaining physical security** ~~will not be disclosed in violation~~ of ~~agreements,or~~ **our premises and physical and electronic security of** ~~that competitors will not otherwise gain access to our intellectual property or~~ **our** ~~independently develop and file applications for intellectual property rights in a manner that adversely impacts our intellectual property rights.Unauthorized parties may attempt to replicate or otherwise obtain and use our inventions,trade secrets,technical know- how and proprietary~~ information ~~.Policing the unauthorized use of our current~~ **technology systems,and we seek to protect** ~~or~~ **our trademarks** ~~future intellectual property rights is difficult,expensive,time- consuming~~ and ~~unpredictable,as is~~ **the goodwill associated therewith by monitoring and** enforcing ~~these rights~~ against unauthorized use ~~by others.Identifying unauthorized use~~ of ~~intellectual property rights~~ **our trademarks.In addition,in the United States,registered federal trademark protection** is ~~difficult.For example,~~ **only available for goods and services that can be lawfully used in interstate commerce;the USPTO is not currently approving any It is possible that** we ~~may~~ **will inadvertently disclose or otherwise fail or** be unable to ~~effectively monitor and evaluate the products being distributed by our competitors,including parties such as unlicensed dispensaries,and the processes used to produce such products.Additionally,if the steps taken to identify and~~ protect our **inventions,** trade secrets ~~are inadequate~~ , **technical know- how** ~~we may be unable to enforce our~~ - **or** ~~rights in them against third parties~~ **proprietary information,or will fail to identify our inventions or trademarks as patentable or registrable intellectual property,or fail to obtain patent or registered trademark protection therefor.Any such disclosure or failure could have a material adverse effect on our business,financial condition,results of operations and growth prospects** .Our intellectual property rights may be invalid or unenforceable under applicable laws,and we may be unable to have issued or registered,and unable to enforce,our intellectual property rights.The laws regarding intellectual property rights relating to cannabis and cannabis- related products,and the positions of intellectual property offices administering such laws,are constantly evolving,and there is uncertainty regarding which countries will permit the filing,prosecution,issuance,registration and enforcement of intellectual property rights relating to cannabis and cannabis- related products.Specifically,we have sought trademark protection in many countries,including Canada,the United States and others.Our ability to obtain registered trademark protection for cannabis and cannabis- related goods and services (including hemp and hemp- related goods and services),may be limited in certain countries outside of Canada,including the U.S.,where registered federal trademark protection is currently unavailable for trademarks covering the sale of cannabis products or certain goods containing U.S.hemp- derived CBD (such as dietary supplements and foods) until the FDA provides clearer guidance on the regulation of such products;and including Europe,where laws on the legality of cannabis use are not uniform,and trademarks cannot be obtained for products that are “ contrary to public policy or accepted principles of morality.” Accordingly,our ability to obtain intellectual property rights or enforce intellectual property rights against third- party uses of similar trademarks may be limited in certain countries.Moreover,in any infringement proceeding,some or all of our current or future trademarks,patents or other intellectual property rights or other proprietary know- how,or arrangements or agreements seeking to protect the same for our benefit,may be found invalid,unenforceable,anti- competitive or not infringed.An adverse result in any litigation or defense proceedings could put one or more of our current or future trademarks,patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued.Any or all of these events could **have a** ~~materially~~ -- **material** ~~and adversely~~ -- **adverse** ~~affect~~ **effect on** our business,financial condition ~~and~~ **,** results of operations **and growth prospects** .We cannot offer any assurances about which,if any,patent applications will issue,the breadth of any such patent or whether any issued patents will be found invalid or unenforceable or which of our products or processes will be found to infringe upon the patents or other proprietary rights of third parties.Any successful opposition to future issued patents could deprive us of rights necessary for the successful commercialization of any new products or processes that we may develop.In addition,there is no guarantee that any patent or other intellectual property applications that we file will result in registration or any enforceable intellectual property rights or the breadth of such protection.Further, with respect to ~~laws and regulations in countries outside of Canada~~ **any patent applications that we file, there is no assurance that we will find all potentially relevant prior art relating to such applications, which may prevent a patent from issuing from such application or invalidate any patent that issues from such application** . ~~from such application.~~ Even if patents do successfully issue,and cover our products and processes,third parties may challenge their validity,enforceability or scope,which may result in such patents being narrowed,found unenforceable or invalidated.Furthermore,even if they are unchallenged,any patent applications and future patents may not adequately protect our intellectual property rights,provide exclusivity for our products or processes or prevent others from designing around any issued patent claims.Any of these outcomes could impair our ability to prevent competition from third parties,which could **have a** ~~materially~~ -- **material** ~~and adversely~~ -- **adverse** ~~affect~~ **effect on** our business,financial condition ~~and~~ **,** results of operations **and growth prospects** .We may be subject to allegations that we are in violation of third- party intellectual property rights,and we may be found to infringe third- party intellectual property rights,possibly without the ability to obtain licenses necessary to use such third- party intellectual property rights.Other parties may claim that our products infringe on their intellectual property rights,including with respect to patents,and our operation of our business,including our development,manufacture and sale of our goods and services,may be found to infringe third- party intellectual property rights. ~~There The~~ **There** may be third- party patents or patent applications with claims to products or processes related to the manufacture,use or sale of our products and processes.There may be currently pending patent applications,some of which may still be confidential,that may later result in issued patents that our products or processes may infringe.In addition,third parties may obtain patents in the future and claim that use of our inventions,trade secrets,technical know- how and proprietary information,or the manufacture,use or sale of our products infringes upon those patents.Third parties may also claim that our use of our trademarks infringes upon their trademark rights.Such claims,whether or not meritorious,may result in the expenditure of significant financial and managerial resources, legal **fees, result in injunctions, temporary restraining orders, other equitable relief, and / or require the payment of damages, any or all of which may have** ~~and~~ - **an** ~~regulatory requirements in~~ **adverse effect on our business, financial condition, results of operations and growth prospects. In addition, we may need to obtain licenses from third parties who allege that we have infringed on** ~~the~~ **their** ~~foreign countries~~ **purported rights** ~~in the inadvertent disclosure~~ , **whether** ~~theft,misappropriation~~ or ~~sabotage~~ **not such allegations have merit** . ~~We~~ **Such licenses** may not ~~have adequate remedies in the case of~~ **be available on terms acceptable to us,and we may be unable to obtain** any **licenses or other necessary or useful rights to** such **third- party intellectual property** ~~security breach,inadvertent disclosure,theft,misappropriation or sabotage~~ .We receive licenses to use some third- party intellectual property rights,and the failure of the owner of such intellectual property to properly maintain or enforce the intellectual property underlying such licenses,or our inability to obtain or maintain such licenses,could have a material adverse effect on our business,financial condition **,results of operations** and ~~performance~~ **growth prospects** .We are party to licenses granted by third parties ~~,including the brands for Houseplant,Martha Stewart CBD,LBS and DNA Genetics~~ ,that give us rights to use third- party intellectual property that is necessary or useful to our business.Our success will depend, ~~in~~ in **part, on the ability of the applicable licensor to maintain and enforce its licensed intellectual property against other third parties, particularly intellectual property rights to** which we ~~operate with respect to~~ **have secured exclusive rights. Without protection for the intellectual property we have licensed,** ~~the~~ **other** ~~cultivation and~~ **companies might be able to offer substantially similar products for** sale ~~of cannabis~~ , ~~banking systems~~ **or utilize substantially similar processes or publicity** and ~~controls~~ **marketing rights, any of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Our success will also depend, in part, on our ability to obtain licenses to certain intellectual property that we believe are necessary or useful for our business. Such licenses may not be available on terms acceptable to us, or at all, which could adversely affect our ability to commercialize our products or services** , as well as ~~local~~ **have a material adverse effect on our** business ~~culture~~ **, financial condition, results of operations** and ~~practices are different from~~ **growth prospects. Any of our licensors may allege that we have breached our license agreements with** those **licensors** ~~in Canada. Our officers and directors must rely~~ , ~~to a great extent~~ **whether with or without merit** , ~~on local legal counsel~~ and **accordingly seek** ~~consultants in order~~ to ~~keep abreast of material legal~~ **terminate our applicable licenses. If successful** , ~~regulatory and governmental developments as~~ **this could result in our loss of** ~~they~~ - **the** ~~pertain~~ **right** to ~~and~~ **use applicable licensed intellectual property, which could adversely** affect our **ability** ~~business operations, and~~ to **commercialize our products** ~~assist with governmental relations. We must rely, to some extent, on those members of management and our~~ - **or services** ~~board of directors who have previous experience working and conducting business in these countries~~ , ~~if any, in order to enhance its understanding of and appreciation for the local business culture and practices. We also rely on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis~~ as well as **have a material adverse effect on** ~~in respect of banking, financing, labor, litigation and tax matters in these jurisdictions. Any developments or~~ **our** ~~changes in such legal, regulatory or governmental requirements or in local~~ business **, financial condition, results** ~~practices are beyond our control. The impact~~ of **operations and growth prospects** ~~any such changes may adversely affect our business~~ . Risks Relating to ~~our Common~~ **the Canopy Shares and the Exchangeable** Shares The market price for ~~our common~~ **the Canopy** ~~shares~~ **Shares** may be volatile and subject to fluctuation in response to numerous factors, many of which are beyond our control **. The market prices for the securities of cannabis companies, including the Company, have historically been, and may in the future be, subject to large fluctuations. For example, during the period from January 1, 2022 through June 16, 2023, the closing price of the Canopy Shares on Nasdaq ranged from a low of US $ 0. 63 to a high of US $ 9. 30** . The market price for ~~our common~~ **the Canopy** ~~shares~~ **Shares** may be volatile and subject to wide fluctuations in response to many factors, including: • actual or anticipated fluctuations in our results of operations; • changes in estimates of our future results of operations by us or securities research analysts; • changes in the economic performance or market valuations of other companies that investors deem comparable to us; • additions or departures of our executive officers and other key employees; • transfer restrictions on outstanding ~~common~~ **Canopy** ~~shares~~ **Shares** ; • equity issuances by us (including through the sale of securities convertible into equity securities) or resales of ~~common~~ **Canopy** ~~shares~~ **Shares** by our stockholders or the perception in the market that such issuances or resales might occur; • significant acquisitions or business combinations, strategic partnerships, investments ~~, joint ventures~~ or capital commitments by or involving us **, Canopy USA** or our competitors ~~, including the Acreage Arrangement if completed and the acquisition of Wana, if completed~~ ; • increases in speculative trading activity by investors targeting publicly traded cannabis companies, which can further contribute to the volatility of the market price for ~~our common~~ **the Canopy** ~~shares~~ **Shares** if aggregate short exposure exceeds the number of ~~our common~~ **the Canopy** ~~shares~~ **Shares** available for purchase; • news reports relating to trends, concerns or competitive developments, regulatory changes or enforcement actions and other related issues in our industry or target markets; • the prospect of actual or perceived future changes to the legal and regulatory regimes that govern our products and our industries **and / or government actions, rulings or policies; • changes in financial estimates and recommendations by securities analysts or rating agencies** ; • investors' general perception of us and the public' s reaction to our press releases, our other public announcements and our filings with the SEC and Canadian securities regulators **; • our ability to remediate our material weaknesses and otherwise maintain effective internal control over financial reporting** ; • our failure to timely file our public filings with the SEC and Canadian securities regulators; • our failure to comply with the Nasdaq and TSX rules; • reports by industry analysts, investor perceptions, and market rumors or speculation; • general market, economic and political conditions (including rising geopolitical tensions in Ukraine and Russia); • negative announcements by our customers, competitors or suppliers regarding their own performance; and • the realization of any of the other risk factors set forth herein. For example, reports by industry analysts, investor perceptions, market rumors or speculation could trigger a sell- off in ~~our common~~ **the Canopy** ~~shares~~ **Shares** . Any sales of substantial numbers of **Canopy** ~~our common shares~~ **Shares** in the public market or the perception that such sales might occur may cause the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** to decline. In addition, to the extent that other large companies within our industries experience declines in their stock price, the share price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** may decline as well. Moreover, if the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** drops significantly, shareholders may institute securities class action lawsuits against us. Lawsuits against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources. Securities markets ~~continue to experience significant~~ **have a high level of** price and volume **volatility, and the market price of securities of many companies have experienced wide** fluctuations ~~that~~ **in price which** have **not necessarily** ~~, in some cases,~~ been ~~unrelated~~ -- **related** to the operating performance, underlying asset values or prospects of such ~~public~~ companies. ~~Accordingly,~~ **Securities of companies in** the **cannabis industry have experienced substantial volatility often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the industry. There can be no assurance that continuing fluctuations in price will not occur. The** market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** ~~may decline even if~~ **is also likely to be affected by changes in our financial condition** ~~our~~ - **or** results of operations ~~, underlying asset values or prospects have not changed~~ . In addition, certain institutional investors may base their investment decisions on consideration of our environmental, governance, diversity and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in ~~our common~~ **the Canopy** ~~shares~~ **Shares** by those institutions, which could adversely affect the trading price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** . There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the trading price of the ~~common~~ **Canopy** ~~shares~~ **Shares** may be adversely affected. In addition, our shareholders may be unable to sell significant quantities of ~~our common~~ **the Canopy** ~~shares~~ **Shares** into the public markets without a significant reduction in the price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** , or at all. There can be no assurance that there will be sufficient liquidity of ~~our common~~ **the Canopy** ~~shares~~ **Shares** , nor that we will continue to meet the listing requirements of the TSX or Nasdaq or achieve listing on any other recognized stock exchange. The financial reporting obligations of being a public company and maintaining a dual listing on the TSX and on Nasdaq requires significant company resources and management attention. We are subject to the public company reporting obligations under the Exchange Act and the rules and regulations regarding corporate governance practices, including those under the Sarbanes- Oxley Act, the Dodd-Frank Act, and the listing requirements of Nasdaq. We incur significant legal, accounting, reporting and other expenses in order to maintain a dual listing on both the TSX and Nasdaq. Moreover, our listing on both the TSX and Nasdaq may increase price volatility due to various factors, including the ability to buy or sell ~~common~~ **Canopy** ~~shares~~ **Shares** , different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the ~~common~~ **Canopy** ~~shares~~ **Shares** . It is not anticipated that any dividend will be paid to holders of ~~our common~~ **the Canopy** ~~shares~~ **Shares** for the foreseeable future. No dividends on ~~our common~~ **the Canopy** ~~shares~~ **Shares** have been paid to date. We currently intend to retain future earnings, if any, for future operation and expansion. Our board of directors has the discretion to declare dividends and to prescribe the timing, amount and payment of such dividends. Such decision will depend upon our future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors that our board of directors may deem relevant. Further, our Credit Facility **and certain other financial arrangements** ~~provides~~ - **provide** for certain restrictions on our ability to pay dividends and there can be no assurance that we will declare a dividend on a quarterly, annual or other basis, or at all. We have no plans to pay any dividends, now or in the near future. Investors in the United States may have difficulty bringing actions and enforcing judgments against us and others based on securities law civil liability provisions. We are incorporated under the **federal** laws of **Canada** ~~the Province of Ontario~~ and our head office is located in the Province of Ontario. Some of our directors and officers and some of the experts named in this ~~Annual Report~~ **Comprehensive Form 10- K** are residents of Canada or otherwise reside outside of the United States and a substantial portion of their assets and our assets are located outside the United States. Consequently, it may be difficult for investors in the United States to bring an action against such directors, officers or experts or to enforce against those persons or us a judgment obtained in a U. S. court predicated upon the civil liability provisions of U. S. federal securities laws or other U. S. laws. In addition, while statutory provisions exist in Ontario for derivative actions to be brought in certain circumstances, the circumstances in which a derivative action may be brought, and the procedures and defenses that may be available in respect of any such action, may be different than those of shareholders of a company incorporated in the United States. If we are a passive foreign investment company for U. S. federal income tax purposes in any year, certain adverse tax rules could apply to U. S. Holders of ~~our common~~ **the** **Canopy** ~~shares~~ **Shares** . A corporation that is not a resident of the U. S. for U. S. federal income tax purposes will be considered a passive foreign investment company (“ PFIC ”) for any taxable year in which (i) 75 % or more of its gross income is ~~"~~ **“** passive income ~~"~~ **”** or (ii) 50 % or more of the average quarterly value of its assets produce (or are held for the production of) ~~"~~ **“** passive income. ~~"~~ **”** For this purpose, ~~"~~ **“** passive income ~~"~~ **”** generally includes interest, dividends, rents, royalties and certain gains. The determination as to whether the Company is a PFIC for any taxable year is based on the application of complex U. S. federal income tax rules, which are subject to differing interpretations, and is not determinable until after the end of such taxable year. Further, the determination is based in part on the Company ~~'~~ **’** s operations and the mix, use and value of the Company ~~'~~ **’** s assets, which values may be treated as changing for U. S. federal income tax purposes as the Company ~~'~~ **’** s market capitalization changes. If the Company were to be classified as a PFIC in any taxable year during which a U. S. Holder owns its ~~common~~ **Canopy** ~~shares~~ **Shares** , certain adverse tax consequences could apply to such U. S. Holder. Certain elections may be available to U. S. Holders of **Canopy** ~~the Company’ s common shares~~ **Shares** that may mitigate some of the adverse consequences if the Company were to be treated as a PFIC. U. S. Holders should consult their own tax advisors regarding the application of the PFIC rules to their investment in **Canopy** ~~the Company’ s common shares~~ **Shares** . As used herein, “ U. S. Holder ” means a beneficial owner of **Canopy** ~~our common shares~~ **Shares** that is (i) an individual who is a citizen or resident of the U. S. for U. S. federal income tax purposes, (ii) a corporation (or other entity taxable as a corporation for U. S. federal tax purposes) created or organized under the laws of the U. S. or any political subdivision thereof, including the states and the District of Columbia, (iii) an estate the income of which is subject to U. S. federal income tax regardless of its source, or (iv) a trust that (a) is subject to the primary supervision of a court within the U. S. and for which one or more U. S. persons have authority to control all substantial decisions or (b) has a valid election in effect under applicable U. S. Treasury Regulations to be treated as a U. S. person. U. S. Holders are urged to consult their own tax advisers as to whether we may be treated as a PFIC and the tax consequences thereof. Future sales or issuances of securities could adversely affect the prevailing market price of our securities. We may **issue and** sell additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities **and / or in connection with conversions or exchanges to retire outstanding debt**) **. In addition, we are required to issue Canopy Shares pursuant to certain of our agreements. For example, we may issue additional Canopy Shares to satisfy any deferred and / or option exercise payments to the shareholders of Wana and Jetty** . We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** , including up to 171, 227, 420 ~~common~~ **Canopy** ~~shares~~ **Shares** that may be issued in the future in connection with the closing of the Acreage Arrangement and the associated top- up right of the CBI Group pursuant to the ~~New~~ **Amended** Investor Rights Agreement. **As of June 16, 2023, up to 15, 477, 675 Canopy Shares may be issued in the future in connection with conversions under the Convertible Debentures (as defined below) issued to the Institutional Investor (as defined below) in February 2023.** Additional issuances of our securities may involve the issuance of a significant number of ~~common~~ **Canopy** ~~shares~~ **Shares** at prices less than the current market price for ~~our common~~ **the Canopy** ~~shares~~ **Shares** . Issuances of a substantial number of ~~common~~ **Canopy** ~~shares~~ **Shares** , or the perception that such issuances could occur, may adversely affect prevailing market prices of ~~our common~~ **the Canopy** ~~shares~~ **Shares** . Any transaction involving the issuance of **Canopy** ~~previously authorized but unissued common shares~~ **Shares** , or securities convertible into ~~common~~ **Canopy** ~~shares~~ **Shares** , would result in dilution, possibly substantial, to security holders. Sales of substantial amounts of our securities by our shareholders, including the CBI Group **and the Institutional Investor** , or the availability of such securities for sale, could adversely affect the prevailing market prices for the securities and dilute investors’ earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so. ~~If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.~~ The **Exchangeable Shares have different rights from the Canopy Shares and there may never be a** trading market for **the Exchangeable Shares. If the Amendment Proposal is approved, shareholders will have the option to convert their Canopy Shares into Exchangeable Shares. There are important differences between the rights of the Canopy Shares and the Exchangeable Shares. While each Exchangeable Share is convertible into a Canopy Share, the Exchangeable Shares will not carry voting rights, rights to receive dividends or other rights upon dissolution. For example, holders of Exchangeable Shares will not be able to exercise voting rights at meetings of shareholders and will not receive distributions if dividends are declared by our Board. The differences between the rights of holders of the Exchangeable Shares and Canopy Shares are significant and may materially and adversely affect the market value of** ~~our~~ **your** ~~common~~ **investment. Presently, there are no plans to list the Exchangeable** ~~shares~~ **Shares** ~~depends, in part,~~ on **a** ~~the research and reports that~~ securities **exchange** ~~or industry analysts publish about us or our~~ - **or in** ~~business. If one or more of~~ the ~~analysts who cover~~ - **over** ~~us downgrade our common shares~~ **- the- counter market, and there is not expected to be a market** ~~or~~ **for** ~~publish inaccurate or unfavorable research about our business, the~~ trading ~~price~~ of ~~our common~~ **the Exchangeable** ~~shares~~ **Shares** ~~would~~ **. Thus, persons holding Exchangeable Shares will** likely **have no ability** ~~decline. In addition, if our results of operations fail~~ to ~~meet~~ **sell** ~~the~~ **their Exchangeable** ~~forecasts of analysts, the trading price of our common shares~~ **Shares** ~~would~~ **and will** likely **have** ~~decline. If one or more of these analysts cease coverage of us or fail~~ to **exchange them** ~~publish reports on us regularly, demand~~ for **Canopy** ~~our common shares~~ **Shares in order** ~~could decrease, which might cause our trading price and trading volume~~ to ~~decline~~ **have any liquidity** . Risks Relating to the CBI Group Investments The CBI Group, our single largest shareholder, has the ability to exercise significant influence over us. The CBI Group is our single largest shareholder and our business and future operations may be adversely affected by changes in the business, market price, directors, officers or employees of the CBI Group. The CBI Group has the ability to exercise significant influence over our business and operations due to its ownership interest and its rights under the ~~New~~ **Amended** Investor Rights Agreement. As of ~~May 26~~ **June 20** , ~~2022~~

2023 , the CBI Group holds in the aggregate approximately **29** ~~35. 3~~ % of ~~our~~ **the** issued and outstanding ~~common~~ **Canopy** ~~shares~~ **Shares** on a non- diluted basis, and, through its pre- emptive rights and top- up rights, the CBI Group has the ability to maintain its ownership level. The CBI Group is also entitled to designate four nominees for election or appointment to our board of directors. In light of such ownership and rights, the CBI Group is in a position to exercise significant influence over us, including matters affecting shareholders or requiring shareholder approval, such as the election of directors, change of control transactions, amendments to our articles and bylaws and the determination of other significant corporate actions. Upon exercise of the remaining CBG Warrants in full ~~and full conversion of the Canopy Notes held by the CBI Group~~ , assuming no other securities of ours are issued and excluding the exercise of our right to acquire Acreage, the CBI Group will beneficially hold approximately **53** ~~52. 3~~ % of ~~our~~ **the** issued and outstanding ~~common~~ **Canopy** ~~shares~~ **Shares** and would be able to exercise a controlling influence over our business and affairs. Accordingly, the CBI Group currently has significant influence over us and has the ability to increase this influence at any time upon the exercise of the CBG Warrants ~~and the conversion of the Canopy Notes held by the CBI Group~~ . There can also be no assurance that the interests of the CBI Group will align with our interests or the interests of our other shareholders, and the CBI Group will have the ability to influence or block certain actions that may not reflect our intent or align with our interests or the interests of our other shareholders, including realizing on opportunities in the U. S. to the extent permissible under applicable laws and regulations. In addition, the presence of the CBI Group could limit the price that investors or an acquirer may be willing to pay for ~~our common~~ **the Canopy** ~~shares~~ **Shares** and may therefore delay or prevent a change of control of us, such as a merger or take- over. Pursuant to the ~~New~~ **Amended** Investor Rights Agreement, the CBI Group also has certain consent rights which could delay or prevent the completion of certain transactions that may otherwise be beneficial to our shareholders. We may also enter into other arrangements with the CBI Group, and as a result, we may be dependent on the CBI Group, which could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . **The** ~~We may not realize the benefits of our strategic partnership with the~~ CBI Group **has indicated its current intention to convert its Canopy Shares into Exchangeable Shares** , ~~which could have~~ **conditional upon the approval of the Amendment Proposal. In addition, we agreed with CBI that, following the conversion by CBI of its Canopy Shares into Exchangeable Shares, other than the Third Consent Agreement** ~~an~~ **and** ~~adverse effect~~ **the termination rights contained therein and the CBI Note in the aggregate principal amount of CDN $ 100 million payable** on ~~our business~~ **December 31** , ~~financial condition~~ **2024, all agreements between the Company** and ~~results of operations~~ **CBI will terminate including the Amended Investor Rights Agreement, and CBI will surrender for cancellation all warrants held** . ~~We believe~~ **In such circumstances it is expected** that the ~~strategic partnership between us and the~~ CBI **nominees** ~~Group provides us with additional financial resources, product development and commercialization capabilities, and deep regulatory expertise to better position us to compete, scale and lead the rapidly growing global cannabis industry. We also believe~~ that ~~the growth opportunities for us~~ are **currently sitting on** ~~significant and could extend across~~ the ~~globe~~ **Board (and comprise a majority of the Board), being Judy Schmeling, Garth Hankinson, Robert Hanson and James Sabia, will resign** as **directors** ~~new markets open. With the CBI Group' s resources and expertise, we expect to be even better positioned to support innovation and create differentiated products and brands across medical and recreational categories. Nevertheless, a number~~ of ~~risks and uncertainties are associated with the expansion into such markets and the pursuit of these~~ -- **the Company following** ~~growth opportunities. The failure to reap~~ the **termination** ~~anticipated benefits~~ of the **Amended Investor Rights Agreement** ~~CBI Group' s resources and expertise to realize growth opportunities could have a material adverse effect on our business, financial condition and results of operations~~ . Any ~~common~~ **Canopy** ~~shares~~ **Shares** issued pursuant to the exercise of the CBG Warrants ~~or the Canopy Notes held by the CBI Group~~ will dilute shareholders. The Tranche A Warrants may be exercised in full or in part at any time on or prior to November 1, 2023 and the Tranche B Warrants and Tranche C Warrants may be exercised in full or in part at any time on or prior to November 1, 2026, ~~from time to time,~~ in accordance with the terms thereof, and entitles the holder thereof, upon valid exercise in full thereof, to acquire, accept and receive from us an aggregate of 139, 745, 453 ~~common~~ **Canopy** ~~shares~~ **Shares** (subject to adjustment in accordance with the terms of such warrants). ~~The CDN $ 200 million principal amount of Canopy Notes held by the CBI Group may be converted, in accordance with the terms thereof, and entitles the holder thereof, upon conversion in full thereof, to 4, 151, 540 common shares.~~ Assuming full exercise of the Tranche A Warrants, the Tranche B Warrants and the Tranche C Warrants ~~and the full conversion of the Canopy Notes held by the CBI Group~~ , the CBI Group would be entitled to ~~286~~ **311** , ~~150~~ **244** , ~~795 common~~ **711 Canopy** ~~shares~~ **Shares** , which represents approximately **53** ~~52. 3~~ % of the issued and outstanding ~~common~~ **Canopy** ~~shares~~ **Shares** as of ~~May 26~~ **June 20** , ~~2022~~ **2023** (on a non- diluted basis **and assuming no other changes to the issued and outstanding Canopy Shares**). Any issuance of ~~common~~ **Canopy** ~~shares~~ **Shares** pursuant to the exercise of the CBG Warrants ~~and the conversion of the Canopy Notes held by the CBI Group~~ would dilute all of our other shareholders. The CBI Group' s significant interest in us may impact the liquidity of ~~our common~~ **the Canopy** ~~shares~~ **Shares** . ~~Our common~~ **The Canopy** ~~shares~~ **Shares** may be less liquid and trade at a discount relative to the trading that could occur in circumstances where the CBI Group did not have the ability to significantly influence or determine matters affecting us. Additionally, the CBI Group' s significant voting interest in us may discourage transactions involving a change of control of us, including transactions in which an investor, as a shareholder, might otherwise receive a premium for its ~~common~~ **Canopy** ~~shares~~ **Shares** over the then- current market price. The change of control provisions in certain of our existing or future contractual arrangements may be triggered upon the exercise of the CBG Warrants in part or in full. Certain of our existing or future contractual arrangements may include change of control provisions requiring us to make certain payments or triggering certain termination rights for our counterparties if the change of control trigger is fulfilled. The change of control provisions in certain of our existing arrangements, including, but not limited to, compensatory arrangements, or agreements we may enter into in the future, may be triggered upon the exercise of the CBG Warrants in part or in full. Conflicts of interest may arise between us and our directors and officers, including as a result of the continuing involvement of certain of our directors with the CBI Group and its affiliates. We may be subject to various potential conflicts of interest because of the fact that some of our officers and directors may be engaged in a range of business activities, and have relationships with or are employed by the CBI Group. For example, David Klein, our Chief Executive Officer, previously served as Executive Vice President and Chief Financial Officer of CBI. Thomas Stewart, our Chief Accounting Officer, previously served as Senior Director, Global Accounting ~~at CBI. Holly Lukavsky, our Vice President of Chief Human Resources, previously served as VP- Human Resources~~ at CBI. Garth Hankinson, one of our directors, currently serves as the Executive Vice President and Chief Financial Officer of CBI. Robert Hanson, one of our directors, currently serves as Executive Vice President and President, Wine & Spirits Division at CBI. Judy Schmeling, the chair of our board of directors, is also a board member of CBI. In addition, Jim Sabia, one of our directors, serves as Executive Vice President and President – Beer Division at CBI. Our directors devote, and our executive officers may devote, time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to us. Our directors, and in some cases, our executive officers, may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to our business and affairs and that could adversely affect our **business, financial condition, results of** operations **and growth prospects** . These business interests could require significant time and attention. We may also become involved in other transactions which are inconsistent or conflict with the interests of our directors and officers who may from time to time deal with persons, firms, institutions or corporations with which we may be dealing, or which may be seeking investments similar to those desired by us. The interests of these persons could conflict with our interests. In addition, we may be competing with these persons, such as the CBI Group, for available investment and other opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and regulations. In particular, in the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws and regulations, our directors are required to act honestly, in good faith and in our best interests. Future sales of ~~our common~~ **the Canopy** ~~shares~~ **Shares** by the CBI Group could cause the market price for ~~our common~~ **the Canopy** ~~shares~~ **Shares** to fall. The CBI Group is not contractually committed to maintaining an equity stake in us. Subject to compliance with applicable securities laws, the CBI Group may sell some or all of their ~~common~~ **Canopy** ~~shares~~ **Shares** at any time. The ~~New~~ **Amended** Investor Rights Agreement contains registration rights, on terms customary for a significant shareholder, pursuant to which we have agreed to facilitate sales of ~~common~~ **Canopy** ~~shares~~ **Shares** by the CBI Group. In addition, the CBI Group has the right to require us to make disclosure to permit it to sell in certain circumstances. Such sales, or the market perception of such sales, could significantly reduce the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** . We cannot predict the effect, if any, that future public sales of **Canopy** ~~our common shares~~ **Shares** beneficially owned by the CBI Group or the availability of these ~~common~~ **Canopy** ~~shares~~ **Shares** for sale will have on the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** . If the market price of ~~our common~~ **the Canopy** ~~shares~~ **Shares** were to drop as a result, this might impede our ability to raise additional capital and might cause a significant decline in the value of the investments of our other shareholders. The intentions of the CBI Group regarding its long- term economic ownership of **Canopy** ~~our common shares~~ **Shares** are subject to change as a result of changes in the circumstances of the CBI Group or its affiliates, changes in our management and operation and changes in laws and regulations, market conditions and our financial performance. General Risks We are dependent on our senior management. Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management. Our future success depends on our continuing ability to attract, develop, motivate and retain key employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of a member of senior management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on our ability to execute our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of certain employees, these agreements cannot assure the continued services of such individuals and consultants. We do not maintain key- person insurance on the lives of any of our officers or employees. Further, certain shareholders, directors, officers and employees in our Canadian operations may require security clearance from Health Canada. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an employee to maintain or renew his or her security clearance may impair our operations. In addition, if an employee with security clearance leaves and we are unable to find a suitable replacement who has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on our business **, financial condition, results of** operations **and growth prospects** . Natural disasters ~~, unusual weather~~ , pandemic outbreaks, boycotts and geo- political events or acts of terrorism could adversely affect our operations and financial results. The occurrence of one or more natural disasters, such as hurricanes, floods and earthquakes, unusually adverse weather, pandemic outbreaks, such as the COVID- 19 virus, influenza and other highly communicable diseases or viruses, boycotts and geo- political events, such as civil unrest in countries in which our operations are located and acts of terrorism, or similar disruptions could adversely affect our business, financial condition ~~and~~ **,** results of operations **and growth prospects** . These events could result in physical damage to one or more of our properties, increases in fuel or other energy prices, the temporary or permanent closure of one or more of our facilities, the temporary lack of an adequate workforce in a market, the temporary or long- term disruption in the supply of products from suppliers, the temporary disruption in the transport of goods, delay in the delivery of goods to our facilities, and disruption to our information systems. Such events could also ~~negatively~~ **adversely** impact consumer sentiment, reduce demand for consumer products like ours and cause general economic slowdown. These factors could otherwise disrupt our operations and could have ~~an~~ **a material** adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects. For example, in response to the COVID- 19 pandemic, the governments of many countries, states, provinces, municipalities and other geographic**

regions took preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. As a result, in 2020 and 2021, we experienced, among other things, disruption to our business resulting from closures of our facilities and the facilities of our suppliers and other vendors in our supply chain . In February 2022, following Russia' s invasion of Ukraine, the United States and the European Union imposed various economic sanctions against Russia. Such sanctions may result in restrictions on the sale of oil or other energy resources from Russia to other countries ~~in the region~~ and could result in an increase in our global shipping expenses, reduce our sales, or otherwise have an adverse effect on our European operations. Additionally, escalation by Russia beyond Ukraine and into other countries within the region could also reduce our sales and have a negative effect on our European operations. **Moreover, future events could cause global financial conditions to suddenly and rapidly destabilize, and governmental authorities may have limited resources to respond to such future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could adversely impact our ability to obtain equity or debt financing or make other suitable arrangements to finance our projects and would likely have a material adverse effect on our business, financial condition, results of operations, growth prospects and the value of the Canopy Shares. Our business may be negatively affected by climate change, weather conditions and the availability of natural resources. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, water levels, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products. Unfavorable growing conditions can reduce both crop size and crop quality. In addition, there is an increased focus by foreign, federal, state and local regulatory and legislative bodies regarding environmental policies relating to climate change, regulating greenhouse gas emissions, energy policies, and sustainability. Increased compliance costs and expenses due to the impacts of climate change and additional legal or regulatory requirements regarding climate change or designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment may cause disruptions in, or an increase in the costs associated with, the running of our manufacturing facilities and our business, as well as increase distribution and supply chain costs. Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to environmental, social and governance matters, that could expose us to numerous risks. We are subject to changing rules and regulations promulgated by a number of governmental and self- regulatory organizations, including the SEC, Canadian securities regulators, Nasdaq, the TSX and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity. In addition, increasingly regulators, customers, investors, employees and other stakeholders are focusing on environmental, social and governance (" ESG ") matters and related disclosures. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on initiatives within the scope of ESG, and collecting, measuring and reporting ESG related information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC' s recently proposed climate- related reporting requirements, and similar proposals by other international regulatory bodies. We may also communicate certain initiatives and goals, regarding environmental matters, diversity, responsible sourcing and social investments and other ESG related matters, in our SEC filings, Canadian public filings or in other public disclosures. These initiatives and goals within the scope of ESG could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and we could be criticized for the accuracy, adequacy or completeness of the disclosure. Further, statements about our ESG related initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. In addition, we could be criticized for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our ESG-related data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our initiatives or goals within the scope of ESG on a timely basis, or at all, our reputation, business, financial performance and growth could be adversely affected.** We will seek to maintain adequate insurance coverage in respect of the risks we face; however, insurance premiums for such insurance may not continue to be commercially justifiable and there may be coverage limitations and other exclusions which may not be sufficient to cover our potential liabilities. While we have insurance to protect our assets, operations and employees, such insurance is subject to deductibles, coverage limits and exclusions and may not be available or adequate for the risks and hazards to which we are exposed in our current state of operations. For example, certain wholesalers, distributors, retailers and other service providers may require suppliers of U. S. hemp products to provide ~~an~~ indemnification ~~from liability~~ in connection with such products, which may not be covered by insurance. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums and deductibles will be commercially justifiable. If we were to incur substantial liability claims and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, financial condition ~~and~~ **,** results of operations **and growth prospects** may be adversely affected. Tax and accounting requirements may change or be interpreted in ways that are unforeseen to us and we may face difficulty or be unable to implement and / or comply with any such changes or interpretations. We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. In many countries, including the U. S., we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned and are taxed accordingly. Although we believe that we are in substantial compliance with all applicable regulations and restrictions, we are subject to the risk that governmental authorities could audit our transfer pricing and related practices and assert that additional taxes are owed or that various jurisdictions could assert that we should file tax returns in jurisdictions where we do not file and subject us to additional tax. In the future, the geographic scope of our business may expand, and such expansion will require us to comply with the tax laws and regulations of additional jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws and regulations of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we failed to comply. In the event that we failed to comply with applicable tax laws, regulations and accounting requirements, this could have a material adverse effect on our business, financial condition ~~and~~ **,** results of operations **and growth prospects** .